REFINITIV

DELTA REPORT

10-K

NNI - NELNET INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4932
CHANGES	650
DELETIONS	2327
ADDITIONS	1955

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022 December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _to_.

COMMISSION FILE NUMBER 001-31924

Nelnet_Logo_color.jpg

NELNET, INC.

(Exact name of registrant as specified in its charter)

Nebraska	**84-0748903**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
121 South 13th Street, Suite 100	
Lincoln, Nebraska	**68508**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (402) 458-2370

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, Par Value $0.01 per Share	NNI	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Accelerated filer ☐

Large accelerated filer ☒ Smaller reporting company ☐

Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant on June 30, 2022 June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), based upon the closing sale price of the registrant's Class A Common Stock on that date of $85.25 $96.48 per share, was $1,437,938,178. $1,631,360,831. The registrant's Class B Common Stock is not listed for public trading on any exchange or market system, but shares of Class B Common Stock are convertible into shares of Class A Common Stock at any time on a share-for-share basis. For purposes of this calculation, shares of common stock beneficially owned by any director or executive officer of the registrant or by any person who beneficially owns greater than 10% of the Class A Common Stock or who is otherwise believed by the registrant to be in a control position have been excluded, since such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not conclusive for other purposes.

As of January 31, 2023 January 31, 2024, there were 26,466,685 26,378,391 and 10,668,460 10,663,088 shares of Class A Common Stock and Class B Common Stock, par value $0.01 per share, outstanding, respectively (excluding 11,305,731 shares of Class A Common Stock held by wholly owned subsidiaries).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed for its 2023 2024 Annual Meeting of Shareholders, scheduled to be held May 18, 2023 May 16, 2024, are incorporated by reference into Part III of this Form 10-K.

Auditor Name: KPMG LLP Auditor Location: Lincoln, Nebraska Auditor Firm ID: 185

NELNET, INC.
FORM 10-K
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FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This report contains forward-looking statements and information that are based on management's current expectations as of the date of this document. Statements that are not historical facts, including statements about the Company's plans and expectations for future financial condition, results of operations or economic performance, or that address management's plans and objectives for future operations, and statements that assume or are dependent upon future events, are forward-looking statements. The words “anticipate,” “assume,” “believe,” “continue,” “could,” “ensure,” “estimate,” “expect,” “forecast,” “future,” “intend,” “may,” “plan,” “potential,” “predict,” “scheduled,” “should,” “will,” “would,” and similar expressions, as well as statements in future tense, are intended to identify forward-looking statements.

The forward-looking statements are based on assumptions and analyses made by management in light of management's experience and its perception of historical trends, current conditions, expected future developments, and other factors that management believes are appropriate under the circumstances. These statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results and performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in “Risk Factors” and elsewhere in this report, and include such risks and uncertainties as:

- risks and uncertainties related to the duration, ultimate severity, and continuing impacts of the coronavirus disease 2019 (“COVID-19”) pandemic;
- risks related to the ability to successfully maintain and increase allocated volumes of student loans serviced by the Company under existing and any future servicing contracts with the U.S. Department of Education (the "Department"), risks related to unfavorable contract modifications or interpretations, and risks related to the Company's ability to comply with agreements with third-party customers for the servicing of Federal Direct Loan Program, Federal Family Education Loan Program (the "FFEL Program" or FFELP), private education, and consumer loans;
- loan portfolio risks such as prepayment risk, credit risk, interest rate basis and repricing risk, the risk of loss of floor income on certain student loans originated under the FFEL Program, risks related to the use of derivatives to manage exposure to interest rate fluctuations, uncertainties regarding the expected benefits from purchased securitized and unsecuritized FFELP, private education, consumer, and other loans, or investment interests therein, and initiatives to purchase additional FFELP, private education, consumer, and other loans, and risks from changes in levels of loan prepayment or default rates; loans;
- financing and liquidity risks, including risks of changes in the interest rate environment;
- risks from changes in the terms of education loans and in the educational credit and services markets resulting from changes in applicable laws, regulations, and government programs and budgets;
- risks related to a breach of or failure in the Company's operational or information systems or infrastructure, or those of third-party vendors;
- risks related to use of artificial intelligence;
- uncertainties inherent in forecasting future cash flows from student loan assets and related asset-backed securitizations;
- risks and uncertainties of related to the expected benefits from the November 2020 launch ability of Nelnet Bank operations, including the ability to successfully conduct banking operations achieve its business objectives and effectively deploy loan and deposit strategies and achieve expected market penetration;
- risks related to the expected benefits to the Company from its continuing investment in ALLO Holdings, LLC (referred to collectively with its subsidiary ALLO Communications LLC as "ALLO"), and risks related to investments in solar projects, including risks of not being able to realize tax credits which remain subject to recapture by taxing authorities; authorities and rising construction costs;
- risks and uncertainties related to other initiatives to pursue additional strategic investments (and anticipated income therefrom), including venture capital and real estate investments, acquisitions, and other activities (including risks associated with errors that occasionally occur in converting loan servicing portfolios to a new servicing platform), including activities that are intended to diversify the Company both within and outside of its historical core education-related businesses;
- risks and uncertainties associated with climate change; and
- risks and uncertainties associated with litigation matters and with maintaining compliance with the extensive regulatory requirements applicable to the Company's businesses. businesses, and uncertainties inherent in the estimates and assumptions about future events that management is required to make in the preparation of the Company’s consolidated financial statements.

All forward-looking statements contained in this report are qualified by these cautionary statements and are made only as of the date of this document. Although the Company may from time to time voluntarily update or revise its prior forward-looking statements to reflect actual results or changes in the Company's expectations, the Company disclaims any commitment to do so except as required by law. In this report, unless the context indicates otherwise, references to "Nelnet," "the Company," "we," "our," and "us" refer to Nelnet, Inc. and its subsidiaries.

PART I.

ITEM 1. BUSINESS

Overview

Nelnet is a diverse, innovative company with a purpose to serve others and a vision to make dreams possible. The largest operating businesses engage in loan servicing and education technology services and payment processing, and the Company also has a significant investment in communications. payments. A significant portion of the Company's revenue is net interest income earned on a portfolio of federally insured student loans. The Company also makes investments to further diversify both within and outside of its historical core education-related businesses including, but not limited to, investments in a fiber communications company (ALLO), early-stage and emerging growth companies (venture capital investments), real estate, and renewable energy (solar). Substantially all revenue from external customers is earned, and all long-lived assets are located, in the United States.

The Company was formed as a Nebraska corporation in 1978 to service federal student loans for two local banks. The Company built on this initial foundation as a servicer to become a leading originator, holder, and servicer of federal student loans, principally consisting of loans originated under the Federal Family Education Loan Program. A detailed description of the FFEL Program is included in Appendix A to this report.

The Health Care and Education Reconciliation Act of 2010 (the “Reconciliation Act of 2010”) discontinued new loan originations under the FFEL Program, effective July 1, 2010, and requires all new federal student loan originations be made directly by the Department through the Federal Direct Loan Program. This law does not alter or affect the terms and conditions of existing FFELP loans.

As a result of Subsequent to the Reconciliation Act of 2010, the Company no longer originates FFELP loans. However, a significant portion of the Company's income continues to be derived from its existing FFELP student loan portfolio. As of December 31, 2022 December 31, 2023, the Company had a $13.6 billion $11.7 billion FFELP loan portfolio. Interest income on the Company's existing FFELP loan portfolio will decline over time as the portfolio is paid down. Since all FFELP loans will eventually run off, a key objective of the Company is to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment.

To reduce its reliance on interest income from FFELP loans, the Company has expanded its services and products. This expansion has been accomplished through internal growth and innovation as well as business and certain investment acquisitions. The Company is also actively expanding its private education, consumer, and other loan portfolios, or investment interests therein, and in November 2020 as part of this strategy launched Nelnet Bank (as further explained below). in 2020. In addition, the Company has been servicing federally owned student loans for the Department since 2009.

Operating Segments

The Company's Company has four reportable operating segments are as summarized below. Business activities and operating segments that are not reportable are combined and included in "Corporate and Other Activities."

Loan Servicing and Systems (LSS)

- Referred to as Nelnet Diversified Services (NDS)
- Focuses on student and consumer loan origination services and servicing, loan origination and servicing-related technology solutions, and outsourcing business services
- Includes the brands Nelnet Diversified Solutions, Nelnet Loan Servicing, Nelnet Servicing, Great Lakes, Firstmark Services, Sloan Servicing, GreatNet, and Nelnet Government Services

Education Technology Services and Payment Processing (ETS&PP) Payments (ETSP)

- Referred to as Nelnet Business Services (NBS)
- NBS provides education services, and payment technology and community management solutions services for K-12 schools, higher education institutions, churches, and businesses in the United States and internationally
- Includes the divisions of FACTS, Nelnet Campus Commerce, Nelnet Payment Services, (formerly PaymentSpring), Nelnet Community Engagement, and Nelnet International

Asset Generation and Management (AGM)

- Also referred to as Included in the Nelnet Financial Services (NFS) division
- Includes the acquisition and management of student and other loan assets, including investment interests therein

Nelnet Bank

- Included in the Nelnet Financial Services (NFS) division
- Internet Utah-chartered industrial bank focused on the private education and unsecured consumer loan markets

Communications

- Comprised The NFS division has other operating segments that are not reportable as further described below under "Nelnet Financial Services - NFS Other Operating Segments." All other business activities and operating segments that are not reportable and not part of the operations of ALLO prior to the deconsolidation of ALLO on December 21, 2020
- ALLO focuses on providing fiber optic service directly to homes NFS division are combined and businesses for internet, telephone, included in "Corporate and television services

Other Activities." A more detailed description of each of the Company's reportable Company's operating segments and Corporate and Other Activities is provided below.

Loan Servicing and Systems

The primary service offerings of this operating segment include:

- Servicing federally owned student loans for the Department
- Servicing FFELP loans
- Originating and servicing Servicing private education and consumer loans
- Backup Providing backup servicing for FFELP, private education, and consumer loans
- Providing student loan servicing software and other information technology products and services
- Providing outsourced services including call center, processing, and technology services

As of December 31, 2022 December 31, 2023, the Company serviced $587.5 billion $532.6 billion of loans for 17.6 million 16.1 million borrowers. See Part II, Item 7 - – Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") - – "Loan Servicing and Systems Operating Segment - – Results of Operations - Loan Servicing Volumes" for additional information related to the Company's servicing volume.

<u>Servicing federally owned student loans for the Department</u>

Nelnet Servicing, LLC (Nelnet Servicing), a subsidiary of the Company, and Great Lakes Educational Loan Services, Inc. ("Great Lakes"), acquired by the Company in February 2018, are two is one of the current six four private sector entities that have student loan servicing contracts with the Department to service loans that include Federal Direct Loan Program loans originated directly by the Department and FFEL Program loans purchased by the Department. The Department evaluates each federal loan servicer and allocates new borrower accounts on a quarterly basis based on service level and portfolio performance metrics. As of December 31, 2022 December 31, 2023, NDS the Company was servicing $545.4 billion $494.7 billion of student loans for 15.8 million 14.5 million borrowers under its contracts. Under for the servicing contracts, Department. Nelnet Servicing and Great Lakes earn earns a monthly fee from the Department for each unique borrower they service it services on behalf of the Department. The Department is the Company's largest customer, representing 32% of the Company's revenue and 74% of the LSS operating segment's revenue in 2022. 2023.

The Company's current student loan servicing contracts contract with the Department are was scheduled to expire on December 14, 2023. In 2017, April 2023, Nelnet Servicing received a contract award from the Department, initiated a contract procurement process referred pursuant to as the Next Generation Financial Services Environment for a new framework which it was selected to provide continued servicing capabilities for the servicing of all Department's student loans owned by the Department. The Consolidated Appropriations Act, 2021 contains provisions directing certain aspects of the process, including that any aid recipients under a new federal student loan servicing environment is required to provide for the participation of multiple student loan servicers and the allocation of borrower accounts to eligible student loan servicers based on performance. In the second quarter of 2022, the Department released a solicitation entitled Unified Servicing and Data Solution (USDS) for contract (the "New Government Servicing Contract") which will replace the new existing legacy Department student loan servicing framework. contract. The Company responded to the USDS solicitation. New Government Servicing Contract has a five year base period, with 2 two-year and 1 one-year possible extensions. The Company cannot predict the timing, nature, or ultimate outcome Department's total loan servicing volume of this or any other contract procurement process more than 40 million existing borrowers will be allocated by the Department. If Department to Nelnet Servicing and four other third-party servicers that were awarded a USDS contract. Until servicing under the Company's servicing contracts are not extended beyond the current expiration date or New Government Servicing Contract goes live, which is anticipated to be in April 2024, the Company is not chosen as a subsequent servicer, the Company's will continue to earn revenue for servicing revenue would decrease significantly. If the terms and requirements borrowers under a potential new its current legacy servicing contract with the Department are less favorable than under the Company's current contracts, loan servicing revenue and/or operating margins could be adversely impacted. Department.

Incremental revenue components earned currently by Nelnet Servicing or Great Lakes from the Department under its existing contract (in addition to loan servicing revenues) revenue) include:

- *Administration of the Total and Permanent Disability (TPD) Discharge program*. Nelnet Servicing processes applications for the TPD discharge program and is responsible for discharge, monitoring, and servicing TPD loans. Individuals who are totally and permanently disabled may qualify for a discharge of their federal student loans, and the Company processes applications under the program and receives a fee from the Department on a per application basis, as well as a monthly servicing fee during the monitoring period. Nelnet Servicing is the exclusive provider of this service to the Department.

- *Origination of consolidation loans.* The Department outsources the origination of consolidation loans whereby servicers receive Federal Direct Loan consolidation origination volume based on borrower choice. The Department pays the Company a fee for each completed consolidation loan application it processes. Nelnet Servicing and Great Lakes each service services the consolidation volume it originates.

Once the New Government Servicing Contract goes live, the Company will no longer originate consolidation loans for the Department. However, it will earn incremental revenue under the New Government Servicing Contract as the exclusive service provider to the Department for certain specialty tasks, including managing FFELP guaranty agency rehabilitation loan purchases and providing image repository services, decommissioned servicer data and payment support services, and legacy loan consolidation origination and disbursement support services.

Servicing FFELP loans

NDS services AGM and Nelnet Bank's AGM's FFELP student loan portfolios portfolio and the portfolios of third parties. The loan servicing activities include loan conversion activities, application processing, borrower updates, customer service, payment processing, due diligence procedures, funds management reconciliations, and claim processing. These activities are performed internally for the Company's portfolio, in addition to generating external fee revenue when performed for third-party clients.

The Company uses proprietary systems to manage the servicing process. These systems provide for automated compliance with most of the federal student loan regulations adopted under Title IV of the Higher Education Act of 1965, as amended (the "Higher Education Act").

The Company serviced FFELP loans on behalf of 113 94 third-party servicing customers as of December 31, 2022 December 31, 2023. The Company's FFELP servicing customers include national and regional banks, credit unions, and various state and nonprofit secondary markets. The majority of the Company's external FFELP loan servicing activities are performed under "life of loan" contracts, which essentially provide that as long as the applicable loan exists, the Company shall be the sole servicer of that loan; however, the agreement may contain "deconversion" provisions where, for a fee, the lender may move the loan to another servicer.

The discontinuation of new FFELP loan originations in July 2010 has caused and will continue to cause FFELP servicing revenue to decline as these loan portfolios are paid down. However, the Company believes there may be opportunities to service additional FFELP loan portfolios from current FFELP participants not currently using the Company as a servicer as the FFEL Program winds down.

Originating and servicing Servicing private education and consumer loans

NDS conducts origination and servicing activities for private education and consumer loans. Private education loans are non-federal private credit loans made to students or their family; as such, the loans are not issued or guaranteed by the federal government. These loans are used primarily to bridge the gap between the cost of higher education and the amount funded through financial aid, federal loans, or the borrowers' personal resources. Although similar in terms of activities and functions as FFELP loan servicing, private education loan servicing activities are not required to comply with provisions of the Higher Education Act and may be more customized to individual client requirements.

The Company has invested and plans to continue to invest in modernizing key technologies and services to position its consumer loan servicing business for the long-term, expanding services to include personal loan products and other consumer installment assets. The Company is in the process of a modernization of its private education and consumer loan origination and repayment servicing systems. The Company believes improvements in systems will allow for diversified products to be both originated and serviced with secure, state-of-the-art application and servicing platforms to drive growth for the Company's client partners. Presenting a very wide market opportunity of new entrants and existing players, consumer lending is expected to be a growth area. In both backup servicing and full servicing partnerships, the Company is a valuable resource for consumer lenders and asset holders as it allows for leveraged economies of scale, high compliance, and secure service to client partners.

As of December 31, 2022 December 31, 2023, NDS serviced private education and consumer loans on behalf of 35 28 third-party servicing customers.

Backup In January 2024, Discover announced they were moving the servicing of its approximately $10 billion private education loan portfolio, representing approximately 500,000 borrowers, to the Company. The timing of the conversion of these loans to the Company's platform is dependent on the timing of Discover's potential sale of its portfolio.

Providing backup servicing for FFELP, private education, and consumer loans

NDS offers protection against unexpected business failure, or any event that stretches a third-party service provider's resources beyond its capability to perform essential services, through backup servicing. Backup servicing for loan asset owners, investors, financiers, and other stakeholders is a way to safeguard assets and mitigate financial risk, generally in conjunction with a structured long-term financing of the assets (like an asset-backed securitization).

NDS's backup service provides a trigger response plan with pre-built system profiles that remain on standby, ready to be utilized if a contracted asset manager or service provider cannot perform its duties. The Company performs testing and maintenance against the loan transfer process each month with backup clients and certifies compliance. For a monthly fee, these arrangements require a 30 to 90 day notice from a triggering event to transfer the customer's servicing volume to the Company's platform and becoming a full servicing customer. NDS offers backup servicing for FFEL, FFELP, private education, and consumer loan programs loans that leverages existing servicing systems and full service experience.

As of December 31, 2023, NDS provides provided backup servicing arrangements to assist 20 nine entities for more than 17 million 26 million borrowers.

Providing student loan servicing software and other information technology products and services

NDS provides data center services, student loan servicing software for servicing federal and private education and federal loans, guaranty servicing software, data center services, and consulting and professional services to support the technology platforms. These proprietary software systems are used internally by the Company and/or licensed to third-party student loan holders and servicers. These software systems have been adapted so they can be offered as hosted servicing software solutions that can be used by third parties for guaranty servicing and to service various types of student loans, including Federal Direct Loan Program and FFEL Program

loans. The Company earns a monthly fee from its remote hosting customers for each loan or unique borrower on the Company's platform, with a minimum monthly charge for most contracts. As of December 31, 2022, December 31, 2023 and 2022, 0.1 million and 6.1 million borrowers, respectively, were hosted on the Company's hosted servicing software solution platforms, including platforms.

During 2023, the Company's two Department remote hosted servicing borrowers, representing 6.0 million borrowers who as of December 31, 2022, were serviced by entities that have contracts transferred to service loans for other servicers. These transfer decisions were not based on the Department.

Six entities, including Nelnet Servicing and Great Lakes, are currently servicers of federally owned loans. NDS currently licenses Company's performance. The Company has executed an agreement with a third-party servicer awarded a USDS contract with the Department to license its hosted servicing software to two of such entity and the six servicers for the Department. The Company's Company will earn remote hosted Department servicing customers will transfer their servicing volume revenue from this new customer when USDS goes live, which is anticipated to other servicers be in 2023, which will have a significant adverse impact to software services revenue in future periods. See the MD&A - "Loan Servicing and Systems Operating Segment - Results second quarter of Operations - Government Loan Servicing" for additional information. 2024.

Providing outsourced services including call center, processing, and technology services

NDS provides business process outsourcing primarily specializing in contact center management. The contact center solutions and services include taking inbound calls, helping with outreach campaigns and sales, and interacting with customers through multi-channels. Processing services include application processing and verification, payment processing, credit dispute, and account management services. NDS also outsources technology expertise and capacity to supplement development needs in organizations. As of December 31, 2023, NDS provided business process and technology outsourcing to 11 customers.

Competition

We believe the Company's scalable servicing platform allows it to provide compliant, efficient, and reliable service at a low cost, giving the Company a competitive advantage over others in the industry. In contrast to its competitors, the The Company has segmented its private education loan servicing on a distinct platform, created specifically to meet the needs of private education student loan borrowers, their family, families, the school schools they attend, and the lenders who serve them. This ensures access to specialized teams with a dedicated focus on servicing these borrowers.

NDS is one of the leaders in the development of servicing software for guaranty agencies, consumer and private education loan programs, the Federal Direct Loan Program, and FFELP student loans. Many student loan lenders and servicers utilize the Company's software either directly or indirectly. NDS believes the investments it has made to scale its systems and to create a secure infrastructure to support the Department's servicing volume and requirements increase its competitive advantage as a long-term partner in the loan servicing market.

Education Technology Services and Payment Processing Payments

NBS is a service and technology company that operates as the following divisions:

- FACTS
- Nelnet Campus Commerce
- Nelnet Payment Services (formerly PaymentSpring)
- Nelnet Community Engagement
- Nelnet International

The majority of this segment's customers are located in the United States; however, the Company also provides services and technology as part of its Nelnet International division primarily in Australia, New Zealand, and Southeast Asia, and believes there are opportunities to increase its customer base and revenues internationally.

See the MD&A -– "Education Technology Services and Payment Processing Payments Operating Segment -– Results of Operations" for an overview of the seasonality of the business in this operating segment.

A more detailed description of each NBS division is provided below. For a presentation of NBS revenue disaggregated by service offering into tuition payment plan services revenue, payment processing revenue, and education technology and services revenue, see the MD&A -– "Education Technology Services and Payment Processing Payments Operating Segment -– Results of Operations -– Summary and Comparison of Operating Results -– Education technology services and payment processing payments revenue." In the discussion below, revenues from the described products and services are included in education technology and services revenue in such presentation, unless specifically indicated otherwise.

FACTS

NBS uses the FACTS brand in the K-12 private and faith-based markets. FACTS provides solutions that elevate the K-12 education experience for school administrators, teachers, and families. FACTS solutions include the following categories: products:

- Financial Management
- Administration School Management
- Enrollment Learning Management

The combination of the Company's financial, school, and Communications

- Advancement
- Education Development

learning management products has significantly increased the value of the Company's offerings and allows the Company to deliver a comprehensive suite of solutions to schools. FACTS provides services for almost 11,000 nearly 12,000 K-12 schools and serves over 4 million 4.5 million students and families. FACTS generated $244 million $298 million and $184 million $248 million in revenue for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Financial Management - FACTS is the market leader in education financial management with services including tuition payment plans and financial needs assessment (grant and aid). in the following categories:

- Tuition Management
- Incidental Billing
- Grant & Aid
- Payment Forms
- Advanced Accounting
- FACTS Giving

K-12 educational institutions contract with the Company to administer tuition payment plans that allow families to make recurring payments generally over six to 12 months. The Company earns tuition payment plan services revenue by collecting a fee from either the institution or the payer to administer the plan. Additionally, the Company may earn payment processing revenue for fees when families make tuition payments. The Company's Company's grant and aid assessment service helps K-12 schools evaluate and determine the amount of financial aid to disburse to the families it serves. The Company earns service revenue by charging a fee for grant and aid applications processed.

The Company's advanced accounting services create efficiencies in school accounting processes with a single system that captures and tracks all tuition and fees. Incidental billing allows schools to bill families for fees that fall outside of regular tuition costs. Payment Forms allows schools to create forms for event registrations and permissions coupled with an automated way to collect payments.

The Company's giving solution is a comprehensive donation platform that streamlines donor communications, organizes donor information, and provides access to data analysis and reporting. The Company earns subscription fees and payment processing revenues for these services.

Administration School Management - The Company's school administration management solutions include FACTS Student Information System (SIS), Family App, and Parent Alert. the following products:

- Student Information System (SIS)
- Application & Enrollment
- Family App
- School Site
- Parent Alert

FACTS SIS automates the flow of information between school administrators, teachers, and parents and includes administrative processes such as scheduling, cafeteria management, attendance, and grade book management. The Company's information systems software is sold as a subscription service to schools. The Company also offers a streamlined, social, and fully integrated learning management system to enhance classroom instruction for both teachers and students. FACTS Family App provides families with mobile access to the information they need and Parent Alert allows for instant communication with families when needed.

Enrollment and Communications – The Company's enrollment SIS, Family App, and communications tools Parent Alert are used by schools sold as a subscription service to enhance and streamline admissions and communications efforts. FACTS schools.

Application & Enrollment provides a paperless experience for the admissions office and provides schools with real-time information as applications and enrollment forms are completed. The Company earns a fee per completed application and/or enrollment form.

FACTS School Site is a website content management system for schools to promote and share information with current and prospective families. FACTS

Learning Management -The Company's learning management solutions in this area allow for better overall connection between admissions, enrollment, and marketing. include the following products:

- Learning Management System
- School Evaluation & Observation
- Content Development
- Instructional Services
- Professional Development and Coaching
- ESSA Consulting

The combination of the Company's financial learning management administration, system uses innovations such as extended enterprise, social collaborations, and enrollment gamification to expand capabilities and communications products has significantly increased the value of the Company's offerings in this area, allowing the Company to deliver a comprehensive suite of solutions to schools.

Advancement - The Company's advancement solution, FACTS Giving, is a comprehensive donation platform that streamlines donor communications, organizes donor information, engage and provides access to data analysis and reporting. FACTS Giving pairs with other FACTS solutions like SIS, School Site, and Family App. FACTS Giving simplifies incoming donations through appeal pages motivate learners. In-person and online registration for virtual school events. FACTS Giving features also include text-to-give functionality, options training and certification is managed with simplified reporting, tracking, and record maintenance. FACTS' technologies allow customers to manage specific fundraising projects update certificate programs or year-long campaigns, and real-time reports create new custom learning programs to analyze fundraising efforts. meet emerging needs. The Company earns subscription fees and payment processing revenues content creation fees for these services. Additionally, a fee may be earned from learners completing course offerings.

Education Development- FACTS Education Solutions The Company provides customized professional development and coaching services for teachers and school leaders as well as instructional services for students experiencing academic challenges. The Company also offers an innovative technology product that aids in both teacher and student evaluation. These services provide continuous advanced learning and professional development while helping private schools identify and attain equitable participation in Title I and Title II federal education programs. programs under the Every Student Succeeds Act (ESSA). Due to the increases in federal pandemic-related funds supporting K-12 education under the Emergency Assistance to Non-Public Schools (EANS) program, the Company has experienced a witnessed a spike in schools asking for services in these areas. FACTS Education Solutions also offers an innovative One EANS award period ended September 30, 2023 and the final EANS award period ends September 30, 2024, which will have a significant adverse impact to education technology product that aids services revenue in both teacher and student evaluation. future periods.

Nelnet Campus Commerce

NBS uses the Nelnet Campus Commerce brand to offer payment technologies for a smarter campus to higher education institutions. Nelnet Campus Commerce offers the following solutions: products:

- Tuition Management
- Integrated Commerce

The Company Nelnet Campus Commerce provides service for more than 1,100 over 1,000 colleges and universities worldwide and serves over 8 million students and families. Nelnet Campus Commerce generated $113 million $129 million and $99 million $113 million in revenue for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Tuition Management - –Higher education institutions contract with the Company to administer tuition payment plans that allow the student and family to make recurring payments on either a semester or annual basis. The Company earns tuition payment plan services revenue by collecting a fee from either the student or family to administer the plan. Additionally, the Company may earn payment processing revenue when families make tuition payments.

Nelnet Billing & Payments allows schools to send automated bills for tuition and fees, housing, parking, and other campus service offerings and allows students to safely make online payments from anywhere. Nelnet Refunds helps schools stay compliant with federal refund regulations and allows students choice in their refund method. The Company earns hosting, fees, per transaction, fees, and credit card processing fees for its Nelnet Billing & Payments and Nelnet Refunds products. Credit card processing fees are included in payment processing revenue.

Integrated Commerce – Nelnet Campus Commerce integrated commerce solutions help schools maintain revenue sources across campus campuses including in-person payments, online shopping experiences, and a mobile app. Nelnet Storefront provides online stores for departments across campus campuses with consolidated views and management by the business office. Nelnet Cashiering allows higher education institutions to manage all in-person payments on campus. Nelnet Checkout streamlines all payments through one system and provides a common make-a-payment experience. The Company earns hosting, fees, per transaction, fees, and credit card processing fees for its integrated commerce solutions. Credit card processing fees are included in payment processing revenue.

Nelnet Payment Services

NBS uses the Nelnet Payment Services brand to provide secure payment processing technology. Nelnet Payment Services supports and provides payment processing services, including credit card and electronic transfers, to the other divisions of NBS and Nelnet in addition to other third-party industries and software platforms across the United States. Nelnet Payment Services offers mobile, in-person, and online solutions for customers to collect, process, and view credit card and Automated Clearing House (ACH) payments. Services rendered by Nelnet Payment Services are Payment Card Industry (PCI) compliant. Nelnet Payment Services earns payment processing revenues through fees for credit card and ACH transactions. Nelnet Payment Services generated $50 million $55 million and $43 million $50 million in revenue for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Nelnet Community Engagement

NBS uses the Nelnet Community Engagement (NCE) brand to provide faith community engagement, giving management, and learning management services and technologies. NCE serves customers in the technology, nonprofit, religious, health care, and professional services industries and is the newest division within NBS. NCE generated $4 million and $6 million in revenue for the years ended December 31, 2022 and 2021, respectively, and offers the following solutions:

- Faith Community Engagement
- Giving Management
- Learning Management

Faith Community Engagement – NCE services and technologies enable church leaders and members to easily engage and communicate with each other. Faith Community Engagement product features include a customizable mobile app, text messaging, forms and registrations, and other digital tools to strengthen communication and engagement. Additional solutions provide content management services including bulletin, news articles, and event calendars, as well as customized websites that provide on-demand support and automated communication to keep members engaged through newsletters and social media. The Company earns subscription fees and content creation fees for these services.

Giving Management – Giving management products connect organizations with partners, donors, and volunteers to make personalized giving simple. Giving management administrative features provide a dashboard, customizable receipts, pledge management, and real-time reporting. Donors have options to give using the product's mobile app, text messaging, or passcode and can be one-time or recurring gifts. The Company earns subscription fees and payment processing revenues for these services.

Learning Management – NCE offers comprehensive solutions that use innovations such as extended enterprise, social collaborations, and gamification to expand capabilities and engage and motivate learners. Live and online training and certification is managed with simplified reporting, tracking, and record maintenance. NCE technologies allow customers to update certificate programs or create new custom learning programs to meet emerging needs. The Company earns subscription fees and content creation fees for these services. Additionally, a fee may be earned from learners completing course offerings.

Nelnet International

NBS uses the brand Nelnet International brand to serve customers in the education, local government, and health care space to build future-focused agile businesses. industries. Nelnet International products include service services and technology that align with the similarly named products product categories for FACTS and Nelnet Campus Commerce. Nelnet International products include: offers the following products:

- Integrated Commerce
- Financial Management
- Administration School Management

Nelnet International provides its services and technology to schools in 64 countries, with the largest concentrations in Australia, New Zealand, and the Asia-Pacific region. Nelnet International generated $8 million and $7 million in revenue for the years ended December 31, 2023 and 2022, respectively.

Integrated Commerce – Nelnet International's Xetta platform provides commerce payment solutions to its customers. Xetta captures and centralizes financial information across organizations and integrates with core business systems to simplify

workflows, expand payment capabilities, streamline reconciliation, reduce security and compliance risk, and provide reporting and analytics. The Company earns subscription and consulting fees for the utilization of the Xetta platform.

Financial Management – Tuition payment plans and other financial management services are provided to customers internationally using the FACTS brand and service platforms. Refer to "Financial Management" under the FACTS division for additional information.

Administration School Management – PCSchool is a cloud-based school management platform that provides administrative, information management, financial management, and communication functions for K-12 schools in Australia and New Zealand. Outside of Australia and New Zealand, Nelnet International provides administration products under the FACTS brand. The technology and services provided are consistent with the "Administration" School Management products described under the FACTS division. The Company earns subscription fees and per transaction revenues for providing these services.

Nelnet International provides its services and technology to schools in more than 55 countries, with the largest concentrations in Australia, New Zealand, and the Asia-Pacific region. Nelnet International generated $7 million in revenue for each of the years ended December 31, 2022 and 2021.

Competition

The Company is the largest provider of tuition management and financial needs assessment services to the private and faith-based K-12 market in the United States. Competitors include financial institutions, tuition management providers, financial needs assessment providers, accounting firms, and a myriad of software companies.

In the higher education market, the Company targets business offices at colleges and universities. In this market, the primary competition is from a relatively small number of campus commerce and tuition payment providers, as well as solutions developed in-house by colleges and universities.

The Company believes its principal competitive advantages are (i) the customer service it provides to institutions and consumers, (ii) the technology provided with the Company's service, and (iii) the Company's ability to integrate its technology with the institution clients and their third-party service providers. The Company believes its clients select products primarily based on technology features, functionality, and the ability to integrate with other systems, but price and service also impact the selection process.

Nelnet Financial Services

The Company formally established the Nelnet Financial Services division in 2023 intended to focus on the Company's key objective to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment by expanding its private education, consumer, and other loan portfolios.

The creation of NFS resulted in financial results grouped and reported differently to the Company's chief operating decision maker. In addition to the reportable operating segments of AGM and Nelnet Bank being part of the NFS division, NFS's other operating segments that are not reportable (that were previously included in Corporate and Other Activities) include:

- The operating results of Whitetail Rock Capital Management, LLC (WRCM), the Company's U.S. Securities and Exchange Commission (SEC)-registered investment advisor subsidiary
- The operating results of Nelnet Insurance Services, which primarily includes multiple reinsurance treaties on property and causality policies
- The operating results of the Company's investment activities in real estate
- The operating results of the Company's investment debt securities (primarily student loan and other asset-backed securities) and interest expense incurred on debt used to finance such investments

Asset Generation and Management

AGM includes the acquisition, management, and ownership of the Company's loan assets (excluding loan assets held by Nelnet Bank). Loans consist of federally insured student (originated under the FFEL Program), private education, consumer, and other loans. loans, including investment interests therein. As of December 31, 2022 December 31, 2023, AGM's loan portfolio was $14.2 billion $12.0 billion.

Substantially all of AGM's loan portfolio (95.7%(97.0% as of December 31, 2022December 31, 2023) is federally insured. The Company earns net interest income on its loan portfolio, and generates a substantial portion of its earnings from the spread, referred to as "loan spread," between the yield it receives on its loan portfolio and the associated costs to finance such portfolio. See the MD&A - "Asset"Nelnet Financial Services Division - Results of Operations - Asset Generation and Management Operating Segment - Results of Operations - Loan Spread Analysis," for further details related to loan spread. In addition to the loan spread earned on its portfolio, all costs and activity associated with managing the portfolio, such as servicing of the assets and debt maintenance, are included in this reportable operating segment.

Origination and acquisition

Since all FFELP loans will eventually pay off, as new FFELP loans are not being originated, a key objective of the Company is to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment. As such, the Company is actively acquiring private education, consumer, and other loans, or investment interests therein (see below under "Beneficial interest in loan securitizations"), and plans to expand these portfolios. During 2023, the Company purchased $556.1 million of private education, consumer, and other non-FFELP loans. AGM's competition for the purchase of loan portfolios includes banks, hedge funds, and other finance companies.

Credit risk

AGM's portfolio of federally insured student loans is subject to minimal credit risk, as these loans are guaranteed by the Department at levels ranging from 97% to 100%. The Higher Education Act regulates every aspect of the federally insured student loan program. Failure to service a student loan properly could jeopardize the guarantee on federal student loans. In the case of death, disability, or bankruptcy of the borrower, the guarantee covers 100% of the loan's principal and accrued interest. FFELP loans are guaranteed by state agencies or nonprofit companies designated as guarantors, with the Department providing reinsurance to the guarantor. Guarantors are responsible for performing certain functions necessary to ensure the program's soundness and accountability. Generally, the guarantor is responsible for ensuring that loans are serviced in compliance with the requirements of the Higher Education Act. When a borrower defaults on a FFELP loan, the servicer submits a claim to the guarantor, who provides reimbursements of principal and accrued interest, subject to the applicable risk share percentage.

Origination and acquisition

Since all FFELP loans will eventually pay off, as new FFELP loans are not being originated, a key objective of the Company is to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment. As such, the Company is actively acquiringAGM's private education, consumer, and other loans and plans to expand these portfolios. During 2022, are unsecured, with neither a government nor a private insurance guarantee. Accordingly, the Company purchased $524.5 million bears the full risk of private education, consumer, loss on these loans if the borrower and other non-FFELP loans.

AGM's competition for co-borrower, if applicable, default, which increases the purchase of FFELP, private education, consumer, and other loan portfolios includes banks, hedge funds, and other finance companies. Company's exposure to credit risk.

Interest rate risk management

Since the Company generates a significant portion of its earnings from its loan spread, the interest rate sensitivity of the Company's balance sheet is very important to its operations. The current and future interest rate environment can and will affect the Company's interest income and net income. The effects on the Company's results of operations as a result of the changing interest rate environments are further outlined in the MD&A - "Asset"Nelnet Financial Services Division - Results of Operations - Asset Generation and Management Operating Segment - Results of Operations - Loan Spread Analysis" and in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk - AGM Operating Segment."

Beneficial interest in loan securitizations

AGM has partial ownership in consumer, private education, and federally insured student loan third-party securitizations that are classified as "beneficial interest in loan securitizations" and included in "investments and notes receivable" on the Company's consolidated balance sheets. The Company's partial ownership in each loan securitization grants the Company the right to receive the corresponding percentage of cash flows generated by the securitization. These residual interests were acquired by AGM or have been received in consideration of AGM selling portfolios of loans to unrelated third parties who securitized such loans. As of the latest remittance reports filed by the various trusts prior to or as of December 31, 2023, the Company's ownership correlates to approximately $1.76 billion of loans included in these securitizations.

Nelnet Bank

On November 2, 2020, the Company obtained final approval for federal deposit insurance from the Federal Deposit Insurance Corporation (FDIC) and for a bank charter from the Utah Department of Financial Institutions (UDFI) in connection with the establishment of Nelnet Bank and Nelnet Bank launched operations. Nelnet Bank, a wholly owned subsidiary of the Company, operates as an internet industrial bank franchise focused on the private education and unsecured consumer loan markets, with a home office in Salt Lake City, Utah. Nelnet Bank is governed by a board of directors, a majority of the members of which are independent of the Company. Nelnet Bank was funded by the Company with an initial capital contribution of $100.0 million and an additional $30.0 million of capital was contributed in 2022 by the Company to support Nelnet Bank's asset growth. As a consolidated subsidiary of the Company, the Bank's assets, liabilities, results of operations, and cash flows are reflected in the Company's consolidated financial statements, and the industrial bank charter allows the Company to maintain its other diversified business offerings.

Loans

Nelnet Bank serves and plans to serve a niche market, with a concentration in the private education and unsecured consumer loan markets. Currently, Nelnet Bank offers refinance private education loan options to borrowers that have higher priced private education and/or federal student loan debt and in-school private education loans to students attending higher education institutions. The recent increase of interest rates has negatively impacted and will continue to negatively impact the origination of refinanced private education loans. Nelnet Bank plans to begin offering unsecuredUnsecured consumer loans primarilyconsist of home improvement loans and refinance loans in 2023 for consumers to consolidate credit card and other general-purpose debt as well as financing home improvements.debt. Nelnet Bank extends consumer loans to borrowers in all 50 states plus the District of Columbia. As of December 31, 2022December 31, 2023, Nelnet Bank's loan portfolio was $419.8 million$432.9 million.

Deposits

Nelnet Bank's deposits are interest-bearing and consist of brokered certificates of deposit (CDs), retail and other savings deposits and CDs, and intercompany deposits. Retail and other savings deposits include deposits from Educational 529 College

Savings and Health Savings plans, Short Term Federal Investment Trusts (STFIT), and commercial and institutional CDs. Union Bank and Trust Company ("Union Bank"), a related party, is the program manager for the College Savings plans. The intercompany deposits are deposits from the Company Nelnet, Inc. (parent company) and its subsidiaries and include a pledged deposit of $40.0 million from Nelnet, Inc. (parent company), as required under a Capital and Liquidity Maintenance Agreement with the FDIC, Federal Deposit Insurance Corporation (FDIC), deposits required for intercompany transactions, operating deposits, and NBS custodial deposits consisting of tuition payments collected which are subsequently remitted to the appropriate school. As of December 31, 2022 December 31, 2023, Nelnet Bank had $789.6 million $847.6 million of deposits, of which $98.3 million $104.0 million were intercompany deposits.

As a Utah-chartered industrial bank, All intercompany deposits held at Nelnet Bank is able to fulfill its mission of being a steady and stable supplier of education credit. The Bank's goal is to meet underserved needs in the United States are eliminated for reliable education financing. The Company's strong history within, and understanding of, the education industry are expected to afford Nelnet Bank access to more families participating in education nationwide.

Communications

The Company provided communication services through ALLO, a former majority-owned subsidiary, until a recapitalization and additional funding for ALLO resulted in a deconsolidation of ALLO from the Company's consolidated financial statements in the fourth quarter of 2020. The recapitalization of ALLO was not considered a strategic shift in the Company's involvement with ALLO, and ALLO's results of operations, prior to the deconsolidation, are presented by the Company as a reportable operating segment. The Company continues to hold a significant investment in ALLO. See note 2 of the notes to consolidated financial statements included in this report for additional information related to the ALLO recapitalization and the Company's current ownership investment in ALLO. reporting purposes.

ALLO derives its revenue primarily from the sale of telecommunication services, including internet, telephone, and television services to business, governmental, and residential customers in Nebraska, Colorado, and Arizona, and specializes in high-speed internet and broadband services available through its all-fiber network. ALLO plans to continue to increase market share and revenue in its existing markets and plans to expand to additional communities. As of December 31, 2022, ALLO currently serves, is in the process of building their network in, and has announced they will build in a total of 36 communities. The total households in these communities is approximately 410,000. As of December 31, 2022, ALLO served more than 90,000 residential customers and had nearly 41,000 business lines.

Corporate and NFS Other Activities

Other business activities and operating segments that are not reportable are combined and included in Corporate and Other Activities. Corporate and Other Activities include the following items:

- The operating results of Whitetail Rock Capital Management, LLC (WRCM), the Company's U.S. Securities and Exchange Commission (SEC)-registered investment advisor subsidiary
- The operating results of Nelnet Renewable Energy, which include solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar development
- The results of the majority of the Company's investment activities, including early-stage and emerging growth companies and real estate
- Interest income earned on cash and investment debt securities (primarily student loan and other asset-backed securities)
- Interest expense incurred on unsecured and certain other corporate related debt transactions
- Other product and service offerings that are not considered reportable operating segments

Corporate and Other Activities also include certain activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services. Corporate and Other Activities also includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs. Operating Segments

Whitetail Rock Capital Management, LLC

Whitetail Rock Capital Management, a majority-owned subsidiary of the Company, is an SEC-registered investment advisor. As of December 31, 2022 December 31, 2023, WRCM had $3.5 billion $3.3 billion in assets under management for third-party customers, consisting of student loan asset-backed securities ($2.8 2.6 billion) and Nelnet stock ($0.7 billion) - primarily shares of Class B common stock. WRCM's core assets under management are FFELP asset-backed securities. Accordingly, WRCM is beginning to transition away from FFELP asset-backed securities to additional asset-backed asset classes (consumer and collateralized loan obligations). WRCM earns annual management fees of 10 basis points to 25 basis points for asset-backed securities under management and a share of the gains from the sale of securities or securities being called prior to the full contractual maturity for which it provides advisory services. WRCM earns annual management fees of five basis points for Nelnet stock under management. During 2022, 2023, WRCM earned $6.0 million $6.2 million and $0.5 million in management fees. and performance fees, respectively.

Nelnet Insurance Services

The Company launched a wholly-owned captive insurance subsidiary in 2013 to provide insurance to Nelnet, Inc. and its subsidiaries. The captive insurance company's capital has grown over the years to $21.3 million as of December 31, 2023. Nelnet Insurance Services, the Company's operating segment established to include all the Company's insurance products, entered into multiple reinsurance treaties with third parties on property and casualty policies in 2022 to leverage the captive insurance company's capital. Reinsurance is an arrangement under which the Company has agreed to indemnify an insurance company, the "ceding company," for a portion of the insurance and/or investment risks underwritten by the ceding company. As of December 31, 2023, the Company has five treaties that reinsure risk on roughly 70 different insurance programs issued by four carriers. The Company has also entered into arrangements to cede a portion of its exposure, typically 50%, to a third party.

For the year ended December 31, 2023, the Company recognized $20.1 million in reinsurance premiums (net of $21.5 million retroceded to a third party). In addition to premium revenue, the Company earns investment income on its capital and cash premiums it receives, until such amounts are paid out for claims. If premiums exceed the total amount of expenses and eventual losses, the Company recognizes an underwriting profit that adds to the investment income earned.

Investments - real estate

As of December 31, 2023, the Company has approximately 40 real estate investments across the United States with a carrying value of $103.8 million. For the majority of its real estate investments, the Company partners with a third-party co-investor that (i) has asset-specific and/or geographic expertise of the underlying property and (ii) manages the day-to-day operations. The Company's real estate portfolio includes commercial properties, including office space, industrial, multifamily, and mixed-use properties.

Investment portfolio - debt securities

The Company invests excess cash in debt securities, primarily student loan and other asset-backed securities. Included in NFS's debt securities portfolio are certain of the Company's own asset-backed securities (bonds and notes payable) that were issued to finance student loans that the Company repurchased in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties or redeem the notes at par as cash is generated by the trust estate. As of December 31, 2023, the par value and fair value of the Company's debt securities held in the NFS division, including its own asset backed securities, was $905.1 million and $828.5 million, respectively. The Company has entered into repurchase agreements (debt), the proceeds of which are collateralized by the asset-backed securities (bond investments). As of December 31, 2023, the Company had $208.2 million of repurchase agreements outstanding that were collateralized by $251.2 million (fair value) of asset-backed securities investments.

Corporate and Other Activities

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities. Corporate and Other Activities include the following items:

- Shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services
- Corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs
- The operating results of Nelnet Renewable Energy, which include solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development
- The operating results of certain of the Company's investment activities, including its investment in ALLO and early-stage and emerging growth companies (venture capital investments)
- Interest income earned on cash balances held at the corporate level and interest expense incurred on unsecured corporate related debt transactions
- Other product and service offerings that are not considered reportable operating segments

Nelnet Renewable Energy

As of December 31, 2022 December 31, 2023, the Company has invested a total of $175.6 million $271.9 million (which excludes $102.8 million $198.8 million syndicated to third-party investors) in tax equity investments in renewable energy solar partnerships to support the development and operations of solar projects throughout the country. These investments provide a federal income tax credit under the Internal Revenue Code, equaling either 26% or 30% to 40% of the eligible project cost, with the tax credit available when the project is placed-in-service. The Company is then allowed to reduce its tax estimates paid to the U.S. Treasury based on the credits earned. In addition to the credits, the Company structures the investments to receive quarterly distributions of cash from the operating earnings of the solar project for a period of at least five years (so the tax credits are not recaptured). After that period, the contractual agreements typically provide for the Company's interest in the projects to be purchased in an exit at the fair market value of the discounted forecasted future cash flows allocable to the Company. Given the expected timing of cash flows and experience the Company has in underwriting these assets, the Company considers these investments a good use of its capital when looking at its capital deployment initiatives.

In addition to making these tax equity investments for the Company's own portfolio, the Company is syndicating these investments with co-investors with similar tax attributes. The Company has developed expertise in sourcing, underwriting, closing, and managing these investments and believes it has strong relationships with solar developers throughout the country. The Company invests anywhere between at least 10% and 100% in each investment transaction, with its co-investment partners taking the remaining share. The Company earns an upfront management fee based on the amount of capital contributed by the co-investor. The management fee is recognized as income over the duration of the investment (typically five years). In addition, a performance fee is earned and recognized by the Company upon the co-investor's exit from the investment. The performance fee is typically a percentage of the capital invested and is collected during the sixth year following the initial investment. The aggregate of the management and performance fees earned from co-investors is typically five to six percent of the capital invested. The Company raised and invested a total of $63.8 million $94.5 million during 2022 2023 on behalf of its co-investors. Due to the management and control of each of these investment partnerships, the such partnerships that invest in tax equity investments are consolidated on the Company's consolidated financial statements, with the co-investor's portion being presented as noncontrolling interests.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. These assets provide long-term, predictable, and recurring cash flows. flows based on energy production and energy sales to entities, such as utilities, governmental bodies, commercial companies, educational institutions, multi-family landlords, and health care groups. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, construct, finance, own, and manage operate these assets. As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest of two subsidiaries of GRNE Solutions, LLC named GRNE-Nelnet, LLC (GRNE) and ENRG-Nelnet, LLC (ENRG) (collectively referred to as "GRNE Solar") for total consideration of $33.9 million.

GRNE is a solar contracting construction company that and ENRG is a solar development company. During 2023, the Company rebranded GRNE Solar to gain greater leverage with its overall brand, Nelnet Renewable Energy.

The Company's solar construction company provides full-service engineering, procurement, and construction (EPC) services to residential homes and commercial entities. As of December 31, 2022, it has seven physical branches, predominately in the Midwest with its primary corporate operations in Palatine, Illinois entities and Lincoln, Nebraska. GRNE contracts to build solar on a cost-plus-margin fixed fee basis. ENRG is a The development company that is primarily focused on the development of solar assets that the Company expects to own long-term. ENRG performs services such as site control, permitting, execution of power purchase agreements, utility interconnections, construction oversight, project finance, and other ancillary services to enable a successful solar photovoltaic project.

The acquisition of GRNE Solar provides technical know-how, customer relationships, a talented workforce, and revenue streams to Nelnet's expanding renewable energy business. The acquisition gives the Company an ability to realize a diversified revenue stream by generating a fee-based service from its EPC and operations and maintenance (O&M) services, while also originating solar assets for the Company's own balance sheet on a high-quality, cost-efficient basis.

These assets are expected to earn revenue and generate a profit for up to 40 years based on energy production and energy sales to entities, such as utilities, governmental bodies, commercial companies, educational institutions, multi-family landlords, and healthcare groups. The Company plans to expand this business geographically across the United States, increase the team size and technical expertise to build larger projects, and serve new and existing customers on a go-forward basis. In addition to asset origination, the Company plans to begin acquiring solar assets that are in various stages of their project life-cycle with other development partners.

Investments

The Company makes investments to further diversify itself both within and outside of its historical core education-related businesses, including investments in ALLO and early-stage and emerging growth companies (venture capital investments).

ALLO

The Company provided fiber communication services through ALLO, a former majority-owned subsidiary, until a recapitalization in 2020 resulted in a deconsolidation of ALLO from the Company's consolidated financial statements. The Company continues to hold a significant investment in ALLO.

ALLO derives its revenue primarily from the sale of telecommunication services, including internet, telephone, and real estate. television services to business, governmental, and residential customers in Nebraska, Colorado, and Arizona, and specializes in high-speed internet and broadband services available through its all-fiber network. As of December 31, 2023, ALLO serves 34 communities and is currently in the process of building their network in 11 communities. The total households in these communities is approximately 440,000. As of December 31, 2023, ALLO served more than 109,000 residential customers and had almost 49,000 business lines, increases from more than 90,000 and nearly 41,000 as of December 31, 2022, respectively. For the year ended December 31, 2023, ALLO recognized approximately $150 million in revenue. ALLO uses debt to fund a portion of its operations and capital needs. As of December 31, 2023, ALLO had approximately $715 million of debt outstanding, an increase from approximately $340 million as of December 31, 2022. ALLO plans to continue to increase market share and revenue in its existing markets and plans to expand to additional communities.

The Company accounts for its approximately 45% voting membership interests in ALLO under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. As of December 31, 2023, the Company has a $2.1 billion portfolio of investments, which includes $1.4 billion of student loan and other asset-backed securities. See note 7 in the notes to consolidated financial statements for additional detail carrying amount of the Company's investments, including voting membership interests was $10.7 million. The Company believes the fair value of its voting membership interests in ALLO is significantly greater than its carrying value. The Company also holds non-voting preferred membership interests in ALLO, which it accounts for as a summary separate equity investment. The non-voting preferred membership interests of holdings. ALLO currently earns a preferred annual return of 6.25% that will increase to 10.0% in April 2024. The accrued preferred return capitalizes to preferred membership interests annually on each December 31. As of December 31, 2023, the carrying amount of the Company's preferred membership interests was $155.0 million.

Early-Stage and Emerging Growth (Venture Capital) Investments Venture capital investments

The Company has invested in early-stage and emerging growth companies and various funds. As of December 31, 2022 December 31, 2023, the Company has investments in 73 91 entities and funds and the carrying value of such investments was $249.4 million $285.5 million. The largest investment in the Company's venture capital portfolio is Agile Sports Technologies, Inc. (doing business as "Hudl" "Hudl."). As of December 31, 2022 December 31, 2023, the carrying value of the Company's investment in Hudl was $133.9 million $165.5 million. The Company accounts for its investment in Hudl using the measurement alternative of cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company believes the fair value of its ownership in Hudl is significantly greater than its carrying value. Hudl is a leading sports performance analysis company, and its software provides more than 200,000 230,000 teams across 40 sports and in 150 countries the insights to be more competitive. David S. Graff, a member of the Company's board Board of directors, Directors, is a co-founder, the chief executive officer, and a director of Hudl.

Real Estate

As of December 31, 2022, the Company has 31 real estate investments across the United States with a carrying value of $80.4 million. Included in the Company's real estate portfolio is the development of commercial properties in the Midwest, particularly in Lincoln, Nebraska, where the Company is headquartered. The local investments include projects for the development of properties in Lincoln's east downtown Telegraph District, where a facility for the Company's student loan servicing operations is located, and projects in Lincoln's Haymarket District, including the headquarters of Hudl. The Company is also a tenant at Hudl's headquarters.

Regulation and Supervision

The Company's operating segments and industry partners are heavily regulated by federal and state government regulatory agencies. The following provides a summary of the more significant existing and proposed legislation and regulations affecting the Company. A failure to comply with these laws and regulations could subject the Company to substantial fines, penalties, and remedial and other costs, restrictions on business, and the loss of business. Regulations and supervision can change rapidly, and changes could alter the Company's business plans and increase the Company's operating expenses as new or additional regulatory compliance requirements are addressed.

Loan Servicing and Systems

NDS, which services Federal Direct Loan Program, FFELP, private education, and consumer loans, is subject to federal and state consumer protection, privacy, and related laws and regulations. Some of the more significant federal laws and regulations include:

- The Higher Education Act, which establishes financial responsibility and administrative capability requirements that govern all third-party servicers of federally insured student loans
- The Telephone Consumer Protection Act (TCPA), which governs communication methods that may be used to contact customers
- The Truth-In-Lending Act (TILA) and Regulation Z, which govern disclosures of credit terms to consumer borrowers
- The Fair Credit Reporting Act (FCRA) and Regulation V, which govern the use and provision of information to consumer reporting agencies
- The Equal Credit Opportunity Act (ECOA) and Regulation B, which prohibit discrimination on the basis of race, creed, or other prohibited factors in extending credit
- The Servicemembers Civil Relief Act (SCRA), which applies to all debts incurred prior to commencement of active military service and limits the amount of interest, including certain fees or charges that are related to the obligation or liability
- The Military Lending Act (MLA), which protects active-duty members of the military, their spouses, and their dependents from certain lending practices

- The Electronic Funds Transfer Act (EFTA) and Regulation E, which protect individual consumers engaged in electronic fund transfers (EFTs)
- The Gramm-Leach-Bliley Act (GLBA) and Regulation P, which govern a financial institution's treatment of nonpublic personal information about consumers and require that an institution, under certain circumstances, notify consumers about its privacy policies and practices
- The General Data Protection Regulation (GDPR), a European Union (EU) regulation which places specific requirements on businesses that collect and process personal data of individuals residing in the EU, and provides for significant fines and other penalties for non-compliance

- The California Consumer Privacy Act (CCPA) and California Privacy Rights Act (CPRA), which enhances the privacy rights and consumer protection for residents of California
- The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which provides temporary relief measures for federal student loans held by the Department, as a result of the COVID-19 pandemic
- The Federal Bankruptcy laws Title 11 of the U.S. Code, which provides for the reduction or elimination of certain debts
- The Electronic Signatures in Global and National Commerce Act (ESIGN), which allows the use of electronic records if the consumer has affirmatively consented to such use and has not withdrawn such consent
- Laws prohibiting unfair, deceptive, or abusive acts or practices (UDAAP)
- Anti-Money Laundering (AML) laws and regulations designed to detect and prevent money laundering and terrorist financing
- Regulations administered and enforced by the Office of Foreign Assets Control (OFAC), which is a U.S. government agency that administers and enforces economic and trade sanctions
- Various laws, regulations, and standards that govern government contractors

As a student loan servicer for the federal government and for financial institutions, including the Company's FFELP student loan portfolio, the Company is subject to the Higher Education Act (HEA) and related laws, rules, regulations, and policies. The Company is subject to oversight by the Department through the Federal Student Aid Office and the Financial Institution Oversight Service (FIOS) division. The HEA regulates every aspect of the federally insured student loan program. Failure to comply with the HEA could result in fines, the loss of the insurance and related federal guarantees on affected FFELP loans, expenses required to cure servicing deficiencies, suspension or termination of the right to participate as a FFELP servicer, negative publicity, and potential legal claims. The Company has designed its servicing operations to comply with the HEA, and it regularly monitors the Company's operations to maintain compliance. While the HEA is required to be reviewed and reauthorized by Congress every five years, Congress has not reauthorized the HEA since 2008, choosing to temporarily extend the HEA each year since 2013 while Congress works on the next reauthorization. The Company monitors for potential changes to the HEA and evaluates possible impacts to its business operations.

Our federal servicing contract with the Department, an indefinite-delivery, indefinite quantity contract must be in compliance The Company's New Government Servicing Contract that became effective April 24, 2023 requires us to comply with the Federal Acquisition Regulations, which regulates the procurement, award, administration, and performance of U.S. government contracts.

Under the TCPA, plaintiffs may seek actual monetary loss or damages of $500 per violation, and courts may treble the damage award for willful or knowing violations. In addition, TCPA lawsuits have asserted putative class action claims.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established the Consumer Financial Protection Bureau (CFPB), which has broad authority to regulate a wide range of consumer financial products and services. The Company's student loan servicing business is subject to CFPB supervision and oversight authority.

The CFPB has authority to draft new regulations implementing federal consumer financial protection laws, to enforce those laws and regulations, and to conduct examinations and investigations of the Company's operations to determine compliance. The CFPB's authority includes the ability to assess financial penalties and fines and provide for restitution to consumers if it determines there have been violations of consumer financial protection laws. The CFPB also provides consumer financial education, tracks consumer complaints, requests data from industry participants, and promotes the availability of financial services to underserved consumers and communities. The CFPB has authority to prevent unfair, deceptive, or abusive acts or practices and to ensure that all consumers have access to fair, transparent, and competitive markets for consumer financial products and services. The CFPB's scrutiny of financial services has impacted industry participants' approach to their services, including how the Company interacts with consumers.

The Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations of state law. Most states also have statutes that prohibit unfair and deceptive practices. To the extent states enact requirements that differ from federal standards or state officials and courts adopt interpretations of federal consumer laws that differ from those adopted by the CFPB under the Dodd-Frank Act, the Company's ability to offer the same products and services to consumers nationwide may be limited.

As a third-party service provider to financial institutions, the Company is subject to periodic examination the standards set by the Federal Financial Institutions Examination Council (FFIEC). FFIEC is a formal interagency body of the U.S. government empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Federal Reserve Banks, the FDIC, and the CFPB, and to make recommendations to promote uniformity in the supervision of financial institutions.

Several Data privacy and security standards, laws, and regulations that may apply to the Company, such as the National Institute of Standards and Technology (NIST) Special Publication 800-53, Payment Card Industry Data Security Standard (PCI DSS), FTC Safeguards Rule, and New York Codes, Rules, and Regulations (NYCRR) Chapter 23 part 500, among others, are becoming more rigorous. In addition, data security and breach incident response continues to be a focus for policymakers at the federal and state levels. Any actual or perceived non-compliance with such obligations by the Company or third-party service providers could result in proceedings, investigations, or claims against the Company by federal and/or state regulatory authorities, customers, or others, leading to reputational harm, higher liability and indemnity obligations, significant fines, litigation costs, or additional reporting requirements or oversight.

Many states have enacted laws regulating and monitoring the activity of student loan servicers. Some of these laws stipulate additional licensing fees which increase the Company's cost of doing business. Where the Company has obtained licenses, state licensing statutes may impose a variety of requirements and restrictions on the Company. In addition, these statutes may also subject the Company to the supervisory and examination authority of state regulators in certain cases, and the Company will be subject to and experience exams by state regulators. If the Company is found to not have complied with applicable laws, regulations, or requirements, it could: (i) lose one or more of its licenses or authorizations, (ii) become subject to a consent order or administrative enforcement action, (iii) face lawsuits (including class action lawsuits), sanctions, or penalties, or (iv) be in breach of certain contracts, which may void or cancel such contracts. The Company anticipates additional states adopting similar laws.

Education Technology Services and Payment Processing Payments

NBS provides tuition management services, payment processing solutions, and school information software for K-12 schools and tuition management services and payment processing solutions for higher education institutions. The Company also provides payment technologies and payment services for software platforms, businesses, and nonprofits beyond the K-12 and higher education space. As a service provider that takes payment instructions from institutions and their constituents and sends them to bank partners, the Company is directly or indirectly subject to a variety of federal and state laws and regulations. The Company's contracts with clients and bank partners may require the Company to comply with these laws and regulations.

The Company's payment processing services are subject to the EFTA and Regulation E, which govern automatic deposits to and withdrawals from deposit accounts, and customers' rights and liabilities arising from the use of debit cards and certain other electronic banking services. The Company assists bank partners with fulfilling their compliance obligations pursuant to these requirements.

The Company's payment processing services are also subject to the National Automated Clearing House Association (NACHA) requirements, which include operating rules and sound risk management procedures to govern the use of the ACH Network. These rules are used designed to ensure that make the ACH Network is efficient, reliable, and secure for its members. Because the ACH Network uses a batch process, the importance of proper submissions by NACHA members is magnified. The Company is also impacted by laws and regulations that affect the bankcard industry. The Company is registered with the card brand payment networks as a service provider and is subject to their respective rules.

The Company's higher education institution clients are subject to the Family Educational Rights and Privacy Act (FERPA), which protects the privacy of student education records. These clients disclose certain non-directory information concerning their students to the Company, including contact information, student identification numbers, and the amount of students' credit balances pursuant to one or more exceptions under FERPA. Additionally, as the Company is indirectly subject to FERPA, it may not permit the transfer of any personally identifiable information to another party other than in a manner in which an educational institution may properly disclose it. A breach of this prohibition could result in a five-year suspension of the Company's access to the related client's records. The Company may also be subject to similar state laws and regulations that restrict higher education institutions from disclosing certain personally identifiable student information.

Some of the Company's K-12 and higher education institution clients choose to charge convenience fees to students, parents, or other payers who make online payments using a credit or debit card. Laws and regulations related to such fees vary from state to state and certain states have laws that to varying degrees prohibit the imposition of a surcharge on a cardholder who elects to use a credit or debit card in lieu of cash, check, or other means.

The Company's contracts with higher education institution clients also require the Company to comply with regulations promulgated by the Department regarding the handling of student financial aid funds received by institutions on behalf of their students under Title IV of the HEA. These regulations are designed to ensure students have convenient access to their Title IV funds, do not incur unreasonable fees, and are not led to believe they must open a financial account to receive such funds.

Asset Generation On September 14, 2023, the CFPB issued an industry and Management

The Dodd-Frank Act created a comprehensive regulatory framework for derivatives transactions, with regulatory authority allocated among markets report specific to tuition payment plans in higher education. This report builds on other recent work by the Commodity Futures Trading Commission (CFTC), other prudential regulators, CFPB including reports on financial products and services offered by colleges or in college settings and recent supervisory examinations of institutional student lenders. Based on the SEC. This framework, among other things, subjects certain swap participants to capital and margin requirements, recordkeeping, and business conduct standards and imposes registration and regulation of swap dealers and major swap participants. Even when a securitization trust qualifies for an exemption, many of CFPB's focus, the Company's derivative counterparties are subject to capital, margin, and business conduct requirements; therefore, the Company higher education industry may be impacted. When securitization trusts do not qualify for an exemption, required to make changes to their product offerings and disclosures. These changes may impact the Company may be unable to enter into new swaps to hedge interest rate risk or the costs associated with such swaps may increase. With respect to existing securitization trusts, an inability to amend, novate, or otherwise materially modify existing swap contracts could result in a downgrade of outstanding asset-backed securities. As a result, the Company's business, ability to access the capital markets for financing, products and costs may be impacted services provided by these regulations. NBS.

Nelnet Financial Services

<u>Nelnet Bank</u>

Nelnet Bank is a Utah industrial bank that is regulated by the FDIC and the UDFI. Utah Department of Financial Institutions (UDFI). As an originator of private education and consumer loans and a purchaser and owner of federally insured student loans, Nelnet Bank is subject to federal and state consumer protection, privacy, and related laws and regulations. In addition to having to comply with the majority of laws and regulations addressed in the Loan Servicing and Systems section, there are additional laws and regulations Nelnet Bank must follow. Some of the more significant laws and regulations applicable to Nelnet Bank include:

- Regulation W and Federal Reserve Act Sections 23A and 23B, which prevents losses to a bank resulting from affiliate engagement and transfer of a bank's federal deposit insurance safety net to an affiliate
- Community Reinvestment Act, which encourages depository institutions to help meet the credit needs of the communities in which they operate
- Federal Trade Commission (FTC) Act, which prevents unfair or deceptive acts or practices and ensures consumer privacy (including the Telephone Sales Rule, FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, and FTC Policy Statement Regarding Advertising Substantiation)
- Regulation O, which places limits and conditions on credit extensions that a bank can offer to its executive officers, principal shareholders, directors, and related interests
- Right to Financial Privacy Act, which establishes specific procedures that government authorities must follow when requesting a customer's financial records from a bank or other financial institution
- BSA/AML, which specifies the Bank's commitment to compliance with the Bank Secrecy Act, Anti-Money Laundering (BSA/AML) laws and regulations, including the USA PATRIOT Act, that were enacted to require financial institutions in the United States to assist U.S. government agencies with detecting and preventing money laundering and terrorist financing

Regulation D, the Truth in Savings Act (reserve requirements), and Regulation DD (disclosure of deposit terms to customers) will be applicable to Nelnet Bank once consumer deposit products are launched, which is tentatively scheduled for 2023. the third quarter of 2024.

Corporate

Governmental bodies in the United States and abroad have adopted, or are considering the adoption of, data privacy laws and regulations that include requirements with respect to nonpublic personal information such as data minimization, purpose limitation, transparency, accountability, integrity, and confidentiality. For example, in the United States, certain of the Company's operating segments and their financial institution clients are within the corresponding capacities in which they operate, subject to the FTC's and the federal banking regulators' privacy and information safeguarding requirements under the GLBA. The GLBA requires financial institutions to periodically disclose their privacy policies and practices relating to sharing such information and enables customers to opt out of the disclosing institution's ability to share information with third parties under certain circumstances. Other federal and state laws and regulations also impact the Company's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The GLBA, under the Safeguards Rule, further requires financial institutions to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information. The Safeguards Rule was the subject of recent changes approved by the FTC in October 2021 with an effective date of June 9, 2023, whereby such changes are intended to provide for detailed criteria for what specific safeguards applicable financial institutions must implement as part of their information security programs. Depending on the Company operating segment and the capacities in which they operate, various other domestic federal laws with data privacy and protection requirements may also be relevant such as the FERPA and Fair Credit Reporting Act. Data privacy and data protection are also areas of increasing state legislative focus. For example, several states where the CCPA, which became effective on January 1, 2020, is the first state-level Company does business, including California, Virginia, Colorado, Connecticut, and Utah have adopted comprehensive data privacy and protection law that applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives consumers the right to know what personal information is collected about them, the right to access that information, the right to know whether that information has been sold or shared with others, the right to request deletion of personal information (subject to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. The CCPA contains several exemptions, including an exemption applicable to information that is collected, processed, sold, or disclosed pursuant to the GLBA. In addition, the CPRA, which amends and expands upon the CCPA, became effective January 1, 2023. The CPRA, amongst other newly added requirements, and subject to regulations that have yet to become final, sunsets previous CCPA exemptions relating to employment data and business contact data thereby bringing such data within scope of the law. Also, effective January 1, 2023, is Virginia's newly enacted VCDPA which is a comprehensive consumer data privacy statute that mandates requirements similar to those found under the California's CCPA and CPRA. Similarly, Colorado has enacted the CPA effective July 1, 2023, Connecticut has enacted the CTDPA effective July

1, 2023, and Utah has enacted the UCPA effective December 31, 2023. laws. Similar comprehensive privacy laws may be adopted by other states where the Company does business. The federal government may also pass data privacy or data protection legislation. In addition, it is estimated that over 130 countries worldwide have instituted some form of privacy or data protection law. Of these laws, one of the prominent is the GDPR, General Data Protection Regulation (GDPR), which applies to countries in the European Economic Area (EEA) notwithstanding the United Kingdom where the identical law was maintained but is specifically referred to as the UK GDPR. The GDPR contains extensive compliance obligations and provides for substantial penalties for non-compliance and has expansive extraterritorial scope that reaches beyond the boundaries of the EEA and the UK.

The Company's renewable energy business is subject to and depends in significant part upon complex federal, state, and other laws and regulations, including the recently passed Inflation Reduction Act, which regulate and, in some instances, incentivize the production of renewable energy.

Intellectual Property

The Company owns numerous trademarks and service marks ("Marks") to identify its various products and services. As of December 31, 2022 December 31, 2023, the Company had 94 has a significant number of registered Marks. The Company actively asserts its rights to these Marks when it believes infringement may exist. The Company believes its Marks have developed and continue to develop strong brand-name recognition in the industry and the consumer marketplace. Each of the Marks has, upon registration, an indefinite duration so long as the Company continues to use the Mark on or in connection with such goods or services as the Mark identifies. To protect the indefinite duration, the Company makes filings to continue registration of the Marks. The Company owns one patent application that has been published, but has not yet been issued, and has also actively asserted its rights thereunder in situations during which the Company believes its claims may be infringed upon. The Company owns many copyright-protected works, including its various computer system codes and displays, websites, and marketing materials. The Company also has trade secret rights to many of its processes and strategies and its software product designs. The Company's software products are protected by both registered and common law copyrights, as well as strict confidentiality and ownership provisions placed in license agreements, which restrict the ability to copy, distribute, or improperly disclose the software products. The Company also has adopted internal procedures designed to protect the Company's intellectual property.

The Company seeks federal and/or state protection of intellectual property when deemed appropriate, including patent, trademark/service mark, and copyright. The decision whether to seek such protection may depend on the perceived value of the intellectual property, the likelihood of securing protection, the cost of securing and maintaining that protection, and the potential for infringement. The Company's employees (referred to by the Company as "associates") are trained in the fundamentals of intellectual property, intellectual property protection, and infringement issues. The Company's associates are also required to sign agreements requiring, among other things, confidentiality of trade secrets, assignment of inventions, and non-solicitation of other associates post-termination. Consultants, suppliers, and other business partners are also required to sign nondisclosure agreements to protect the Company's proprietary rights.

Human Capital Resources

The Company's associates are critical to its success, and the executive team puts significant focus on human capital resources. In addition, the executive team regularly updates the Company's board Board of directors Directors and its committees on the operation and status of human capital trends and activities. Key areas of focus for the Company include:

Headcount data

Total associate headcount by reportable segment as of December 31, 2022 December 31, 2023, follows:

		Number	Percent of total			
		Number			Number	Percent of total
NDS	NDS	4,478	54.4 %	NDS	3,955	52.5 %
NBS	NBS	2,874	34.9			
Nelnet Bank	Nelnet Bank	32	0.4			

AGM	AGM	12	0.1			
Corporate and other	Corporate and other	841	10.2			
		8,237	100.0 %	7,550	100.0	%

None of the Company's associates are covered by collective bargaining agreements. The Company is not involved in any material disputes with any of its associates, and the Company believes that relations with its associates are good.

Employee recruitment, engagement, and retention

The Company works diligently to attract the best talent from a diverse range of sources that are expected to meet the current and future demands of its businesses, and has established relationships with trade schools, universities, professional associations, and industry groups to proactively attract talent. In 2022, the Company hired approximately 5,200 new associates, including approximately 900 temporary associates who are contracted to perform a job for only a short amount of time.

In 2022, 2023, the Company conducted an associate culture survey using a leading outside firm that specializes in employee engagement. Ninety Eighty-eight percent of the Company's associates participated in the survey with results 15 points above the survey provider's industry benchmark. survey. There were many questions, but the overarching goal of the survey was to determine overall associate engagement through understanding of how associates feel about working for the Company and if associates would recommend the Company as a great place to work. The results of the survey were an overall engagement score of 78 74 out of 100, which was three points above slightly better than the survey provider's industry benchmark. The Company's management team collected all the feedback and is focusing on making associate-suggested changes so the Company becomes an even better place to work.

For 2022, 2023, associate voluntary turnover was approximately 25% 24%, a 3 percentage point decrease from 25% in 2022 and 28% in 2021. The average associate has nearly five eight years of service.

Diversity and inclusion

The Company embraces diversity among its associates, including their unique backgrounds, experiences, and talents, and the Company strives to cultivate a culture and vision that supports and enhances its ability to recruit, develop, and retain diverse talent at every level. The Company demonstrates its commitment to diversity, equity, and inclusion at the highest levels of the Company. The Company's independent directors (seven in total) include four women and two directors that are members of racial/ethnic minorities.

As of December 31, 2022 December 31, 2023, the Company's workforce was approximately 66% women, which was unchanged from December 31, 2021. As of December 31, 2020, 57% of the Company's workforce was women. People of color, as defined by the U.S. Equal Employment Opportunity Commission's EEO-1 race and ethnicity categories for the U.S., represented approximately 29% 33% of the Company's workforce (based on associate self-identification), an increase from 29%, 27% as of December 31, 2021, and 20% as of December 31, 2020. December 31, 2022, 2021, and 2020, respectively. The Company is making progress in the number of women and people of color working in leadership positions (defined by the Company as an associate with one or more direct reports) across the organization. As of December 31, 2022 and 2021, December 31, 2023, women held 52% of leadership positions in the Company, an increase from 50% as of December 31, 2020, and people of color held 11% of leadership positions in the Company, an increase from 10% as of December 31, 2021, and 8% as of December 31, 2020. The Company has acknowledged that people of color are underrepresented in leadership positions at Nelnet and is committed to fostering an inclusive workforce that reflects the diversity in the communities the Company serves and that provides opportunity for all associates to advance and thrive.

To further Nelnet's objective of creating an inspiring work environment and furthering associate development, the Company developed and launched the Better Together Council (the "Council"), sponsored by the Chief Executive Officer and the Executive Director of People Services. This Council of 27 25 members represents locations, functions, and business segments across the entire Company. Its top priorities include:

- Implementing a comprehensive diversity and inclusion learning and development plan to build awareness and drive inclusive behaviors;
- Developing the Company's diversity pipeline through recruiting, hiring, developing, mentoring, and retaining diverse top talent; and
- Promoting a work environment that enables associates to feel safe to authentically express their ideas and perspectives and feel they belong.

The Council supports multiple highly active associate resource groups for racial and ethnic minorities, women, people with disabilities, and associates who identify as LGBTQIA+, where associates can go for community, support, and collaboration. The Council has partnered with Nelnet University, the Company's learning and development program for associates, to launch a robust mentoring program. The program is available to all associates, prioritizing mentorships for associates from underrepresented racial and ethnic groups. Associates participating in this program are partnered with tenured Nelnet leaders for guidance, support, and coaching. The Council has also provided training sessions for all associates on cultural competence and unconscious bias. In addition, the Company has changed new hire recruiting methods and strategies to increase pools of minority, women, veteran, and disabled candidates, and has created other programs focused on race and gender to increase diversity throughout the Company. The Company also revised its scholarship program for the children of its associates to better recognize minority and low-income students. In addition, the Company was named on the following Forbes listings: America's

Best Large Employers and Best Employers for Diversity. In Lincoln, Nebraska, where the Company's headquarters is located, the Company was awarded Best Places to Work.

Talent, development, and training

The Company's talent strategy is focused on attracting the best talent from a diverse range of sources, recognizing and rewarding associates for their performance, and continually developing, engaging, and retaining associates.

The Company is committed to the continued development of its people. Strategic talent reviews and succession planning occur on a planned cadence annually across all business areas. The executive team convenes meetings with senior leadership and the board of directors to review top enterprise talent. The Company continues to provide opportunities for associates to grow their careers internally, with almost 70% 60% of open management positions filled internally during 2022. 2023.

The Company provides a variety of professional, technical, and leadership training courses to help its associates grow in their current roles and build new skills and capabilities. The Company emphasizes individual development planning as part of its annual goal setting process, and offers mentoring programs, along with change management and project management upskilling opportunities. The Company has leadership development resources for all leaders across the organization and continues to build tools for leaders to develop their teams on the job and in roles to create new opportunities to learn and grow.

Training is provided in a number of formats to accommodate the learner's style, location, and technological knowledge and access, including instructor-led courses and hundreds of online courses in the Company's learning management system. The Company also offers tuition assistance to associates for degree programs, non-degree seeking individual classes, or certificate programs. During 2022, 2023, the Company paid over $310,000 almost $540,000 in tuition assistance for its associates.

Competitive pay, benefits, wellness, and safety wellness

The general compensation philosophy of the Company, as an organization that values the long-term success of its shareholders, customers, and associates, is that the Company will pay fair, competitive, and equitable compensation designed to encourage focus on the long-term performance objectives of the Company and is differentiated based on both the individual's performance and the performance of his or her respective business segment. In carrying out this philosophy, the Company structures its overall compensation framework with the general objectives of encouraging equity ownership in the Company, savings, wellness, productivity, and innovation. In addition, total compensation is intended to be market competitive compared to with select industry surveys, internally consistent, and aligned with the philosophy of a performance-based organization. The Company provides a comprehensive benefits package, opportunities for retirement savings, and a robust wellness program. The holistic wellness program focuses on four pillars: personal, professional, physical, and financial well-being.

In response to the COVID-19 pandemic, the Company has implemented and continues to implement safety measures in all its facilities. Since March 2020, a vast majority of associates continue to work from their home. However, non-remote associates currently have the choice to work in the office, at home, or a hybrid of both.

Culture, values, and ethics

The Company believes acting ethically and responsibly is the right thing to do, and embraces core values of open, honest communication in work environments. The Company also believes it must do its part to improve the world for current and future generations; and as part of this philosophy, the Company contributes time, talent, and resources to strengthen the communities in which the Company does business and promotes the transition to a clean-energy economy. The Company's associates participate in many initiatives focused on supporting and the sustainability of their communities, both financially and with their time.

Ethics are deeply embedded in the Company's values and business processes. The Company has a Code of Ethics and Conduct that includes the Company's core values and guiding principles by which every associate is expected to abide and honor. The Company regularly reinforces its commitment to ethics and integrity in associate communications, in its everyday actions, and in processes and controls. As part of the Company's ongoing efforts to ensure its associates conduct business with the highest levels of ethics and integrity, the Company has compliance training programs. The Company also maintains an Ask Ethics email through which associates can raise concerns they may have about business behavior they do not feel comfortable discussing personally with managers or human resources personnel. In addition, the Company maintains a separate anonymous portal for any associate concerns about the Company's financial reporting, internal controls, and related matters.

Available Information

The Company's internet website address is www.nelnet.com, and the Company's investor relations website address is www.nelnetinvestors.com. Copies of the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to such reports are available on the Company's investor relations website free of charge as soon as reasonably practicable after such reports are filed with or furnished to the SEC. The Company routinely posts important information for investors on its investor relations website.

The Company has adopted a Code of Ethics and Conduct that applies to directors, officers, and associates, including the Company's principal executive officer and its principal financial and accounting officer, and has posted such Code of Ethics and Conduct on its investor relations website. Amendments to and waivers granted with respect to the Company's Code of Ethics and Conduct relating to its executive officers and directors, which are required to be disclosed pursuant to applicable securities laws and stock exchange rules and regulations, will also be posted on its investor relations website. The Company's Corporate Governance Guidelines, Audit Committee Charter, People Development and Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Risk and Finance Committee Charter, and Compliance Committee Charter are also posted on its investor relations website.

Information on the Company's websites is not incorporated by reference into this report and should not be considered part of this report.

ITEM 1A. RISK FACTORS

We and our businesses are subject to a variety of risks. This section discusses material risk factors that could adversely affect our financial results and condition, and an investment in us. Although this section highlights key risk factors, other risks may emerge at any time, and we cannot predict all risks or estimate the extent to which they may affect us.

Loan Portfolio

Our loan portfolios, and investment interests therein, are subject to prepayment risk, credit risk, and certain risks related to interest rates, and the derivatives we use to manage interest rate risks, prepayment risk, and credit risk, each of which could reduce the expected cash flows and earnings on our portfolios.

Prepayment risk

Higher rates of prepayments of student loans, including consolidations by the Department through the Federal Direct Loan Program or private refinancing programs, reduce our interest income.

The Higher Education Act allows borrowers to prepay FFEL Program loans at any time without penalty. Prepayments have resulted and may continue to result from consolidations of student loans by the Department through the Federal Direct Loan Program or by a lending institution through a private education or unsecured consumer loan, which historically tend to occur more frequently in low interest rate environments; from borrower defaults on federally insured loans, which will result in the receipt of a guaranty payment; and from voluntary full or partial prepayments; among other things.

If the federal government or the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, or consolidation loan programs, such initiatives could further increase prepayments and reduce interest income. Even if a broad debt cancellation program only applied to student loans held by the Department, such program could result in a significant increase in consolidations of FFELP loans to Federal Direct Loan Program loans and a corresponding increase in prepayments with respect to our FFELP loan portfolio, and also a decrease in our third-party FFELP loan servicing revenues.

Since late 2021, we have experienced accelerated run-off of our FFELP loan portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of initiatives offered by the Department for FFELP borrowers to qualify for loan forgiveness under various programs and the continued extension of the CARES Act payment pause on Department held loans. The CARES Act suspended federal student loan payments and interest accruals on all loans owned by the Department beginning in March 2020 and was extended multiple times through August 2023.

The Department announced a broad based student debt relief plan in August 2022, which provided targeted student debt cancellation to borrowers with loans held by the Department with unconditional loan cancellation in amounts of up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant. Federal courts blocked implementation of the Department's broad based student debt relief plan and on June 30, 2023, the Supreme Court struck down the Department's plan. While such forgiveness plan has been invalidated, in February 2024, the Biden-Harris Administration (the "Administration") proposed regulations that would allow the Department to cancel student debt for borrowers facing hardship related to their student loans. The proposed regulations enumerate numerous factors to determine hardship, including household income, total debt balances, and essential expenses, like healthcare and childcare. Under the proposed regulations, the Department could automatically cancel all or part of the student loans of borrowers who the Department determines, through data in its possession, are experiencing hardship such that their student loans are at least 80% likely to be in default within two years. The proposed regulations allow for the Department to provide additional student debt cancellation to borrowers experiencing hardship through an application or an automatic process.

In addition, on July 10, 2023, the Department issued final regulations on income-driven repayment plans for Federal Direct loans. Eligible FFELP borrowers can access the new changes by consolidating their loans into the Federal Direct Loan Program. The new regulations are effective July 1, 2024; however, the Department has elected early implementation for some features starting June 30, 2023. The regulations provide a lower monthly loan payment on a Direct loan by decreasing discretionary income, decreasing the percentage of discretionary income that must be paid toward a Direct loan, and providing the option for married borrowers to exclude their spouse's income from being factored by filing a separate tax return. Other changes provide for the elimination of accrued interest that is not covered by the monthly payment amount, provide credit towards loan forgiveness that counts certain periods of deferment and forbearance, a shorter loan forgiveness period for borrowers with an original principal balance less than or equal to $12,000, and credit toward loan forgiveness for eligible payments on a Direct or FFELP loan that is repaid by a Direct Consolidation loan. This new income-driven repayment plan may increase consolidation activity in the future as FFELP borrowers consolidate their loans into the Federal Direct Loan Program in order to be eligible for the new income-driven repayment plan.

We cannot predict how or what programs or policies will be impacted by any actions that the Administration, Congress, or the federal government may take, the timing of when such programs or policies may be implemented, and/or the ultimate outcome thereof. In addition, any changes to government programs or policies may be legally challenged, which may affect the extent and timing of these changes and the resulting impact they may have on our businesses, financial condition, or results of operations. New or modified Government programs or policies may lead to increased call volumes, and have a negative effect on the level of service we are able to provide.

Sustained higher FFEL Program loan prepayments and/or a significant increase in FFEL Program loan prepayments could have a material adverse impact in future periods on net interest income in our AGM segment, FFELP servicing revenue in our LSS segment, investment advisory services revenue earned by WRCM on FFELP loan asset-backed securities under management, and interest income earned on our FFELP loan asset-backed securities investments.

Some variability in prepayment levels is expected, although extraordinary or extended increases in prepayment rates could have a material adverse effect on our revenues, cash flows, profitability, and business outlook, and, as a result, could have a material adverse effect on our business, financial condition, or results of operations.

Credit risk - loans

Future losses due to defaults on loans held by us present credit risk which could have a material adverse impact on our business, financial condition, or results of operations. Our estimated allowance for loan losses is based on periodic evaluations of the credit risk in our loan portfolios, including the consideration of the following factors (as applicable), for each of our loan portfolios: loans in repayment versus those in nonpaying status; delinquency status; type of private education or consumer loan program; trends in defaults in the portfolio based on internal and industry data; past experience; trends in federally insured student loan claims rejected for payment by guarantors; changes to federal student loan programs; the FICO scores of borrowers; current macroeconomic factors, including unemployment rates, gross domestic product, and consumer price index; and other relevant qualitative factors.

The vast majority (93.6%) of our student loan portfolio is federally guaranteed, which limits our loss exposure on the outstanding balance of our federally guaranteed portfolio. Our private education and consumer loans are unsecured, with neither a government nor a private insurance guarantee. Accordingly, we bear the full risk of loss on these loans if the borrower and co-borrower, if applicable, default. We are actively expanding our acquisition of private education and consumer loan portfolios, which increases our exposure to credit risk.

If future defaults on loans held by us are higher than anticipated, which could result from a variety of factors such as downturns in the economy, regulatory or operational changes, and other unforeseen future trends, or actual performance is significantly worse than currently estimated, our estimate of the allowance for loan losses and the related provision for loan losses in our consolidated statements of income would be materially adversely affected.

Credit risk - beneficial interest in loan securitizations

We own partial ownership in consumer, private education, and federally insured student loan third-party securitizations that are classified as "beneficial interest in loan securitizations" and included in "investments and notes receivable" on our consolidated balance sheets. These residual interests were acquired by us or have been received as consideration as the result of selling portfolios of loans to unrelated third parties who securitized such loans. As of the latest remittance reports filed by the various trusts prior to or as of December 31, 2023, the Company's ownership correlates to approximately $1.76 billion of loans included in these securitizations. As of December 31, 2023, the investment balance on our consolidated balance sheet of its beneficial interest in loan securitizations was $225.1 million.

Our partial ownership percentage in each loan securitization grants us the right to receive the corresponding percentage of cash flows generated by the securitization. The cash flows generated from the securitizations are highly subject to credit risk (defaults). If defaults are higher than management's current estimate, future cash flows and investment interest income (earnings) from these securitizations would be adversely impacted. In addition, the value of the current investment balance may not be recoverable, resulting in an adverse impact to our operating results.

Interest rate risk - basis and repricing risk

We are exposed to interest rate risk in the form of basis risk and repricing risk because the interest rate characteristics of our loan assets do not always match the interest rate characteristics of the funding for those assets.

We fund the majority of the FFELP student loan assets in our AGM segment with one-month or three-month LIBOR Secured Overnight Financing Rate (SOFR) indexed floating rate securities. Meanwhile, the interest earned on our FFELP student loan assets is indexed to one-month LIBOR, 30-day average SOFR, three-month commercial paper, and three-month Treasury bill rates. The differing interest rate characteristics of our loan assets versus the liabilities funding these assets result in basis risk, which impacts the excess spread earned on our loans. We also face repricing risk due to the timing of the interest rate resets on our liabilities, which may occur as infrequently as once a quarter, in contrast to the timing of the interest rate resets on our assets, which generally occur daily. In a declining interest rate environment, this may cause our variable student loan spread to compress, while in a rising interest rate environment, it may cause the variable spread to increase.

As of December 31, 2022 December 31, 2023, our AGM segment had $12.7 billion $10.9 billion, $0.5 billion $0.4 billion, and $0.4 billion of FFELP loans indexed to the one-month LIBOR, 30-day average SOFR, three-month commercial paper, and three-month Treasury bill rate, respectively, all of which reset daily, and $3.8 billion $2.8 billion of debt indexed to three-month LIBOR, 90-day SOFR, which resets quarterly, and $8.1 billion $6.8 billion of debt indexed to one-month LIBOR, 30-day SOFR, which resets monthly. While these indices are all short term in nature with rate movements that are highly correlated over a longer period of time, the indices' historically high level of correlation may be disrupted in the future due to capital market dislocations or other factors not within our control. In such circumstances, our business, financial condition, or results of operations could be materially adversely affected.

Interest rate risk - loss of floor income

FFELP loans originated prior to April 1, 2006 generally earn interest at the higher of the borrower rate, which is fixed over a period of time, or a floating rate based on the Special Allowance Payments (SAP) formula set by the Department. The SAP rate is based on an applicable index plus a fixed spread that depends on loan type, origination date, and repayment status. We generally finance our student loan portfolio with variable rate debt. In low and/or certain declining interest rate environments, when the fixed borrower rate is higher than the SAP rate, these student loans earn at a fixed rate while the interest on the variable rate debt typically continues to reflect the low and/or declining interest rates. In these interest rate environments, we may earn additional spread income that we refer to as floor income.

Depending on the type of loan and when it originated, the borrower rate is either fixed to term or is reset to an annual rate each July 1. As a result, for loans where the borrower rate is fixed to term, we may earn floor income for an extended period of time, which we refer to as fixed rate floor income, and for those loans where the borrower rate is reset annually on July 1, we may earn floor income to the next reset date, which we refer to as variable rate floor income.

For the year years ended December 31, 2022 December 31, 2023, 2022, and 2021, we earned $90.5 million $2.2 million, $57.4 million, and $142.6 million, respectively, of gross fixed rate floor income. The decrease in the amount of fixed rate floor income which reflects $33.1 million of net settlements received related earned by us was due to derivatives used to hedge loans earning fixed rate floor income. an increase in interest rates. Absent the use of derivative instruments, a rise in interest rates will reduce reduces the amount of floor income received and this will have has a negative impact on earnings due to interest margin compression caused by increased financing costs, until such time as the federally insured loans earn interest at a variable rate in accordance with their SAP formulas. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed rate loans effectively convert to variable rate loans, the impact of the rate fluctuations is reduced. Based on current interest rates, we do not anticipate earning a significant amount of fixed rate floor income in the foreseeable future. For example, during the fourth quarter of 2023, we earned gross fixed rate floor income of $0.2 million.

Interest rate risk - use of derivatives

We utilize derivative instruments to manage interest rate sensitivity. See note 6 5 of the notes to consolidated financial statements included in this report for additional information on derivatives used by us to manage interest rate risk. Our Non-Nelnet Bank derivative instruments are intended as economic hedges but do not qualify for hedge accounting; consequently, accounting. Our Nelnet Bank derivative instruments are structured so that each is economically effective; however, because the derivatives are hedging intercompany deposits, the derivative instruments are not eligible for hedge accounting in the consolidated financial statements. Consequently, the "mark-to-market" change in fair value of these our derivative instruments is included in our operating results. Changes or shifts in the forward yield curve can significantly impact and have impacted the valuation of our derivatives, and in turn can significantly impact and have impacted our results of operations.

Developing an effective strategy for dealing with movements in interest rates is complex, and no strategy can completely insulate us from risks associated with such fluctuations. Because many of our non-Nelnet Bank derivatives are not balance guaranteed to a particular pool of student loans and we may not elect to fully hedge our risk on a notional and/or duration basis, we are subject to the risk of being under or over hedged, which could result in material losses. In addition, our interest rate risk management activities could expose us to substantial mark-to-market losses if interest rates move in a materially different way than was expected based on the environment when the derivatives were entered into. As a result, our economic hedging activities may not effectively manage our interest rate sensitivity, may not have the desired beneficial impact on our results of operations or financial condition, and may cause volatility in our results of operations or have a material adverse impact on our business, financial condition, or results of operations.

The CFTC Commodity Futures Trading Commission requires over-the-counter derivative transactions to be executed through an exchange or central clearinghouse. The clearing rules require us to post substantial amounts of liquid collateral as initial margin when executing new derivative instruments, which could negatively impact our liquidity and capital resources and may prevent or limit us from utilizing derivative instruments to manage interest rate sensitivity and risks. However, the clearing requirements reduce counterparty risk associated with over-the-counter derivative instruments.

For derivatives not required to be executed through an exchange or central clearinghouse ("non-centrally cleared derivatives,") we are exposed to credit risk. All of Nelnet Bank's derivatives are non-centrally cleared derivatives. We attempt to manage credit risk by entering into transactions with high-quality counterparties. When the fair value of a non-centrally cleared derivative is positive (an asset on our balance sheet), this generally indicates that the counterparty owes us if the derivative was settled. If the counterparty fails to perform, credit risk with such counterparty is equal to the extent of the fair value gain in the derivative less any collateral held by us. If we were unable to collect from a counterparty, we would have a loss equal to the amount at which the derivative is recorded on the consolidated balance sheet. When the fair value of the derivative is negative (a liability on our balance sheet), we would owe the counterparty if the derivative was settled. If the negative fair value of derivatives with a counterparty exceeds a specified threshold, we may have to make a collateral deposit with the counterparty. As of December 31, 2023, Nelnet Bank had a total notional amount of $140.0 million of derivatives outstanding, and the gross fair value of such derivatives in an asset position was $0.5 million and in a liability position was $2.0 million.

Interest rate movements have an impact on the amount of payments we are required to settle with our clearinghouse on a daily basis. basis and collateral we are required to deposit with our derivative instrument counterparties. We attempt to manage market risk associated with interest rates by establishing and monitoring limits as to the types and degree of risk that may be undertaken. However, if interest rates move materially and negatively impact the fair value of our derivative portfolio the replacement of LIBOR as a benchmark rate as discussed below has significant adverse impacts on our derivatives, or if we enter into additional derivatives for which the fair value subsequently becomes negative, we could be required to pay a significant amount of mark-to-market variation margin to our clearinghouse. clearinghouse and/or collateral to our derivative instrument counterparties. These payments could have a material adverse effect on our results of operations, financial condition, liquidity, or capital resources.

Interest rate risk - replacement of LIBOR as a benchmark rate

On June 30, 2023, the LIBOR administrator ceased publication (on a representative basis) of all USD LIBOR rates. As of December 31, 2022 June 30, 2023, the interest earned on a principal amount of $12.7 billion $12.0 billion of our FFELP student loan assets held by our AGM segment was indexed to one-month LIBOR, and the interest paid on a principal amount of $11.9 billion $10.5 billion of our FFELP student loan asset-backed debt securities to fund such loans was indexed to one-month or three-month LIBOR. In addition, the majority of our derivative financial instrument transactions used to manage LIBOR interest rate risks are were indexed to LIBOR.

The United Kingdom's Financial Conduct Authority has announced that all We relied on fallback provisions to transition financial contracts from LIBOR tenors relevant to us will cease SOFR. The SAP formula for our FFELP loans, the majority of which were indexed to one-month LIBOR, were not able to be published or will no longer be representative after June 30, 2023. The modified without legislative action. On March 15, 2022, the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act"), enacted in March 2022, contains a framework for addressing the discontinuation of LIBOR under U.S. federal Act) was signed into law. The LIBOR Act provides that for contracts that contain no fallback provision or contain fallback provisions that do not identify a statutory mechanism to specific USD LIBOR benchmark replacement (including the SAP formula for FFELP loans), a benchmark replacement based on SOFR will automatically replace the USD LIBOR with a benchmark rate based on in the Secured Overnight Financing Rate (SOFR), including any applicable tenor adjustment, for certain contracts that reference LIBOR contract after June 30, 2023. Following the enactment and do not contain sufficient fallback provisions. The implementation of the LIBOR Act, also amends all of our financial instruments which were indexed to USD LIBOR transitioned to SOFR after June 30, 2023. Specifically, after June 30, 2023, the Higher Education Act to substitute the current SAP rate-setting mechanism formula for FFELP loans from one-month LIBOR transitioned to the 30-day average SOFR and our LIBOR-indexed FFELP asset-backed debt securities also transitioned to a short-term SOFR index. In addition, our LIBOR-indexed derivatives transitioned to the fallback rate (SOFR) as defined in effect the individual agreements and/or published industry guidelines, as applicable.

The market transition away from the previous LIBOR framework could result in significant changes to the interest rate characteristics of our prior LIBOR-indexed assets and funding for each of the days in an applicable quarter, adjusted daily by adding a tenor spread adjustment. Transition of the SAP rate-setting mechanism from LIBOR to SOFR is expected to occur July 1, 2023.

There those assets. We are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR being an overnight rate while LIBOR reflects term rates at different maturities. Accordingly, there are uncertainties still uncertain as to the transition process, including what effect it will have on the value of LIBOR-based securities, financial contracts, long-term relationship between overnight SOFR and variable rate loans.

Although the indentures for student loan asset-backed debt securities issued in Term SOFR as they are new indices, and our most recent LIBOR-indexed securitization transactions include new interest rate determination fallback provisions, many of the contracts for our existing LIBOR-indexed assets, liabilities, and derivative instruments from historical transactions do not include provisions that contemplate the possibility of a permanent discontinuation of LIBOR and do not clearly specify a method for transitioning to an alternative benchmark rate. Although parties remain free to agree on a benchmark replacement rate other than the SOFR benchmark that would otherwise result under the LIBOR Act, and we have worked and will continue to work with our asset-backed securitization investors to amend transaction documents to address the discontinuation of LIBOR, it is not yet known how specific counterparties will address the significant complexities and uncertainties involved in the transition from LIBOR to an alternative benchmark rate. As a result, we cannot predict the impact that the transition from LIBOR to an alternative benchmark rate will have on our existing LIBOR-indexed assets, liabilities, and derivative instruments, but such impact could have material adverse effects on the value, performance, and related cash flows of such LIBOR-indexed items, including our funding costs, net interest income, loan and other asset values, and asset-liability management strategies. In particular, such transition could:

- adversely affect the interest rates received or paid on, the income and expenses associated with, and the pricing and value of our LIBOR-based assets and liabilities;
- result in uncertainty or differences in the calculation of the applicable interest rate or payment amounts on our LIBOR-based assets and liabilities which may continue to depend on the terms of the governing instruments, which in turn could result in disputes with counterparties regarding the interpretation and enforceability of certain fallback language in LIBOR-based securities and contracts; and
- result in basis risk where the alternative benchmark rates on our loan assets do not match the alternative benchmark rates for the funding for those assets.

In addition, the transition away from LIBOR may impact our existing transaction data, systems, operations, pricing, and risk management processes, and require significant efforts to transition to or develop appropriate systems and analytics to reflect the new benchmark rate environment. There can be no assurance that such efforts will successfully mitigate the financial and operational risks associated with the transition away from LIBOR. Accordingly, our transition away from LIBOR could have a material adverse impact on our business, financial condition, or results of operations.

Prepayment risk

Higher rates of prepayments of student loans, including consolidations by the Department through the Federal Direct Loan Program or private refinancing programs, reduce our interest income.

The Higher Education Act allows borrowers to prepay FFEL Program loans at any time without penalty. Prepayments have resulted and may continue to result from consolidations of student loans by the Department through the Federal Direct Loan Program or by a lending institution through a private education or unsecured consumer loan, which historically tend to occur more frequently in low interest rate environments; from borrower defaults on federally insured loans, which will result in the receipt of a guaranty payment; and from voluntary full or partial prepayments; among other things.

If the federal government or the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, consolidation loan programs, or further extend the suspension of borrower payments under the CARES Act, such initiatives could further increase prepayments and reduce interest income. Even if a broad debt cancellation program only applied to student loans held by the Department, such program could result in a significant increase in consolidations of FFELP loans to Federal Direct Loan Program loans and a corresponding increase in prepayments assumptions with respect to our FFELP loan portfolio, and also a decrease in our third-party FFELP loan servicing revenues.

For example, in October 2021, this relationship may evolve over time. To the Department announced a set of policy changes and released proposed negotiated rulemaking materials relating extent that the spread between these indices were to the Public Service Loan Forgiveness (PSLF) program under its Federal Direct Loan Program, which we believe resulted in an increase in consolidations of FFELP loans into Federal Direct Loan Program loans held by the Department (which results in the loans no longer being on our balance sheet). In addition, in October 2022, the Department announced executive actions and new regulations which among other things provide for changes regarding income-driven repayment (IDR) plans for federal student loans, borrower defense to repayment where there is a dispute with the higher education institution, the PSLF program, interest capitalization rules, and closed school discharges. The Department and the Department's Office of Federal Student Aid (FSA) indicated that as part of these changes, any borrower with loans that have accumulated time in repayment, including time in certain forbearances and deferments, of at least 20 or 25 years will see automatic forgiveness, even if the borrower is not currently in an IDR plan, and that if a borrower has a commercially held FFEL Program loan, the borrower can only benefit from these changes if they consolidate their FFEL Program loan to a Federal Direct Loan Program loan. The new regulations are to become effective on July 1, 2023, and the fact sheet accompanying the executive actions announcement indicated that if a borrower has a commercially held FFEL Program loan, the borrower must apply for consolidation to a Federal Direct Loan Program loan by May 1, 2023 to receive the IDR plan and other benefits set forth in the announcement.

In addition, the Department announced a broad based student debt relief plan in an August 24, 2022 bulletin, which indicated the Department would provide targeted student debt cancellation to borrowers with loans held by the Department, and that borrowers whose annual income for either 2020 or 2021 was under $125,000 (for single or married, filing separately) or under $250,000 (for married couples, filing jointly or heads of household) would be eligible for otherwise unconditional loan cancellation in amounts of up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant. The Department has issued guidance that, as of September 29, 2022, borrowers with federal student loans not held by the Department cannot obtain one-time debt relief by consolidating those loans into Federal Direct Loan Program loans by the Department.

In view of this guidance by the Department, we do not currently expect there would be significant FFELP loan consolidation activity specifically as a result of the one-time student debt relief plan announced in the August 24, 2022 bulletin. However, the Department announced they are continuing to assess whether there are alternative pathways to provide relief to borrowers with FFELP loans not held by the Department.

Decisions by the U.S. Courts of Appeals for the Eighth Circuit and Fifth Circuit in October 2022 and November 2022, respectively, in response to legal challenges that were initiated by other parties (not the Company) have blocked implementation of the Department's broad based student debt relief plan. These cases have been appealed to the U.S. Supreme Court. As of the filing of this report, the Supreme Court has not ruled on, and we cannot predict the timing, nature, or ultimate outcome of, this case.

Since late 2021, we have experienced accelerated run-off of our FFELP loan portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the PSLF and other programs. We believe the recent changes by the Department discussed above, other than with respect to the broad based student debt relief plan under the August 24, 2022 bulletin for borrowers with loans held by the Department, may continue to increase FFEL Program loan prepayments.

Sustained higher FFEL Program loan prepayments and/or a significant increase in FFEL Program loan prepayments widen, it could have a material adverse adversely impact in future periods on net interest income in our AGM segment, FFELP servicing revenue in our LSS segment, investment advisory services revenue earned by WRCM on FFELP loan asset-backed securities under management, and interest income earned on our FFELP loan asset-backed securities investments.

Some variability in prepayment levels is expected, although extraordinary or extended increases in prepayment rates could have a material adverse effect on our revenues, cash flows, profitability, and business outlook, and, as a result, could have a material adverse effect on our business, financial condition, or results of operations.

We cannot predict how or what programs or policies will be impacted by any actions that the Biden-Harris Administration (the "Administration"), Congress, or the federal government may take, the timing of when such programs or policies may be implemented, and/or the ultimate outcome thereof. In addition, any changes to government programs or policies may be legally challenged, which may affect the extent and timing of these changes and the resulting impact they may have on our businesses, financial condition, or results of operations.

Credit risk

Future losses due to defaults on loans held by us present credit risk which could have a material adverse impact on our business, financial condition, or results of operations. Our estimated allowance for loan losses is based on periodic evaluations of the credit risk in our loan portfolios, including the consideration of the following factors (as applicable), for each of our loan portfolios: loans in repayment versus those in nonpaying status; delinquency status; type of private education or consumer loan program; trends in defaults in the portfolio based on internal and industry data; past experience; trends in federally insured student loan claims rejected for payment by guarantors; changes to federal student loan programs; current macroeconomic factors, including unemployment rates, gross domestic product, and consumer price index; and other relevant qualitative factors.

The vast majority (93.4%) of our student loan portfolio is federally guaranteed, which limits our loss exposure on the outstanding balance of our federally guaranteed portfolio. Our private education and consumer loans are unsecured, with neither a government nor a private insurance guarantee. Accordingly, we bear the full risk of loss on these loans if the borrower and co-borrower, if applicable, default. We are actively expanding our acquisition of private education and consumer loan portfolios, which increases our exposure to credit risk.

If future defaults on loans held by us are higher than anticipated, which could result from a variety of factors such as downturns in the economy, regulatory or operational changes, and other unforeseen future trends, or actual performance is significantly worse than currently estimated, our estimate of the allowance for loan losses and the related provision for loan losses in our statements of income would be materially affected.

Our loan portfolios and other assets and operations could experience adverse impacts from natural disasters, widespread health crises similar to the COVID-19 pandemic, terrorist activities, or international hostilities.

Natural disasters, widespread health crises similar to the COVID-19 pandemic, terrorist activities, or international hostilities, including the conflict in Ukraine, the Middle East, and similar conflicts, could affect the financial markets or the economy in general or in any particular region and could lead, for example, to an increase in loan delinquencies, borrower bankruptcies, or defaults that could result in higher levels of nonperforming assets, net charge-offs, and provisions for credit losses, as well as have adverse effects on our other assets and business operations. We cannot predict specifically when and where such events will occur, or the full nature and extent thereof, and our resiliency planning may not be sufficient to mitigate the adverse consequences of such events. The adverse impact of such events could also be increased to the extent that there is insufficient preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that we transact with, particularly those that we depend upon but have no control over.

Liquidity and Funding

The current maturities of our loan warehouse financing facilities do not match the maturities of the related funded loans, and we may not be able to modify and/or find alternative funding related to the loan collateral in these facilities prior to their expiration.

The majority of our portfolio of loans is funded through asset-backed securitizations that are structured to substantially match the maturities of the funded assets, and there are minimal liquidity issues related to these facilities. We also have loans funded in shorter term warehouse facilities, as described in note 54 of the notes to consolidated financial statements included in this report. The current maturities of the warehouse facilities do not match the maturity of the related funded assets. Therefore, we will need to modify and/or find alternative funding related to the loan collateral in these facilities prior to their expiration. In addition, our warehouse facilities contain certain financial covenants. Any noncompliance with these covenants could result in a requirement for the immediate repayment of any outstanding borrowings under the facilities.

If we are unable to obtain cost-effective funding alternatives for the loans in the warehouse facilities prior to the facilities' maturities, our cost of funds could increase, adversely affecting our results of operations. If we cannot find funding alternatives, we would have to fund the collateral using operating cash (negatively impacting our liquidity), consider the sale of assets (that could result in losses), and/or lose our collateral, including the loan assets and cash advances, related to these facilities.

We are subject to economic and market fluctuations related to our investments.

We invest a substantial portion of our excess cash in student loan and other asset-backed securities that are subject to market fluctuations. The Our amortized cost and the fair value of these investments was $1.4 billion $982.9 million and $955.9 million, respectively, as of December 31, 2022 December 31, 2023. The majority of our asset-backed securities earn floating interest rates with expected returns of approximately LIBOR SOFR + 100 to 350 basis points to maturity. Our portfolio of asset-backed securities has limited liquidity, and we could incur a significant loss if the investments were sold prior to maturity at an amount less than the original purchase price.

We will need to extend, refinance, or refinance repay the repurchase agreements agreement funding the purchase of certain private education loan asset-backed securities that we must retain as sponsor of the underlying securitizations, since the current maturities of the agreements agreement do not match the required holding period for the related securities and we must pay additional equity support if the fair value of the securities subject to the agreements agreement becomes less than the original purchase price of the securities.

During 2021, we sponsored four asset-backed securitization transactions to permanently finance a total of $8.7 billion of private education loans sold by Wells Fargo. As sponsor, we are required to provide a certain level of risk retention, and we have purchased bonds issued in such securitizations to satisfy this requirement. The bonds purchased to satisfy the risk retention requirement are reflected on our consolidated balance sheets as "investments and notes receivable" and as of December 31, 2022 December 31, 2023, the fair value of these bonds was $306.5 million $252.9 million. We must retain these investment securities until the latest of (i) two years from the closing date of the securitization, (ii) the date the aggregate outstanding principal balance of the loans in the securitization is 33% or less of the initial loan balance, and (iii) the date the aggregate outstanding principal balance of the bonds is 33% or less of the aggregate initial outstanding principal balance of the bonds, at which time we can sell the investment securities (bonds) to a third party. We entered into repurchase agreements with third parties, the proceeds of which were used to purchase a portion of the asset-backed investments, and such investments serve as collateral on the repurchase obligations. As of December 31, 2023, one repurchase agreement remains outstanding.

As of December 31, 2022 December 31, 2023, $567.3 million $208.2 million was outstanding on our repurchase agreements, agreement, of which $291.3 million $117.8 million was borrowed to fund the private education loan securitization bonds subject to our risk retention requirements. The agreements, agreement, as of December 31, 2022 December 31, 2023, have has various maturity dates through November 27, 2024 December 20, 2024, but one of the agreements is subject to early termination upon required notice provided by us or the applicable counterparty prior to the maturity dates. We must pay additional cash as equity support if the fair value of the securities subject to the agreements agreement becomes less than the original purchase price of the securities.

The current maturities maturity of the repurchase agreements do agreement does not match the required holding period for, or the maturity of, the related funded assets. Therefore, we will need to continue to extend the maturities maturity of the agreements and/or agreement, find alternative funding for the related investment securities collateral prior to the agreements' expiration. agreement's expiration, and/or repay the outstanding balance. If we are unable to extend the maturities maturity of the agreements agreement and/or find alternative funding, it could have a material adverse impact on our business, financial condition, liquidity, or results of operations.

Concerns about the downgrade of the U.S. credit rating may materially adversely affect our business, financial condition, liquidity, and results of operations.

In January 2023, the U.S. government hit its borrowing cap (the "debt ceiling") which is the maximum amount the federal government is able to borrow to finance obligations. As a result, the Treasury Department started taking "extraordinary measures" to prevent a default. While the Treasury Department doesn't expect the U.S. to default on its debt before early June 2023, Congress must negotiate a solution prior to missing a payment of principal and interest on federal debt to avoid default. Default or even the threat of default would negatively impact the U.S. economy, and the global financial markets, as well as raise our borrowing costs.

Negative credit rating actions with respect to U.S. government obligations and the impact on the markets are unpredictable and may not be immediately apparent. However, such actions could materially adversely affect our liquidity, cash flows, and results of operations, increase our borrowing costs, limit our access to the capital markets, or trigger other implications under certain collateralized arrangements.

Operations

Our largest fee-based customer, the Department of Education, represented 32% of our revenue in 2022. We also earn revenue through remote hosting for other servicers. Failure to extend the Department servicing contracts or obtain new contracts in the Department's current or other procurement processes, our 2023. Our inability to consistently surpass competitor performance metrics, unfavorable contract modifications or interpretations, or the loss of servicing borrower volume due to broad based debt cancellation by the Department, could significantly lower servicing revenue in our LSS segment, hinder future service opportunities, and have a material adverse impact on our business, financial condition, or results of operations.

As of December 31, 2022 December 31, 2023, Nelnet Servicing and Great Lakes were was servicing $545.4 billion $494.7 billion of government owned student loans for 15.8 million 14.5 million borrowers. For the year ended December 31, 2022 December 31, 2023, our LSS segment recognized $423.1 million $412.5 million in revenue from the Department, under these contracts, which represented 32% of our revenue.

In April 2023, Nelnet Servicing's and Great Lakes' servicing contracts with Servicing received a contract award from the Department, are scheduled pursuant to expire on December 14, 2023. In 2017, the Department initiated a contract procurement process referred which it was selected to as the Next Generation Financial Services Environment for a new framework provide continued servicing capabilities for the servicing of all Department's student loans owned by the Department. In the second quarter of 2022, the Department released aid recipients under a solicitation entitled new Unified Servicing and Data Solution (USDS) for contract which will replace the new servicing framework. We responded to the USDS solicitation.

If our servicing contracts are not extended beyond the current expiration date, or we are not chosen as a subsequent servicer, existing legacy Department student loan servicing contract. The New Government Servicing Contract was effective April 24, 2023 and has a five year base period, with 2 two-year and 1 one-year possible extensions. Until servicing under the New Government Servicing Contract goes live, which is anticipated to be in April 2024, we will continue to earn revenue would decrease significantly. If the terms and requirements for servicing borrowers under a potential new our current legacy servicing contract with the Department are less favorable than Department. Assuming borrower volume remains consistent under our current contracts, loan servicing the New Government Servicing Contract, we expect revenue and/or operating margins could be adversely impacted. There are significant risks to us and uncertainties regarding earned on a per borrower blended basis will decrease under the New Government Servicing Contract versus the current Department contracts and potential future Department contracts, including the pending and uncertain nature of the current contract procurement process and the Department's prior awards of new contracts to other service providers; risks that we may not be successful in obtaining any new contracts with the Department; and risks and uncertainties as to the terms and requirements under a potential new contract or contracts with the Department. We cannot predict the timing, nature, or ultimate outcome of the current or any other contract procurement process by the Department, any of which could have a material adverse impact on our business, financial condition, or results of operations. legacy contract.

New loan volume is currently allocated among the Department servicers based on certain service level and portfolio performance metrics established by the Department and compared among all loan servicers. The amount of future allocations of new loan volume could be negatively impacted if we are unable to consistently surpass comparable competitor and/or other performance metrics. In addition, if any current or future Department servicing contracts become subject to unfavorable modifications or interpretations by the Department, including adverse pricing changes, servicing revenue would be negatively impacted and could result in potential restructuring charges that may be necessary to re-align our cost structure with our servicing operations. For example, in February 2023, the Department notified us of its intention to transfer up to transferred one million existing borrowers currently serviced by us to another servicer. In addition, due to a lack of Federal government appropriations the Department may modify its cost under existing contracts with its servicers and accordingly reduce servicers' required servicing activities, and such modifications could adversely impact the Company's servicing revenue and operating results. results, as well as the level of service we are able to provide, that may result in additional scrutiny from federal and state government regulatory agencies and reputation damage. For example, in April 2023, the Department modified the current contract to reduce the monthly fee by $0.19 per borrower on certain borrower statuses.

Further, we are partially dependent on the our existing Department contracts contract to broaden servicing operations with the Department, other federal and state agencies, and commercial clients. The size and importance of these contracts provide this contract provides us the scale and infrastructure needed to profitably expand into new business opportunities. Failure to extend the Department contracts beyond the current expiration date or obtain new Department contracts, or loss Loss of existing loan volume to other Department servicers, or because of widespread or targeted student debt cancellation to borrowers with loans held by the Department (see the risk factor discussion under the caption "Loan Portfolio - Prepayment risk" above for additional information concerning risk of widespread or targeted student loan debt cancellation), would adversely impact loan servicing revenue and could significantly hinder future opportunities, as well as result in potential restructuring charges that may be necessary to re-align our cost structure with our servicing operations.

In August 2022, the Department announced a broad based student debt relief plan that would provide targeted student debt cancellation to borrowers with loans held by the Department, which plan is currently blocked by court decisions and subject to appeals to the U.S. Supreme Court (see the risk factor discussion under the caption "Loan Portfolio – Prepayment risk" above for additional information about the plan). As noted above, as of December 31, 2022, we were servicing 15.8 million borrowers under our government servicing contracts. We cannot estimate how many borrowers would meet the eligibility requirements and other terms and conditions for one-time debt cancellation under the Department's debt relief plan. If there was a broad $10,000 or $20,000 per borrower cancellation on all government owned loans, we estimate it would decrease the number of borrowers serviced by us (based on the borrower loan information as of December 31, 2022) by approximately 4.3 million borrowers and 7.5 million borrowers, respectively. The actual impact to the number of borrowers serviced may be less than these amounts due to annual income ceilings for borrowers to qualify for cancellation and the impact of whether a Pell Grant was received on the amount of cancellation for a borrower. Revenue earned by us under the current Department servicing contracts will decrease in future periods if the Department's student debt relief plan or other broad based loan cancellation is implemented.

The Company's current remote hosted Department servicing customers will transfer their servicing volume to other servicers in 2023, which will have a significant adverse impact to software services revenue in future periods. See the MD&A - "Loan Servicing and Systems Operating Segment - Results of Operations - Government Loan Servicing" for additional information.

The COVID-19 pandemic adversely impacted our results of operations, and either directly or indirectly through impacts on economic conditions or government policy could adversely impact our results of operations, businesses, financial condition, and/or cash flows going forward.

The COVID-19 pandemic has had significant adverse effects on the economic environment globally and in the U.S. These effects adversely impacted our results of operations and, if these effects continue to result in sustained economic stress, they could have a material adverse impact on us in a number of ways, including but not limited to, talent acquisition and retention, wage inflation and cost of service delivery, lower higher education school enrollments, rising interest rates due to market conditions or government policy or stimulus, loan performance (where individual student and consumer borrowers experience financial hardship), and performance levels of our workforce and work environment (work from home). Although certain business and economic conditions have improved since the pandemic began, significant uncertainties remain, including with respect to the effectiveness of vaccines against existing and new variant strains of the COVID-19 virus which could be vaccine resistant, the potential impacts of variations in vaccination rates among different geographical areas and demographic segments, booster vaccines, and the potential impacts of potential additional future spikes in infection rates including through breakthrough infections among the fully vaccinated.

COVID-19 materially disrupted business operations across many sectors, initially resulting in periods of significantly higher levels of unemployment and underemployment, inflation associated with supply chain disruptions, a constrained labor market, and extensive government stimulus programs initiated in efforts to counteract the economic disruptions from the pandemic. As a result, many student and consumer borrowers have experienced or may continue to experience financial hardship, making it difficult to meet loan payment obligations without assistance, which has had previous adverse effects and could have future adverse effects on the performance of our loan portfolios.

Our net interest income and profitability have been and could further be negatively affected by volatility in interest rates caused by uncertainties stemming from COVID-19. Higher income volatility from changes in interest rates and spreads to benchmark indices has caused and could cause a loss of net interest income and adverse changes in current fair value measurements of our assets and liabilities, which in turn could have a material adverse effect on our net income, operating results, or financial condition. For example, since March 2022, the Federal Reserve has made several increases to its target interest rate (and has recently indicated that it anticipates that ongoing increases will be appropriate) as a way of addressing the inflationary effects of the extensive pandemic-related government stimulus programs, and other factors, and an increase in interest rate levels generally results in a reduction of floor income we receive on certain FFELP loans.

A vast majority of our employees continue to work from home, either full-time or dividing their workdays between working from home and working in the office as we have offered employees flexibility in the amount of time they work in the office. Unanticipated issues arising from handling personal, confidential, and other information in a work-from-home environment could lead to greater risks for us, including cybersecurity and privacy risks. In addition, recent labor market constraints have resulted in wage inflation and higher voluntary turnover rates, which in turn have led to increases in compensation costs to attract and retain talent.

The CARES Act suspended federal student loan payments and interest accruals on all loans owned by the Department beginning as of March 13, 2020, and this suspension has been extended until 60 days after the earlier of (i) the date the Department is permitted to implement its broad based student loan debt relief plan or the litigation concerning such plan is resolved; or (ii) June 30, 2023. As a result of this suspension, we receive a reduced level of servicing revenue per borrower from the Department. If the suspension period is extended further, more borrowers may consolidate their FFELP loans to the Federal Direct Loan Program, which could further increase prepayments on our student loan portfolio and reduce our interest income and servicing fees. We anticipate revenues will continue to be negatively impacted while student loan payments and interest accruals are suspended. In addition, when borrowers resume payments on their student loans at the completion of the suspension period, our system stability and scale could be stressed, resulting in increased costs and reputation damage.

The extent to which the COVID-19 pandemic continues to impact us will depend on many factors which are uncertain and beyond our control, including: the duration and ultimate severity of the pandemic; further public health and economic dislocations and constraints resulting from the pandemic; government actions in response to the pandemic, including any further actions to suspend, reduce or cancel payment obligations for loan borrowers; and the impacts of the pandemic on the U.S. and world economies. However, the impacts of the COVID-19 pandemic, or any other pandemic, on our businesses could be material and adverse. To the extent the COVID-19 pandemic continues to adversely affect broader economic conditions and/or adversely affects us, it may also have the effect of increasing the likelihood and/or magnitude of other risks described in this report.

Climate change manifesting as physical or transition risks could have a material adverse impact on our operations, vendors, and customers.

Our businesses, and the activities of our vendors and customers, could be impacted by climate change. Climate change could manifest as a financial risk to us either through changes in the physical climate or from the process of transitioning to a low-carbon economy, including changes in climate policy or in the regulation of businesses with respect to risks posed by climate change. Climate-related physical risks may include altered distribution and intensity of rainfall; prolonged droughts or flooding; increased frequency and severity of wildfires, hurricanes, and tornadoes; rising sea levels; and a rising heat index. In addition to possible changes in climate policy and regulation, potential transition risks may include economic and other changes engendered by the development of low-carbon technological advances and/or changes in consumer and business preferences toward low-carbon goods and services. These climate-related physical risks and transition risks could have a financial impact on us, and on our vendors and customers, including declines in asset values; cost increases; reduced availability and/or increased cost of insurance; reduced demand for certain goods and services; increased loan delinquencies, bankruptcies, events of default, and force majeure events; increased interruptions to business operations and services; adverse supply chain impacts; and negative consequences to business models and the need to make changes in response to those consequences.

The profitability and risk profile of our renewable energy business may be impacted by the terms and availability of federal incentives, regulatory uncertainty, climate change risk, supply chain risk, rising debt, labor, and construction costs, and other risks and costs associated with the construction, development, financing, sale, and operation and maintenance of renewable energy projects.

The operation and profitability of our renewable energy business is subject to and depends in significant part upon complex federal, state, and other laws and regulations, including the recently passed Inflation Reduction Act, which regulate and, in some instances, incentivize the production of renewable energy. Any reductions or modifications to, or the elimination or adverse interpretation of, governmental regulations or incentives that support renewable energy, or the imposition of taxes, tariffs, or other assessments on renewable energy or renewable energy equipment, could negatively impact this business unit. For instance, the imposition or modification of prevailing wage laws and apprenticeship requirements applicable to solar projects, or increase in prevailing wage rates applicable to solar projects, can significantly impact project viability and cost of compliance. Our ability to proceed with solar projects under development and to complete and finance the construction of such projects on schedule and within budget may be adversely affected by escalating costs for materials, labor, insurance, and regulatory compliance, operational risks as described below, inability to obtain requisite permits, disputes involving contractors/subcontractors, land owners, offtakers, solar developers, financing parties, and/or other entities, rising interest rates and cost of debt service, and changes in key assumptions underlying the forecasted model and budget for project development and operation. If any renewable energy project under our long-term ownership or financed by us or otherwise constructed by us is not completed, is delayed, is subject to changes in size, scope, or design, or is subject to cost overruns, we may incur material costs that we may or may not be able to recover through regulatory or other contractual mechanisms, including obligations to make delay or termination payments, to incur costs without ability to recoup those costs via change order or re-pricing, loss of tax credits and benefits, loss of environmental incentives, or delayed or diminished returns, which could require us to write off all or a portion of its our investment in the applicable project(s) and/or recognize costs in excess of contractual revenue to be earned from third party construction customers. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. Nelnet Renewable Energy recognized losses on its tax equity investments of $46.7 million in 2023 (including $26.4 million attributed to noncontrolling interest investors). Furthermore, since the acquisition of GRNE, it has incurred low, and, in some cases, negative margins on certain projects. GRNE Solar recognized a net loss of $34.2 million in 2023. In the fourth quarter of 2023, the Company recognized an impairment charge of $20.6 million related to goodwill and certain intangible assets initially recognized from the GRNE Solar acquisition. Due to the complexity and long-term nature of our existing construction contracts, we may continue to incur low and/or negative margins to complete projects currently under contract. Operational risks associated with our renewable energy business include, but are not limited to, risks associated with facility start-up operations, compliance risks (including penalties for failures to comply), supply chain risks, climate change risks (including severe weather events), performance below expected or contracted levels of output or production, safety risks, labor availability risks (including our ability to hire and retain talent with solar construction experience), equipment breakdown, ability of offtakers and other counterparties to renewable energy contracts to pay or perform as required, warranty claims, shifting demand and regulatory changes/uncertainty, and insufficient insurance, warranties, and/or indemnities to cover the costs of the foregoing. These factors could have a material adverse effect on our business, financial condition, results of operations, and prospects.

A failure of our operating systems or information technology infrastructure could disrupt our businesses, cause significant losses, result in regulatory action, and damage our reputation.

We operate many different businesses in diverse markets and depend on the efficient and uninterrupted operation of our computer network systems, networks, software, datacenters, cloud services providers, telecommunications systems, and the rest of our operating systems and information technology infrastructure to process and monitor large numbers of daily transactions in compliance with contractual, legal, regulatory, and our own standards. Such systems and infrastructure could be disrupted because of a cyberattack, unanticipated spikes in transaction volume, extended power outages, telecommunications failures, process breakdowns, degradation or loss of internet or website availability, natural disasters, political or social unrest, and terrorist acts. A significant adverse incident could damage our reputation and credibility, lead to customer dissatisfaction and loss of customers or revenue, and result in regulatory action, in addition to increased costs to service our customers and protect our network. Such an event could also result in large expenditures to repair or replace the damaged properties, networks, or information systems or to protect them from similar events in the future. System redundancy may be ineffective or inadequate, and our business continuity plans may not be sufficient for all eventualities. Any significant loss of customers or revenue, or significant increase in costs of serving those customers, could adversely affect our growth, financial condition, and results of operations.

Operating system and Information technology infrastructure risks continue to increase in part because of the proliferation of new technologies, the increased use of the internet and telecommunications technologies to support and process customer transactions, the increased number and complexity of transactions being processed, increased instances of employees working from home and/or using personal computing devices, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, nation state threat actors, and other external parties. In addition, to access our services and products, our customers may use personal smartphones, tablet computers, and other mobile devices that are beyond our control systems. to secure from cyber threats.

Malicious and abusive activities, such as the dissemination of destructive or disruptive software, computer hacking, denial of service attacks, and ransomware or ransom demands to not expose confidential data or vulnerabilities in systems, have become more common. These activities could have material adverse consequences on our network and our customers, including degradation of service, excessive call volume, and damage to our or our customers' equipment and data. Although to date we have not experienced a material loss relating to cyberattacks or system outage, there can be no assurance that we will not suffer such losses in the future or that there is not a current threat that remains undetected at this time. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, and the size and scale of our services.

We could also incur material losses resulting from the risk of unauthorized access to our computer systems, the execution of unauthorized transactions by employees, unapproved use of artificial intelligence or machine learning, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and failures to properly execute business resumption and disaster recovery plans. In the event of a breakdown in the internal control system, improper operation of systems, or unauthorized employee actions, we could suffer material financial loss, potential legal actions, fines, or civil monetary penalties that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity and damage to our reputation. Even though we maintain insurance coverage to offset costs related to incidents such as a cyberattack, information security breach, or extended system outage, this insurance coverage may not cover all costs of such incidents.

A security breach of our information technology systems could result in material financial losses and legal exposure, and damage to our reputation.

Our operations rely on the secure processing, storage, and transmission of personal, confidential, and other sensitive information in our information technology systems and networks. Although we take protective measures we believe to be reasonable and appropriate, our systems, networks, and software may be vulnerable to the increasingly numerous and more sophisticated cyberattacks, and our cybersecurity measures may not be entirely effective.

Cyberattack techniques change frequently, generally increase in sophistication, often are not recognized until launched, sometimes go undetected even when successful, and originate from a wide variety of sources, including organized crime, hackers, terrorists, activists, disgruntled customers or consumers, unapproved use of artificial intelligence or machine learning, and hostile foreign governments. Cyberattacks may increase in frequency during times of global unrest, such as the conflict in Ukraine. Ukraine and the Middle East. Attackers may also attempt to fraudulently induce employees, customers, or other users of our systems to disclose sensitive information to gain access to our data or that of our customers, such as through “phishing” schemes. schemes and other social engineering techniques. These risks may increase in the future as we continue to increase our mobile and internet-based product offerings and expand our internal usage of web-based products and applications. In addition, our customers often use their personal devices, such as smart phones and tablet computers, to make payments and manage their accounts. We have limited ability to assure the security of our customers’ transactions to the extent they are using their personal devices, which could be subject to similar threats. A breach, or perceived breaches, of our information security systems, or the intentional or unintentional disclosure, alteration, or destruction by an authorized user of confidential information necessary for our operations, could result in serious negative consequences for us. These consequences may include violations of applicable privacy and other laws; financial loss to us or to our customers; loss of confidence in our cybersecurity measures; customer dissatisfaction; significant litigation exposure; regulatory fines, penalties or intervention; reimbursement or other compensatory costs; additional compliance costs; significant disruption of our business operations; and damage to our reputation.

In addition, we routinely transmit, receive, and process large volumes of personal, confidential, and proprietary information through third parties. Our arrangements with these third parties to maintain the confidentiality and security of such information may not be entirely effective, and a breach of a third-party system may not be revealed to us in a timely manner, which could compromise our ability to respond effectively. A cybersecurity incident originating from a third party could have negative consequences for us similar to those discussed above.

We and our third-party vendors have experienced, and could experience in the future, cybersecurity incidents. For example, in July 2022, we determined the customer website portal for the primary loan servicing platform used by our remote hosted servicing clients had experienced a cybersecurity incident. We took immediate and extensive steps to secure the system, block the unauthorized activity, address the issue via additional technical and security measures, notify our insurance carriers, and launch a forensic investigation. Our investigation confirmed unauthorized access to confidential consumer information of federal student loan borrowers serviced on our platform by Edfinancial Services and Oklahoma Student Loan Authority. Borrower name, address, email address, phone number, and Social Security number information was impacted, but no financial account or payment information was impacted. Loans serviced directly by Nelnet were not impacted by the event. The applicable regulators and affected consumers were notified and identity theft monitoring has been and continues to be offered to those affected. Although to date none of these incidents has individually or in the aggregate had a material adverse effect on our results of operations, financial condition, or businesses, there can be no assurance that we will not suffer material adverse effects in the future or that there is not a significant current incident or threat that remains undetected at this time.

If we are unable to adapt to rapid technological change, take advantage of technological developments, or our software products experience quality problems and development delays, the demand for our products and services may decline.

Our long-term operating results, particularly from our LSS and ETS&PP ETSP segments, depend substantially upon our ability to continually enhance, develop, introduce, and market new products and services. We must continually and cost-effectively maintain and improve our information technology systems and infrastructure in order to successfully deliver competitive and cost-effective products and services to our customers. The widespread proliferation of new technologies and market demands could require substantial expenditures to enhance system infrastructure and existing products and services. If we fail to enhance and scale our systems and operational infrastructure or products and services, our LSS and ETS&PP ETSP segments may lose their competitive advantage, which could have a material adverse impact on our business, financial condition, or results of operations.

We require skilled technology and security workers to maintain, secure, and improve our information technology systems and infrastructure. Increased demand and competition for available skilled workers across the technology sector may impact our ability to maintain adequate technology and security staffing levels. If we are unable to retain existing talent, or recruit and hire new talent when needed, we may be unable to quickly develop and adopt new technologies, adequately adjust for contingencies, or maintain and improve our existing technology systems and infrastructure.

Our products and services are based on sophisticated software and computing systems that often encounter development delays, and the underlying software may contain undetected bugs or other defects that interfere with its intended operation. Quality problems with our software products, with transferring between systems, or with errors or delays in our processing of electronic transactions, could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential clients, damage to our reputation, or exposure to liability claims.

Our development and use of artificial intelligence ("AI") may result in reputational or competitive harm, legal liability, and other adverse effects on our business.

We have incorporated AI into certain aspects of our business, including assistance with handling customer inquiries, quality assurance monitoring, optical character recognition for processing and handling images, and monitoring network traffic. Additionally, some of our vendors use AI to enhance their products and services. Our use of AI, as well as the use by our vendors, may increase over time as the technology continues to develop. Our competitors may incorporate AI into their products or operations more quickly and effectively than we do, which could impair our ability to compete effectively.

Our use of AI carries inherent risks related to data privacy and security, such as intended, unintended, or inadvertent transmission of proprietary, personal, or sensitive information, as well as challenges related to implementing and maintaining AI tools, such as developing and maintaining appropriate datasets. Ineffective or inadequate use of AI by us or our vendors could produce deficient, inaccurate, or biased analyses or customer responses and prevent us from detecting quality or network security issues. Any of the foregoing could result in regulatory action, loss of confidence from government clients, legal liability, and reputational harm and adversely impact our business, financial condition, results of operations, and prospects.

In October 2023, the Administration issued an Executive Order to, among other things, establish new standards for AI safety and security. In response to such Executive Order, in January 2024, the Administration announced that developers of the most powerful AI systems would need to report certain vital information to the Department of Commerce. Future legislation on AI could prevent or limit our use of AI, require us to change our business practices, or lead to legal liability or regulatory action.

We rely on third parties for a wide array of services for our customers, and to meet our contractual obligations. The failure of a third party with which we work could adversely affect our business performance and reputation.

We rely on third parties for many critical operational services, technology, software development, datacenter hosting facilities, cloud computing platforms, and software. We also rely upon data from external sources to maintain our proprietary databases, including data from customers, business partners, and various government sources. Our third-party service providers may be vulnerable to damage or interruption from natural disasters, power loss, cyberattacks, telecommunications failures, geopolitical disruption, breakdowns or failures of their systems, employee negligence or misconduct, supply chain disruptions, acts of terrorism, and similar events. They may also be subject to sabotage, vandalism, and similar misconduct, as well as regulatory actions, changes to legal requirements, and litigation to stop, limit, or delay operations. Our ability to implement backup systems and other safeguards with respect to third-party systems is limited. Furthermore, an attack on, or failure of, a third-party system may not be revealed to us in a timely manner, which could compromise our ability to respond effectively.

If a third-party service provider's services are disrupted, we may temporarily lose the ability to conduct certain business activities, which could impact our ability to serve our customers and meet our contractual, legal, or regulatory compliance obligations, and/or result in the loss or compromise of our information or the information of our customers. Our businesses would also be harmed if our customers and potential customers believe our services are unreliable. Some of our third-party service providers may engage vendors of their own as they provide services or technology solutions for our operations, which introduces the same risks that these "fourth parties" could be the source of operational and cybersecurity failures.

Due to our use of Amazon Web Services (AWS) and Microsoft 365 for a significant amount of our technology products and services, as well as the dependence of many of our third-party service providers on AWS and Microsoft 365, the stability and availability of AWS and Microsoft 365 is critical to our business.

If we fail to comply with the requirements to maintain the federal guarantees for the FFELP loans we service for us and for third parties, we may lose our guarantees or incur penalties.

As of December 31, 2022 December 31, 2023, we serviced $20.2 billion $17.5 billion of FFELP loans that maintained a federal guarantee, of which $11.1 billion $10.2 billion and $9.1 billion $7.3 billion were owned by us and third parties, respectively. We must meet various requirements in order to maintain the federal guarantee on these federally insured loans, which is conditional based on compliance with origination, servicing, and collection policies set by the Department and guaranty agencies. If we misinterpret Department guidance, or incorrectly apply the Higher Education Act, the Department could determine that we are not in compliance. FFELP loans that are not originated, disbursed, or serviced in accordance with Department and guaranty agency regulations may be subject to partial or complete loss of the guarantee. If we experience servicing deficiencies, it could result in the loan guarantee being revoked or denied. Although in most cases, we may cure deficiencies by following a prescribed cure process which usually involves obtaining the borrower's reaffirmation of the debt, not all deficiencies can be cured. As FFELP loan holders, servicers, and guaranty agencies exit the FFEL Program and consolidation within the industry takes place, this increases the complexity of servicing and claim filing due to the amount of loan servicing and loan guaranty transfers and the opportunity for errors at the time a claim is filed.

Failure to comply with Department and guaranty agency regulations may also result in fines, other penalties, expenses required to cure servicing deficiencies, suspension or termination of the right to participate as a FFELP servicer, negative publicity, and potential legal claims, including claims by our servicing customers if they lose the federal guarantee or SAP benefits on loans that we service for them. If we are subjected to significant fines, or loss of insurance or guarantees on a material number of FFELP loans, or if we lose our ability to service FFELP loans, it could have a material adverse impact on our business, financial condition, or results of operations.

Our Department of Education servicing contracts contract and our third-party FFELP loan servicing business involve additional risks inherent in government contracts and programs.

The federal government could engage in a prolonged debate linking the federal deficit, debt ceiling, government shutdown, and other budget issues. If U.S. lawmakers fail to reach agreement on these issues, the federal government could modify terms on current agreements or delay payment on its obligations, which could adversely impact our business, financial condition, or results of operations. Further, legislation to address the federal deficit and spending could impose changes that would adversely affect the Federal Direct Loan Program and FFELP servicing businesses.

We contract with the Department to administer loans held by the Department in both the FFEL and Federal Direct Loan Program, we own a portfolio of FFELP loans, and we service our FFELP loans as well as FFELP loans for third parties. These loan programs are authorized by the Higher Education Act and are subject to periodic reauthorization and changes to the programs by the Administration and Congress. Any changes, including the potential for borrowers to refinance loans via Direct Consolidation Loans, or broad loan forgiveness or cancellation, could have a material impact on our cash flows from servicing, interest income, and operating margins (see the risk factor discussions above discussion under the caption "Loan Portfolio - Prepayment risk" and immediately after the caption "Operations" above for additional information about these risks).

Government entities in the U.S. often reserve the right to audit contract costs and conduct inquiries and investigations of business practices. These entities also conduct reviews and investigations and make inquiries regarding systems, including systems of third parties, used in connection with the performance of the contracts. Negative findings could adversely affect the contractor's future revenues and profitability. If improper or illegal activities are found, we could become subject to various civil and criminal penalties, including those under the civil U.S. False Claims Act. Additionally, we may be subject to administrative sanctions, which may include termination or non-renewal of contracts, forfeiture of profits, suspension of payments, fines and suspensions, or debarment from doing business with other agencies of that government. Due to the inherent limitations of internal controls, it may not be possible to detect or prevent all improper or illegal activities.

The government could change governmental policies, programs, regulatory environments, spending sentiment, and many other factors and conditions, some of which could adversely impact our businesses, results of operations, and financial condition. We cannot predict how or what programs or policies will be changed by the federal government. The conditions described above could impact not only our contracts contract with the Department, but also other existing or future contracts with government or commercial entities, and could have a material adverse impact on our business, financial condition, or results of operations.

Our ability to continue to grow and maintain our contracts with commercial businesses and government agencies is partly dependent on our ability to maintain compliance with various laws, regulations, and industry standards applicable to those contracts.

We are subject to various laws, regulations, and industry standards related to our commercial and government contracts. In most cases, these contracts are subject to termination rights, audits, and investigations. The laws and regulations that impact our operating segments are outlined in Part I, Item 1, "Regulation and Supervision." Additionally, our LSS segment contracts with the federal government require that we maintain internal controls in accordance with the National Institute of Standards and Technologies and our LSS and ETS&PP ETSP segments that utilize payment cards are subject to the Payment Card Industry Data Security Standards. If we fail to comply with the contract provisions or applicable laws, regulations, or standards, or the counterparty exercises its termination or other rights for that or other reasons, our reputation could be negatively affected, and our ability to compete for new contracts or maintain existing contracts could diminish, which in turn could have an adverse impact on our results of operations from existing contracts and future opportunities for new contracts.

The failure to safeguard the privacy of personal information could result in significant legal and reputational harm.

We are subject to complex and evolving laws and regulations, both inside and outside of the U.S., governing the privacy and protection of personal information of individuals. Ensuring the handling and use of personal information complies with applicable laws and regulations in relevant jurisdictions can increase operating costs, impact the development of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by us or a third-party affiliate could expose us to litigation or regulatory fines, penalties, or other sanctions. Additional risks could arise if we or an affiliated third party do not provide adequate disclosure or transparency to our customers about the personal information obtained from them and its use; fail to receive, document, and honor the privacy preferences expressed by customers; fail to protect personal information from unauthorized disclosure; or fail to maintain proper training on privacy practices. Concerns about the effectiveness of our measures to safeguard personal information and abide by privacy preferences, or even the perception that those measures are inadequate, could cause the loss of existing or potential customers and thereby reduce our revenue. In addition, any failure or perceived failure to comply with applicable privacy or data protection laws and regulations could result in requirements to modify or cease certain operations or practices, and/or significant liabilities, regulatory fines, penalties, and other sanctions. The regulatory framework for privacy issues is evolving, which is likely to continue. Because the interpretation and application of privacy and data protection laws and privacy standards are still uncertain, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our practices. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations, and privacy standards, could result in additional cost and liability for us, damage our reputation, and harm our businesses.

Nelnet Bank may not be able to achieve its business plan objectives and effectively deploy loan and deposit strategies in accordance with regulatory requirements during its three-year de novo period.

Nelnet Bank is in the final year of its de novo status and initial three-year business plan, which requires ongoing monitoring to ensure alignment to financial and asset targets as well as other commitments. Failure to meet these targets and commitments could jeopardize the success of Nelnet Bank.

requirements.

The banking industry is highly regulated, and the regulatory framework, together with any future legislative changes, may have a significant adverse effect on Nelnet Bank's operations. The regulatory landscape surrounding industrial banks continues to be scrutinized and banking policy changes may be difficult to predict in advance. Nelnet Bank's current product offerings are primarily concentrated in loan products for higher education with current expansion under the business plan to and unsecured consumer lending. Such concentrations and the competitive environment for those products subject the bank to risks that could adversely affect its financial condition. Consumer access to alternative means of financing, the costs of education, interest rates, and other factors may reduce demand for, or adversely affect Nelnet Bank's ability to, retain private education loans and the bank's ability to originate new loans. For example, the recent increase of interest rates has negatively impacted and will continue to negatively impact the origination of refinanced private education loans.

Nelnet Bank has FDIC-required agreements with Nelnet, Inc. and Michael S. Dunlap (Nelnet, Inc.'s controlling shareholder) in connection with Nelnet, Inc.'s role as a source of financial strength for Nelnet Bank. For additional information, see the MD&A

- "Liquidity and Capital Resources - Liquidity Impact Related to Nelnet Bank." However, any failure to meet minimum capital requirements and FDIC regulations can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material adverse impact on our business, financial condition, or results of operations.

In our reinsurance business, we depend on our clients' evaluations of the risks associated with their insurance underwriting, which may subject us to reinsurance losses. If our losses greatly exceed our loss reserves, our financial condition may be significantly and negatively affected.

In our reinsurance business, in which we assume an agreed percentage of each underlying insurance contract being reinsured, or quota share contracts, we do not separately evaluate each of the original individual risks assumed under these reinsurance contracts. Therefore, we are largely dependent on the original underwriting decisions made by ceding companies. We are subject to the risk that our clients may not have adequately evaluated the insured risks and that the premiums ceded may not adequately compensate us for the risks we assume. We also do not separately evaluate each of the individual claims made on the underlying insurance contracts under quota share arrangements, though we maintain rights to audit claim files and practices of the ceding companies. Therefore, we are dependent on the original claims decisions made by our clients.

Our results of operations and financial condition will depend upon our ability to accurately assess the potential losses associated with the risks we reinsure. Reserves are estimates at a given time of claims an insurer ultimately expects to pay, based upon facts and circumstances then known, predictions of future events, estimates of future trends in claim severity, and other variable factors. The inherent uncertainties of estimating loss reserves are generally greater for reinsurance companies as compared to primary insurers, primarily due to (i) the lapse of time from the occurrence of an event to the reporting of the claim and the ultimate resolution or settlement of the claim; (ii) the diversity of development patterns among different types of reinsurance treaties; and (iii) the necessary reliance on the ceding company for information regarding claims.

Our estimation of reserves may be less reliable than the reserve estimations of a reinsurer with a greater volume of business and an established loss history. Our actual losses paid may deviate substantially from the estimates of our loss reserves and could negatively affect our results of operations. If our loss reserves are later found to be inadequate, we would increase our loss reserves with a corresponding reduction in our net income and capital in the period in which we identify the deficiency.

In addition, we have entered into arrangements to cede a portion of our exposure to a third party. Retrocession reinsurance treaties do not relieve us from our obligation to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to us.

Our failure to successfully manage business acquired businesses and certain asset acquisitions assets, as well as other investments, including venture capital and other real estate investments, could have a material adverse effect on our businesses, financial condition, or results of operations.

We have expanded our services and products through business and asset acquisitions, and we anticipate making additional acquisitions to obtain new or enhance existing businesses, products, and services, as well as other investments, including venture capital and real estate investments, to further diversify us both within and outside of our historical education-related businesses. Any acquisition or investment is subject to a number of risks. Such risks may include diversion of management time and resources, disruption of our ongoing businesses, difficulties in integrating acquisitions (including potential delays or errors in converting loan servicing portfolio acquisitions to our servicing platform), loss of key employees, degradation of services, difficulty expanding information technology systems and other business processes to incorporate the acquired businesses, extensive regulatory requirements, dilution to existing shareholders if our common stock is issued for an acquisition or investment, incurring or assuming indebtedness or other liabilities in connection with an acquisition, unexpected declines in real estate values or the failure to realize expected benefits from real estate development projects, lack of familiarity with new markets, and difficulties in supporting new product lines. Our failure to successfully manage acquisitions or investments, or successfully integrate acquisitions, could have a material adverse effect on our businesses, financial condition, or results of operations.

Our significant investments in ALLO and Hudl are subject to a number of risks, including macroeconomic conditions, competition, political and regulatory requirements, technology advancements, cybersecurity threats, and retention of key personnel. ALLO derives its revenue primarily from the sale of telecommunication services, which are subject to intense competition and extensive federal, state, and local regulations. regulations, as well as tailwinds from the pace of construction permitting and inflationary costs. Additionally, ALLO's success is dependent on it maintaining and expanding its infrastructure and continuing to increase market share in existing and new markets. Hudl's sports performance analysis business is subject to risks related to global market conditions, new competition, advancements in technology, and continued demand for its products and services. Due to the HLBV method of accounting used to account for our ownership of ALLO, we expect the carrying value of our ALLO investment to be reduced to zero during the first quarter of 2024. The operating results of any of our investments,

including ALLO and Hudl, could impact the valuation on our financial statements of our investments in them, and we may not be able to fully monetize these investments without a liquidation event.

Incorrect estimates and assumptions by management in connection with the preparation of our consolidated financial statements could adversely affect our reported assets, liabilities, income, revenue, and expenses.

The preparation of our consolidated financial statements requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income, revenue, and expenses during the reporting periods. Incorrect estimates and assumptions by management could adversely affect our reported amounts of assets, liabilities, income, revenue, and expenses during the reporting periods. If we make incorrect assumptions or estimates, our reported financial results may be over or understated, which could materially and adversely affect our business, financial condition, and results of operations.

We could determine that our goodwill and intangible assets are impaired, thus recognizing a related loss.

As of December 31, 2023, we had goodwill of $158.0 million and intangible assets of $44.8 million. We evaluate our goodwill and other intangible assets for impairment. During 2023, we recognized non-cash impairment charges for goodwill and intangible assets of $18.9 million and $1.7 million, respectively. As of December 31, 2023, the amount of goodwill allocated to the AGM reporting unit was $41.9 million. As a result of the Reconciliation Act of 2010, AGM no longer originates new FFELP loans, and net interest income from its existing FFELP loan portfolio will decline over time as the portfolio pays down. As a result, as this revenue stream winds down, goodwill impairment will be triggered for the AGM reporting unit due to the passage of time and depletion of projected cash flows stemming from its FFELP student loan portfolio. We could recognize further impairments in the future, and we may never realize the full value of our intangible assets. If these events occur, our profitability and financial condition will suffer.

Regulatory and Legal

Federal and state laws and regulations can restrict our businesses and increase compliance costs, and noncompliance could result in penalties, litigation, reputation damage, and a loss of customers.

Our operating segments are heavily regulated by federal and state government regulatory agencies. See Part I, Item 1, "Regulation and Supervision." These agencies and the laws and regulations enforced by them are for the protection of consumers and the applicable industry as a whole, not necessarily us. and compliance with these laws and regulations can be difficult and costly. Although we endeavor to comply with our obligations and have procedures and controls in place to monitor compliance with regulatory requirements, these laws and regulations are complex, differ between jurisdictions, and are often subject to interpretation, and we may from time to time inadvertently be in non-compliance. Compliance is expensive and requires the time and attention of management, which divert capital and focus away from efforts intended to grow our businesses. interpretation. If we do not successfully maintain compliance, fail to comply with these laws and regulations, even if our failed efforts were in good faith or a result of a difference in interpretation, we could be subject to restrictions on our business activities, incur fines or penalties, lose existing or new customer contracts or other business, become subject to litigation, and suffer damage to our reputation. Changes in New laws and regulations or changes to existing laws and regulations can significantly alter our business environment, limit business operations, and increase costs of doing business, and we cannot predict the impact such changes may have on our profitability.

For example, the CFPB has the authority to regulate and monitor large nonbank student loan servicers, including us. If the CFPB were to determine that we were not in compliance with applicable laws, regulations, and CFPB guidance, it could result in material adverse consequences including fines, penalties, public enforcement actions, adverse regulatory actions, or changes in our business practices. practices or product offerings. The CFPB has also issued student loan servicing rules and continues to review servicing areas where new guidance or rules may be issued in the future. One such area under review is the return to repayment for federally owned students loans following a payment pause of more than three years due to the COVID-19 emergency. Since the restart of required repayments in October 2023, the CFPB has been closely monitoring student loan servicers and consumer complaints and if it determines there may have been violations of consumer financial protection laws, they may determine that we are not in compliance with applicable laws, regulations, or guidance which could result in material adverse consequences including restitution to consumers.

It is uncertain how the CFPB's recommendations, strategies, and priorities will impact our businesses and our results of operations going forward. CFPB actions could result in requirements to alter our products or services, causing them to be less attractive or effective and impair our ability to offer them profitably. If the CFPB changes regulations adopted in the past by other regulators, or interpretations of regulations, or otherwise modifies past regulatory guidance, our compliance costs and litigation exposure could increase.

Several Many states have enacted laws regulating and monitoring the activity of student loan servicers. For additional information, including risks to us from such state laws, see the paragraph beginning with the same sentence as the immediately preceding sentence that is set forth in Part I, Item 1, “Regulation and Supervision - Loan Servicing and Systems.”

As a result of the discontinuation of new FFELP loan originations in 2010, the existing FFELP loan portfolios in our AGM and Nelnet Bank segments segment will continue to decline over time.

New loan originations under the FFEL Program were discontinued in 2010, and all subsequent federal student loan originations must be made under the Federal Direct Loan Program. Although this did not alter or affect the terms and conditions of existing FFELP loans, interest income related to existing FFELP loans will decline over time as existing FFELP loans are paid down, refinanced, or repaid by guaranty agencies after default. We believe that in the short term we will not be able to invest the excess cash generated from our AGM segment’s FFELP loan portfolio into assets that immediately generate the rates of return historically realized from that portfolio. If we are unable to grow or develop new revenue streams, our consolidated revenue and operating margin will decrease as a result of the decline in FFELP loan volume outstanding.

Exposure related to certain tax issues could decrease our net income.

Federal and state income tax laws and regulations are often complex and require interpretation. From time to time, we engage in transactions for which the tax consequences are uncertain, and significant judgment is required in assessing and estimating the tax consequences of these transactions. We prepare and file tax returns based on the interpretation of tax laws and regulations and our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments. In accordance with applicable accounting guidance, we establish reserves for tax contingencies related to deductions and credits that we may be unable to sustain. Differences between these reserves and the amounts ultimately owed are recorded in the period they become known, and adjustments to our reserves could have a material effect on our financial statements. We may also be impacted by changes in tax laws, including tax rate changes, new laws, and subsequent interpretations by applicable authorities. In addition, several states are in a deficit position. Accordingly, states may look to expand their taxable base, alter their tax calculation, or increase tax rates, which could result in additional costs to the us.

In addition, as both a lender and servicer of student loans, we must report interest received and cancellation of indebtedness to individuals and the Internal Revenue Service on an annual basis. The statutory and regulatory guidance regarding the calculations, recipients, and timing are complex, and we know that interpretations of these rules vary across the industry. The complexity and volume associated with these informational forms creates a risk of error which could result in penalties or damage to our reputation.

Our investments in certain tax-advantaged projects promoting renewable energy resources (solar projects) are designed to generate a return primarily through the realization of federal income tax credits at the time the project is placed-in-service. We are subject to the risk that tax credits previously recorded by us, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, will fail to meet certain government compliance requirements and will not be able to be realized. The inability to realize these tax credits and other tax benefits would have an adverse impact on our financial results. The risk of not realizing the tax credits and other tax benefits depends on many factors outside of our control, including changes in tax laws and the ability of the projects to continue operation.

The provisions of our articles of incorporation requiring exclusive forum in the Nebraska state courts and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging certain lawsuits by limiting plaintiffs’ ability to bring a claim in a judicial forum that they find favorable.

Our articles of incorporation provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, a specifically designated Nebraska state court located in Lincoln, Nebraska (or, if that court does not have jurisdiction, the federal district court for the District of Nebraska located in Lincoln, Nebraska) will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf or in the right of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or our shareholders; (iii) any action asserting a claim arising under any provision of the Nebraska Model Business Corporation Act or our articles of incorporation or bylaws (as each may be amended from time to time); or (iv) any action asserting a claim governed by the internal affairs doctrine.

Additionally, our articles of incorporation provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

These exclusive forum provisions may limit the ability of our shareholders to commence litigation in a forum that they prefer, which may discourage such lawsuits against us and our current or former directors, officers, and employees.

Principal Shareholder and Related Party Transactions

Our Executive Chairman beneficially owns 82.1% 81.4% of the voting rights of our shareholders and effectively has control over all of our matters.

Michael S. Dunlap, our Executive Chairman, beneficially owns 82.1% 81.4% of the voting rights of our shareholders. Accordingly, each member of the Board of Directors and each member of management has been elected or effectively appointed by Mr. Dunlap and can be removed by him. As a result, Mr. Dunlap has control over all of our matters and has the ability to take actions that benefit him, but may not benefit other minority shareholders, and may otherwise exercise his control in a manner with which other minority shareholders may not agree or which they may not consider to be in their best interests.

Furthermore, as a "controlled company" within the meaning of the NYSE rules, we qualify for and, in the future, may opt to rely on, exemptions from certain corporate governance requirements, including having a majority of independent directors, as well as having nominating and corporate governance and compensation committees composed entirely of independent directors. If in the future we choose to rely on such exemptions, the interests of Mr. Dunlap may differ from those of our other stockholders and the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for NYSE-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Our contractual arrangements and transactions with Union Bank, which is under common control with us, present conflicts of interest and pose risks to our shareholders that the terms may not be as favorable to us as we could receive from unrelated third parties.

Union Bank is controlled by Farmers & Merchants Investment Inc. ("F&M"), which is controlled by certain grantor retained annuity trusts established by Mr. Dunlap, his spouse, and Angela L. Muhleisen, a sister of Mr. Dunlap. Mr. Dunlap serves as a Director and Chairman Co-Chairperson of F&M, and as a Director of Union Bank. Ms. Muhleisen serves as a Director, Co-Chairperson, and Chief Executive Officer of F&M and as a Director, Chairperson, President, and Chief Executive Officer member of the executive committee of Union Bank. Union Bank is deemed to beneficially own a significant number of our shares because it serves in a capacity of trustee or account manager for various trusts and accounts holding our shares and may share voting and/or investment power with respect to such shares. As of December 31, 2022 December 31, 2023, Union Bank was deemed to beneficially own 9.7% 7.0% of the voting rights of our shareholders, and Mr. Dunlap and Ms. Muhleisen beneficially owned 82.1% 81.4% and 11.8% 8.9%, respectively, of the voting rights of our shareholders (with certain shares deemed under SEC rules to be beneficially owned by each Union Bank, Mr. Dunlap, and Ms. Muhleisen).

We have entered into, and intend to continue entering into, certain contractual arrangements with Union Bank, including for loan purchases, servicing, participations, banking and lending services, Educational 529 College Savings Plan administration services, lease arrangements, trustee services, and various other investment and advisory services. The net aggregate impact on our consolidated statements of income for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 related to the transactions with Union Bank was income (before income taxes) of $8.9 million $9.4 million, $11.0 million $8.9 million, and $15.4 million $11.0 million, respectively. See note 23 22 of the notes to consolidated financial statements included in this report for additional information related to the transactions between us and Union Bank.

We intend to maintain our relationship with Union Bank, which our management believes provides certain benefits to us, including Union Bank's knowledge of and experience in the FFELP industry, its willingness to provide services, and at times liquidity and capital resources, on an expedient basis, and its proximity to our corporate headquarters in Lincoln, Nebraska.

The majority of the transactions and arrangements with Union Bank are not offered to unrelated third parties or subject to competitive bids. Accordingly, these transactions and arrangements not only present conflicts of interest, but also pose the risk to our shareholders that the terms of such transactions and arrangements may not be as favorable to us as we could receive from unrelated third parties. Moreover, we may have and/or may enter into contracts and business transactions with related parties that benefit Mr. Dunlap and his sister, as well as other related parties, that may not benefit us and/or our minority shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company has no unresolved comments from the staff of the Securities and Exchange Commission regarding its periodic or current reports under the Securities Exchange Act of 1934.

ITEM 1C. CYBERSECURITY

The Company's enterprise-wide cybersecurity program is embedded within and integrated with the enterprise risk management function. The Chief Security Officer is part of our senior leadership team and reports to the Chief Risk Officer. Our Chief Security Officer has over thirty years of cybersecurity, technology, and leadership experience both as a career active-duty military cyber operations officer and in the private sector. The cybersecurity team is organized into three departments: Protective Operations, Posture Management, and Governance, Risk, and Compliance. Each of the three departments identifies, assesses, and manages material cybersecurity threats through specific approaches as further described below.

Protective Operations includes the Security Operations Center, cyber threat intelligence, offensive security, and application security teams. New cybersecurity threats surface daily, and existing cybersecurity threats evolve constantly. Our 24x7x365 in-house Security Operations Center is organized to not only monitor for signs of intrusion but also to provide contextual threat intelligence to system and platform owners across the enterprise, empowering them to take an active role in defending the enterprise. The Security Operations Center conducts daily briefings, identifies emerging cyber threats affecting the financial and education sectors, and reviews new tactics, techniques, and procedures utilized by cyber criminals and nation-state cyber actors. The Security Operations Center is also our incident response team, and ensures that the Company is prepared to detect, analyze, contain, eradicate, and recover from cyber incidents. While we have experienced cybersecurity incidents in the past, to date none have materially affected us, including our business strategy, results of operations, or financial condition. Our offensive security team conducts continuous threat-based and risk-based red team activities, and our application security team utilizes a combination of training, tools, code reviews, and awareness to ensure that our applications are developed with security at the forefront. We also engage with professional cybersecurity firms to conduct penetration tests on specific systems and applications annually. For more information about the cybersecurity risks we face, see the factors set forth under the caption "Risk Factors" in Part I, Item 1A of this report.

Posture Management includes the vulnerability management, log operations, and architecture and engineering teams. Our vulnerability management team conducts regular scans of our enterprise to look for potential weaknesses and configuration-related issues. Based on the results of these scans, this team routinely patches or works with system and platform owners to resolve identified vulnerabilities. Our log operations team works closely as a bridge between the system owners and our Security Operations Center by ensuring that activities on our systems and applications are logged and monitored. Our architecture and engineering team manages security appliances and provides security architecture advice and consulting to our information technology and delivery teams throughout the enterprise. When it comes to posture management, our goal is not just to reactively resolve potential vulnerabilities discovered through the vulnerability management process; we also look for ways to ensure that vulnerabilities don't materialize through minimizing system ports, protocols, and services to only that which is necessary.

Governance, Risk, and Compliance includes the risk management and compliance management teams. This team manages the security awareness program, compliance with cyber and privacy regulations, security policies, and prioritizes potential cyber risks that require ongoing monitoring or remediation. Identified risks are brought to the Cyber Risk Steering Committee for treatment. The Chief Security Officer chairs the committee, which consists of the Deputy Chief Security Officer, cybersecurity managers, various subject matter experts, and (as needed) members of management from operational areas of the business.

The Company's business segments and support teams also work closely with cybersecurity and enterprise risk management to monitor and manage third-party risks. Managing third-party risks includes maintaining a close and effective working relationship with the information technology procurement, accounting, and legal teams. In addition to identifying risks as part of the third-party selection process, we continuously monitor our third parties using products and services that provide us insight into their attack surface, threats that can impact us through them, and real-world security posture.

Audits are an important part of our layers of defense; they can help us to identify areas in which we have incomplete coverage or ineffective placement of controls. The Company has an independent internal audit team that conducts audits based on their own methodology and assessment and we utilize external cybersecurity auditors, where applicable. In addition, certain lines of business utilize other third-party cybersecurity auditors for PCI DSS assessments and PCI ASV scans; and we are routinely audited by our customers.

The Company's Board of Directors and Board Risk and Finance Committee oversee our integrated enterprise risk management and cybersecurity programs. The Board Risk and Finance Committee receive regular reports from the Chief Risk Officer and Chief Security Officer on key company risks and emerging threats. These reports also include cybersecurity monitoring and threat response metrics, industry trends and educational materials, risk mitigation strategies, regulatory requirements, corporate policies, third-party risk metrics, cybersecurity tools and resources, incident response plans, and other areas of importance.

ITEM 2. PROPERTIES

The Company's headquarters are located in Lincoln, Nebraska. The Company owns or leases office space facilities primarily in Nebraska, Wisconsin, and Colorado.

The Company believes its existing office space facilities and equipment, which are used by all reportable segments, are in good operating condition and are suitable for the conduct of its business.

ITEM 3. LEGAL PROCEEDINGS

Note 25 24 of the notes to consolidated financial statements included in this report is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Class A common stock is listed and traded on the New York Stock Exchange under the symbol "NNI," while its Class B common stock is not publicly traded. The number of holders of record of the Company's Class A common stock and Class B common stock as of January 31, 2023 January 31, 2024 was 1,606 1,742 and 70, 69, respectively. The record holders of the Class B common stock are Michael S. Dunlap, Shelby J. Butterfield, various members of the Dunlap and Butterfield families, and various other estate planning trusts established by and/or entities controlled by them. Because many shares of the Company's Class A common stock are held by brokers and other institutions on behalf of shareholders, the Company is unable to estimate the total number of beneficial owners represented by these record holders.

The Company paid quarterly cash dividends on its Class A and Class B common stock during the years ended December 31, 2021 December 31, 2023 and 2022 and in amounts totaling $0.90 $1.06 per share and $0.98 per share, respectively. The Company plans to continue making comparable regular quarterly dividend payments, subject to future earnings, capital requirements, financial condition, and other factors.

Performance Graph

The following graph compares the change in the cumulative total shareholder return on the Company's Class A common stock to that of the cumulative return of the S&P 500 Index and the S&P 500 Financials Index. The graph assumes that the value of an investment in the Company's Class A common stock and each index was $100 on December 31, 2017 December 31, 2018 and that all dividends, if applicable, were reinvested. The performance shown in the graph represents past performance and should not be considered an indication of future performance.

totalreturngraph2023.jpg

Company/Index	Company/Index	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	Company/Index	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Nelnet, Inc.	Nelnet, Inc.	$ 100.00	$ 96.65	$ 108.87	$ 135.04	$ 187.30	$ 175.99							
S&P 500	S&P 500	100.00	95.62	125.72	148.85	191.58	156.89							
S&P 500 Financials	S&P 500 Financials	100.00	86.97	114.91	112.96	152.54	136.48							

The preceding information under the caption "Performance Graph" shall be deemed to be "furnished" but not "filed" with the Securities and Exchange Commission.

Stock Repurchases

The following table summarizes the repurchases of Class A common stock during the fourth quarter of 2022 2023 by the Company or any "affiliated purchaser" of the Company, as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934. Certain share repurchases included in the table below were made pursuant to a trading plan adopted by the Company in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (b)	Maximum number of shares that may yet be purchased under the plans or programs (b)
October 1 - October 31, 2022	50,915	$ 81.23	50,915	4,467,021
November 1 - November 30, 2022	—	—	—	4,467,021
December 1 - December 31, 2022	3,448	94.27	—	4,467,021
Total	54,363	$ 82.05	50,915	

Period	Total number of shares purchased (a)	Average price paid per share (b)	Total number of shares purchased as part of publicly announced plans or programs (c)	Maximum number of shares that may yet be purchased under the plans or programs (c)
October 1 - October 31, 2023	2,782	$ 82.62	2,735	4,464,286
November 1 - November 30, 2023	283,112	81.52	283,112	4,181,174
December 1 - December 31, 2023	3,854	86.01	—	4,181,174
Total	289,748	$ 81.59	285,847	

(a) The total number of shares includes: (i) shares repurchased pursuant to the stock repurchase program discussed in footnote (b) (c) below; and (ii) shares owned and tendered by employees to satisfy tax withholding obligations upon the vesting of restricted shares. Shares purchased pursuant to the applicable stock repurchase program discussed in footnote (c) below consisted of a total of 283,112 shares of Class A common stock purchased in a privately negotiated transaction on November 13, 2023. Shares of Class A common stock tendered by employees to satisfy tax withholding obligations included 3,448 47 shares and 3,854 shares in October and December 2022. 2023, respectively. Unless otherwise indicated, shares owned and tendered by employees to satisfy tax withholding obligations were purchased at the closing price of the Company's shares on the date of vesting.

(b) The average price of shares repurchased excludes excise taxes.

(c) On May 9, 2022, the Company announced that its Board of Directors authorized a new stock repurchase program to repurchase up to a total of five million shares of the Company's Class A common stock during the three-year period ending May 8, 2025.

Equity Compensation Plans

For information regarding the securities authorized for issuance under the Company's equity compensation plans, see Part III, Item 12 of this report.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Management's Discussion and Analysis of Financial Condition and Results of Operations is for the years ended December 31, 2022 December 31, 2023, 2022 and 2021. All dollars are in thousands, except share data, unless otherwise noted.)

The following discussion and analysis provides information that the Company's management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. The discussion and analysis should be read in conjunction with the Company's consolidated financial statements and related notes included in this report. This discussion and analysis contains forward-looking statements subject to various risks and uncertainties and should be read in conjunction with the disclosures and information contained in "Forward-Looking and Cautionary Statements" and Item 1A "Risk Factors" included in this report.

A discussion related to the results of operations and changes in financial condition for the year ended December 31, 2022 compared with the year ended December 31, 2021 is presented below. A discussion related to the results of operations and changes in financial condition for the year ended December 31, 2021 compared with the year ended December 31, 2020 can be found in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2021 Annual Report on Form 10-K, which was filed with the United States Securities and Exchange Commission on February 28, 2022.

OVERVIEW

The Company is a diverse, innovative company with a purpose to serve others and a vision to make dreams possible. The largest operating businesses engage in loan servicing and education technology services and payment processing, and the Company also has a significant investment in communications. payments. A significant portion of the Company's revenue is net interest income earned on a portfolio of federally insured student loans. The Company also makes investments to further diversify both within and outside of its historical core education-related businesses including, but not limited to, investments in a fiber communications company (ALLO), early-stage and emerging growth companies (venture capital investments), real estate, and renewable energy (solar).

The Company was formed as a Nebraska corporation in 1978 to service federal student loans for two local banks. The Company built on this initial foundation as a servicer to become a leading originator, holder, and servicer of federal student loans, principally consisting of loans originated under the FFEL Program.

The Reconciliation Act of 2010 discontinued new loan originations under the FFEL Program effective July 1, 2010, in 2010, and requires all new federal student loan originations be made directly by the Department through the Federal Direct Loan Program. As a result, Subsequent to the Reconciliation Act of 2010, the Company no longer originates FFELP loans. However, a significant portion of the Company's income continues to be derived from its existing FFELP student loan portfolio. Interest income on the Company's existing FFELP loan portfolio will decline over time as the portfolio is paid down. Since all FFELP loans will eventually run off, a key objective of the Company is to maximize the amount and timing of cash flow generated from its FFELP portfolio and reposition itself for the post-FFELP environment.

To reduce its reliance on interest income from FFELP loans, the Company has expanded its services and products. This expansion has been accomplished through internal growth and innovation as well as business and certain investment acquisitions. The Company is also actively expanding its private education, consumer, and other loan portfolios, or investment interests therein, and in November 2020 as part of this strategy launched Nelnet Bank. Bank in 2020. In addition, the Company has been servicing federally owned student loans for the Department since 2009.

GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments

The Company prepares its financial statements and presents its financial results in accordance with GAAP. However, it also provides additional non-GAAP financial information related to specific items management believes to be important in the evaluation of its operating results and performance. A reconciliation of the Company's GAAP net income to

Non-GAAP net income, excluding derivative market value adjustments, and a discussion of why the Company believes providing this additional information is useful to investors, is provided below.

		Year ended December 31,				
		2022	2021			
	Year ended December 31,			Year ended December 31,		
	2023			2023	2022	2021
GAAP net income attributable to Nelnet, Inc.	GAAP net income attributable to Nelnet, Inc.	$407,347	393,286			
Realized and unrealized derivative market value adjustments	Realized and unrealized derivative market value adjustments	(231,691)	(92,813)			
Tax effect (a)	Tax effect (a)	55,606	22,275			
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	$231,262	322,748			
Earnings per share:	Earnings per share:					
Earnings per share:						
Earnings per share:						
GAAP net income attributable to Nelnet, Inc.						
GAAP net income attributable to Nelnet, Inc.						
GAAP net income attributable to Nelnet, Inc.	GAAP net income attributable to Nelnet, Inc.	$ 10.83	10.20			
Realized and unrealized derivative market value adjustments	Realized and unrealized derivative market value adjustments	(6.16)	(2.41)			
Tax effect (a)	Tax effect (a)	1.48	0.58			
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	$ 6.15	8.37			

(a) The tax effects are calculated by multiplying the realized and unrealized derivative market value adjustments by the applicable statutory income tax rate.

(b) "Derivative market value adjustments" includes both the realized portion of gains and losses (corresponding to variation margin received or paid on derivative instruments that are settled daily at a central clearinghouse) and the unrealized portion of gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. "Derivative market value adjustments" does not include "derivative settlements" that represent the cash paid or received during the current period to settle with derivative instrument counterparties the economic effect of the Company's derivative instruments based on their contractual terms.

The accounting for derivatives requires that changes in the fair value of derivative instruments be recognized currently in earnings, with no fair value adjustment of the hedged item, unless specific hedge accounting criteria is met. Management has structured all of the Company's derivative transactions with the intent that each is economically effective; however, the Company's derivative instruments do not qualify for hedge accounting. accounting in the consolidated financial statements. As a result, the change in fair value of derivative instruments is reported in current period earnings with no consideration for the corresponding change in fair value of the hedged item. Under GAAP, the cumulative net realized and unrealized gain or loss caused by changes in fair values of derivatives in which the Company plans to hold to maturity will equal zero over the life of the contract. However, the net realized and unrealized gain or loss during any given reporting period fluctuates significantly from period to period.

The Company believes these point-in-time estimates of asset and liability values related to its derivative instruments that are subject to interest rate fluctuations are subject to volatility mostly due to timing and market factors beyond the control of management, and affect the period-to-period comparability of the results of operations. Accordingly, the Company's management utilizes operating results excluding these items for comparability purposes when making decisions regarding the Company's performance and in presentations with credit rating agencies, lenders, and investors. Consequently, the Company reports this non-GAAP information because the Company believes that it provides additional information regarding operational and performance indicators that are closely assessed by management. There is no comprehensive, authoritative guidance for the presentation of such non-GAAP information, which is only meant to supplement GAAP results by providing additional information that management utilizes to assess performance.

Operating Segments

The Company's reportable operating segments are described in note 1 of the notes to consolidated financial statements included in this report. They include:

- Loan Servicing and Systems (LSS) - referred to as Nelnet Diversified Services (NDS), which includes the operations of Nelnet Servicing and Great Lakes
- Education Technology Services and Payment Processing (ETS&PP) Payments (ETSP) - referred to as Nelnet Business Services (NBS)
- Asset Generation and Management (AGM), part of the Nelnet Financial Services (NFS) division
- Nelnet Bank,
- Communications part of the NFS division

The Company earns fee-based revenue through its NDS and NBS reportable operating segments. The Company earns net interest income on its loan portfolio, consisting primarily of FFELP loans, in its AGM reportable operating segment. This segment is expected to generate significant amounts of cash as the FFELP portfolio amortizes. The Company actively works to maximize the amount and timing of cash flows generated from its FFELP portfolio and seeks to acquire additional loan assets to leverage its servicing scale and expertise to generate incremental earnings and cash flow.

On November 2, 2020, the Company obtained final approval for federal deposit insurance from the Federal Deposit Insurance Corporation (FDIC) and for a bank charter from the Utah Department of Financial Institutions (UDFI) in connection with the establishment of Nelnet Bank, and Nelnet Bank launched operations. Nelnet Bank operates as an internet industrial bank franchise focused on the private education and unsecured consumer loan markets, with a home office in Salt Lake City, Utah.

Further, The Company formally established the Company earned revenue Nelnet Financial Services division in 2023 intended to focus on the Company's key objective to maximize the amount and timing of cash flows generated from its former Communications reportable FFELP portfolio and reposition itself for the post-FFELP environment by expanding its private education, consumer, and other loan portfolios.

The creation of NFS resulted in financial results grouped and reported differently to the Company's chief operating segment through ALLO, formerly a majority-owned subsidiary decision maker. In addition to AGM and Nelnet Bank being part of the Company prior to a recapitalization NFS division, NFS's other operating segments that are not reportable (that were previously included in Corporate and Other Activities) include:

- The operating results of ALLO resulting in Whitetail Rock Capital Management, LLC (WRCM), the deconsolidation Company's U.S. Securities and Exchange Commission (SEC)-registered investment advisor subsidiary
- The operating results of ALLO from Nelnet Insurance Services, which primarily includes multiple reinsurance treaties on property and causality policies
- The operating results of the Company's financial statements on December 21, 2020. investment activities in real estate
- The recapitalization operating results of ALLO was not considered a strategic shift in the Company's involvement with ALLO, investment debt securities (primarily student loan and ALLO's results of operations, prior other asset-backed securities) and interest expense incurred on debt used to the deconsolidation, are presented by the Company in its former Communications reportable operating segment. finance such investments

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities ("Corporate"). Corporate also includes income earned on the majority of the Company's investments, interest expense incurred on unsecured and other corporate related debt transactions, and certain shared following items:

- Shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These shared services costs are allocated to each operating segment based on estimated use of such activities and services. In addition, services
- Corporate includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs. costs
- The operating results of Nelnet Renewable Energy, which include solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development
- The operating results of certain of the Company's investment activities, including its investment in ALLO and early-stage and emerging growth companies (venture capital investments)
- Interest income earned on cash balances held at the corporate level and interest expense incurred on unsecured corporate related debt transactions
- Other product and service offerings that are not considered reportable operating segments

The information below provides following table presents the operating results (net income (loss) before taxes) for each of the Company's reportable and certain other operating segments reconciled to the consolidated financial statements.

	Year ended December 31,

		2023	2022	2021
NDS	$	77,714	64,456	62,445
NBS		91,101	74,105	72,713
Nelnet Financial Services division:				
AGM		80,636	454,725	423,616
Nelnet Bank		(368)	4,357	(792)
NFS Other Operating Segments		50,872	51,502	43,123
Corporate:				
Unallocated corporate costs		(63,223)	(72,183)	(72,673)
Nelnet Renewable Energy		(108,991)	(11,639)	(12,029)
ALLO investment		(57,972)	(65,245)	(35,123)
Venture capital investments		(6,008)	12,449	23,256
Other corporate activities		10,428	(3,065)	(2,431)
Net income before taxes		74,188	509,465	502,105
Income tax expense		(19,753)	(113,224)	(115,822)
Net loss attributable to noncontrolling interests (a)		37,097	11,106	7,003
Net income	$	91,532	407,347	393,286

(a) For the periods presented, the majority of noncontrolling interests represents losses attributed to noncontrolling membership interests in the Company's Nelnet Renewable Energy operating segment, which were $37.6 million, $11.6 million, and Corporate $7.7 million in 2023, 2022, and Other Activities 2021, respectively.

2023 Operating and Liquidity Highlights

See below for a summary of (i) certain highlights of the years ended December 31, 2022 Company's 2023 operating results; (ii) a description of significant and/or unusual events and 2021. transactions in 2023 that impacted and may potentially impact the Company's operating results; and (iii) a summary of the Company's current liquidity, including certain items that impacted the Company's liquidity in 2023. See "Results of Operations" for each reportable operating segment, the NFS division, and Corporate and Other Activities and "Liquidity and Capital Resources" under this Item 7 for additional detail.

	Year ended December 31,			Certain Items Impacting Comparability (All dollar amounts below are pre-tax)
		2022	2021	
NDS	$	64,456	62,445	• The recognition of $5.5 million of non-cash impairment charges in 2022 compared with $13.2 million in 2021, due primarily to continued evaluation of office space needs as employees continue to work from home due to COVID-19. • Decrease in operating margin in 2022 compared with 2021 due to increased operating expenses in 2022, primarily salaries and benefits, as the Company hired employees in preparation for the resumption of federal student loan payments once the CARES Act suspension was to expire. The expiration of the CARES Act was extended multiple times throughout 2022.
NBS		74,105	72,713	• The recognition of $9.4 million of interest income in 2022 compared with $1.1 million in 2021 due to higher interest rates. • The recognition of a $2.2 million non-cash impairment charge in 2022 related to previously acquired computer software. • Decrease in operating margin in 2022 compared with 2021 due to additional investments during 2022 in the development of new services and technologies; and superior customer experiences to grow, retain, and diversify revenue.
AGM		454,725	423,616	• A net gain of $231.7 million related to changes in the fair value of derivative instruments that do not qualify for hedge accounting in 2022 compared with a gain of $92.8 million in 2021. • A decrease of $46.3 million in net interest income due to the decrease in the average balance of loans in 2022 compared with 2021. • An increase of $27.1 million in net interest income due to an increase in core loan spread in 2022 compared with 2021. • A decrease of $23.8 million in interest expense in 2021 as a result of the Company reversing a historical accrued interest liability on certain bonds, which liability the Company determined is no longer probable of being required to be paid. • An increase of $8.4 million in interest income in 2022 compared with a $6.2 million decrease to interest income in 2021, as a result of increasing the constant prepayment rate used to amortize/accrete federally insured loan premium/discounts for loans. • The recognition of $44.6 million in provision for loan losses in 2022 compared with a negative provision of $13.2 million in 2021. • The recognition of a $32.9 million gain in 2021 related to the Company's joint venture to acquire a private education student loan portfolio previously owned by Wells Fargo. • The recognition of $10.8 million in borrower late fees in 2022 compared with $3.4 million in 2021. • The recognition of $9.9 million in interest income on restricted cash in 2022 compared with $0.1 million in 2021 due to an increase in the balance of restricted cash and interest rates. • The recognition of $7.9 million in administration and sponsor fee income in 2022 compared with $3.7 million in 2021. • The recognition of $2.9 million in gains from the sale of loans in 2022 compared with $18.7 million in 2021. • The recognition of a $1.2 million gain in 2022 from the repurchase of debt compared with a loss of $6.8 million in 2021.

Nelnet Bank	4,357	(792)	• Increase in 2022 compared with 2021 was due to an increase in loans and investments, offset by increased operating expenses to support the bank's growth.
Corporate	(88,180)	(55,875)	• The recognition of a net loss of $68.0 million in 2022 related to the Company's investment in ALLO compared with a net loss of $42.1 million in 2021. • The recognition of $12.9 million of non-cash impairment and contingency charges in 2022 compared with $5.6 million in 2021. Impairment charges were primarily due to certain venture capital investments.
Net income before taxes	509,465	502,105	
Income tax expense	(113,224)	(115,822)	
Net loss attributable to noncontrolling interests	11,106	7,003	
Net income	$ 407,347	393,286	

Loan Servicing and Systems

Effective April 1, 2023, the Department modified the loan servicing contract between the Department and Nelnet Servicing to reduce the monthly fee under the servicing contract by $0.19 per borrower. In addition, beginning in the second quarter of 2023, the Department transferred one million of the Company's existing Department servicing borrowers to another third-party servicer. These items negatively impacted LSS's government servicing revenue in 2023.

In the first quarter of 2023, the Company reduced staff to manage expenses due to (i) the delays in the government's student debt relief and return to repayment programs under the CARES Act, (ii) the April 2023 monthly fee reduction on the government contract, and (iii) the transfer of government borrowers from the Company to another servicer. The staff reductions resulted in salaries and benefits expense being reduced in 2023 as compared with 2022. In 2022, the Company was fully staffed in preparation of the expiration of the student loan payment pause under the CARES Act. In August 2023, the Company began to hire additional associates to support borrowers returning to repayment on September 1, 2023.

In April 2023, the Company and four other third-party servicers were awarded servicing contracts to provide continued servicing for the Department under a new Unified Servicing and Data Solutions (USDS) contract which will replace the existing Department student loans servicing contracts. The Company's new contract has a five year base period, with 5 years of possible extensions. The new USDS servicing contracts have multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contract is primarily based on borrower status. Assuming borrower volume remains consistent under the USDS servicing contract, the Company expects revenue earned on a per borrower blended basis will decrease under the USDS contract versus the current legacy contract.

Education Technology Services and Payments

Education technology services and payments revenue grew to $463.3 million in 2023. The growth was from existing and new customers. Operating margin decreased from recent historical periods as a result of continued investments in the development of new services and technologies and superior customer service. Due to an increase in interest rates, the Company recognized $27.0 million in interest income on tuition funds held in custody for schools, an increase from $9.4 million in 2022.

Asset Generation and Management

Net interest income was negatively impacted in 2023 due to the expected continued amortization of the Company's FFELP student loan portfolio. The average balance of student loans decreased $2.7 billion from $16.0 billion in 2022 to $13.3 billion in 2023. Since late 2021, the Company has experienced accelerated run-off of its FFELP portfolio due to initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness, income-driven repayment plans, and other programs. Interest income was also negatively impacted by an increase in interest rates. As a result of an increase in interest rates, gross fixed rate floor income recognized by the Company was only $2.2 million in 2023 compared with $57.4 million in 2022. Based on current interest rates, the Company does not anticipate earning a significant amount of fixed rate floor income in the foreseeable future.

In the second quarter of 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of $25.9 million in interest expense from the write-off of the remaining unamortized debt discount associated with these bonds at the time of redemption.

Nelnet Renewable Energy

Nelnet Renewable Energy includes solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development. During 2023, the Company invested a total of $185.1 million (which included $94.5 million syndicated to third-party investors) in solar tax equity investments. Due to the management and control of each of these investment partnerships, such partnerships that invest in tax equity investments are consolidated on the Company's consolidated financial statements, with the co-investor's portion being presented as noncontrolling interests. Included in the Company's operating results is the Company's share of income or loss from solar investments accounted for under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. Nelnet Renewable Energy recognized pre-tax losses on its tax equity investments of $46.7 million in 2023, which includes $26.4 million attributable to noncontrolling interests.

In periods in which the Company makes significant investments in solar tax equity investments, operating results are negatively impacted due to the accelerated losses recognized in the initial years of investment. However, given the timing and amount of cash flows expected to be generated over the life of these investments, the Company considers these investments a good use of capital. Through December 31, 2023, the Company has recognized cumulative pre-tax losses (excluding noncontrolling interests) of approximately $56 million on its tax equity investments. The Company expects its current investments (assuming no additional investments are made subsequent to December 31, 2023) to generate approximately $78 million of pre-tax earnings (excluding noncontrolling interests) over the life of the investments. Accordingly, the Company expects to recognize approximately $134 million in pre-tax income (excluding noncontrolling interests) over the remaining years of its current investments.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. Accordingly, the Company has begun to execute a multi-faceted approach to construct, finance, own, and operate these assets. As part of this strategy, on July 1, 2022, the Company acquired 80% of GRNE Solar, a solar construction company that provides full-service engineering, procurement, and construction (EPC) services to residential homes and commercial entities. Since the acquisition of GRNE, it has incurred low and, in some cases, negative margins on certain projects. In addition, higher interest rates reduced residential demand and made community solar projects more costly. GRNE Solar recognized a net loss of $34.2 million in 2023. In the fourth quarter of 2023, the Company recognized an impairment charge of $20.6 million related to goodwill and certain intangible assets initially recognized from the GRNE Solar acquisition. Due to the complexity and long-term nature of GRNE's existing construction contracts, GRNE may continue to incur low and/or negative margins to complete projects currently under contract.

Investments - ALLO and Hudl

The Company has a 45% voting membership interests in ALLO. The Company accounts for its ALLO voting membership interests investment under the HLBV method of accounting that resulted in the recognition of a net loss of $65.3 million during 2023. As of December 31, 2023, the carrying amount of the Company's investment in ALLO was $10.7 million. The Company expects to fully expense the remaining investment balance of ALLO during the first quarter of 2024.

The Company has an investment in Agile Sports Technologies, Inc. (doing business as "Hudl.") During the first quarter of 2023, the Company acquired additional ownership interests in Hudl for $31.5 million from existing Hudl investors. This transaction was not considered an observable market transaction (not orderly) because it was not subject to customary marketing activities. Accordingly, the Company did not adjust its carrying value of its Hudl investment to the transaction value. As of December 31, 2023, the carrying amount of the Company's investment in Hudl is $165.5 million.

Certain investments, including solar tax equity, ALLO, and Hudl, may be recorded at a carrying value that is less than its market value due to HLBV (solar investments and ALLO) and the measurement alternative (Hudl) method of accounting. Future operating results of solar and ALLO or an observable transaction of Hudl could impact the valuation on our financial statements or our investments in them and may result in significant fluctuations of the Company's earnings.

Liquidity

The Company had a significant portfolio of derivative instruments, in which the Company paid a fixed rate and received a floating rate to economically hedge loans earning fixed rate floor income. On March 15, 2023, to minimize the Company's exposure to market volatility and increase liquidity, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income and retained the $183.2 million of cash (representing the termination date fair value of the derivatives) from its clearinghouse.

As of December 31, 2023, the Company had $740.0 million of unencumbered cash and investments. In addition, the Company has a $495.0 million unsecured line of credit that matures in September 2026. No amounts were outstanding on the line of credit as of December 31, 2023. In addition, as of December 31, 2023, the Company expects to generate future undiscounted cash flows from its AGM loan portfolio of approximately $1.30 billion, including approximately $850.0 million in the next five years.

The Company intends to use its liquidity position to capitalize on market opportunities, including FFELP, private education, consumer, and other loan acquisitions (or investment interests therein); strategic acquisitions and investments; and capital management initiatives, including stock repurchases, debt repurchases, and dividend distributions. The timing and size of these opportunities will vary and will have a direct impact on the Company's cash and investment balances.

CONSOLIDATED RESULTS OF OPERATIONS

An analysis of the Company's consolidated operating results for the year years ended December 31, 2022 compared with December 31, 2023, 2022, and 2021 is provided below.

The Company's operating results are primarily driven by the performance of its existing loan portfolio and the revenues generated by its fee-based businesses and the costs to provide such services. The performance of the Company's portfolio is driven by net interest income (which includes financing costs) and losses related to credit quality of the assets, along with the cost to administer and service the assets and related debt.

The Company operates as distinct reportable operating segments as described above. For a reconciliation of the reportable segment operating results to the consolidated results of operations, see note 17 16 of the notes to consolidated financial statements included in this report. Since the Company monitors and assesses its operations and results based on these segments, the discussion following the consolidated results of operations is presented on a reportable segment basis.

	Year ended December 31, 2022	Year ended December 31, 2021	Additional information
Loan interest	$ 651,205	482,337	Increase was due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans and in gross fixed rate floor income.
Investment interest	91,601	41,498	Includes income from unrestricted interest-earning deposits and investments and funds in asset-backed securitizations. Increase was due to an increase in interest earning investments and an increase in interest rates in 2022 compared with 2021.
Total interest income	742,806	523,835	
Interest expense	430,137	176,233	Increase was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the first quarter of 2021, the Company reduced interest expense by $23.8 million as a result of reversing a historical accrued interest liability on certain bonds, which liability the Company determined is no longer probable of being required to be paid. The liability was initially recorded when certain asset-backed securitizations were acquired in 2011 and 2013.
Net interest income	312,669	347,602	
Less provision (negative provision) for loan losses	46,441	(12,426)	Represents the current period provision (negative provision) to reflect the lifetime expected credit losses related to the Company's loan portfolio. See note 4 of the notes to consolidated financial statements in this report for the activity in the Company's allowance for loan losses.
Net interest income after provision for loan losses	266,228	360,028	
Other income (expense):			
LSS revenue	535,459	486,363	See LSS operating segment - results of operations.
ETS&PP revenue	408,543	338,234	See ETS&PP operating segment - results of operations.
Solar construction revenue	24,543	—	On July 1, 2022, the Company acquired 80% of the ownership interests of GRNE Solar. GRNE Solar designs and installs residential, commercial, and utility-scale solar systems. The acquisition diversifies the Company's position in the renewable energy space to include solar construction.
Other, net	25,486	78,681	See table below for components of "other."
Gain on sale of loans, net	2,903	18,715	The Company sold $167.0 million (par value) and $101.1 million (par value) of consumer and other loans to unrelated third parties in 2022 and 2021, respectively, and recognized net gains from such sales.

Impairment expense and provision for beneficial interests, net	(15,523)	(16,360)	The Company continues to evaluate the use of office space as a large number of employees continue to work from home due to COVID-19. As a result of this evaluation, the Company recorded a non-cash impairment charge on certain building and lease assets of $2.8 million and $14.2 million in 2022 and 2021, respectively. In addition, the Company recognized non-cash impairment charges on certain venture capital investments of $6.6 million and $4.6 million during 2022 and 2021, respectively. The Company also recognized non-cash impairment charges of $6.2 million in 2022 related to internally developed and purchased software.
Derivative settlements, net	32,943	(21,367)	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income. See AGM operating segment - results of operations.
Derivative market value adjustments, net	231,691	92,813	Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments were related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps.
Total other income (expense)	1,246,045	977,079	

	Year ended December 31,			
	2023	2022	2021	Additional information
Loan interest	$ 931,945	651,205	482,337	Increases due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans and in gross fixed rate floor income.
Investment interest	177,855	91,601	41,498	Includes income from unrestricted interest-earning deposits and investments in asset-backed securitizations. Increases due to an increase in interest earning investments and an increase in interest rates.
Total interest income	1,109,800	742,806	523,835	
Interest expense	845,091	430,137	176,233	Increases due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of a $25.9 million non-cash expense from the write-off of the remaining debt discount associated with these bonds at the time of redemption. In 2021, the Company reduced interest expense by $23.8 million as a result of reversing a historical accrued interest liability on certain bonds, which liability the Company determined is no longer probable of being required to be paid. The liability was initially recorded when certain asset-backed securitizations were acquired in 2011 and 2013.
Net interest income	264,709	312,669	347,602	
Less provision (negative provision) for loan losses	65,450	46,441	(12,426)	Represents the current period provision (negative provision) to reflect the lifetime expected credit losses related to the Company's loan portfolio. See note 3 of the notes to consolidated financial statements in this report for the factors impacting provision for loan losses for the periods presented.

Cost of services:			
Cost to provide education technology, services, and payment processing services	148,403	108,660	Represents direct costs to provide payment processing and instructional services in the ETS&PP operating segment. Increase in 2022 compared with 2021 was primarily due to additional instructional services costs. See ETS&PP operating segment - results of operations.
Cost to provide solar construction services	19,971	—	As noted above, the Company acquired GRNE Solar on July 1, 2022. These amounts represent direct costs related to GRNE providing solar construction services.
Total cost of services	168,374	108,660	
Operating expenses:			
Salaries and benefits	589,579	507,132	Increase was due to an increase in headcount in the (i) LSS operating segment as the Company has been required to prepare for the resumption of federal student loan payments upon the expiration of the CARES Act borrower relief provisions, which have been extended several times throughout 2022; and (ii) ETS&PP operating segment to support the growth of its customer base and the investment in the development of new technologies.
Depreciation and amortization	74,077	73,741	Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions.
Other expenses	170,778	145,469	Other expense includes expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, and certain information technology-related costs. Increase was due to (i) an increase in expenses in the LSS operating segment due to growth of borrowers under the government servicing contracts; and (ii) an increase in expenses in the ETS&PP operating segment due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies, and an increase in costs for travel and in-person hosted conferences that subsided in 2021 due to the COVID-19 pandemic.
Total operating expenses	834,434	726,342	
Income before income taxes	509,465	502,105	

Income tax expense	113,224	115,822	The effective tax rate was 21.75% and 22.75% for 2022 and 2021, respectively. The Company expects its future effective tax rate will range between 22% and 24%.
Net income	396,241	386,283	
Net loss attributable to noncontrolling interests	11,106	7,003	Amounts for noncontrolling interests reflect the net income/loss attributable to the holders of noncontrolling membership interests in WRCM, NextGen, multiple solar entities including, GRNE Solar, and multiple entities investing in federal opportunity zone programs.
Net income attributable to Nelnet, Inc.	$ 407,347	393,286	
Additional information:			
Net income attributable to Nelnet, Inc.	$ 407,347	393,286	See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.
Derivative market value adjustments, net	(231,691)	(92,813)	
Tax effect	55,606	22,275	
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments	$ 231,262	$ 322,748	

Net interest income after provision for loan losses	199,259	266,228	360,028	
Other income (expense):				
LSS revenue	517,954	535,459	486,363	See LSS operating segment - results of operations.
ETSP revenue	463,311	408,543	338,234	See ETSP operating segment - results of operations.
Solar construction revenue	31,669	24,543	—	On July 1, 2022, the Company acquired 80% of the ownership interests of GRNE Solar. GRNE Solar designs and installs residential and commercial solar systems. The acquisition diversified the Company's position in the renewable energy space to include solar construction.
Other, net	(48,787)	25,486	78,681	See table below for components of "other, net."
Gain on sale of loans, net	39,673	2,903	18,715	Represents net gains recognized from selling portfolios of loans. See note 3 of the notes to consolidated financial statements in this report for additional information.
Impairment expense	(31,925)	(15,523)	(16,360)	Represents impairment charges recognized by the Company. See note 11 of the notes to consolidated financial statements in this report for identification of impairment by asset type and reportable segment.
Derivative settlements, net	25,072	32,943	(21,367)	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income. The majority of derivative settlements received (paid) by the Company during the periods presented was from the Company's derivatives used to hedge loans earning fixed rate floor income. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023.
Derivative market value adjustments, net	(41,773)	231,691	92,813	Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented were related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023. As such, the Company expects the derivative market value adjustments in future periods will be less substantial.
Total other income (expense), net	955,194	1,246,045	977,079	
Cost of services:				
Cost to provide education technology services and payments	171,183	148,403	108,660	Represents direct costs to provide payment processing and instructional services in ETSP. Increases were primarily due to additional instructional services costs. See ETSP operating segment - results of operations.
Cost to provide solar construction services	48,576	19,971	—	As noted above, the Company acquired GRNE Solar on July 1, 2022. These amounts represent direct costs related to GRNE providing solar construction services. Since the acquisition of GRNE, it has incurred low and, in some cases, negative margins on certain projects.
Total cost of services	219,759	168,374	108,660	
Operating expenses:				
Salaries and benefits	591,537	589,579	507,132	Increase was primarily due to an increase in headcount in ETSP to support the growth of its customer base and the investment in the development of new technologies. In 2023, increase was partially offset by staff reductions in LSS in the first two quarters of 2023 to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for the Department servicing contract. In August 2023, LSS began to hire additional associates to support borrowers returning to repayment. In 2022, increase in salaries and benefits was driven by more associates at LSS as the Company had been required to prepare for the resumption of federal student loan payments upon the expiration of the CARES Act borrower relief provisions, which was extended several times throughout 2022.
Depreciation and amortization	79,118	74,077	73,741	Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions.

Other expenses	189,851	170,778	145,469	Other expense includes expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, reinsurance loss reserve and acquisition costs, and certain information technology-related costs. Increase was due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies and an increase in costs for travel and in-person hosted conferences that had previously subsided due to the COVID-19 pandemic in the ETSP operating segment. In addition, increase in 2023 was due to an increase in reinsurance volume in the NFS division. Increase in 2022 compared with 2021 was also due to additional costs associated with the growth of borrowers under the government servicing contracts in the LSS operating segment.
Total operating expenses	860,506	834,434	726,342	

Income before income taxes	74,188	509,465	502,105	
Income tax expense	19,753	113,224	115,822	The effective tax rate was 17.75%, 21.75%, and 22.75% for 2023, 2022, and 2021, respectively. The decrease in the effective tax rate in 2023 was due to a reduction in the dollar amounts of uncertain tax positions and recognized state tax incentives relative to the smaller amount of income before income taxes. The Company expects its future effective tax rate will range between 21% and 24%.
Net income	54,435	396,241	386,283	
Net loss attributable to noncontrolling interests	37,097	11,106	7,003	Amounts for noncontrolling interests reflect the net income/loss attributable to the holders of noncontrolling membership interests in WRCM, NextGen, multiple solar entities (including GRNE Solar), and multiple entities investing in federal opportunity zone programs.
Net income attributable to Nelnet, Inc.	$ 91,532	407,347	393,286	
Additional information:				
Net income attributable to Nelnet, Inc.	$ 91,532	407,347	393,286	See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.
Derivative market value adjustments, net	41,773	(231,691)	(92,813)	
Tax effect	(10,026)	55,606	22,275	
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments	$ 123,279	231,262	322,748	

The following table summarizes the components of "other, net" in "other income (expense)."

	Year ended December 31,		
	2022	**2021**	**Additional information**
Income/gains from investments, net	$51,552	91,593	See Corporate - results of operations and note (a) below for additional information.
Borrower late fee income	10,809	3,444	See AGM operating segment - results of operations.

		Year ended December 31,								
		2023		**2022**			**2021**		**Additional information**	
Reinsurance premiums	Reinsurance premiums	$20,067		157			—		See NFS division - results of operations - NFS other operating segments.	
ALLO preferred return	ALLO preferred return	9,120		8,584			8,427		See Corporate - results of operations.	
Borrower late fee income	Borrower late fee income	8,997	10,809	10,809	3,444		3,444	See NFS division - results of operations - AGM operating segment.		See NFS division - results of operations - AGM operating segment.

ALLO preferred return		8,584	8,427	See Corporate - results of operations.										
Administration/sponsor fee income	Administration/sponsor fee income	7,898	3,656	See AGM operating segment - results of operations.	Administration/sponsor fee income	6,793	7,898	7,898	3,656		3,656	See NFS division - results of operations - AGM operating segment.		See NFS division - results of operations - AGM operating segment.
Investment advisory services		6,026	7,773	See Corporate - results of operations.										
Investment advisory services (WRCM)					Investment advisory services (WRCM)	6,760		6,026		7,773			See NFS division - results of operations - NFS other operating segments.	
Management fee revenue	Management fee revenue	2,543	3,307	See LSS operating segment - results of operations.	Management fee revenue	2,587	2,543	2,543	3,307		3,307	See LSS operating segment - results of operations.		See LSS operating segment - results of operations.
Loss from ALLO voting membership interest investment	Loss from ALLO voting membership interest investment	(67,966)	(42,148)	See Corporate - results of operations.	Loss from ALLO voting membership interest investment	(65,277)	(67,966)	(67,966)	(42,148)		(42,148)	See Corporate - results of operations.		See Corporate - results of operations.
Loss from solar investments	Loss from solar investments	(9,479)	(10,132)	See Corporate - results of operations.	Loss from solar investments	(46,702)	(9,479)	(9,479)	(10,132)		(10,132)	See Corporate - results of operations.		See Corporate - results of operations.
Investment activity, net					Investment activity, net	(8,586)		51,493		91,593			See note (a) below for additional information.	
Other	Other	15,519	12,761											
Other, net	Other, net	$25,486	78,681											
Other, net														
Other, net														

(a) During 2022, the The Company recognized net investment income and gains of $51.6 million, including $24.2 million from venture capital investments ($22.3 million recognized in Corporate), $26.6 million related to real estate investments, and $0.8 million related to investments in asset-backed securities (bonds) and marketable equity securities (a loss of $1.3 million recognized in Corporate).

Included in the 2022 venture capital gains, the Company recognized a $15.2 million gain during the second quarter of 2022 as a result of the revaluation of its previously held 50% ownership interests in NextGen. See note 8 of the notes to the consolidated financial statements included in this report for additional information.

During 2021, the Company recognized net investment income and gains of $91.6 million, including $32.9 million from the Company's joint venture to acquire a private education student loan portfolio previously owned by Wells Fargo (included in the AGM operating segment), $28.8 million from venture capital investments, $22.3 million related to real estate investments, and $7.6 million related to investments in asset-backed securities (bonds) and marketable equity securities ($6.6 million recognized in Corporate).

As the Company expects its investment portfolio will continue to grow, the Company also anticipates fluctuations in future periodic earnings resulting from investment sales and valuation adjustments from time to time. adjustments. Investment activity by operating segment and investment type follows:

		Real Estate	Venture Capital and Funds	Equity / Bonds	Total
	Year ended December 31, 2023				
NFS - AGM	$	—	(4,303)	(219)	(4,522)
NFS - Nelnet Bank		—	(229)	1,147	918
NFS - Other Operating Segments		439	—	(2,544)	(2,105)
Corporate		—	(2,640)	(237)	(2,877)
	$	439	(7,172)	(1,853)	(8,586)
	Year ended December 31, 2022				
NFS - AGM	$	—	1,196	—	1,196
NFS - Nelnet Bank		—	707	1,869	2,576
NFS - Other Operating Segments		28,702	—	(790)	27,912
Corporate		—	19,809	—	19,809

	$ 28,702	21,712	1,079	51,493
	Year ended December 31, 2021			
NFS - AGM	$ —	32,884	1,025	33,909
NFS - Nelnet Bank	—	(79)	783	704
NFS - Other Operating Segments	21,551	—	6,730	28,281
Corporate	—	28,750	(51)	28,699
	$ 21,551	61,555	8,487	91,593

LOAN SERVICING AND SYSTEMS OPERATING SEGMENT – RESULTS OF OPERATIONS

Loan Servicing Volumes

		As of								
		December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
	December 31, 2023	As of								
Servicing volume (dollars in millions):	**Servicing volume (dollars in millions):**									
Government										
Government										
Government	Government	$ 443,248	453,681	452,450	461,054	478,402	507,653	542,398	545,546	545,373
FFELP	FFELP	30,763	30,084	29,361	28,244	26,916	25,646	24,224	22,412	20,226
Private and consumer	Private and consumer	16,226	21,397	24,758	24,229	23,702	23,433	22,838	22,461	21,866
Total	Total	$ 490,237	505,162	506,569	513,527	529,020	556,732	589,460	590,419	587,465
Number of servicing borrowers:	**Number of servicing borrowers:**									
Number of servicing borrowers:										
Number of servicing borrowers:										
Government										
Government										
Government	Government	13,251,930	13,301,364	13,253,051	13,570,056	14,196,520	14,727,860	15,426,607	15,657,942	15,777,328
FFELP	FFELP	1,300,677	1,233,461	1,198,863	1,150,214	1,092,066	1,034,913	977,785	910,188	829,939
Private and consumer	Private and consumer	636,136	882,477	1,039,537	1,097,252	1,065,439	1,030,863	998,454	979,816	951,866
Total	Total	15,188,743	15,417,302	15,491,451	15,817,522	16,354,025	16,793,636	17,402,846	17,547,946	17,559,133
Number of remote hosted borrowers:	Number of remote hosted borrowers:	6,555,841	4,307,342	4,338,570	4,548,541	4,799,368	5,487,943	5,738,381	6,025,377	6,135,760
Number of remote hosted borrowers:										
Number of remote hosted borrowers:										

As of								
December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021

Government Loan Servicing

The Company's student loan servicing contracts with the Department are scheduled to expire on December 14, 2023. In 2017, the Department initiated a contract procurement process referred to as the Next Generation Financial Services Environment for a new framework for the servicing of all student loans owned by the Department. The Consolidated Appropriations Act, 2021 contains provisions directing certain aspects of the process, including that any new federal student loan servicing environment is required to provide for the participation of multiple student loan servicers and the allocation of borrower accounts to eligible student loan servicers based on performance. In the second quarter of 2022, the

Department released a solicitation entitled Unified Servicing and Data Solution (USDS) for the new servicing framework. The Company responded to the USDS solicitation. The Company cannot predict the timing, nature, or ultimate outcome of this or any other contract procurement process by the Department. If the Company's servicing contracts are not extended beyond the current expiration date, or the Company is not chosen as a subsequent servicer, loan servicing revenue would decrease significantly. If the terms and requirements under a potential new contract with the Department are less favorable than under our current contracts, loan servicing revenue and/or operating margins could be adversely impacted. In addition, if any current or future Department servicing contracts become subject to unfavorable modifications or interpretations by the Department, including adverse pricing changes, servicing revenue would be negatively impacted and could result in potential restructuring charges that may be necessary to re-align the Company's cost structure with the Company's servicing operations. For example, due to a lack of Federal government appropriations, the Department may modify its cost under existing contracts with its servicers, and such modifications could adversely impact the Company's servicing revenue and operating results.

Nelnet Servicing and Great Lakes are two is one of the current six four private sector entities that have student loan servicing contracts with the Department to service loans that include Federal Direct Loan Program loans originated directly by the Department and FFEL Program loans purchased by the Department. The Company also earned remote hosted servicing revenue by licensing software to certain third-party servicers for the Department.

Contract Modifications and Award

Effective April 1, 2023, the Department modified the student loan servicing contract between the Department and Nelnet Servicing (the "servicing contract") to reduce the monthly fee under the servicing contract by $0.19 per borrower on certain borrower statuses.

The Company's current student loan servicing contract with the Department was scheduled to expire on December 14, 2023. In April 2023, the Company received a contract award from the Department, pursuant to which it was selected to provide continued servicing capabilities for the Department's student aid recipients under a new contract which will replace the existing legacy Department student loan servicing contract.

The New Government Servicing Contract is effective April 24, 2023 and has a five year base period, with 2 two-year and 1 one-year possible extensions. The Department's total loan servicing volume of more than 40 million existing borrowers will be allocated by the Department to Nelnet Servicing and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, Nelnet Servicing immediately began to make required servicing platform enhancements, for which it will be compensated from the Department on certain of these investments. Until servicing under the USDS contract goes live, which is anticipated to be in April 2024, the Company will continue to earn revenue for servicing borrowers under its current legacy servicing contract with the Department.

The new USDS servicing contract has multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contract is primarily based on borrower status. Assuming borrower volume remains consistent under the USDS servicing contract, the Company expects revenue earned on a per borrower blended basis will decrease under the USDS contract versus the current legacy contract. However, consistent with the current legacy contract, the Company expects to earn additional revenue from the Department under the USDS servicing contract for change requests and other support services. As discussed below, during the second quarter of 2023, the Company completed the transfer of Great Lakes direct loan servicing volume to the Nelnet servicing platform. The associated cost savings with moving government borrowers to one servicing platform is expected to be partially offset under the USDS contract as the Company will incur additional costs for cybersecurity and other system specifications as required under the new contract.

Loan Volume Transfers - Full Service Borrowers

In July 2021, the Pennsylvania Higher Education Assistance Agency (PHEAA) announced its exit from the federal student loan servicing business. All applicable student loans serviced for the Department by PHEAA were transferred to successor servicers. At the time of this announcement, PHEAA serviced approximately 8.5 million borrowers under its contract. As of December 31, 2021 and 2022, approximately 603,000 and 1,910,000 PHEAA borrowers, respectively, have been transitioned were transferred from PHEAA to the Company's platform. In addition, over this same time period, PHEAA borrowers were transferred to other servicers that to which the Company provides provided its servicing system (remote hosted servicing customers).

In February 2023, the Department notified the Company of its intention to transfer up to one million of the Company's existing Department servicing borrowers to another third-party servicer. This has increased transfer decision was not based on the number of remote hosted borrowers as reflected Company's performance. These transfers began in the table above. second quarter of 2023 and were completed in July 2023.

In addition, the New Hampshire Higher Education Association Foundation Network ("Granite State") exited Company completed the federal student transfer of active borrowers of Great Lakes direct loan servicing business volume to the Nelnet servicing platform (the GreatNet Federal servicing platform) during the second quarter of 2023. The decommissioning of the Great Lakes' platform was completed in 2021. Granite State's the fourth quarter of 2023 and potential associated cost savings as a result of transferring direct loan servicing volume to one platform are expected to be realized in operating results towards the end of approximately 1.3 million borrowers was transitioned to 2024.

Loan Volume Transfers - Remote Hosted Servicing Borrowers

Edfinancial Services, LLC ("Edfinancial"), a current servicer for the Department, during the third and fourth quarters of 2021. Edfinancial utilizes utilized Nelnet Servicing's platform to service their loans for the Department as did Granite State prior to its exit. (remote hosted servicing customer). In the fourth quarter of 2022, Nelnet Servicing and Edfinancial reached an agreement on a decommission schedule transferring Edfinancial's direct loan servicing volume to another third-party servicing platform. As of December 31, 2022, Edfinancial was servicing 4.5 million 4.5 million borrowers for the Department on the Company's platform.

The Company began transferring Edfinancial's servicing volume to another servicing platform in the first quarter of 2023 which reduced the number of Edfinancial's borrowers serviced on the Company's platform to 3.5 million borrowers as of March 31, 2023 and 579,000 borrowers as of June 30, 2023. Edfinancial's remaining borrowers were transferred off of the Company's platform in July 2023.

In February 2023, the Department Company's other remote hosted servicing customer notified the Company of its intention to transfer up to one million borrowers of the Company's existing Department servicing borrowers to another servicer, and one of the Company's remote hosted servicing customers notified us the Department intends intended to move that customer's servicing borrowers to a different third-party servicing platform. Neither This transfer decision was based the result of this customer not being one of the servicers awarded a USDS contract. As of March 31, 2023, this remote hosted servicing customer was servicing 1.4 million borrowers for the Department on the Company's performance.

Company's platform. The Company expects majority of this volume was transferred to another third-party servicing platform during the three transfers discussed above to begin in the first second quarter of 2023, and be completed prior to the end remaining borrowers were transferred off of the CARES Act forbearance period. Company's platform in July 2023.

As a result of the transfers software services revenue for remote hosted customers and government servicing revenue will decrease in future periods as borrowers are transferred off of discussed above, the Company's platform. In addition, once all remote hosted servicing transfers are complete, there will be Company currently has no active remaining Department remote hosted servicing customers using borrowers on its platform and software services revenue will be negatively impacted in future periods. However, the Company's platform. Company has executed an agreement with a third-party servicer awarded a USDS contract to license its servicing software to such entity and the Company anticipates earning remote hosted servicing revenue from this new customer when USDS goes live, which is anticipated to be during the second quarter of 2024. The amount of revenue earned by the Company from this new customer will depend on the number of servicing borrowers allocated by the Department to the new customer. The Company does not have volume projections for the new customer at this time, however, such new volume from this customer is not expected to fully offset the loss of borrowers from lost remote hosted servicing customers.

Department of Education Debt Relief

In August 2022, the Department announced a broad based student debt relief plan that would provide targeted student debt cancellation to borrowers with loans held by the Department and that borrowers whose annual income for either 2020 or 2021 was under $125,000 (for single or married, filing separately) or under $250,000 (for married couples, filing jointly or heads of household) will be eligible for otherwise with unconditional loan cancellation in amounts of up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant. Decisions by the U.S. Courts of Appeals for the Eighth Circuit and Fifth Circuit in October 2022 and November 2022, respectively, in response to legal challenges that were initiated by other parties (not the Company) have Federal courts blocked implementation of the Department's broad based student debt relief plan. These cases have been appealed to the U.S. Supreme Court. As of the filing of this report, plan and on June 30, 2023, the Supreme Court struck down the Department's plan. While the current version of the Department's forgiveness plan has not ruled on, and been invalidated, the Department recently announced that it has begun a new rulemaking process to consider other ways to provide debt relief to borrowers. The Company cannot predict the timing, nature, or ultimate outcome of this case.

The Company cannot estimate how many borrowers meet any future potential student loan forgiveness programs as a result of the eligibility requirements and other terms and conditions for one-time debt relief under the Department's announcement. If there was a broad $10,000 or $20,000 per borrower forgiveness on all government owned loans, the Company estimates it would decrease the number of borrowers serviced (based on the borrower loan information as of December 31, 2022) by approximately 4.3 million borrowers and 7.5 million borrowers, respectively. The actual impact to the number of borrowers serviced may be less than these amounts due to annual income ceilings for borrowers to qualify for forgiveness and the impact of whether a Pell Grant was received on the amount of forgiveness for a borrower.

rulemaking process. Revenue earned under the current Department servicing contracts contract will decrease in future periods if the Department's student debt relief plan or other Department successfully implements broad based loan forgiveness is implemented. forgiveness.

The CARES Act

Under the CARES Act, beginning in March 2020, federal student loan payments and interest accruals were suspended for all borrowers that had loans owned by the Department. As a result of the CARES Act, the Company receives received less servicing revenue per borrower from the Department based on the borrower forbearance status than what was earned on such accounts prior to these provisions. On April 6, 2022, the Department extended After multiple extensions of the student loans payment pause under the CARES Act, from May 1, 2022 to August 31, 2022 the payment and interest accrual suspension ended August 31, 2023, and borrowers returned to repayment on August 24, 2022, September 1, 2023. The Company anticipates revenue per borrower from the Department extended such payment pause will increase with borrowers transitioned back to repayment under the legacy government contract from August 31, 2022 to December 31, 2022. On November 22, 2022, the Department again extended such payment pause until 60 days following the date the Department is permitted to implement the debt relief program or the litigation initiated by other parties is resolved. If the debt relief program has not been implemented and the litigation has not been resolved by June 30, 2023, borrower forbearances will end 60 days after June 30, 2023, and payments will resume within 60 days after that (on or before October 28, 2023). Prior to the April 2022 extension (during CARES Act levels.

During the fourth quarter of 2021 and first quarter of 2022), 2022, the Company earned additional revenue from the Department based on incremental work, including outbound engagement, being performed by the Company to support the anticipated Department borrowers coming out of forbearance. Effective May 1, 2022, the Department increased the monthly per borrower CARES Act forbearance rate paid to its servicers to compensate them for supplemental outreach to certain borrowers and to support the transition of borrowers back to repayment. Once borrowers transition back Effective April 1, 2023, the Department decreased the monthly per borrower CARES Act forbearance rate by $0.19 per borrower (as discussed above).

Reduction in Staff

On January 18, 2023, the Company announced a reduction in staff to manage expenses due to delays in the government's student debt relief and return to repayment programs under the CARES Act. Approximately 350 associates who were hired within the prior six months were laid off with a 60 day notice period and approximately 210 associates were immediately terminated for performance.

On March 23, 2023, the Company anticipates revenue per borrower from announced a reduction in staff due to the Department's March 2023 announcement to reduce the monthly fee earned by the Company under its government servicing contract (as discussed above) and the notification by the Department will increase from in February 2023 of its intention to transfer up to one million of the current CARES Act levels. Company's existing Department servicing borrowers to another servicer (as discussed above). Approximately 550 associates who work in LSS, including some in related shared services areas that support LSS, were notified their positions were being eliminated. The Company incurred a charge of $4.3 million related to the staff reductions that was primarily recognized in the first and second quarters of 2023.

As a result of the decommissioning of the Great Lakes' platform in the fourth quarter of 2023, the Company incurred a charge of $3.5 million related to staff reductions, including some in related shared services areas that support LSS.

Borrowers Return to Repayment

As discussed above, after multiple extensions of the student loan payment pause that began in March 2020, the payment and interest accrual suspension ended on August 31, 2023, and all borrowers returned to repayment on September 1, 2023. This unprecedented event, along with frequent program changes announced and/or proposed by the Department, has generated extraordinary call volume and web traffic that has adversely impacted the Company's level of service. In August 2023, the Company began to hire additional associates to support borrowers returning to repayment.

Private Education Loan Servicing

In December 2020, Wells Fargo announced the sale of its approximately $10.0 billion $10 billion portfolio of private education student loans representing approximately 445,000 borrowers. In conjunction with the sale, the Company was selected as servicer of the portfolio. During March 2021, approximately 261,000 borrowers were converted to the

Company's servicing platform, with the vast majority of the remaining borrowers converted in the second quarter of 2021.

In January 2024, Discover announced they were moving the servicing of its approximately $10 billion private education loan portfolio, representing approximately 500,000 borrowers, to the Company. The timing of the conversion of these loans to the Company's platform is dependent on the timing of Discover's potential sale of its portfolio.

Summary and Comparison of Operating Results

		Year ended December 31, 2022	Year ended December 31, 2021	Additional information		2023		2022		2021	Additional information	
Net interest income	Net interest income	$ 2,678	43	Increase was due to higher interest rates in 2022 compared with 2021.	Net interest income	$ 4,845	2,678	2,678	43	43	Increases due to higher interest rates and average funds held.	Increa to intere and funds
Loan servicing and systems revenue	Loan servicing and systems revenue	535,459	486,363	See table below for additional information.	Loan servicing and systems revenue	517,954	535,459	535,459	486,363	486,363	See table below for additional information.	See below additi inform
Intersegment servicing revenue	Intersegment servicing revenue	33,170	33,956	Represents revenue earned by the LSS operating segment from servicing loans for the AGM and Nelnet Bank operating segments. Decrease in 2022 compared with 2021 was due to the continued amortization of AGM's FFELP portfolio. FFELP intersegment servicing revenue will continue to decrease as AGM's FFELP portfolio pays off.	Intersegment servicing revenue	28,911	33,170	33,170	33,956	33,956	Represents revenue earned by LSS from servicing loans for AGM and Nelnet Bank. Decreases due to the continued amortization of AGM's FFELP portfolio. FFELP intersegment servicing revenue will continue to decrease as AGM's FFELP portfolio pays off.	Repre reven earne from loans and Bank. Decre to contin amort AGM' portfo FFEL inters servic reven contin decre AGM' portfo off.
Other income	Other income	2,543	3,307	Represents revenue earned from providing administrative support and marketing services. The decrease in 2022 compared with 2021 was due to a contract for services provided to Great Lakes' former parent company that expired in January 2021.	Other income	2,587	2,543	2,543	3,307	3,307	Represents revenue earned from providing administrative support services.	Repre reven earne provic admir suppo servic

Impairment expense	Impairment expense	(5,511)	(13,243)	The Company continues to evaluate the use of office space as a large number of employees continue to work from home due to COVID-19. As a result of this evaluation, the Company recorded a non-cash impairment charge of $1.8 million and $13.2 million in 2022 and 2021, respectively, to certain building and lease assets. In addition, during the fourth quarter of 2022, the Company recorded a $3.7 million non-cash impairment charge to internally developed software.	Impairment expense	(296)	(5,511)		(5,511)		(13,243)		(13,243)	The Company continues to evaluate the use of office space as a large number of employees continue to work from home. As a result, the Company recorded non-cash impairment charges in each period presented related to certain facilities and associated assets no longer used. In addition, in 2022, the Company recorded a $3.7 million non-cash impairment charge to internally developed software.		The contin evalua use space large of en contin work home result Comp recor cash impai charg each prese relate certai faciliti assoc assets longe additi 2022, Comp recor $3.7 non-c impai charg intern devel softwa
Total other income (expense)		565,661	510,383													
Total other income, net																
Salaries and benefits																
Salaries and benefits																

Salaries and benefits	Salaries and benefits	344,809	297,406	Increase in 2022 compared with 2021 was due to the Company hiring contact center operations and support associates as the Company prepared for expiration of federal student loan payment pause and other activities under the CARES Act. See “Government Loan Servicing - The CARES Act” above for additional details.	317,885	344,809		344,809		297,406		297,406		Increase in 2022 compared with 2023 and 2021 was due to the Company being fully staffed with contact center operations and support associates as the Company prepared for expiration of federal student loan payment pause and other activities under the CARES Act. In the first half of 2023, the Company reduced staff to manage expenses due to delays in the government’s student debt relief and return to repayment programs, lower pricing, and reduced servicing volume. See “Reduction in Staff” above for additional details. In August 2023, the Company began to hire additional associates to support borrowers returning to repayment on September 1, 2023.		Increase i compared w and 2021 wa the Compar fully staffe contact operations support asso the prepared for of federal stu payment pa other activiti the CARES A first half of 2 Company staff to expenses delays ir government’s debt relief a to r programs, pricing, and servicing volu “Reduction above for details. In 2023, the began to additional a to support b returning to r on Septem 2023.

Depreciation and amortization	Depreciation and amortization	24,255	25,649	Includes amortization of intangible assets from the Great Lakes acquisition in February 2018 and depreciation on property and equipment. The majority of the Great Lakes intangible assets became fully amortized as of June 30, 2021 and all remaining assets were fully amortized by December 2022. Amortization of intangible assets for 2022 and 2021 was $4.5 million and $12.3 million, respectively. Excluding amortization of intangible assets, the increase in 2022 compared with 2021 was due to scaling of the Company's servicing platform for the PHEAA loan volume transferred to its platform. Before tax operating margin, excluding impairment and amortization expense, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the LSS segment is calculated as income before income taxes (excluding impairment and amortization expense) divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income revenue. The Company uses this	Depreciation and amortization	19,257	24,255		24,255	25,649		25,649	Decrease in 2023 compared to 2022 and 2021 was due to all intangible assets from the Great Lakes acquisition (February 2018) being fully amortized by December 2022. Amortization of intangible assets for 2022 and 2021 was $4.5 million and $12.3 million, respectively.		Decre 2023 comp 2022 was c intang assets the Lakes acqui (Febru 2018) fully a by D 2022. Amort intang assets 2022 was millior $12.3 respe
Other expenses	Other expenses	59,674	52,720	Increase in 2022 compared with 2021 was due to additional costs associated with the growth of borrowers under the government servicing contracts.	Other expenses	60,517	59,674		59,674	52,720		52,720	Increase in 2023 compared with 2022 was due to additional postage and communication costs due to borrowers returning to repayment on September 1, 2023. Increase in 2022 compared with 2021 was due to additional costs associated with the growth of borrowers under the government servicing contracts.		Increa 2023 comp 2022 to posta comm costs borrov return repay Septe 2023. in comp 2021 to costs assoc with th of b under gover servic contra

Intersegment expenses	Intersegment expenses	75,145	72,206	metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of Company operating performance of the segment and provides meaningful comparison of the results of operations between periods.
				Intersegment expenses represent costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. Increase in 2022 compared with 2021 was due to the Company hiring contact center operations and support associates in preparation for the provisions of the CARES Act to expire.
Total operating expenses	Total operating expenses	503,883	447,981	Before tax operating margin, excluding impairment and amortization expense, decreased in 2022 compared with 2021 due to increased operating expenses, primarily salaries and benefits, as the Company prepared for the 2022 expiration of the federal student loan payment pause under the CARES Act, which has been extended multiple times throughout 2022.
Income before income taxes	Income before income taxes	64,456	62,445	
Income tax expense	Income tax expense	(15,470)	(14,987)	Reflects income tax expense at an effective statutory tax rate of 24%.
Net income	Net income	$48,986	47,458	
GAAP before tax operating margin	GAAP before tax operating margin	11.3 %	11.9 %	
Impairment expense	Impairment expense	0.9	2.5	Before tax operating margin, excluding impairment and amortization expense, is a non-GAAP measure of before tax operating profitability as a percentage
Amortization expense	Amortization expense	0.8	2.4	

Intersegment expenses	78,628	75,145	75,145	72,206	72,206	Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.		Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.
Income before income taxes								
Income before income taxes								
Income tax expense								
Income tax expense								
Income tax expense	(18,651)	(15,470)	(15,470)	(14,987)	(14,987)	Reflects income tax expense at an effective tax rate of 24%.		Reflects income tax expense at an effective tax rate of 24%.
GAAP before tax operating margin								
GAAP before tax operating margin	14.1 %		11.3 %		11.9 %		Before tax operating margin, excluding impairment and amortization expense, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for LSS is calculated as income before income taxes (excluding impairment and	

	of revenue, and for the LSS segment is calculated as before income taxes (excluding impairment and amortization expense) divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods. Before tax operating margin, excluding impairment and amortization expense, decreased in 2022 compared with 2021 due to increased operating expenses, primarily salaries and benefits, as the Company prepared for a January 31, 2022 expiration of the federal student loan payment pause under the CARES	amortization expense) divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods. Before tax operating margin, excluding impairment and amortization expense, increased in 2023 compared with 2022 due primarily to a decrease in salaries and benefits expense as described above and due to $4.8 million of revenue recognized by the Company in 2023 associated with deconversion of remote hosted borrowers from a customer leaving the Company's platform. Operating margin decreased in 2022 compared with 2021 due to increased operating expenses, primarily salaries and benefits, as the Company prepared for a January 31, 2022 expiration of the federal student loan payment pause under the CARES Act, which was extended multiple times throughout 2022 and ended August 31, 2023.
Amortization expense	Before tax operating margin, excluding impairment and amortization expense, increased in 2022	
Amortization expense		

Non-GAAP before tax operating margin, excluding impairment and amortization expense	Non-GAAP before tax operating margin, excluding impairment and amortization expense	13.0 %	16.8 %	Compared with 2021 due to increased operating expenses, primarily salaries and benefits, as the Company prepared for a January 31, 2022 expiration of the federal student loan payment pause under the CARES Act, which has been extended multiple times throughout 2022.

Non-GAAP before tax operating margin, excluding impairment and amortization expense

Non-GAAP before tax operating margin, excluding impairment and amortization expense

Loan servicing and systems revenue

		Year ended December 31,											
		2022	2021	Additional information									
		2023											
		2023											
		2023						2022		2021		Additional information	
Government loan servicing	Government loan servicing	$423,066	360,793	Represents revenue from the Company's Department servicing contracts. Increase in 2022 compared with 2021 was due to (i) an increase in the number of borrowers serviced, including PHEAA borrowers transferred to the Company's servicing platform; (ii) a per borrower rate increase on each September 1, 2021 (1.8%) and September 1, 2022 (5.0%) to reflect the increase in the cost of labor (Employment Cost Index) per the provisions of the contracts; (iii) a CARES	Government loan servicing	$412,478	423,066	423,066	360,793	360,793	Represents revenue from the Company's Department servicing contract. Decrease in 2023 compared with 2022 was due to (i) the monthly fee earned per borrower on certain borrower statuses being reduced by $0.19 effective April 1, 2023; and (ii) a decrease of borrowers beginning in the second quarter of 2023 as part of the Department's plan to transfer up to one million of the Company's existing borrowers to another third-party servicer. The decrease was partially offset by an increase in average per borrower rate beginning September 1, 2023 as a result of borrowers returning to repayment. Increase in 2023 and 2022 revenue compared with 2021 was due to (i) an increase in borrowers serviced due to the PHEAA servicing volume transferred to the Company's platform in 2022; (ii) a per borrower rate increase on each September 1, 2021 (1.8%), September 1, 2022 (5.0%), and September 1, 2023 (2.3%) to reflect the increase in the cost of labor (Employment Cost Index) per the provisions of the contracts; and (iii) a CARES Act forbearance rate increase effective May 1, 2022. Increase in 2022 revenue compared with 2023 and 2021 was also due to (i) the recognition of $16.2 million of revenue related to an		Represents revenue from the Company's Department servicing contract. Decrease in 2023 compared with 2022 was due to (i) the monthly fee earned per borrower on certain borrower statuses being reduced by $0.19 effective April 1, 2023; and (ii) a decrease of borrowers beginning in the second quarter of 2023 as part of the Department's plan to transfer up to one million of the Company's existing borrowers to another third-party servicer. The decrease was partially offset by an increase in average per borrower rate beginning September 1, 2023 as a result of borrowers returning to repayment. Increase in 2023 and 2022 revenue compared with 2021 was due to (i) an increase in borrowers serviced due to the PHEAA servicing volume transferred to the Company's platform in 2022; (ii) a per borrower rate increase on each September 1, 2021

	Act forbearance rate increase effective May 1, 2022; (vi) the recognition of $16.2 million of revenue in 2022 related to an increase in call center hours of operations, staff retention incentive from the Department, and additional change requests; and (v) the recognition of $9.9 million of revenue in 2022 for activities supporting preparedness for the Department’s debt relief program. Included in revenue for 2022 and 2021 was $13.6 million and $9.1 million, respectively, of revenue related to the discharge of borrowers under the Total and Permanent Disability (TPD) discharge program (the Company earns revenue per each borrower that satisfies the requirements for their loan to be discharged under the TPD discharge program), and $7.7 million and $25.0 million of revenue, respectively, for incremental work related primarily to CARES Act forbearance exit outreach						increase in call center hours, a staff retention incentive from the Department, and additional change requests; and (ii) the recognition of $9.9 million of revenue for activities supporting preparedness for the Department’s debt relief program. Included in revenue for 2022 and 2021 was $13.6 million and $9.1 million, respectively, of revenue related to the discharge of borrowers under the TPD discharge program, and $7.7 million and $25.0 million, respectively, of revenue for incremental work related primarily to CARES Act forbearance exit outreach activities to borrowers.		(1.8%), September 1, 2022 (5.0%), and September 1, 2023 (2.3%) to reflect the increase in the cost of labor (Employment Cost Index) per the provisions of the contracts; and (iii) a CARES Act forbearance rate increase effective May 1, 2022. Increase in 2022 revenue compared with 2023 and 2021 was also due to (i) the recognition of $16.2 million of revenue related to an increase in call center hours, a staff retention incentive from the Department, and additional change requests; and (ii) the recognition of $9.9 million of revenue for activities supporting preparedness for the Department’s debt relief program. Included in revenue for 2022 and 2021 was $13.6 million and $9.1 million, respectively, of revenue related to the discharge of borrowers under the TPD discharge program, and $7.7 million and $25.0 million, respectively, of revenue for incremental work related primarily to CARES Act forbearance exit outreach activities to borrowers.

				activities to borrowers.									
Private education and consumer loan servicing	Private education and consumer loan servicing	49,210	47,302	Increase in 2022 compared with 2021 was due to (i) the addition of the former Wells Fargo private education loan borrowers converted to the Company's servicing platform during March and the second quarter of 2021; and (ii) revenue earned on new backup servicing agreements. Excluding revenue earned on the former Wells Fargo portfolio and new backup servicing agreements, revenue for 2022 decreased compared with 2021. The decrease in revenue was due to a decrease in servicing volume and client requested enhanced delinquency services.	Private education and consumer loan servicing	48,984	49,210	49,210	47,302	47,302	Increase in 2022 compared with 2021 was due to (i) the addition of the former Wells Fargo private education loan borrowers converted to the Company's servicing platform during March and the second quarter of 2021 (an amortizing portfolio); and (ii) revenue earned on new backup servicing agreements.		Increase in 2022 compared with 2021 was due to (i) the addition of the former Wells Fargo private education loan borrowers converted to the Company's servicing platform during March and the second quarter of 2021 (an amortizing portfolio); and (ii) revenue earned on new backup servicing agreements.

FFELP loan servicing	FFELP loan servicing	16,016	18,281	Decrease in 2022 compared with 2021 was due to a decrease in the number of borrowers serviced. Over time, FFELP servicing revenue will continue to decrease as third-party customers' FFELP portfolios pay off. Since late 2021, the Company has experienced accelerated run-off of its FFELP servicing portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of borrower relief under the CARES Act and initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs.	FFELP loan servicing	13,704	16,016	16,016	18,281	18,281	Decreases due to a decrease in the number of borrowers serviced. Over time, FFELP servicing revenue will continue to decrease as third-party customers' FFELP portfolios pay off. Since late 2021, the Company has experienced accelerated run-off of its FFELP servicing portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of borrower relief under the CARES Act and initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs.		Decreases due to a decrease in the number of borrowers serviced. Over time, FFELP servicing revenue will continue to decrease as third-party customers' FFELP portfolios pay off. Since late 2021, the Company has experienced accelerated run-off of its FFELP servicing portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of borrower relief under the CARES Act and initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs.
Software services	Software services	33,409	34,600	Decrease in 2022 compared with 2021 was due to (i) the Company earned deconversion fees in the fourth quarter of 2021 from Granite State, a remote hosted servicing customer, when they exited the federal	Software services	29,208	33,409	33,409	34,600	34,600	Represents revenue from providing remote hosted servicing software to the Department and other servicers and providing diversified technology services. Decrease in 2023 compared with 2022 was due to the transfer of remote hosted borrowers to other third-party servicers, partially offset by the recognition of $4.8 million of non-recurring revenue in the third quarter of 2023 associated with deconversion of remote hosted borrowers from a customer leaving the Company's platform. As a result of the transfers, the Company has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. See "Loan Volume Transfers - Remote Hosted Servicing Borrowers" above for additional		Represents revenue from providing remote hosted servicing software to the Department and other servicers and providing diversified technology services. Decrease in 2023 compared with 2022 was due to the transfer of remote hosted borrowers to other third-party servicers, partially offset by the recognition of $4.8 million of non-recurring revenue in the third quarter of 2023 associated with deconversion of remote hosted borrowers from a customer leaving the Company's platform. As a result of the transfers, the

	student loan servicing business and transferred their loan volume to a third party; and (ii) many of the services provided under the Company's remote hosted servicing and system support contract with Great Lakes' former parent, representing 2.3 million borrowers, expiring on January 31, 2021. These decreases were offset by an increase in the number of remote hosted servicing borrowers primarily from the transfer of PHEAA borrowers to these servicing customers throughout 2021 and 2022. Software services revenue from Department remote hosted servicing customers will be adversely impacted in future periods. See "Government Loan Servicing" above for additional information.					information. Decrease in 2022 compared with 2021 was due to the recognition of deconversion fees in the fourth quarter of 2021 from Granite State, a remote hosted servicing customer, when they exited the federal student loan servicing business and transferred their loan volume to a third party.		Company has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. See "Loan Volume Transfers - Remote Hosted Servicing Borrowers" above for additional information. Decrease in 2022 compared with 2021 was due to the recognition of deconversion fees in the fourth quarter of 2021 from Granite State, a remote hosted servicing customer, when they exited the federal student loan servicing business and transferred their loan volume to a third party.

Outsourced services	Outsourced services	13,758	25,387	The majority of this revenue relates to providing contact center and back office operational outsourcing services. In 2021, these services included assisting state agencies with COVID-19 specific activities. Revenue from providing COVID-19 related services to state agencies in 2021 was $17.3 million. Excluding COVID-19 specific activities, outsourced services revenue has increased in 2022 compared with 2021 due to additional outsourced opportunities, including assisting existing Department servicers as they wind down their operations.	Outsourced services	13,580	13,758	13,758	25,387	25,387	Decrease in 2023 and 2022 compared with 2021 was due to assisting state agencies with COVID-19 related services in 2021 totaling $17.3 million.	Decrease in 2023 and 2022 compared with 2021 was due to assisting state agencies with COVID-19 related services in 2021 totaling $17.3 million.
Loan servicing and systems revenue	Loan servicing and systems revenue	$535,459	486,363									

EDUCATION TECHNOLOGY SERVICES AND PAYMENT PROCESSING PAYMENTS OPERATING SEGMENT – RESULTS OF OPERATIONS

This segment of the Company's business is subject to seasonal fluctuations which correspond, or are related to, the traditional school year. Tuition management revenue is recognized over the course of the academic term, but the peak operational activities take place in summer and early fall. Higher amounts of revenue are typically recognized during the first quarter due to fees related to grant and aid applications as well as online applications and enrollment services. The Company's operating expenses do not follow the seasonality of the revenues. This is primarily due to generally fixed year-round personnel costs and seasonal marketing costs. Based on the timing of revenue recognition and when expenses are incurred, revenue and pre-tax before tax operating margin are higher in the first quarter as compared to with the remainder of the year.

Summary and Comparison of Operating Results

	Year ended December 31,						
	2022	2021	Additional information	2023	2022	2021	Additional information

Net interest income	Net interest income	$ 9,377	1,075	Represents interest income on tuition funds held in custody for schools. Increase was due to a higher interest rates in 2022 compared with 2021.	Net interest income	$26,962	9,377	9,377	1,075	1,075	Represents interest income on tuition funds held in custody for schools. Increases due to higher interest rates and average funds held.	Represe interest income tuition f held custody schools. Increase due to h interest and ave funds he
Education technology, services, and payment processing revenue		408,543	338,234	See table below for additional information.								
Education technology services and payments revenue					Education technology services and payments revenue	463,311		408,543		338,234	See table below for additional information.	
Intersegment revenue	Intersegment revenue	81	12									
Impairment expense	Impairment expense	(2,239)	—	During the fourth quarter of 2022, the Company recognized a non-cash impairment charge related to previously acquired computer software.								
Total other income (expense)		406,385	338,246									
Impairment expense												
Impairment expense						(4,310)		(2,239)		—	In 2023 and 2022, the Company recognized non-cash impairment charges related to previously acquired computer software.	
Total other income												
Cost of services												
Cost of services												
Cost of services	Cost of services	148,403	108,660	See table below for additional information.		171,183	148,403	148,403	108,660	108,660	See table below for additional information.	See table below additional information.

Salaries and benefits	Salaries and benefits	133,428	112,046	Increase in 2022 compared with 2021 was due to an increase in headcount to support the growth of the customer base, and the investment in the development of new technologies.	Salaries and benefits	155,296	133,428		133,428		112,046		112,046	Increases due to an increase in headcount to support the growth of the customer base and the investment in the development of new technologies.		Increase due to increase headcou support growth o custome base an investme the developi of technolo
Depreciation and amortization	Depreciation and amortization	10,184	11,404	Represents primarily amortization of intangible assets from prior business acquisitions. Amortization of intangible assets related to business acquisitions was $9.1 million and $10.7 million for 2022 and 2021, respectively.	Depreciation and amortization	11,319	10,184		10,184		11,404		11,404	Represents primarily amortization of intangible assets from prior business acquisitions and depreciation of capitalized software development costs.		Represe primarily amortiza of intan assets prior business acquisiti and deprecia of capita software developi costs.

Other expenses	Other expenses	30,104	19,318	Increase was due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies. Increase was also due to an increase in costs for travel and in-person hosted conferences that subsided in 2021 due to the COVID pandemic.	Other expenses	34,133	30,104		30,104		19,318		19,318	Increases due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies. Increases also due to an increase in costs for travel and in-person hosted conferences that subsided in 2021 due to the COVID pandemic. In addition, during 2023 the Company increased its allowance for uncollectible accounts due to the age of certain receivables primarily driven by economic conditions and the increase in volume of FACTS instructional services revenue.		Increase due to h costs consultir professi fees, technolo services resulting from investme in technolo Increase also du an incr in costs travel ar person hosted conferer that subsidec 2021 du the CC pandem addition, during the Compan increase allowanc uncollec accounts due to age certain receivab primarily driven economi conditior and increase volume FACTS instructic services revenue

Intersegment expenses, net	Intersegment expenses, net	19,538	15,180	Intersegment expenses represent costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. Increase in 2022 compared with 2021 was due to an increase in costs to support the growth of the customer base, and the investment in the development of new technologies.	Intersegment expenses, net	23,184	19,538	19,538	15,180	15,180	Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.	Represe costs certain corporat activities services are alloc to operatin segment based estimate use of activities services
Total operating expenses	Total operating expenses	193,254	157,948									
Income before income taxes	Income before income taxes	74,105	72,713									
Income before income taxes												
Income before income taxes												
Income tax expense												
Income tax expense												
Income tax expense	Income tax expense	(17,785)	(17,451)	Represents income tax expense at an effective tax rate of 24%.		(21,891)	(17,785)	(17,785)	(17,451)	(17,451)	Represents income tax expense at an effective tax rate of 24%.	Represents inc tax expense a effective tax ra 24%.
Net income	Net income	56,320	55,262									

Net income attributable to noncontrolling interests	(3)	—	Amounts for noncontrolling interests reflect the net income attributable to the holders of minority membership interests in NextGen, of which the Company became the controlling owner on April 30, 2022. See note 8 of the notes to consolidated financial statements included in this report for additional information.

Net loss (income) attributable to noncontrolling interests

Net loss (income) attributable to noncontrolling interests

Net loss (income) attributable to noncontrolling interests	109	(3)	—	Amounts for noncontrolling interests reflect the net loss (income) attributable to the holders of minority membership interests in NextGen, of which the Company became the controlling owner on April 30, 2022. See note 7 of the notes to consolidated financial statements included in this report for additional information.

Net income	Net income	$56,317	55,262

Education technology services and payment processing payments revenue

The following table provides presents disaggregated revenue by service offering and before tax operating margin for each reporting period.

Year ended December 31,						
2022	2021	Additional information	2023	2022	2021	Additional information

Tuition payment plan services	Tuition payment plan services	$110,802	103,970	Revenue increased for 2022 compared with 2021 primarily due to a higher number of payment plans in the K-12 market. Revenue for tuition payment plan services for higher education institutions in 2022 was consistent with 2021 amounts.	Tuition payment plan services	$ 125,326	110,802	110,802	103,970	103,970	Increases due to a higher number of payment plans in the K-12 market for both new and existing customers. In 2023, the increase was also due to a higher number of payment plans in higher education markets for both new and existing customers.
Payment processing	Payment processing	148,212	127,080	Payment volumes in 2022 increased compared with 2021 for both the K-12 and higher education markets due to new customers and an increase in volume from existing customers.	Payment processing	163,859	148,212	148,212	127,080	127,080	Increases due to increase in payment volumes for both the K-12 and higher education markets due to new customers and an increase in volume from existing customers.
Education technology and services		146,679	105,975	Increase in 2022 compared with 2021 was due to an increase in revenues from the Company's school information system software, enrollment and communication services, the NextGen acquisition completed in April 2022, and FACTS Education Solutions instructional and professional development services. FACTS Education Solutions instructional services revenue was the largest component of this increase, driven by the Emergency Assistance to Non-Public Schools (EANS) program which provides funds to non-public schools through September 2024 to address the impact COVID-19 has had or continues to have on school students and teachers.							

Education technology services				Before tax operating margin, excluding net interest income, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the ETS&PP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of	Education technology services	170,754	146,679	105,975
Other	Other	2,850	1,209					
Education technology, services, and payment processing revenue		408,543	338,234					
Education technology services and payments revenue								
Education technology services and payments revenue								
Education technology services and payments revenue								
Cost of services								
Cost of services								

Increases increase i from the school system applicatio enrollmer the acquisitio completed 2022, ar learning managem services. managem instructior revenue largest co this incre by the Assistanc Public (EANS) EANS re $46.9 mi million, million 2022, a respective provides non-publi to add impact has had c to have c and teac EANS I funding Septembe and E program ends on 30, 2024 result in of future i services compared recent periods.

the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.

Costs relate to payment processing revenue and such costs decrease/increase in relationship to payment volumes. Costs to provide instructional services are also a component of this expense and were the primary driver of the increase in 2022 compared with 2021 due to the increase in instructional services resulting from the EANS program as noted above.

Before tax operating margin, excluding net interest income, decreased in 2022 compared with 2021 due to investments in (i) the development of new services and technologies, and (ii) superior customer experiences to align with the Company's strategies to grow, retain, and diversify revenues. The Company anticipates before tax operating margin, excluding net interest income, will be impacted over the next several years as it continues to invest in these areas.

Cost of services	Cost of services	148,403	108,660	171,183	148,403	148,403	108,660	108,660
Net revenue	Net revenue	$ 260,140	229,574					
GAAP before tax operating margin	GAAP before tax operating margin	28.5 %	31.7 %					
GAAP before tax operating margin								
GAAP before tax operating margin				31.2 %		28.5 %		31.7 %
Net interest income	Net interest income	(3.6)	(0.5)					

Costs relate to payment processing revenue and such costs decrease/increase in relationship to payment volumes. Costs to provide instructional services are also a component of this expense and decrease/increase in relationship to instructional services revenue. Costs to provide instructional services were the primary driver of the increases due to the increase in instructional services resulting from the EANS program as noted above.

Before tax operating margin, excluding net interest income, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the ETS&PP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating performance of the segment and provides a

Before tax operating margin, excluding net interest income, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the ETSP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.

Non-GAAP before tax operating margin, excluding net interest income	24.9 %	31.2 %	meaningful comparison of the results of operations between periods. Before tax operating margin, excluding net interest income, decreased in 2022 compared with 2021 due to investments in (i) the development of new services and technologies; and (ii) superior customer experiences to align with the Company's strategies to grow, retain, and diversify revenues. The Company anticipates before tax operating ... net interest ... impacted over the next several years as it continues to ... in these areas.

Non-GAAP before tax operating margin, excluding net interest income

Non-GAAP before tax operating margin, excluding net interest income

Before tax operating ma... excluding interest inc... decreased du... investments i... the developme... new services technologies; (ii) sup... customer experiences to ... with the Compa... strategies to g... retain, and dive... revenues.

ASSET GENERATION AND MANAGEMENT OPERATING SEGMENT – NELNET FINANCIAL SERVICES DIVISION - RESULTS OF OPERATIONS

Asset Generation and Management Operating Segment

Loan Portfolio

As of December 31, 2022 December 31, 2023, the AGM operating segment had a $14.2 billion $12.0 billion loan portfolio, consisting primarily of federally insured loans. For a summary of the Company's loan portfolio as of December 31, 2022 December 31, 2023 and 2021, 2022, see note 4 3 of the notes to consolidated financial statements included in this report.

Loan Activity

The following table sets forth the activity of loans in the AGM operating segment:

	Year ended December 31,		Year ended December 31,		
	2022	2021	2023	2022	2021
Beginning balance	$ 17,441,790	19,559,108			
Loan acquisitions:					
Federally insured student loans					
Federally insured student loans					
Federally insured student loans	721,853	904,088			
Private education loans	8,244	89,308			
Consumer and other loans	516,215	81,923			
Total loan acquisitions	1,246,312	1,075,319			

Repayments, claims, capitalized interest, participations, and other, net	Repayments, claims, capitalized interest, participations, and other, net	(1,694,742)	(2,126,708)
Loans lost to external parties	Loans lost to external parties	(2,656,639)	(964,822)
Loans sold	Loans sold	(166,950)	(101,107)
Ending balance	Ending balance	$ 14,169,771	17,441,790
Ending balance			
Ending balance			

The Company has also purchased partial ownership in certain federally insured student, consumer, private education, and consumer and other federally insured student loan securitizations that are accounted for as held-to-maturity beneficial interest investments and included in "investments and notes receivable" in the Company's consolidated financial statements. As of the latest remittance reports filed by the various trusts prior to or as of December 31, 2022 December 31, 2023, the Company's ownership correlates to approximately $390 million, $620 million, and $310 million $1.76 billion of federally insured student, private education, and consumer and other loans respectively, included in these securitizations. The loans held in these securitizations are not included in the above table.

Since late 2021, the Company has experienced accelerated run-off of its FFELP portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs. After multiple extensions of the student loans payment pause under the CARES Act, the payment and interest accrual suspension ended August 31, 2023, and Federal Direct Loan Program borrowers returned to repayment on September 1, 2023.

Allowance for Loan Losses, Loan Delinquencies, and Loan Charge-offs

For a summary of the allowance as a percentage of the ending balance for each of AGM's loan portfolios as of December 31, 2023 and 2022; loan status and delinquency amounts for each of AGM's loan portfolios as of December 31, 2022 December 31, 2023, 2022, and 2021; and the activity in AGM's allowance for loan losses and net charge-offs as a percentage of average loans for 2023, 2022, and 2021, see note 4 3 of the notes to consolidated financial statements included in this report.

Loan Spread Analysis

The following table analyzes the loan spread on AGM's portfolio of loans, which represents the spread between the yield earned on loan assets and the costs of the liabilities and derivative instruments used to fund the assets. The spread amounts included in the following table are calculated by using the notional dollar values found in the table under the caption "Net interest income after provision for loan losses, net of settlements on derivatives" below, divided by the average balance of loans or debt outstanding.

		Year ended December 31,			Year ended December 31,		
		2022	2021				
	2023				2023	2022	2021
Variable loan yield, gross	Variable loan yield, gross	4.39 %	2.64 %	Variable loan yield, gross	7.56 %	4.39 %	2.64 %
Consolidation rebate fees	Consolidation rebate fees	(0.84)	(0.85)				
Discount accretion, net of premium and deferred origination costs amortization (a)	Discount accretion, net of premium and deferred origination costs amortization (a)	0.04	0.02				
Variable loan yield, net	Variable loan yield, net	3.59	1.81				
Loan cost of funds - interest expense (b) (c)		(2.58)	(1.04)				
Loan cost of funds - derivative settlements (d) (e)		(0.00)	(0.01)				

Loan cost of funds - interest expense (b) (c) (d)							
Loan cost of funds - derivative settlements (e) (f)							
Variable loan spread	Variable loan spread	1.01	0.76				
Fixed rate floor income, gross	Fixed rate floor income, gross	0.36	0.76				
Fixed rate floor income - derivative settlements (d) (f)		0.21	(0.11)				
Fixed rate floor income - derivative settlements (e) (g)							
Fixed rate floor income, net of settlements on derivatives	Fixed rate floor income, net of settlements on derivatives	0.57	0.65				
Core loan spread	Core loan spread	1.58 %	1.41 %	Core loan spread	1.04 %	1.58 %	1.41 %
Average balance of AGM's loans	Average balance of AGM's loans	$ 15,969,435	18,900,038				
Average balance of AGM's loans							
Average balance of AGM's loans							
Average balance of AGM's debt outstanding	Average balance of AGM's debt outstanding	15,513,824	18,610,144				

(a) During each of the fourth quarters of 2022 and 2021, the Company changed its estimate of the constant prepayment rate used to amortize/accrete federally insured loan premium/discounts for its loans which resulted in a $8.4 million $8.4 million increase and a $6.2 million $6.2 million decrease, respectively, to interest income. The impact of these adjustments was excluded from the table above.

(b) In the second quarter of 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of $25.9 million in interest expense from the write-off of the remaining unamortized debt discount associated with these bonds at the time of redemption. This expense was excluded from the table above.

(c) In the first quarter of 2021, the Company reversed a historical accrued interest liability of $23.8 million on certain bonds, which liability the Company determined is no longer probable of being required to be paid. paid, resulting in a reduction of interest expense. The liability was initially recorded when certain asset-backed securitizations were acquired in 2011 and 2013. The reduction of this liability is reflected in (a reduction of) "interest expense on bonds and notes payable and bank deposits" in the consolidated statements of income and the impact of this reduction to interest expense was excluded from the table above.

(c) (d) In the third quarter of 2021, the Company redeemed certain asset-backed debt securities prior to their legal maturity, resulting in the recognition of $1.5 million in interest expense from the write-off of all remaining debt issuance costs related to the initial issuance of such bonds. This expense was excluded from the table above.

(d) (e) Derivative settlements represent the cash paid or received during the current period to settle with derivative instrument counterparties the economic effect of the Company's derivative instruments based on their contractual terms. Derivative accounting requires that net settlements with respect to derivatives that do not qualify for "hedge treatment" under GAAP be recorded in a separate income statement line item below net interest income. The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. As such, management believes derivative settlements for each applicable period should be evaluated with the Company's net interest income (loan spread) as presented in this table. The Company reports this non-GAAP information because the Company believes that it provides additional information regarding operational and performance indicators that are closely assessed by management. There is no comprehensive, authoritative guidance for the presentation of such non-GAAP information, which is only meant to supplement GAAP results by providing additional information that management utilizes to assess performance. See note 6 5 of the notes to consolidated financial statements included in this report for additional information on the Company's Non-Nelnet Bank derivative instruments, including the net settlement activity recognized by the Company for each type of derivative for the 2023, 2022, and 2021 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 6 and in this table.

A reconciliation of core loan spread, which includes the impact of derivative settlements on loan spread, to loan spread without derivative settlements follows.

	Year ended December 31, 2022	Year ended December 31, 2021
Core loan spread	1.58 %	1.41 %
Derivative settlements (1:3 basis swaps)	0.00	0.01
Derivative settlements (fixed rate floor income)	(0.21)	0.11
Loan spread	1.37 %	1.53 %

	Year ended December 31, 2023	2022	2021
Core loan spread	1.04 %	1.58 %	1.41 %
Derivative settlements (1:3 basis swaps)			
Derivative settlements (fixed rate floor income)			
Loan spread	0.85 %	1.37 %	1.53 %

(e) (f) Derivative settlements consist of net settlements paid received (paid) related to the Company's 1:3 basis swaps.

(f) (g) Derivative settlements consist of net settlements received (paid) related to the Company's floor income interest rate swaps.

A trend analysis of AGM's core and variable loan spreads by calendar year quarter is summarized below.

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The interest earned on a large portion of AGM's FFELP student loan assets is indexed to the one-month LIBOR rate. AGM funds a portion of its assets with three-month LIBOR indexed floating rate securities. The relationship between the indices in which AGM earns interest on its loans and funds such loans has a significant impact on loan spread. The table above (the right axis) shows the difference between AGM's liability base rate and the one-month LIBOR rate by quarter.

Variable loan spread increased during 2022 compared with 2021 due to a significant increase in short-term interest rates throughout 2022. In an increasing interest rate environment, student loan spread increases due to the timing of interest rate resets on the Company's assets occurring daily in contrast to the timing of the interest resets on the Company's debt that occurs either monthly or quarterly.

See Item 7A, "Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk - AGM Operating Segment," which provides additional detail on AGM's FFELP student loan assets and related funding for those assets. In an increasing interest rate environment, student loan spread on FFELP loans increases in the short term because of the timing of interest rate resets on the Company's assets occurring daily in contrast to the timing of the interest rate resets on the Company's debt that occurs either monthly or quarterly.

Variable loan spread was higher during 2022 compared with 2023 and 2021 due to a significant increase in short-term rates during 2022 compared with the increase in rates for 2023 and 2021.

The difference between variable loan spread and core loan spread is fixed rate floor income earned on a portion of AGM's federally insured student loan portfolio. A summary of fixed rate floor income and its contribution to core loan spread follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Fixed rate floor income, gross	$ 57,380	142,606
Derivative settlements (a)	33,149	(19,729)
Fixed rate floor income, net	$ 90,529	122,877

	Year ended December 31, 2023	2022	2021
Fixed rate floor income, gross			
Derivative settlements (a)			
Fixed rate floor income, net			

Fixed rate floor income contribution to spread, net	Fixed rate floor income contribution to spread, net	0.57 %	0.65 %	Fixed rate floor income contribution to spread, net	0.20 %	0.57 %	0.65 %

(a) Derivative settlements consist of net settlements received (paid) related to the Company's derivatives used to hedge student loans earning fixed rate floor income.

Gross fixed rate floor income decreased in 2023 and 2022 compared with 2022 and 2021, respectively, due to higher interest rates in 2022 compared with 2021. Subsequent to December 31, 2022 (on February 2, 2023), the Federal Reserve again increased interest rates, and it is currently anticipated that interest rates may continue to rise as a result of inflationary pressures in the U.S. economy. Increases in interest rates will reduce the amount of gross fixed rate floor income the Company is currently receiving.

rates.

The Company has had a significant portfolio of derivative instruments in which the Company pays paid a fixed rate and receives received a floating rate to economically hedge loans earning fixed rate floor income. On March 15, 2023, to minimize the Company's exposure to market volatility and increase liquidity, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from its clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements.

The decrease in net derivative settlements received by the Company in 2023 compared with 2022 was due to the termination of the fixed rate floor derivatives in March 2023. The increase in net derivative settlements received on the floor income interest rate swaps in 2022 compared with net derivative settlements paid in 2021 was due to an increase in interest rates, partially offset by a decrease in the notional amount of derivatives outstanding.

See Item 7A, "Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk - AGM Operating Segment," which provides additional detail on AGM's portfolio earning fixed rate floor income and the derivatives used by the Company to hedge these loans.

Interest Rate Risk - Replacement of LIBOR as a Benchmark Rate

As of December 31, 2022, the interest earned on a principal amount of $12.7 billion of AGM's FFELP student loan asset portfolio was indexed to one-month LIBOR, and the interest paid on a principal amount of $11.9 billion of AGM's FFELP student loan asset-backed debt securities was indexed to one-month or three-month LIBOR. In addition, the majority of the Company's derivative financial instrument transactions used to manage LIBOR interest rate risks are indexed to LIBOR. The market transition away from the LIBOR framework could result in significant changes to the interest rate characteristics of the Company's LIBOR-indexed assets and funding for those assets, as well as the Company's LIBOR-indexed derivative instruments. See Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate" for additional information.

Summary and Comparison of Operating Results

		Year ended December 31, 2022	2021	Additional information		2023		2022		2021	Additional information	
Net interest income after provision for loan losses	Net interest income after provision for loan losses	$220,056	347,203	See table below for additional analysis.	Net interest income after provision for loan losses	$97,099	220,056	220,056	347,203	347,203	See table below for additional analysis.	See table below for additional analysis.
Other income, net	Other income, net	21,170	34,306	Other income includes primarily borrower late fees, income from providing administration activities for third parties, and income from AGM's investment in a joint venture. Borrower late fees for 2022 and 2021 were $10.8 million and $3.4 million, respectively. The Company suspended borrower late fees in March 2020 to provide	Other income, net	11,269	21,170	21,170	34,306	34,306	Represents primarily borrower late fees, income from providing administration activities for third parties, gains/losses from repurchase of debt, and income/losses from AGM's investments in joint ventures. Borrower late fees for 2023, 2022, and 2021 were $9.0 million, $10.8 million, and $3.4 million, respectively. The Company suspended borrower late fees in March 2020 to provide borrowers relief as a result of the COVID-19 pandemic. The Company began to recognize borrower late fees again in May 2021 (for private education loans) and October 2021 (for federally insured student loans). The	Represents primarily borrower late fees, income from providing administration activities for third parties, gains/losses from repurchase of debt, and income/losses from AGM's investments in joint ventures. Borrower late fees for 2023, 2022, and 2021 were $9.0 million, $10.8 million, and $3.4 million, respectively. The Company

borrowers relief as a result of the COVID-19 pandemic. The Company began to recognize borrower late fees again in May 2021 (for private education loans) and October 2021 (for federally insured student loans). The Company recognized revenue of $7.9 million and $3.7 million in 2022 and 2021, respectively, as administrator and sponsor for the securitizations completed during 2021 by the joint venture to purchase and securitize private education loans sold by Wells Fargo. The Company also recognized income of $1.2 million and $32.9 million in 2022 and 2021, respectively, related to its investment in the joint venture. For 2021, other income was partially offset by a $6.8 million loss recognized by the Company as a result of purchasing back its own debt.

Company recognized revenue of $6.8 million, $7.9 million, and $3.7 million in 2023, 2022, and 2021, respectively, as administrator and sponsor for the securitizations completed during 2021 by the joint venture to purchase and securitize private education loans sold by Wells Fargo (an amortizing portfolio). The Company also recognized a loss of $4.3 million, and income of $1.2 million, and $32.9 million, in 2023, 2022, and 2021, respectively, related to its investments in joint ventures. For 2021, other income was partially offset by a $6.8 million loss recognized as a result of purchasing back its own debt.

suspended borrower late fees in March 2020 to provide borrowers relief as a result of the COVID-19 pandemic. The Company began to recognize borrower late fees again in May 2021 (for private education loans) and October 2021 (for federally insured student loans). The Company recognized revenue of $6.8 million, $7.9 million, and $3.7 million in 2023, 2022, and 2021, respectively, as administrator and sponsor for the securitizations completed during 2021 by the joint venture to purchase and securitize private education loans sold by Wells Fargo (an amortizing portfolio). The Company also recognized a loss of $4.3 million, and income of $1.2 million, and $32.9 million, in 2023, 2022, and 2021, respectively, related to its investments in joint ventures. For 2021, other income was partially offset by a $6.8 million loss recognized as a result of purchasing back its own debt.

Gain on sale of loans, net	Gain on sale of loans, net	2,903	18,715	The Company sold $167.0 million (par value) and $101.1 million (par value) of loans to unrelated third parties in 2022 and 2021, respectively, and recognized net gains from such sales.	Gain on sale of loans, net	39,673	2,903	2,903	18,715	18,715	The Company recognized net gains from selling portfolios of loans. See note 3 of the notes to consolidated financial statements included in this report for additional information.	The Company recognized net gains from selling portfolios of loans. See note 3 of the notes to consolidated financial statements included in this report for additional information.
Provision for beneficial interests	Provision for beneficial interests	—	2,436	In the first quarter of 2021, due to improved economic conditions, the Company recorded a negative provision of $2.4 million related to its remaining allowance on a consumer loan securitization beneficial interest investment. Such allowance was initially recorded in March 2020 as a result of the COVID-19 pandemic.	Provision for beneficial interests	—	—	—	2,436	2,436	In the first quarter of 2021, due to improved economic conditions, the Company recorded a negative provision of $2.4 million related to its remaining allowance on a consumer loan securitization beneficial interest investment. Such allowance was initially recorded in March 2020 as a result of the COVID-19 pandemic.	In the first quarter of 2021, due to improved economic conditions, the Company recorded a negative provision of $2.4 million related to its remaining allowance on a consumer loan securitization beneficial interest investment. Such allowance was initially recorded in March 2020 as a result of the COVID-19 pandemic.
Derivative settlements, net	Derivative settlements, net	32,943	(21,367)	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below.	Derivative settlements, net	24,588	32,943	32,943	(21,367)	(21,367)	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below.	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below.

Derivative market value adjustments, net	Derivative market value adjustments, net	231,691	92,813	Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during 2022 and 2021 related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps.	Derivative market value adjustments, net	(40,250)	231,691		231,691		92,813		92,813	Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. On March 15, 2023, AGM terminated its portfolio of floor income interest rate swaps to minimize the Company's exposure to market volatility and increase liquidity. As such, the Company expects the derivative market value adjustments in future periods will be less substantial.		Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. On March 15, 2023, AGM terminated its portfolio of floor income interest rate

										swaps to minimize the Company's exposure to market volatility and increase liquidity. As such, the Company expects the derivative market value adjustments in future periods will be less substantial.
Total other income (expense)		288,707	126,903							
Total other income, net										
Salaries and benefits										
Salaries and benefits										
Salaries and benefits	Salaries and benefits	2,524	2,135	4,191	2,524	2,524	2,135	2,135	Increase in 2023 due to additional headcount as the Company actively expands into new asset loan classes.	Increase in 2023 due to additional headcount as the Company actively expands into new asset loan classes.

Other expenses	Other expenses	16,835	13,487	The primary component of other expenses is servicing fees paid to third parties. The increase in 2022 compared with 2021 was due to increased costs resulting from ending COVID-19 borrower relief policies which increased servicing activities in 2022 compared with 2021. This increase was partially offset by a decrease in AGM's loan portfolio. Other expenses also includes certain professional and legal fees. Professional fees increased in 2022 compared with 2021 due to incurring additional costs as the Company actively expands into new asset loan classes.	Other expenses	14,728	16,835		16,835		13,487		13,487	Represents primarily servicing fees paid to third parties. Also includes certain professional and legal fees. See “Total operating expenses” below.		Represents primarily servicing fees paid to third parties. Also includes certain professional and legal fees. See “Total operating expenses” below.	

Intersegment expenses	Intersegment expenses	34,679	34,868	Amounts include fees paid to the LSS operating segment for the servicing of AGM's loan portfolio. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.	Intersegment expenses	32,824	34,679		34,679		34,868		34,868	Represents fees paid to LSS for the servicing of AGM's loan portfolio. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.
	Total operating expenses	54,038	50,490	Total operating expenses were 34 basis points and 27 basis points of the average balance of loans in 2022 and 2021, respectively. The increase in operating expenses as a percent of the average balance of loans in 2022 compared with 2021 was due to an increase in certain professional costs as discussed above.										
	Income before income taxes	454,725	423,616											

Represents fees paid to LSS for the servicing of AGM's loan portfolio. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.

Income tax expense	(109,134)	(101,668)	Represents income tax expense at an effective tax rate of 24%.
Net income	$345,591	321,948	
Additional information:			
Net income	$345,591	321,948	See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.
Derivative market value adjustments, net	(231,691)	(92,813)	
Tax effect	55,606	22,275	
Non-GAAP net income, excluding derivative market value adjustments	$169,506	251,410	

Total operating expenses	51,743	54,038	50,490	Total operating expenses were 39 basis points, 34 basis points, and 27 basis points of the average balance of loans in 2023, 2022, and 2021, respectively. The increase in operating expenses as a percent of the average balance of loans was due to an increase in professional and legal fees and salaries and benefit costs as the Company actively expands into new asset classes. In addition, 2021 operating expenses were down due to less activity during the COVID pandemic.
Income before income taxes	80,636	454,725	423,616	
Income tax expense	(19,353)	(109,134)	(101,668)	Represents income tax expense at an effective tax rate of 24%.
Net income	$ 61,283	345,591	321,948	
Additional information:				
GAAP Net income	$ 61,283	345,591	321,948	See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.
Derivative market value adjustments, net	40,250	(231,691)	(92,813)	
Tax effect	(9,660)	55,606	22,275	
Non-GAAP net income, excluding derivative market value adjustments	$ 91,873	169,506	251,410	

Net interest income after provision for loan losses, net of settlements on derivatives

The following table summarizes the components of "net interest income after provision for loan losses" and "derivative settlements, net."

		Year ended December 31, 2022	2021	Additional information		2023		2022		2021	Ad info
Variable interest income, gross	Variable interest income, gross	$701,816	499,698	Increase in 2022 compared with 2021 was due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans.	Variable interest income, gross	$1,007,424	701,816	701,816	499,698	499,698	Increases due to a increase in the gros yield earned on loans partially offset by decrease in th average balance c loans.

Consolidation rebate fees	Consolidation rebate fees	(134,578)	(160,228)	Decrease in 2022 compared with 2021 was due to a decrease in the average consolidation loan balance.	Consolidation rebate fees	(106,756)	(134,578)		(134,578)		(160,228)		(160,228)	Decreases due to a decrease in the average consolidation loan balance.
Discount accretion, net of premium and deferred origination costs amortization	Discount accretion, net of premium and deferred origination costs amortization	14,010	(3,347)	During each of the fourth quarters of 2022 and 2021, the Company changed its estimate of the constant prepayment rate used to amortize/accrete federally insured loan premium/discounts for its loans which resulted in a $8.4 million increase and a $6.2 million decrease, respectively, to interest income. Excluding these items, the Company recognized a net discount accretion of $5.6 million and $2.9 million in 2022 and 2021, respectively. Net discount accretion is due to the Company's purchases of loans at a net discount over the last several years.	Discount accretion, net of premium and deferred origination costs amortization	7,302	14,010		14,010		(3,347)		(3,347)	During each of the fourth quarters of 2022 and 2021, the Company changed its estimate of the constant prepayment rate used to amortize/accrete federally insured loan premium/discounts for its loans which resulted in a $8.4 million increase and a $6.2 million decrease, respectively, to interest income. Excluding these items, the Company recognized a net discount accretion of $5.6 million and $2.9 million in 2022 and 2021, respectively. Net discount accretion during 2023, 2022, and 2021 was due to the Company's purchases of loans at a net discount over the last several years.
Variable interest income, net	Variable interest income, net	581,248	336,123											
Interest on bonds and notes payable	Interest on bonds and notes payable	(399,806)	(171,320)	Increase in 2022 compared with 2021 was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the first quarter of 2021, the Company reduced interest expense by $23.8 million as a result of reversing a historical accrued interest liability on certain bonds.										
Interest on bonds and notes payable														

Interest on bonds and notes payable						(788,251)			(399,806)		(171,320)	
Derivative settlements, net (a)	Derivative settlements, net (a)	(206)	(1,638)	Derivative settlements include the net settlements paid related to the Company's 1:3 basis swaps.	Derivative settlements, net (a)	1,544	(206)		(206)	(1,638)	(1,638)	Represents ne derivative settlement received (paid related to th Company's 1:3 basi swaps.
Variable loan interest margin, net of settlements on derivatives (a)		181,236	163,165									
Variable loan interest margin, net of settlements on derivatives												
Fixed rate floor income, gross												
Fixed rate floor income, gross												

Fixed rate floor income, gross	Fixed rate floor income, gross	57,380	142,606	Decrease was due to higher interest rates in 2022 compared with 2021. Subsequent to December 31, 2022 (on February 2, 2023), the Federal Reserve again increased interest rates, and it is currently anticipated that interest rates may continue to rise as a result of inflationary pressures in the U.S. economy; increases in interest rates will reduce the amount of fixed rate floor income the Company is currently receiving.		2,169	57,380	57,380	142,606	142,606	Decreases due to higher interest rates.
Derivative settlements, net (a)	Derivative settlements, net (a)	33,149	(19,729)	Derivative settlements include the settlements received (paid) related to the Company's floor income interest rate swaps. The increase in net derivative settlements received by the Company during 2022, compared with net derivative settlements paid during 2021, was due to an increase in interest rates, partially offset by a decrease in the notional amount of derivatives outstanding.	Derivative settlements, net (a)	23,044	33,149	33,149	(19,729)	(19,729)	Represents ne derivative settlement received (paid related to th Company's floo income interest rat swaps.
Fixed rate floor income, net of settlements on derivatives	Fixed rate floor income, net of settlements on derivatives	90,529	122,877								
Core loan interest income (a)	Core loan interest income (a)	271,765	286,042								

Core loan interest income (a)

Core loan interest income (a)

Investment interest

Investment interest

Investment interest	Investment interest	37,929	28,172	Increase in 2022 compared with 2021 was due to an increase in the balance of restricted cash due to significant loan prepayments and interest earned on restricted cash due to higher rates in 2022 compared with 2021.		67,019	37,929	37,929	28,172	28,172	Increases due to an increase in the balance of restricted cash due to significant loan prepayments and interest earned on restricted cash due to higher interest rates.
Intercompany interest	Intercompany interest	(12,094)	(1,598)	Increase was due to an increase in the weighted average intercompany debt outstanding and higher interest rates in 2022 compared with 2021.	Intercompany interest	(34,833)	(12,094)	(12,094)	(1,598)	(1,598)	Increases due to ar increase in the balance of borrowing and higher interes rates.
(Provision) negative provision for loan losses - federally insured loans	(Provision) negative provision for loan losses - federally insured loans	(3,731)	7,343	The Company has recognized provision for loan losses in 2022 due to management's estimate of declining economic conditions, as well as establishing an initial allowance for loans acquired during the period. For additional information on the provision activity, see note 4 of the notes to consolidated financial statements included in this report.	(Provision) negative provision for loan losses - federally insured loans	(4,303)	(3,731)	(3,731)	7,343	7,343	See note 3 of th notes to consolidate financial statement included in this repor for the factor impacting provisio for loan losses for th periods presented.
(Provision) negative provision for loan losses - private education loans	(Provision) negative provision for loan losses - private education loans	(2,487)	1,333								
(Provision) negative provision for loan losses - consumer and other loans	(Provision) negative provision for loan losses - consumer and other loans	(38,383)	4,544								
(Provision) negative provision for loan losses - consumer and other loans											
(Provision) negative provision for loan losses - consumer and other loans											

Net interest income after provision for loan losses (net of settlements on derivatives) (a)	Net interest income after provision for loan losses (net of settlements on derivatives) (a)	$ 252,999	325,836	Decrease for 2022 compared with 2021 was due to (i) a decrease in the average balance of loans; (ii) an increase in provision for loan losses; and (iii) the reversal of a historical accrued interest liability on certain bonds in the first quarter of 2021. These items were partially offset by (i) an increase in core loan spread; (ii) an increase in investment interest income; and (iii) the impact of changes in the constant prepayment rates used to accrete/amortize loan premium/discounts in both 2022 and 2021.
Net interest income after provision for loan losses (net of settlements on derivatives) (a)				
Net interest income after provision for loan losses (net of settlements on derivatives) (a)				

(a) Core loan interest income and net interest income after provision for loan losses (net of settlements on derivatives) are non-GAAP financial measures. For an explanation of GAAP accounting for derivative settlements and the reasons why the Company reports these non-GAAP measures (and the limitations thereof), see footnote (d) (e) to the table immediately under the caption "Loan Spread Analysis" above. See note 6 5 of the notes to consolidated financial statements included in this report for additional information on the Company's derivative instruments, including the net settlement activity recognized by the Company for each type of derivative referred to in the "Additional information" column of this table, for the 2023, 2022, and 2021 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 6 and in this table.

NELNET BANK OPERATING SEGMENT – RESULTS OF OPERATIONS *Nelnet Bank Operating Segment*

Loan Portfolio

As of December 31, 2022 December 31, 2023, Nelnet Bank had a $419.8 million $432.9 million loan portfolio, consisting of $353.9 million $360.5 million of private education loans and $65.9 million $72.4 million of FFELP consumer and other loans. For a summary of the Company's loan portfolio as of December 31, 2023 and 2022, see note 3 of the notes to consolidated financial statements included in this report.

Loan Activity

The following table sets forth the activity in Nelnet Bank's loan portfolio:

	Year ended December 31,		
	2023	2022	2021
Beginning balance	$ 419,795	257,901	17,543
Loan acquisitions and originations:			
Federally insured student loans	—	—	99,973
Private education loans	53,286	235,139	179,749

Consumer and other loans	85,967	—	—
Total loan acquisitions and originations	139,253	235,139	279,722
Repayments	(68,475)	(69,022)	(36,181)
Loans sold to AGM	(57,701)	(4,223)	(3,183)
Ending balance	$ 432,872	419,795	257,901

Allowance for Loan Losses, Loan Delinquencies, and Loan Charge-offs

For a summary of the allowance as a percentage of the ending balance for each of Nelnet Bank's loan portfolios as of December 31, 2023 and 2022; loan status, delinquency amounts, and other key credit quality indicators of each of Nelnet Bank's loan portfolios as of December 31, 2022 December 31, 2023, 2022, and 2021; and the activity in Nelnet Bank's allowance for loan losses and net charge-offs as a percentage of average loans for the years ended December 31, 2022 in 2023, 2022, and 2021, see note 4 3 of the notes to consolidated financial statements included in this report.

The following table sets forth the activity in Nelnet Bank's loan portfolio:

	Year ended December 31,	
	2022	2021
Beginning balance	$ 257,901	17,543
Loan acquisitions and originations:		
Federally insured student loan acquisitions	—	99,973
Private education loan acquisitions	6,856	—
Private education loan originations	228,283	179,749
Total loan acquisitions and originations	235,139	279,722
Repayments	(69,022)	(36,181)
Sales to AGM	(4,223)	(3,183)
Ending balance	$ 419,795	257,901

Deposits

As of December 31, 2022 December 31, 2023, Nelnet Bank had $789.6 million $847.6 million of deposits. All of Nelnet Bank's deposits are interest-bearing deposits and consist of brokered certificates of deposit (CDs) and, retail and other savings deposits and CDs. CDs, and intercompany deposits. Retail and other saving savings deposits include deposits from Educational 529 College Savings and Health Savings plans, Short Term Federal Investment Trust (STFIT), and commercial and institutional CDs. Union Bank, a related party, is the program manager for the Educational 529 College Savings plans. plans and trustee for the STFIT.

As of December 31, 2023, Nelnet Bank's deposits include $98.3 million included $104.0 million from Nelnet, Inc. (the parent (parent company) and its subsidiaries (intercompany), and thus have been eliminated for consolidated financial reporting purposes. The intercompany deposits include a pledged deposit of $40.0 million from Nelnet, Inc. as required under the Capital and Liquidity Maintenance Agreement with the FDIC, deposits required for intercompany transactions, operating and savings deposits, and NBS custodial deposits consisting of collected tuition payments collected which are subsequently remitted to the appropriate school.

Average Balance Sheet

The following table reflects the rates earned on interest-earning assets and paid on interest-bearing liabilities.

	Year ended December 31, (a)			
	2022		2021	
	Balance	Rate	Balance	Rate
Average assets				
Federally insured student loans	$ 77,465	3.01 %	$ 64,873	1.36 %

	Year ended December 31, (a)				Yea
	2023		2022		
	Balance	Rate	Balance	Rate	
Average assets					
Federally insured student loans					
Federally insured student loans	$ 59,389	6.43 %	$ 77,465	3.01 %	$ 64,873

Private education loans	Private education loans	317,016	3.23	86,285	3.16								
Consumer and other loans													
Cash and investments	Cash and investments	383,250	3.50	220,735	1.86								
Total interest-earning assets	Total interest-earning assets	777,731	3.34 %	371,893	2.08 %	Total interest-earning assets	1,012,618	5.71	5.71 %	777,731	3.34	3.34 %	371,
Non-interest-earning assets	Non-interest-earning assets	11,948		10,195									
Total assets	Total assets	$789,679		$382,088									
Total assets													
Total assets													
Average liabilities and equity	**Average liabilities and equity**												
Average liabilities and equity													
Average liabilities and equity													
Brokered deposits													
Brokered deposits													
Brokered deposits	Brokered deposits	$248,808	1.50 %	$ 61,208	0.84 %	$ 204,410		1.38	1.38 %	$248,808	1.50	1.50 %	$61,208
Intercompany deposits	Intercompany deposits	121,566	1.90	81,064	0.25								
Retail and other deposits	Retail and other deposits	304,077	1.65	132,010	0.60								
Federal funds purchased and other borrowed money													
Total interest-bearing liabilities	Total interest-bearing liabilities	674,451	1.64 %	274,282	0.55 %	Total interest-bearing liabilities	886,459	3.86	3.86 %	674,451	1.64	1.64 %	274,
Non-interest-bearing liabilities	Non-interest-bearing liabilities	4,964		4,705									
Equity	Equity	110,264		103,101									
Equity													
Equity													
Total liabilities and equity													
Total liabilities and equity													
Total liabilities and equity	Total liabilities and equity	$789,679		$382,088									

(a) Calculated using average daily balances.

Summary and Comparison of Operating Results

		Year ended December 31,										
		2022	**2021**	**Additional information**		**2023**	**2022**		**2021**		**Additional information**	
Total interest income	Total interest income	$25,973	7,721	Represents interest earned on Nelnet Bank's FFELP and private education student loans, cash, and investments. Increase was due to an increase of these balances and interest rates in 2022 compared with 2021.	Total interest income	$57,859	25,973	25,973	7,721	7,721	Represents interest earned on loans, cash, and investments. Increases due to an increase of these balances and interest rates.	Represents interest earned on loans, cash, and investments. Increases due to an increase of these balances and interest rates.
Interest expense	Interest expense	11,055	1,507	Represents interest expense on deposits. Increase was due to an increase of deposits and interest rates in 2022 compared with 2021.	Interest expense	34,704	11,055	11,055	1,507	1,507	Represents interest expense on deposits. Increases due to an increase of deposits and interest rates.	Represents interest expense on deposits. Increases due to an increase of deposits and interest rates.
Net interest income	Net interest income	14,918	6,214									

Provision for loan losses	Provision for loan losses	1,840	794	Increase in provision for loan losses was due to an increase in private education loans originated in 2022 compared with 2021 as well as management's estimate of declining economic conditions. For additional information on the provision activity, see note 4 of the notes to consolidated financial statements included in this report.								
Provision for loan losses												
Provision for loan losses					8,475		1,840		794		Increases in provision for loan losses was due to increase in balance of loans and the mix of loans, including the mix of loans acquired and originated in each year compared with the preceding year. See note 3 of the notes to consolidated financial statements included in this report for additional information.	
Net interest income after provision for loan losses	Net interest income after provision for loan losses	13,078	5,420									
Other income												
Other income												
Other income	Other income	2,625	713	Represents primarily income and gains from investments.	1,095	2,625	2,625	713	713	Represents primarily net gains and income from investments.		Represents primarily net gains and income from investments.
Impairment expense	Impairment expense	(214)	—									
Total other income (expense)		2,411	713									

Impairment expense											
Impairment expense											
Derivative settlements, net											
Derivative settlements, net											
Derivative settlements, net						484		—	—	During 2023, Nelnet Bank entered into derivatives to hedge its exposure related to variable rate intercompany deposits to minimize volatility from future changes in interest rates. Nelnet Bank has designated its derivative instruments as cash flow hedges; however, because the hedged items are intercompany deposits, the derivative instruments are not eligible for hedge accounting in the consolidated financial statements. Accordingly, all changes in fair value of such derivatives are recorded through earnings and presented as “derivative market value adjustments, net” in the statements of operations.	
Derivative market value adjustments, net											
Total other income, net											
Total other income, net											
Total other income, net											
Salaries and benefits											
Salaries and benefits											
Salaries and benefits	Salaries and benefits	6,948	5,042	Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increase was due to the overall growth of Nelnet Bank activities.	9,074	6,948	6,948	5,042	5,042	Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increases due to the overall growth of Nelnet Bank activities.	Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increases due to the overall growth of Nelnet Bank activities.
Depreciation	Depreciation	15	—								
Other expenses	Other expenses	3,925	1,776	Increase was due to the overall growth of Nelnet Bank activities.							
Other expenses											

Other expenses						4,994		3,925		1,776		Represents various expenses such as consulting and professional fees, Nelnet Bank director fees, occupancy, certain information technology-related costs, insurance, marketing, and other operating expenses. Increases due to the overall growth of Nelnet Bank activities.	
Intersegment expenses	Intersegment expenses	244	107	Represents primarily servicing costs paid to the LSS operating segment. Certain shared service and support costs incurred by the Company to support Nelnet Bank are not and will not be reflected as part of the Nelnet Bank operating segment through 2023 (when the bank's de novo period will end). The shared service and support costs incurred by the Company related to Nelnet Bank and not reflected in the bank's operating segment were $5.8 million and $3.4 million for 2022 and 2021, respectively.	Intersegment expenses	462	244	244	107	107	Represents primarily servicing costs paid to LSS. Certain shared service and support costs incurred by the Company to support Nelnet Bank have not been reflected as part of Nelnet Bank through 2023 (when the bank's de novo period ended). The shared service and support costs incurred by the Company related to Nelnet Bank and not reflected in the bank's operating segment were $7.7 million, $5.8 million, and $3.4 million for 2023, 2022, and 2021, respectively. These expenses will be allocated to Nelnet Bank beginning in 2024.		Represents primarily servicing costs paid to LSS. Certain shared service and support costs incurred by the Company to support Nelnet Bank have not been reflected as part of Nelnet Bank through 2023 (when the bank's de novo period ended). The shared service and support costs incurred by the Company related to Nelnet Bank and not reflected in the bank's operating segment were $7.7 million, $5.8 million, and $3.4 million for 2023, 2022, and 2021, respectively. These expenses will be allocated to Nelnet Bank beginning in 2024.
Total operating expenses	Total operating expenses	11,132	6,925										

Income (loss) before income taxes	4,357	(792)	
Income tax (expense) benefit	(1,013)	175	Represents income tax (expense) benefit at an effective tax rate of 23.3% and 22.1% for the years ended December 31, 2022 and 2021, respectively.
Net income (loss)	$ 3,344	(617)	

(Loss) income before income taxes				
(Loss) income before income taxes				
(Loss) income before income taxes				
Income tax benefit (expense)				
Income tax benefit (expense)				
Income tax benefit (expense)	153	(1,013)	175	Represents income tax benefit (expense) at an effective tax rate of 41.5%, 23.3%, and 22.1% for the years ended December 31, 2023, 2022, and 2021, respectively.
Net (loss) income				
Additional information:				
Additional information:				
Additional information:				
Net (loss) income				
Net (loss) income				
Net (loss) income	$ (215)	3,344	(617)	
Derivative market value adjustments, net				See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments.
Tax effect				
Tax effect				
Tax effect				
Net income (loss), excluding derivative market value adjustments				
Net income (loss), excluding derivative market value adjustments				
Net income (loss), excluding derivative market value adjustments				

NFS Other Operating Segments

The following table summarizes the operating results of other operating segments included in NFS that are not reportable. Income taxes are allocated based on 24% of income (loss) before taxes for each activity.

Summary and Comparison of Operating Results

		WRCM (a)	Nelnet Insurance Services (b)	Real estate investments (c)	Investment securities (d)	Total
	Year ended December 31, 2023					
Interest income	$	11	1,563	564	72,719	74,857
Interest expense		—	—	—	(29,747)	(29,747)
Net interest income		11	1,563	564	42,972	45,110
Other, net		6,746	21,854	451	(2,403)	26,648
Salaries and benefits		(216)	(370)	(544)	—	(1,130)
Other expenses		(326)	(18,757)	(82)	(7)	(19,172)
Intersegment expenses, net		(12)	(175)	(397)	—	(584)
Income (loss) before income taxes		6,203	4,115	(8)	40,562	50,872
Income tax (expense) benefit		(1,340)	(988)	(10)	(9,735)	(12,073)
Net (income) loss attributable to noncontrolling interests		(620)	—	52	—	(568)
Net income (loss)	$	4,243	3,127	34	30,827	38,231
	Year ended December 31, 2022					
Interest income	$	2	674	994	38,707	40,377
Interest expense		—	(2)	—	(21,972)	(21,974)
Net interest income		2	672	994	16,735	18,403
Other, net		6,026	6,061	24,284	(1,112)	35,259
Salaries and benefits		(221)	(244)	(415)	—	(880)
Other expenses		(347)	(1,958)	(142)	(6)	(2,453)
Intersegment expenses, net		(12)	1,605	(420)	—	1,173
Income (loss) before income taxes		5,448	6,136	24,301	15,617	51,502
Income tax (expense) benefit		(1,177)	(1,473)	(5,839)	(3,748)	(12,237)
Net (income) loss attributable to noncontrolling interests		(545)	—	29	—	(516)
Net income (loss)	$	3,726	4,663	18,491	11,869	38,749
	Year ended December 31, 2021					
Interest income	$	—	496	548	8,422	9,466
Interest expense		—	(22)	—	(2,734)	(2,756)
Net interest income		—	474	548	5,688	6,710
Other, net		7,785	2,115	21,994	6,555	38,449
Salaries and benefits		(227)	(271)	(332)	—	(830)
Other expenses		(328)	(2,177)	(77)	(3)	(2,585)
Intersegment expenses, net		(10)	1,610	(221)	—	1,379
Income (loss) before income taxes		7,220	1,751	21,912	12,240	43,123
Income tax (expense) benefit		(1,560)	(420)	(5,258)	(2,937)	(10,175)
Net (income) loss attributable to noncontrolling interests		(722)	—	(4)	—	(726)
Net income (loss)	$	4,938	1,331	16,650	9,303	32,222

(a) The Company provides investment advisory services through Whitetail Rock Capital Management, LLC (WRCM), the Company's SEC-registered investment advisor subsidiary, under various arrangements. WRCM earns annual fees of 10 basis points to 25 basis points for asset-backed securities under management and a share of the gains from the sale of securities or securities being called prior to the full contractual maturity for which it provides advisory services. As of December 31, 2023, the outstanding balance of asset-backed securities under management subject to these arrangements was $2.6 billion, of which the majority of such securities were FFELP student loan asset-backed securities. In addition, WRCM earns annual management fees of five basis points for Nelnet stock under management (primarily shares of Nelnet Class B common stock held in various trust estates). During 2023, 2022, and 2021, WRCM earned $6.2 million, $6.0 million, and $4.2 million, respectively, in management fees. During 2023 and 2021, WRCM earned $0.5 million and $3.2 million in performance fees, respectively (performance fees were insignificant in 2022). Fees earned by WRCM are included in “other, net” in the table above.

(b) Represents the operating results of the Company’s reinsurance treaties on property and casualty policies and the Company’s Nebraska chartered life and health company, which is in run-off mode and reinsures a decreasing term life insurance product distributed to FACTS. During 2023 and 2022, the Company earned reinsurance premiums of $41.6 million and $0.3 million, respectively, and ceded $21.5 million and $0.2 million, respectively, of its earned reinsurance premiums, which are included in “other, net” in the table above. During 2023 and 2022, the

Company recognized $34.7 million and $0.3 million, respectively, of loss reserve, commissions, and broker fees of which it ceded $18.0 million and $0.2 million, respectively, which are included in “other expenses” in the table above. There was no reinsurance activity in 2021.

(c) Represents the operating results of the Company’s real estate investments and the administrative costs to manage this portfolio. During 2023, 2022, and 2021, the Company recognized net income and gains of $0.4 million, $24.8 million and $21.5 million, respectively, from its real estate investments, which is included in “other, net” in the table above.

(d) Represents interest income earned on investment debt securities (primarily student loan and other asset-backed securities), unrealized gains/losses on marketable equity securities, realized gains/losses on marketable equity securities and investment debt securities, and other costs to manage these investments. Also includes interest expense incurred on debt used to finance such investments.

CORPORATE AND OTHER ACTIVITIES – RESULTS OF OPERATIONS

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities (“Corporate.”) The following table summarizes the operating results of these activities.

Income taxes are allocated based on 24% of income (loss) before taxes for each activity. The difference between the Corporate income tax expense and the sum of taxes calculated for each activity is included in income taxes in “other” in the table below.

Summary and Comparison of Operating Results

	Shared services (a)	Nelnet Renewable Energy (b)	Tax equity investments / syndication / administration	GRNE Solar	ALLO investment (c)	Venture capital investments (d)	Other	Total
	Year ended December 31, 2023							Year ended December 31, 2023

Shared services (a)

Shared services (a)

Nelnet Renewable Energy (c)

Net interest income (expense)

	Shared services (a)	WRCM (b)	Tax equity investments / syndication / administration	GRNE Solar	ALLO investment (d)	Real estate investments (e)	Venture capital investments (f)	Interest income/expense, net (g)	Other	Total
Net interest income (expense)										
	Year ended December 31, 2022									
Interest income	$ —	2	—	34	—	994	1,289	39,638	619	42,576
Interest expense	—	—	—	(154)	—	—	—	(22,590)	1,206	(21,538)
Net interest income	—	2	—	(120)	—	994	1,289	17,048	1,825	21,038
Net interest income (expense)										
Solar construction revenue	—	—	—	24,543	—	—	—	—	—	24,543
Other, net	2,575	6,026	(9,088)	15	(58,781)	26,139	22,272	(1,320)	11,309	(853)
Impairment expense	(998)	—	—	—	—	—	(6,561)	—	—	(7,559)
Cost to provide solar construction services	—	—	—	(19,971)	—	—	—	—	—	(19,971)

Salaries and benefits	Salaries and benefits	(90,259)	(221)	(1,386)	(1,526)	(972)	(415)	(741)	—	(6,350)	(101,870)
Depreciation and amortization	Depreciation and amortization	(37,852)	—	—	(1,489)	—	—	—	—	(282)	(39,623)
Other expenses	Other expenses	(43,768)	(347)	(589)	(802)	(5,483)	(140)	(103)	(5,063)	(3,945)	(60,240)
Intersegment expenses, net	Intersegment expenses, net	97,764	(12)	(87)	(365)	—	(420)	—	(221)	(304)	96,355
Income (loss) before income taxes	Income (loss) before income taxes	(72,538)	5,448	(11,150)	285	(65,236)	26,158	16,156	10,444	2,253	(88,180)
Income tax (expense) benefit	Income tax (expense) benefit	17,409	(1,177)	(128)	(55)	15,657	(6,276)	(3,877)	(2,507)	11,132	30,178
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—	(545)	11,682	(57)	—	(9)	—	—	38	11,109
Net income (loss)	Net income (loss)	$(55,129)	3,726	404	173	(49,579)	19,873	12,279	7,937	13,423	(46,893)
		Year ended December 31, 2022									Year ended December 31, 2022
		Year ended December 31, 2021									
Interest income		$ —	—	—	—	—	541	8	8,757	495	9,801
Interest expense		—	—	—	—	—	—	—	(3,837)	322	(3,515)
Net interest income		—	—	—	—	—	541	8	4,920	817	6,286
Net interest income (expense)											
Net interest income (expense)											
Net interest income (expense)											
Solar construction revenue	Solar construction revenue	—	—	—	—	—	—	—	—	—	—
Other, net	Other, net	3,970	7,773	(10,311)	—	(33,722)	22,328	28,800	6,620	14,898	40,356
Impairment expense	Impairment expense	(916)	—	—	—	—	—	(4,637)	—	—	(5,553)
Cost to provide solar construction services	Cost to provide solar construction services	—	—	—	—	—	—	—	—	—	—
Salaries and benefits	Salaries and benefits	(83,401)	(227)	(1,030)	—	(502)	(332)	(872)	—	(4,138)	(90,502)
Depreciation and amortization	Depreciation and amortization	(36,297)	—	—	—	—	—	—	—	(385)	(36,682)
Other expenses	Other expenses	(45,011)	(328)	(100)	—	—	(44)	(70)	(1,437)	(11,183)	(58,173)

Intersegment expenses, net	Intersegment expenses, net	88,685	(10)	(11)	—	—	(206)	(1)	(207)	143	88,393
Income (loss) before income taxes	Income (loss) before income taxes	(72,970)	7,208	(11,452)	—	(34,224)	22,287	23,228	9,896	152	(55,875)
Income tax (expense) benefit	Income tax (expense) benefit	17,513	(1,557)	893	—	8,214	(5,334)	(5,575)	(2,375)	6,330	18,109
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—	(722)	7,730	—	—	(62)	—	—	57	7,003
Net income (loss)	Net income (loss)	$(55,457)	4,929	(2,829)	—	(26,010)	16,891	17,653	7,521	6,539	(30,763)

	Year ended December 31, 2021	Year ended December 31, 2021
Net interest income (expense)		
Net interest income (expense)		
Net interest income (expense)		
Solar construction revenue		
Other, net		
Impairment expense		
Cost to provide solar construction services		
Salaries and benefits		
Depreciation and amortization		
Other expenses		
Intersegment expenses, net		
Income (loss) before income taxes		
Income tax (expense) benefit		

Net (income) loss attributable to noncontrolling interests	
Net income (loss)	

(a) Includes corporate activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services. Certain shared service costs incurred to support Nelnet Bank will not be allocated to Nelnet Bank until the end of the Bank's de novo period (November 2023). The amount allocated to operating segments is reflected as "intersegment expenses, net" in the table above. Also includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs.

(b) The Company provides investment advisory services through Whitetail Rock Capital Management, LLC (WRCM), the Company's SEC-registered investment advisor subsidiary, under various arrangements. WRCM earns annual fees of 10 basis points to 25 basis points for asset-backed securities under management and a share of the gains from the sale of securities or securities being called prior to the full contractual maturity for which it provides advisory services. As of December 31, 2022, the outstanding balance of asset-backed securities under management subject to these arrangements was $2.8 billion, of which all of such securities were FFELP student loan asset-backed securities. In addition, WRCM earns annual management fees of five basis points for Nelnet stock under management (primarily shares of Nelnet Class B common stock held in various trust estates). During 2021, WRCM earned $4.2 million in management fees and $3.6 million in performance fees, and in 2022 all income ($6.0 million) earned by WRCM was management fees. Fees earned by WRCM are included in "other, net" in the table above.

(c) Nelnet Renewable Energy which includes solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development. As of December 31, 2022 December 31, 2023, the Company has invested a total of $278.4 million $470.7 million (which includes $102.8 million $198.8 million syndicated to third-party investors) in solar tax equity investments. Due to the management and control of each of these investment partnerships, the such partnerships that invest in tax equity investments are consolidated on the Company's consolidated financial statements, with the co-investor's portion being presented as non-controlling interests.

Included in tax equity investments is the Company's share of income or loss from solar investments accounted for under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. For the years ended December 31, 2022 and 2021, Nelnet Renewable Energy recognized losses of $9.5 million and $10.1 million, respectively, on its tax equity investments. investments of $46.7 million, $9.5 million, and $10.1 million during 2023, 2022, and 2021, respectively. These losses, which include losses attributable to third-party noncontrolling interest investors, are included in "other, net" in the table above. Solar losses attributable to third-party noncontrolling interest investors was $26.4 million, $10.9 million and $7.4 million for the years ended December 31, 2022 during 2023, 2022, and 2021, respectively, and are reflected in "net (income) loss attributable to noncontrolling interests" in the table above.

Nelnet Renewable Energy syndicates tax equity investments to third parties and earns management and performance fees. Management fee income recognized by Nelnet Renewable Energy was $0.4 million for the year ended December 31, 2022, $1.8 million and $1.0 million during 2023 and 2022, respectively, which is included in "other, net" in the table above.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets. As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest in two subsidiaries of GRNE Solutions, LLC named GRNE-Nelnet, LLC (GRNE) and ENRG-Nelnet, LLC (ENRG) (collectively referred to as "GRNE Solar") Solar for total consideration of $33.9 million. The operating results for Nelnet GRNE Solar in the "Year ended December 31, 2022" table above are for the period from July 1, 2022 through December 31, 2022.

GRNE is a solar construction company that provides full-service engineering, procurement, and construction (EPC) services to residential homes and commercial entities. Since the acquisition of GRNE, it has incurred low and, in some cases, negative margins on certain projects. In addition, higher interest rates reduced residential demand and made community solar projects more costly. Due to the complexity and long-term nature of existing construction contracts, the Company may continue to incur low and/or negative margins to complete projects currently under contract. As part of the Company's November 2023 annual goodwill impairment assessment completed in conjunction with the Company's annual November budget process, the Company recognized non-cash impairment charges in the fourth quarter of 2023 for goodwill and intangibles of $18.9 million and $1.7 million, respectively. See note 8 11 of the notes to consolidated financial statements included in this report for additional information.

(d) (c) Represents primarily the Company's share of loss on its voting membership interests and income on its preferred membership interest interests in ALLO.

The Company accounts for its approximately 45% voting membership interests in ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO") under the HLBV method of accounting. During the years ended December 31, 2022 and 2021, the The Company recognized losses of $68.0 million and $42.1 million, respectively, under the HLBV method of accounting on its ALLO voting membership interests investment. investment of $65.3 million, $68.0 million, and $42.1 million, during 2023, 2022, and 2021, respectively. These amounts are reflected in "other, net" in the table above.

Assuming ALLO continues its planned growth in existing and new communities, it will continue to invest substantial amounts in property and equipment to build the network and connect customers. The resulting recognition of depreciation and development costs could result in continuing net operating losses by ALLO under GAAP. Applying the HLBV method of accounting, the Company will continue to recognize a significant portion of ALLO's anticipated losses over the next several years.

As of December 31, 2022 December 31, 2023, the outstanding preferred membership interests and accrued and unpaid preferred return of ALLO held by the Company was $145.9 million $155.0 million. Accrued and unpaid preferred return capitalizes to preferred membership interests annually on each December 31. The preferred membership interests of ALLO held by the Company earn a preferred annual return of 6.25%. During the years ended December 31, 2022 and 2021, the that will increase to 10.00% in April 2024. The Company recognized income on its ALLO preferred membership interests of $9.1 million, $8.6 million, and $8.4 million, during 2023, 2022, and 2021, respectively. These amounts are reflected in "other, net" in the table above.

Agreements among the Company, SDC (a third-party global digital infrastructure investor), and ALLO provide that they will use commercially reasonable efforts (which expressly excludes requiring ALLO to raise any additional equity financing or sell any assets) to cause ALLO to redeem, on or before April 2024, the remaining preferred membership interests of ALLO held by the Company, plus the amount of accrued and unpaid preferred return on such interests. However, if the non-voting preferred membership interests are not redeemed on or before April 2024, the preferred annual return is increased from 6.25% to 10.00%.

As part of the ALLO recapitalization transaction completed in 2020, the Company and SDC (a third-party global digital infrastructure investor and member of ALLO) entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of $25.0 million up to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. During 2022, the The Company recognized an expense of $2.2 million and $5.3 million associated with this obligation during 2023 and 2022, respectively, which is included in "other expenses" in the table above. See note 2 of the notes to consolidated financial statements included in this report for additional information.

(e) Includes the operating results of the Company's real estate investments and the administrative costs to manage this portfolio. During 2022 and 2021, the Company recognized $26.6 million and $22.3 million, respectively, in net income and gains from its real estate investments, which is included in "other, net" in the table above. In 2022, the Company incurred development fees of $0.5

million, which is included in “other, net” in the table above.

(f) Includes (d) Represents the operating results of the Company’s venture capital investments, including Hudl which the Company accounts for using the measurement alternative method (see note 7 6 of the notes to consolidated financial statements included in this report for additional information), and the administrative costs to manage this portfolio. During 2022, the Company recognized $22.3 million $19.8 million in net income and gains on venture capital investments, including a $15.2 million gain as a result of from the revaluation of its previously held 50% ownership interests in NextGen (previously accounted for under the equity method) as a result of the Company purchasing an additional 30% ownership interests in NextGen on April 30, 2022. In 2021, the Company recognized $28.8 million in net income and gains on venture capital investments, including $10.3 million as a result of CompanyCam Inc.’s equity raise. In October 2021, CompanyCam Inc., an entity in which the Company has an equity investment, completed an additional equity raise. The Company accounts for its investment in this entity using the measurement alternative method, which requires it to adjust its carrying value of the investment for changes resulting from observable market transactions. As a result of this entity’s equity raise, the Company recognized a gain during the fourth quarter of 2021 to adjust its carrying value to reflect the October 2021 transaction value.

(g) Includes interest income earned on cash and investment debt securities (primarily student loan and other asset-backed securities), interest expense incurred on unsecured and certain other corporate related debt transactions, unrealized gains/losses on marketable equity securities, realized gains/losses on marketable equity securities and investment debt securities, and other costs to manage these investments and facilities. During 2022 and 2021, the Company recognized $8.0 million in unrealized losses and $5.0 million in unrealized gains, respectively, on its marketable equity securities and $6.7 million and $1.6 million in realized gains, respectively, on its investment debt securities and marketable equity securities, which are included in “other, net” in the table above. During 2022 and 2021, the Company recognized $3.6 million and $0.1 million, respectively, in fees owed on collateral deposits with its derivative third-party clearinghouse as the result of an increase in collateral deposit balances and interest rates, which is included in “other expenses” in the table above.

Certain investments, including solar tax equity, ALLO, and Hudl, may be recorded at a carrying value that is less than its market value due to HLBV (solar investments and ALLO) and the measurement alternative (Hudl) method of accounting. Future operating results of solar and ALLO or an observable transaction of Hudl could impact the valuation on our financial statements or our investments in them and may result in significant fluctuations of the Company’s earnings.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s Loan Servicing and Systems, and Education Technology Services and Payment Processing Payments operating segments are non-capital intensive and both produce positive operating cash flows. As such, a minimal amount of debt and equity capital is allocated to these segments and any liquidity or capital needs are satisfied using cash flow from operations.

Nelnet Bank launched operations in November 2020. Nelnet Bank was funded by the Company with an initial capital contribution of $100.0 million and the Company contributed an additional $30.0 million and $5.0 million to Nelnet Bank during 2022. 2022 and 2023, respectively. Based on Nelnet Bank's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to the bank in future periods. Cash and investments held at Nelnet Bank are generally not available for Company activities outside of Nelnet Bank. See “Liquidity Impact Related to Nelnet Bank” included below for additional information.

Therefore, the Liquidity and Capital Resources discussion is concentrated on the Company’s liquidity and capital needs to meet existing debt obligations in the Asset Generation and Management operating segment and the Company's other initiatives to pursue additional strategic investments.

The Company may issue equity and debt securities in the future in order to improve capital, increase liquidity, refinance upcoming maturities, or provide for general corporate purposes. Moreover, the Company may from time-to-time repurchase certain amounts of its outstanding secured debt securities, including debt securities which the Company may issue in the future, for cash and/or through exchanges for other securities. Such repurchases or exchanges may be made in open market transactions, privately negotiated transactions, or otherwise. Any such repurchases or exchanges will depend on prevailing market conditions, the Company’s liquidity requirements, contractual restrictions, compliance with securities laws, and other factors. The amounts involved in any such transactions may be material.

The Company has historically utilized operating cash flow, secured financing transactions (which include warehouse facilities and asset-backed securitizations), operating lines of credit, and other borrowing arrangements to fund its Asset Generation and Management operations and loan acquisitions. In addition, the Company has used operating cash flow, borrowings on its unsecured line of credit, repurchase agreements, and unsecured debt offerings to fund corporate activities; business acquisitions; solar, real estate, and other investments; repurchases of common stock; and repurchases of its own debt.

Sources of Liquidity

As of December 31, 2022 December 31, 2023, the Company's sources of liquidity included:

Cash and cash equivalents	$	118,146 168,112
Less: Cash and cash equivalents held at Nelnet Bank (1)		(10,026) (11,599)
Net cash and cash equivalents		108,120 156,513
Available-for-sale (AFS) debt securities (investments) - at fair value		1,389,037 955,903
Less: AFS debt securities held at Nelnet Bank - at fair value (1)		(471,368) (371,610)
AFS private education loan debt securities serving - held as collateral on participation agreement risk retention - at fair value (2)		(370,666) (252,917)
AFS debt securities serving as collateral on repurchase agreements - at fair value (3) Restricted investments		(306,464) (17,969)
Unencumbered AFS debt securities (investments) - at fair value		240,539 313,407
Unencumbered private, consumer, and other loans (Non-Nelnet Bank) - at par		298,460 77,036
Repurchased Nelnet issued asset-backed debt securities - at par (not included on consolidated financial statements) (4) (3)		417,176 312,016
Less: Repurchased Nelnet issued asset-backed debt securities serving as collateral on repurchase agreements agreement - at par (3) (4)		(331,550) (118,925)
Unencumbered repurchased Nelnet issued asset-backed debt securities - at par		85,626 193,091
Unused capacity on unsecured line of credit (5)		495,000
Sources of liquidity as of December 31, 2022 December 31, 2023	$	1,227,745 1,235,047

(1) Cash and investments held at Nelnet Bank are generally not available for Company activities outside of Nelnet Bank.

(2) See The Company is sponsor for certain securitizations and as sponsor, is required to provide a certain level of risk retention. To satisfy this requirement, the Company has purchased bonds issued in the securitizations. The Company is required to retain these bonds as described under the caption "Other Debt Facilities" "Repurchase Agreements" below.

(3) See the caption "Repurchase Agreements" below.

(4) The Company has repurchased certain of its own asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties or redeem the notes at par as cash is generated by the trust estate. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. Certain of these securities serve as collateral on amounts outstanding under the Company's repurchase agreements as reflected in the table above.

(4) See the caption "Repurchase Agreements" below.

(5) The Company has a $495.0 million unsecured line of credit that matures on September 22, 2026. As of December 31, 2022 December 31, 2023, there was no amount outstanding on the unsecured line of credit and $495.0 million was available for future use. The line of credit provides that the Company may increase the aggregate financing commitments, through the existing lenders and/or through new lenders, up to a total of $737.5 million, subject to certain conditions.

The Company intends to use its liquidity position to capitalize on market opportunities, including FFELP, private education, consumer, and other loan acquisitions (or investment interests therein); strategic acquisitions and investments; and capital management initiatives, including stock repurchases, debt repurchases, and dividend distributions. The timing and size of these opportunities will vary and will have a direct impact on the Company's cash and investment balances.

Cash Flows

The Company has historically generated positive cash flow from operations. During the year ended December 31, 2022 December 31, 2023, the Company generated $684.1 million $433.0 million from operating activities, compared with $480.3 million $684.1 million for the same period in 2021. 2022. The increase decrease in such cash flows from operating activities was due to:

- An increase A decrease in net income;
- Payments to the Company's clearinghouse for margin payments on derivatives in 2023 compared with proceeds received in 2022;
- Adjustments to net income for the impact of non-cash changes in deferred income taxes, depreciation and amortization, provision for loan losses, and gain on sale of loans, and net losses/gains on investments; loans;
- An increase A decrease in net proceeds from the Company's clearinghouse for margin payments on derivatives;
- Proceeds from termination of derivatives in 2022;
- Net proceeds from the sale of equity securities in 2022 compared with net purchases in 2021; securities; and
- The impact of changes to accounts receivable, accrued interest payable and other liabilities in 2022 2023 compared with 2021. 2022.

These factors were partially offset by:

- Adjustments to net income for the impact of provision for loan losses, impairment expense, derivative market value adjustments, loss on investments, and loan discount accretion, and deferred taxes; accretion;
- An increase in the proceeds from termination of derivative instruments in 2023 compared with 2022; and

- The impact of changes to accrued interest receivable, accounts receivable, and other assets and liabilities in 2022 2023 compared with 2021. 2022.

The primary items included in the statement of cash flows for investing activities are the purchase, origination, repayment, and repayment sale of loans, and the purchase and sale of available-for-sale securities. securities, and the purchase of other investments (primarily solar investments). The primary items included in financing activities are the proceeds from the issuance of and payments on bonds and notes payable and Nelnet Bank deposits used to fund loans. loans and investment activity. Cash provided by investing activities and used in financing activities for the year ended December 31, 2023 was $1.94 billion and $2.70 billion, respectively. Cash provided by investing activities and used in financing activities for the year ended December 31, 2022 was $2.27 billion and $2.79 billion, respectively. Cash provided by investing activities and used in financing activities for the year ended December 31, 2021 was $1.19 billion and $1.43 billion, respectively. Investing and financing activities are further addressed in the discussion that follows.

Liquidity Needs and Sources of Liquidity Available to Satisfy Debt Obligations Secured by Loan Assets and Related Collateral

The following table shows AGM's debt obligations outstanding that are secured by loan assets and related collateral.

	As of December 31, 2022 December 31, 2023	
	Carrying amount	Final maturity
Bonds and notes issued in asset-backed securitizations	$ 12,684,098 10,271,977	8/26/30 - 9/25/69
FFELP, private education, and consumer loan warehouse facilities	1,132,312 1,422,176	12/31/23 4/22/25 - 11/14/25
	$ 13,816,410 11,694,153	

Bonds and Notes Issued in Asset-backed Securitizations

The majority of AGM's portfolio of student loans is funded in asset-backed securitizations that are structured to substantially match the maturity of the funded assets, thereby minimizing liquidity risk. Cash generated from student loans funded in asset-backed securitizations provide the sources of liquidity to satisfy all obligations related to the outstanding bonds and notes issued in such securitizations. In addition, due to (i) the difference between the yield AGM receives on the loans and cost of financing within these transactions, and (ii) the servicing and administration fees AGM earns from these transactions, AGM has created a portfolio that will generate earnings and significant cash flow over the life of these transactions.

As of December 31, 2022 December 31, 2023, based on cash flow models developed to reflect management's current estimate of, among other factors, prepayments, defaults, deferment, forbearance, and interest rates, AGM currently expects future undiscounted cash flows from its portfolio to be approximately $1.46 billion $1.30 billion as detailed below. The actual timing of cash flows released from the securitizations could be impacted based on when and if the Company terminates a securitization by exercising clean-up calls on the underlying securities when the assets in such securitization get to a certain threshold.

The forecasted cash flow presented below includes all loans, the majority of which are federally insured student loans, funded in asset-backed securitizations as of December 31, 2022 December 31, 2023. As of December 31, 2022 December 31, 2023, AGM had $12.7 billion $10.5 billion of loans included in asset-backed securitizations, which represented 89.3% 87.3% of its total loan portfolio. The forecasted cash flow does not include cash flows that the Company expects to receive related to loans funded in its warehouse facilities, unencumbered private education, consumer, and other loans funded with operating cash, loans acquired subsequent to December 31, 2022 December 31, 2023, loans owned by Nelnet Bank, and cash flows relating to the Company's ownership of beneficial interest in loan securitizations (such beneficial interest investments are classified as "investments and notes receivable" on the Company's consolidated balance sheets).

Asset-backed Securitization Cash Flow Forecast
$1.46 1.30 billion
(dollars in millions)

abscfforecast2023q4.jpg

The forecasted future undiscounted cash flows of approximately $1.46 billion $1.30 billion include approximately $0.94 billion $0.82 billion (as of December 31, 2022 December 31, 2023) of overcollateralization included in the asset-backed securitizations. These excess net asset positions are included in the consolidated balance sheets and included in the balances of "loans and accrued interest receivable" receivable, net" and "restricted cash." The difference between the total estimated future undiscounted cash flows and the overcollateralization of approximately $0.52 billion $0.48 billion, or approximately $0.40 billion $0.36 billion after income taxes based on the estimated effective tax rate, represents estimated future net interest income (earnings) from the portfolio and is expected to be accretive to the Company's December 31, 2022 balance of consolidated shareholders' equity. equity from the December 31, 2023 balance.

The Company uses various assumptions, including prepayments and future interest rates, when preparing its cash flow forecast. These assumptions are further discussed below.

Prepayments: The primary variable in establishing a life of loan estimate is the level and timing of prepayments. Prepayment rates equal the amount of loans that prepay annually as a percentage of the beginning of period balance, net of scheduled principal payments. A number of factors can affect estimated prepayment rates, including the level of consolidation activity, borrower default rates, and utilization of debt management options such as income-based repayment, deferments, and forbearance. Should any of these factors change, management may revise its assumptions, which in turn would impact the projected future cash flow. The Company's cash flow forecast above assumes prepayment rates of 5% for consolidation loans and 6% for all other loan types.

On April 19, 2022, the Department issued a press release, and the Department's Office of Federal Student Aid (FSA) posted a related public announcement, which together announced, among other things, several adjustments, updates, and other changes under income-driven repayment (IDR) plans for federal student loans. In the announcements, the Department and FSA indicated that as part of these changes, any borrower with loans that have accumulated time in repayment, including time in certain forbearances and deferments, of at least 20 or 25 years will see automatic forgiveness, even if the borrower is not currently in an IDR plan, and that if a borrower has a commercially held FFEL Program loan, the borrower can only benefit from these changes if they consolidate their FFEL Program loan to a Federal Direct Loan Program loan. These changes were reflected in executive actions announced by the Department on October 25, 2022 and final regulations announced by the Department on October 31, 2022. The final regulations are to become effective on July 1, 2023, and the fact sheet accompanying the October 25, 2022 announcement indicates that if a borrower has a commercially held FFEL Program loan, the borrower must apply for consolidation to a Federal Direct Loan Program loan by May 1, 2023 to receive the IDR plan and other benefits set forth in the announcement.

These announced changes have increased, and the Company believes may continue to increase, FFEL Program loan prepayments. In addition, if the federal government and the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, consolidation loan programs, or further extend the suspension of borrower payments under the CARES Act, such initiatives could also significantly increase prepayments. For example, since Since late 2021, the Company has experienced accelerated run-off of its FFELP portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and an initiative the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs. After multiple extensions of the student loans payment pause under the CARES Act, the payment and interest accrual suspension ended August 31, 2023, and Federal Direct Loan Program borrowers returned to repayment on September 1, 2023. In addition, during 2023, the Department issued final regulations on income-driven repayment plans, which could lead to increased consolidation activity for FFELP loans. If the federal government and the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, or consolidation loan programs, such initiatives could significantly increase prepayments. See

Item 1A, "Risk Factors - Loan Portfolio - Prepayment risk" for additional information related to these announcements and other risks associated with loan prepayments.

The following table summarizes the estimated impact to the above forecasted cash flows if prepayments were greater than the prepayment rate assumptions used to calculate the forecasted cash flows.

Increase in prepayment rate	Reduction in forecasted cash flow from table above	Forecasted cash flow using increased prepayment rate	
2x	$0.07 billion	$0.11 1.23 billion	$1.35 billion
4x	$0.25 billion	$0.28 1.05 billion	$1.18 billion
10x	$0.45 billion	$0.52 0.85 billion	$0.94 billion

If the entire AGM student loan portfolio prepaid, the Company would receive the full amount of overcollateralization included in the asset-backed securitizations of approximately $0.94 billion $0.82 billion (as of December 31, 2022 December 31, 2023); however, the Company would not receive the $0.52 billion $0.48 billion ($0.40 0.36 billion after tax) of estimated future earnings from the portfolio.

Interest rates: The On June 30, 2023, LIBOR was discontinued as a benchmark rate. Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company funds a large portion of its student loans with three-month LIBOR indexed floating rate securities. securities that are indexed to 90-day SOFR. Meanwhile, the interest earned on the Company's student loan assets is indexed primarily to the 30-day average SOFR in effect for each day in a one-month LIBOR rate. calendar quarter. The different interest rate characteristics of the Company's loan assets and liabilities funding these assets result in basis risk. The Company's cash flow forecast assumes, three-month LIBOR will exceed one-month LIBOR by 12 basis points for the

life of the portfolio, which approximates the historical a relationship between these indices. the various SOFR indices that is implied by the current forward SOFR curves. If the forecast is computed assuming a spread of 24 an additional 12 basis points between three-month Term SOFR and one-month LIBOR 30-day average SOFR for the life of the portfolio, the cash flow forecast would be reduced by approximately $50 million $15 million to $70 million $20 million. As the percentage of the Company's outstanding debt financed by three-month LIBOR declines, the Company's basis risk will be reduced. In addition, the Company attempts to mitigate the impact of this basis risk by entering into certain derivative instruments.

The Company uses the current forward interest rate yield curve to forecast cash flows. A change in the forward interest rate curve would impact the future cash flows generated from the portfolio. An increase in future interest rates will reduce the amount of fixed rate floor income the Company is currently receiving. The Company attempts to mitigate the impact of a rise in short-term rates by entering into certain derivative instruments. The forecasted cash flow does not include cash flows the Company expects to pay/receive related to derivative instruments used by the Company to manage interest rate risk. See Item 7A, "Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk - — AGM Operating Segment" for additional information about various interest rate risks which may impact future cash flows from AGM's loan assets.

In addition, LIBOR is in the process of being discontinued as a benchmark rate, and the market transition away from the current LIBOR framework could result in significant changes to the forecasted cash flows from the Company's asset-backed securitizations. See Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate."

Warehouse Facilities

Warehousing allows the Company to buy and manage FFELP, private education, and consumer loans prior to transferring them into more permanent financing arrangements.

The Company has funds a portion of its FFELP loan acquisitions using its FFELP warehouse facility that, as facilities. As of December 31, 2022 December 31, 2023, the Company had two FFELP warehouse facilities with an aggregate maximum financing amount available of $1.2 billion $1.7 billion, of which $979.0 million $1.4 billion was outstanding and $221.0 million $0.3 billion was available for additional funding. The One warehouse facility has a static advance rate until the expiration date of the liquidity provisions (May 22, 2023) 2024). In the event the liquidity provisions are not extended, the valuation agent has the right to perform a one-time mark to market on the underlying loans funded in this facility, subject to a floor. The loans would then be funded at this new advance rate until the final maturity date of the facility (May 22, 2024) 2025). The other warehouse facility has a maximum advance rate of 92%. As of December 31, 2022 December 31, 2023, the Company had $67.0 million $102.7 million advanced as equity support on this facility.

The Company has a private education loan these facilities. For further discussion of the Company's FFELP warehouse facility that, facilities outstanding as of December 31, 2022 December 31, 2023, had an aggregate maximum financing amount available see note 4 of $64.4 million, an advance rate of 75%, liquidity provisions through June 30, 2023, and a final maturity date of December 31, 2023. As of December 31, 2022, $64.4 million was outstanding under the notes to consolidated financial statements included in this facility with no amount available for future funding, and the Company had $22.4 million advanced as equity support. report.

The Company also has a consumer loan warehouse facility that, as of December 31, 2022 December 31, 2023, had an aggregate maximum financing amount available of $250.0 million $200.0 million, an advance rate of 70%, liquidity provisions through November 14, 2024, and a final maturity date of November 14, 2025. As of December 31, 2022 December 31, 2023, $89.0 million $23.7 million was outstanding under this facility, $161.0 million $176.3 million was available for future funding, and the Company had $36.6 million $10.4 million advanced as equity support.

Upon termination or expiration of the warehouse facilities, the Company would expect to access the securitization market, obtain replacement warehouse facilities, use operating cash, consider the sale of assets, or transfer collateral to satisfy any remaining obligations.

Other Uses of Liquidity

The Company no longer originates FFELP loans, but continues to acquire FFELP loan portfolios from third parties and believes additional loan purchase opportunities exist, including opportunities to purchase private education, consumer, and other loans (or investment interests therein).

The Company plans to fund additional loan acquisitions and related investments using current cash; proceeds from the sale of certain investments; its unsecured line of credit, its Union Bank student loan participation agreement, its Union Bank student loan asset-backed securities participation agreement, and third-party repurchase agreements (each as described below), and/or establishing similar secured and unsecured borrowing facilities; using its existing warehouse facilities (as described above); increasing the capacity under existing and/or establishing new warehouse facilities; and continuing to access the asset-backed securities market.

Repurchase Agreements

In December 2020, Wells Fargo announced the sale of its approximately $10.0 billion $10 billion portfolio of private education loans representing approximately 445,000 borrowers. The Company entered into a joint venture with other investors to acquire the loans, and under the joint venture, the Company had an approximately 8% interest in the loans and has a corresponding 8% interest in residual interests in the 2021 securitizations of the loans discussed below. The joint venture established a limited partnership that purchased the private education loans and funded such loans with a temporary warehouse facility.

During 2021, the Company sponsored four asset-backed securitization transactions to permanently finance a total of $8.7 billion of private education loans sold by Wells Fargo (which represented the total remaining loans originally purchased from Wells Fargo, factoring in borrower payments from the date of purchase). As sponsor, the Company is required to provide a certain level of risk retention, and has purchased bonds issued in such securitizations to satisfy this requirement. The bonds purchased to satisfy the risk retention requirement are reflected on the Company's consolidated balance sheet as "investments and notes receivable" and as of December 31, 2022 December 31, 2023, the fair value of these bonds was $306.5 million $252.9 million. The Company must retain these investment securities until the latest of (i) two years from the closing date of the securitization, (ii) the date the aggregate outstanding principal balance of the loans in the securitization is 33% or less of the initial loan balance, and (iii) the date the aggregate outstanding principal balance of the bonds is 33% or less of the aggregate initial outstanding principal balance of the bonds, at which time the Company can sell its investment securities (bonds) to a third party. The Company entered into repurchase agreements with third parties, of which a portion of the proceeds from such agreements were used to purchase the asset-backed investments, and such investments serve as collateral on the repurchase obligations.

In addition, as discussed above, the Company has repurchased certain of its own asset-backed securities in the secondary market that serve as collateral on amounts outstanding under the Company's repurchase agreements. During the third quarter of 2023, the Company paid down the outstanding balance of one of these facilities.

As of December 31, 2022 December 31, 2023, $567.3 million $208.2 million was outstanding on the Company's remaining repurchase agreements, agreement, of which $291.3 million $117.8 million was borrowed to fund private education loan securitization bonds subject to the Company's risk retention requirement and $276.0 million $90.4 million was borrowed to fund repurchased FFELP loan asset-backed securities. The repurchase agreements have various On January 29, 2024, the Company paid down the $90.4 million borrowed to fund the FFELP loan asset-backed securities. As of February 27, 2024, the maturity dates (as of December 31, 2022) on this facility vary from January 4, 2023 November 27, 2024 through November 27, 2024 December 20, 2024, but one of and the agreements facility is subject to early termination upon required 180 days' prior written notice provided by the Company or the applicable counterparty prior to the maturity dates. Subsequent to December 31, 2022, the maturities on these agreements were extended, and as of February 28, 2023, the maturity dates vary from March 8, 2023 through November 27, 2024. The Company is required subject to pay additional cash margin deficit payment requirements in the event the fair value of the securities subject to a the repurchase agreement becomes less than the original purchase price of such securities.

Upon termination or expiration maturity of the repurchase agreements, agreement, there can be no assurance that the Company will be able to maintain this or a similar agreement, or find alternative funding if necessary. If necessary, the Company would expect to use operating cash, and/ consider the sale of unencumbered investments, or cash proceeds from borrow on its unsecured line of credit consider the sale of assets (subject to any restrictions described above), or transfer collateral to satisfy any outstanding obligations subject to the repurchase agreements. remaining obligations.

Union Bank Participation Agreement

The Company maintains an agreement with Union Bank, a related party, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in student loans. As of December 31, 2022 December 31, 2023, $734.7 million $295.1 million of loans were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The agreement automatically renews annually and is terminable by either party upon five business days' notice. This agreement provides beneficiaries of Union Bank's grantor trusts with access to investments in interests in student loans, while providing liquidity to the Company. The Company can participate loans to Union Bank to the extent of availability under the grantor trusts, up to $900.0 million or an amount in excess of $900.0 million if mutually agreed to by both parties. Loans participated under this agreement have been accounted for by the Company as loan sales. Accordingly, the participation interests sold are not included on the Company's consolidated balance sheets.

Asset-backed Securities Transactions

During 2023, the Company completed one private education loan asset-backed securitization totaling $189.6 million (par value). The proceeds from this transaction were used to finance loans funded in the Company's private education loan warehouse, certain unencumbered loans, and loans purchased during the period. See note 4 of the notes to consolidated financial statements included in this report for additional information on this securitization.

The Company, through its subsidiaries, has historically funded student loans by completing asset-backed securitizations. Depending on market conditions, the Company anticipates continuing to access the asset-backed securitization market. Such asset-backed securitization transactions would be used to refinance student loans included in its warehouse facilities, loans purchased from third parties, and/or student loans in its existing asset-backed securitizations.

There Cash Flow Forecast - Beneficial Interest in Loan Securitizations

The Company has partial ownership in consumer, private education, and federally insured student loan third-party securitizations that are classified as "beneficial interest in loan securitizations" and included in "investments and notes receivable" on the Company's consolidated balance sheets. These residual interests were no asset-backed acquired by the Company or have been received by the Company as consideration as the result of selling portfolios of loans to unrelated third parties who securitized such loans. As of the latest remittance reports filed by the various trusts prior to or as of December 31, 2023, the Company's ownership correlates to approximately $1.76 billion of loans included in these securitizations

As of December 31, 2023, the investment balance on the Company's consolidated balance sheet of its beneficial interest in loan securitizations was $225.1 million. For a summary of this investment balance, see note6of the notes to consolidated financial statements included in this report.

The Company's partial ownership percentage in each loan securitization transactions completed during grants the year ended December 31, 2022 Company the right to receive the corresponding percentage of cash flows generated by the securitization. As of December 31, 2023, based on cash flow models developed to reflect management's current estimate of, among other factors, prepayments, defaults, deferment, forbearance, and interest rates, the Company currently expects future undiscounted cash flows from its partial ownership in these securitizations to be approximately $350.6 million. The vast majority of these cash flows are expected to be received over the next 5 years.

The difference between the total estimated future undiscounted cash flows from these residual interests and the investment carrying value of $225.1 million of $125.5 million, or $95.4 million after income taxes based on the estimated effective tax rate, represents estimated future investment interest income (earnings) from these investments and is expected to be accretive to the Company's balance of consolidated shareholders' equity from the December 31, 2023 balance.

The undiscounted future cash flows from the consumer and private education loan securitizations are highly subject to credit risk (defaults). If defaults are higher than management's current estimate, the forecasted cash flows and estimated future investment interest income (earnings) from these securitizations would be adversely impacted.

Liquidity Impact Related to Nelnet Bank

Nelnet Bank launched operations in November 2020. Nelnet Bank was funded by the Company with an initial capital contribution of $100.0 million and the Company contributed an additional $30.0 million and $5.0 million to Nelnet Bank during 2022. 2022 and 2023, respectively. In addition, the Company made a pledged deposit of $40.0 million with Nelnet Bank, as required under an agreement with the FDIC discussed below.

Prior to Nelnet Bank's launch of operations, Nelnet Bank, Nelnet, Inc. (the parent), and Michael S. Dunlap (Nelnet, Inc.'s controlling shareholder) entered into a Capital and Liquidity Maintenance Agreement and a Parent Company Agreement with the FDIC in connection with Nelnet, Inc.'s role as a source of financial strength for Nelnet Bank. As part of the Capital and Liquidity Maintenance Agreement, Nelnet, Inc. is obligated to (i) contribute capital to Nelnet Bank for it to maintain capital levels that meet FDIC requirements for a "well capitalized" bank, including a leverage ratio of capital to total assets of at least 12%; (ii) provide and maintain an irrevocable asset liquidity takeout commitment for the benefit of Nelnet Bank in an amount equal to the greater of either 10% of Nelnet Bank's total assets or such additional amount as agreed to by Nelnet Bank and Nelnet, Inc.; (iii) provide additional liquidity to Nelnet Bank in such amount and duration as may be necessary for Nelnet Bank to meet its ongoing liquidity obligations; and (iv) establish and maintain a pledged deposit of $40.0 million with Nelnet Bank.

Under the regulatory framework for prompt corrective action, Nelnet Bank is subject to various regulatory capital requirements administered by the FDIC and the UDFI and must meet specific capital standards. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on Nelnet Bank's business, results of operations, or financial condition. On January 1, 2020, January 1, 2020, the Community Bank Leverage Ratio (CBLR) framework, as issued jointly by the Office of the Comptroller of the Currency, the Federal Reserve Board, and the FDIC, became effective. Any banking organization with total consolidated assets of less than $10 billion, limited amounts of certain types of assets and off-balance sheet exposures, and a community bank leverage ratio greater than 9% may opt into the CBLR framework quarterly. The CBLR framework allows banks to satisfy capital standards and be considered "well capitalized" under the prompt corrective action framework if their leverage ratio is greater than 9%, unless the banking organization's federal banking agency determines that the banking organization's risk profile warrants a more stringent leverage ratio. The FDIC has ordered Nelnet Bank to maintain at least a 12% leverage ratio. Nelnet Bank has opted into the CBLR framework for the quarter ended December 31, 2022 December 31, 2023 with a leverage ratio of 13.3% 12.5%. Nelnet Bank intends to maintain at all times regulatory capital levels that meet both the minimum level necessary to be considered "well capitalized" under the FDIC's prompt corrective action framework and the minimum level required by the FDIC.

Based on Nelnet Bank's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to the bank in future periods.

Liquidity Impact Related to Nelnet Renewable Energy

The Company's Nelnet Renewable Energy business makes solar tax equity investments. Through December 31, 2022 December 31, 2023, the Company has invested a total of $175.6 million $470.7 million (which excludes $102.8 million includes $198.8 million syndicated to third-party investors) in tax equity investments in renewable energy solar partnerships. These investments provide a federal income tax credit under the Internal Revenue Code, equaling either 26% or 30% to 40% of the eligible project costs, cost, with the tax credit available when the project is placed-in-service. The Company is allowed to reduce its tax estimates paid to the U.S. Treasury based on the credits earned. Based on the timing of when the Company funds a project and decreases its tax estimate to the U.S. Treasury due to earning of the tax credit, the amount of capital committed to solar tax equity investments at any point in time is not significant and has a minimal impact on the Company's liquidity. As of December 31, 2023, the Company is committed to fund an additional $154.2 million of tax equity investments, of which $72.1 million is expected to be provided by syndication partners.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. These assets provide long-term, predictable, and recurring cash flows. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets.

As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest in GRNE and ENRG for total consideration of $33.9 million. GRNE is a solar contracting company that provides full-service engineering, procurement, and construction (EPC) services to residential homes and commercial entities. GRNE contracts to build solar on a cost-plus-margin basis. ENRG is a development company that is primarily focused on the development of solar assets that the Company expects to own long-term. The Company plans to expand this business geographically across the United States, increase the team size and technical expertise to build larger projects, and serve new and existing customers on a go-forward basis. In addition to asset origination, the Company plans to begin acquiring solar assets that are in various stages of their project life-cycle with other development partners. The Company plans to fund a large portion of its current growth plans in owning solar energy projects using third-party debt and third-party tax equity. The collateral on any third-party debt would be limited to the assets of the specific solar projects. Any capital requirements for the origination or purchase of solar projects not funded by third-party debt and third-party tax equity would be provided by the Company using operating cash, borrowings on its unsecured line of credit, and/or the sale of investments.

Liquidity Impact Related to ALLO

Upon the deconsolidation of ALLO on December 21, 2020, the Company recorded its 45% voting membership interests in ALLO at fair value, and accounts for such investment under the HLBV method of accounting. In addition, the Company recorded its remaining non-voting preferred membership units of ALLO at fair value, and accounts for such investment as a separate equity investment. As of December 31, 2022 December 31, 2023, the outstanding preferred membership interests of ALLO held by the Company was $145.9 million $155.0 million that earns a preferred annual return of 6.25%.

Agreements among the Company, SDC (a third-party global digital infrastructure investor), Accrued and ALLO provide that they will use commercially reasonable efforts (which excludes requiring ALLO unpaid preferred returns are converted to raise any additional equity financing or sell any assets) to cause the redemption, on or before April 2024, of the remaining non-voting preferred membership interests in ALLO held by the Company, plus the amount of accrued and unpaid preferred return on such interests. However, if each December 31. If the non-voting preferred membership interests are not redeemed on or before April 2024, the preferred annual return is increased from 6.25% to 10.00%. In June 2023, ALLO, the Company, and SDC (a third-party global digital infrastructure investor and member of ALLO) agreed to amend the terms of the ALLO non-voting preferred membership units owned by Nelnet. Such amended terms provide that commencing January 1, 2025, the preferred annual return will increase to 13.5%, commencing July 1, 2025, the return will increase to 15.0%, commencing January 1, 2026, the preferred return will increase to 17.5%, and beginning on January 1, 2027 and on each January 1 of each calendar year thereafter, the annual return will increase by an additional 2.5%. In addition, any preferred return accruing on or after January 1, 2025 is expected to be paid on a quarterly basis in cash rather than through an increase to the outstanding preferred membership interests.

As part of the ALLO recapitalization transaction in December 2020, the Company and SDC entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of up to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. As of December 31, 2023, the estimated fair value of the contingent payment is $9.8 million.

In June 2023, ALLO closed on an asset-backed securities transaction with an aggregate size over $600 million. The proceeds from this transaction were used to refinance the majority of ALLO's prior debt and fund a portion of its current growth plans. If ALLO needs additional capital to support its growth in existing or new markets, the Company has the option to contribute additional capital to maintain its voting equity interest. Although ALLO has obtained third-party debt financing to fund a large portion of its current growth plans, the Company contributed $48.3 million $8.4 million of additional equity to ALLO in 2022. the first quarter of 2023. As a result of this equity contribution, the Company's voting membership interests percentage did not materially change. Based on ALLO's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to ALLO in future periods.

Liquidity Impact Related to Hedging Activities

The Company utilizes derivative instruments to manage interest rate sensitivity. By using derivative instruments, the Company is exposed to market risk which could impact its liquidity.

All Non-Nelnet Bank over-the-counter derivative contracts executed by the Company are cleared post-execution at a regulated clearinghouse. Clearing is a process by which a third party, the clearinghouse, steps in between the original counterparties and guarantees the performance of both, by requiring that each post liquid collateral on an initial (initial margin) and mark-to-market (variation margin) basis to cover the clearinghouse's potential future exposure in the event of default.

To minimize the Company's exposure to market volatility and increase liquidity, on March 15, 2023, the Company terminated its derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from the clearinghouse related to variation margin equal to the fair value as of March 15, 2023 of the derivatives used to hedge loans earning fixed rate floor income of $183.2 million, which included $19.1 million related to current period settlements.

Based on the derivative portfolio outstanding as of December 31, 2022 December 31, 2023, the Company does not anticipate any movement in interest rates having a material impact on its capital or liquidity profile, nor does the Company expect that any movement in interest rates would have a material impact on its ability to make variation margin payments to its third-party clearinghouse. clearinghouse and/or payments to its counterparties for its non-centrally cleared derivatives. However, if interest rates move materially and negatively impact the fair value of the Company's derivative portfolio the replacement of LIBOR as a benchmark rate has significant adverse impacts on the Company's derivatives, or if the Company enters into additional derivatives for which the fair value becomes negative, the Company could be required to make variation margin payments to its third-party clearinghouse. clearinghouse and/or collateral payments to it non-centrally cleared counterparties. The variation margin and collateral payments, if significant, could negatively impact the Company's liquidity and capital resources. In addition, clearing rules require the Company to post amounts of liquid collateral when executing new derivative instruments, which could prevent or limit the Company from utilizing additional derivative instruments to manage interest rate sensitivity and risks. See note 6 5 of the notes to consolidated financial statements included in this report for additional information on the Company's derivative portfolio.

Other Debt Facilities

As discussed above, the Company has a $495.0 million unsecured line of credit with a maturity date of September 22, 2026. As of December 31, 2022 December 31, 2023, the unsecured line of credit had no amount outstanding and $495.0 million was available for future use. Upon the maturity date of this facility, there can be no assurance that the Company will be able to maintain this line of credit, increase or maintain the amount outstanding under the line, or find alternative funding if necessary.

During 2020, On December 21, 2023, the Company entered into an a $10.0 million participation agreement with Union Bank, as trustee for various grantor trusts, under a third-party, the proceeds of which Union Bank has agreed are collateralized by consumer loans. The third-party participant does not have the right to purchase from pledge, transfer, or otherwise dispose of their participation interest in all or any portion of the Company loans subject to this agreement. As such, the consumer loans subject to this agreement are included on the Company's consolidated balance sheet and the participation interests in federally insured student loan asset-backed securities. As of December 31, 2022, $395.4 million (par value) of student loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. This participation agreement has have been accounted for by the Company as a secured borrowing. Upon termination or expiration of this This participation agreement will amortize as the Company would expect consumer loans subject to use operating cash, consider the sale of assets, or transfer collateral to satisfy any remaining obligations. participation pay down.

For further discussion of these debt facilities described above, see note 5 4 of the notes to consolidated financial statements included in this report.

Stock Repurchases

The Board of Directors has authorized a stock repurchase program to repurchase up to a total of five million shares of the Company's Class A common stock during the three-year period ending May 8, 2025. As of December 31, 2022 December 31, 2023, 4,467,021 4,181,174 shares remained authorized for repurchase under the Company's stock repurchase program. Shares may be repurchased from time to time on the open market, in private transactions (including with related parties), or otherwise, depending on various factors, including share prices and other potential uses of liquidity.

Shares repurchased by the Company during 2023, 2022, and 2021 are shown below. Certain of these repurchases were made pursuant to trading plans adopted by the Company in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

	Total shares repurchased				Total shares repurchased	Purchase price (in thousands)	Average price of shares repurchased (per share) (a)
		Total shares repurchased	Purchase price (in thousands)	Average price of shares repurchased (per share)			
Year ended December 31, 2023							
Year ended December 31, 2023							
Year ended December 31, 2023							
Year ended December 31, 2022	Year ended December 31, 2022	1,162,533	$ 97,685	$ 84.03			
Year ended December 31, 2021	Year ended December 31, 2021	713,274	58,111	81.47			

(a) The average price of shares repurchased for the year ended December 31, 2023 includes excise taxes.

On November 13, 2023, the Company repurchased, in a privately negotiated transaction under the Company’s existing stock repurchase program, a total of 283,112 shares of the Company’s Class A common stock from certain family members of Mr. Dunlap. The shares were repurchased at a discount to the closing market price of the Company’s Class A common stock as of November 10, 2023, and the transaction was separately approved by the Company’s Board of Directors and its Nominating and Corporate Governance Committee.

Included in the shares repurchased during 2021 are a total of 337,717 shares of Class A common stock the Company purchased on August 10, 2021 from various estate planning trusts associated with Shelby J. Butterfield, a significant shareholder of the Company. The shares were purchased at a discount to the closing market price of the Company's Class A common stock as of August 9, 2021 and the transaction was approved by the Company's Board of Directors and its Nominating and Corporate Governance Committee. Immediately prior to the Company's repurchase of such shares, certain of the repurchased shares were shares of the Company's Class B common stock that were converted to shares of Class A common stock.

Dividends

Dividends of $0.24 $0.26 per share on the Company’s Class A and Class B common stock were paid on March 15, 2022 March 15, 2023, June 15, 2022 June 15, 2023, and September 15, 2022 September 15, 2023, respectively, and a dividend of $0.26 $0.28 per share was paid on December 15, 2022 December 15, 2023.

The Company's Board of Directors declared a first quarter 2023 2024 cash dividend on the Company's Class A and Class B common stock of $0.26 $0.28 per share. The dividend will be paid on March 15, 2023 March 15, 2024, to shareholders of record at the close of business on March 1, 2023 March 1, 2024.

The Company plans to continue making regular quarterly dividend payments, subject to future earnings, capital requirements, financial condition, and other factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses the Company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. The Company bases its estimates and judgments on historical experience and on various other factors that the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions. Note 3 2 of the notes to consolidated financial statements included in this report includes a summary of the significant accounting policies and methods used in the preparation of the consolidated financial statements.

On an on-going basis, management evaluates its estimates and judgments, particularly as they relate to accounting policies that management believes are most “critical” - that is, they are most important to the portrayal of the Company’s financial condition and results of operations and they require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management has identified the allowance for loan losses as a critical accounting policy and estimate.

Allowance for Loan Losses

The allowance for loan losses represents the Company’s estimate of the expected lifetime credit losses inherent in loan receivables as of the balance sheet date. The adequacy of the allowance for loan losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain. Such assumptions are discussed below, and such uncertainty is due in part to the fact that the weighted average maturity of the Company’s loan portfolio is approximately 15 years, and actual credit losses will be affected by, among other things, future economic conditions and future personal financial situations for borrowers, over that extended time frame. Changes in the Company’s assumptions affect “provision (negative provision) for loan losses” on the Company’s consolidated statements of income and the “allowance for loan losses” contained within “loans and accrued interest receivable, net of allowance for loan losses” net” on the Company’s consolidated balance sheets. For additional information regarding the Company’s allowance for loan losses, see notes 3 2 and 4 3 of the notes to consolidated financial statements included in this report.

The Company estimates the allowance for loan losses for receivables that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The models consider factors such as historical trends in credit losses, recent portfolio performance, and forward-looking macroeconomic conditions. The models vary by portfolio type including FFELP, private education, consumer, and other loans. If management does not believe the models reflect lifetime expected credit losses for the portfolio, an adjustment is made to reflect management judgment regarding qualitative factors including economic uncertainty, observable changes in portfolio performance, and other relevant factors.

The Company’s allowance for loan losses is based on various assumptions including: probability of default; loss given default; exposure at default; net loss rates for its consumer portfolio; contractual terms, including prepayments; forecast period; reversion method; reversion period; and macroeconomic factors, including unemployment rates, gross domestic product, and the consumer price index.

The allowance for loan losses is made at a specific point in time and based on relevant information as discussed above. The allowance for loan losses is maintained at a level management believes is appropriate to provide for expected lifetime credit losses inherent in loan receivables as of the balance sheet date. This evaluation is inherently subjective because it requires numerous estimates made by management. These estimates are subjective in nature and involve uncertainties and matters of significant judgement. Changes in estimates could significantly affect the Company's recorded balance for the allowance for loan losses. For additional information regarding changes in the Company’s allowance for loan losses for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, see the caption “Activity in the Allowance for Loan Losses” in note 4 3 of the notes to consolidated financial statements included in this report.

The Company considers a range of economic scenarios in its determination of the allowance for loan losses. These scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses, and also the expectation that conditions will eventually normalize over the longer run. Under the range of economic scenarios considered, the allowance for loan losses would have been lower by $16 million (12% $14 million (13%) or higher by $9 million (7% $11 million (11%). This range reflects the sensitivity of the allowance for loan losses specifically related to the scenarios and weights considered as of December 31, 2022 December 31, 2023, and does not consider other potential adjustments that could increase or decrease loss estimates calculated using alternative economic scenarios.

Because several quantitative and qualitative factors are considered in determining the allowance for loan losses, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the allowance for loan losses. They are intended to provide insights into the impact of adverse changes in the economy on the Company’s modeled loss estimates for the loan portfolio and do not imply any expectation of future deterioration in loss rates. Given current processes employed by the Company, management believes the loss model estimates currently assigned are appropriate. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions that could be significant to the Company’s financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Financial Instruments - Credit Losses

In March 2022, November 2023, the FASB issued accounting guidance which eliminates improves reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses that are regularly provided to the troubled debt restructurings recognition chief operating decision maker and measurement included within each reported measure of segment profit (referred to as the “significant expense principle”). This guidance and instead requires an entity to evaluate whether will be effective for the modification represents a new loan or a continuation of an existing loan. Company for the year ending December 31, 2024 annual financial statements, with early adoption permitted. The guidance also enhances will be applied retrospectively for all prior periods presented in the disclosure requirements financial statements. The Company intends to adopt the standard when it becomes effective for certain modifications of receivables made the year ending December 31, 2024 annual financial statements. Management is currently evaluating the impact this guidance will have on the disclosures included in the notes to borrowers experiencing the consolidated financial difficulty. The adoption of this standard by statements.

In December 2023, the FASB issued accounting guidance to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance will be effective for the Company for the year ending December 31, 2025 annual financial statements, with early adoption permitted. The guidance will be applied on January 1, 2023, was immaterial a prospective basis. The Company intends to adopt the standard when it becomes effective for the year ending December 31, 2025. Management is currently evaluating the impact this guidance will have on the disclosures included in the notes to the consolidated financial statements.

There are no other recently issued, but not yet adopted, accounting pronouncements which are expected to have a material impact on the Company’s consolidated financial statements and related disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
(All dollars are in thousands, except share amounts, unless otherwise noted)

LIBOR Transition

On June 30, 2023, the LIBOR administrator ceased publication (on a representative basis) of all USD LIBOR rates. The Company relied on fallback provisions to transition financial contracts from LIBOR to SOFR. The SAP formula for the Company's FFELP loans, the majority of which were indexed to one-month LIBOR, were not able to be modified without legislative action. On March 15, 2022, the Adjustable Interest Rate (LIBOR) Act (the LIBOR Act) was signed into law. The LIBOR Act provides that for contracts that contain no fallback provision or contain fallback provisions that do not identify a specific USD LIBOR benchmark replacement (including the SAP formula for FFELP loans), a benchmark replacement based on SOFR will automatically replace the USD LIBOR benchmark in the contract after June 30, 2023. Following the enactment and implementation of the LIBOR Act, all of the Company's financial instruments which were indexed to USD LIBOR transitioned to SOFR after June 30, 2023. Specifically, after June 30, 2023, the SAP formula for FFELP loans transitioned to 30-day average SOFR and the Company's LIBOR-indexed FFELP asset-backed securities also transitioned to a short-term SOFR index. The Company does not expect the transition from LIBOR to SOFR to significantly impact its asset-backed securitization cash flow forecast as discussed under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Liquidity Needs and Sources of Liquidity Available to Satisfy Debt Obligations Secured by Loan Assets and Related Collateral - Bonds and Notes Issued in Asset-backed Securitizations." The Company's LIBOR-indexed derivatives transitioned to the fallback rate (SOFR) as defined in the individual agreements and/or published industry guidelines, as applicable.

The market transition away from the previous LIBOR framework could result in significant changes to the interest rate characteristics of the Company's prior LIBOR-indexed assets and funding for those assets. The Company is still uncertain as to the long-term relationship between overnight SOFR and Term SOFR as they are new indices, and the Company's assumptions with respect to this relationship may evolve over time. To the extent that the spread between these indices were to widen, it could adversely impact future interest income earned on the Company's FFELP student loan portfolio. For a discussion of the risks related to the LIBOR transition, see Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate" for additional information.

Interest Rate Risk - AGM Operating Segment

AGM's primary market risk exposure arises from fluctuations in its borrowing and lending rates, the spread between which could impact AGM due to shifts in market interest rates.

The following table sets forth AGM's loan assets and debt instruments by rate characteristics:

		As of December 31, 2022		As of December 31, 2021			As of December 31, 2023			As of December 31, 2022		
		Dollars	Percent	Dollars	Percent		Dollars		Percent	Dollars		Percent
Fixed-rate loan assets	Fixed-rate loan assets	$ 1,339,900	9.5 %	$ 7,434,068	42.6 %	Fixed-rate loan assets	$ 510,666	4.2	4.2 %	$ 1,339,900	9.5	9.5 %
Variable-rate loan assets	Variable-rate loan assets	12,829,871	90.5	10,007,722	57.4							
Total	Total	$ 14,169,771	100.0 %	$ 17,441,790	100.0 %	Total	$ 12,049,462	100.0	100.0 %	$ 14,169,771	100.0	100.0 %
Fixed-rate debt instruments	Fixed-rate debt instruments	$ 617,083	4.5 %	$ 801,548	4.7 %							
Fixed-rate debt instruments												
Fixed-rate debt instruments												
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Fixed-rate debt instruments							$ 561,557	4.8 %		$ 617,083	4.5 %
Variable-rate debt instruments	Variable-rate debt instruments	13,199,327	95.5	16,279,722	95.3					
Total	Total	$13,816,410	100.0 %	$17,081,270	100.0 %	Total	$ 11,704,153	100.0	100.0 %	$ 13,816,410	100.0	100.0 %

FFELP loans originated prior to April 1, 2006 generally earn interest at the higher of the borrower rate, which is fixed over a period of time, or a floating rate based on the special allowance payment (SAP) formula set by the Department. The SAP rate is based on an applicable index plus a fixed spread that depends on loan type, origination date, and repayment status. The Company generally finances its FFELP student loan portfolio with variable rate debt. In low and/or declining interest rate environments, when the fixed borrower rate is higher than the SAP rate, the Company's FFELP student loans earn at a fixed rate while the interest on the variable rate debt typically continues to reflect the low and/or declining interest rates. In these interest rate environments, the Company may earn additional spread income that it refers to as floor income.

Depending on the type of loan and when it was originated, the borrower rate is either fixed to term or is reset to an annual rate each July 1. As a result, for loans where the borrower rate is fixed to term, the Company may earn floor income for an extended period of time, which the Company refers to as fixed rate floor income, and for those loans where the borrower rate is reset annually on July 1, the Company may earn floor income to the next reset date, which the Company refers to as variable rate floor income. All FFELP loans first originated on or after April 1, 2006 effectively earn at the SAP rate, since lenders are required to rebate fixed rate floor income and variable rate floor income for those loans to the Department.

No variable-rate variable rate floor income was earned by the Company in 2023, 2022, or 2021.

A summary of fixed rate floor income earned by the AGM operating segment follows.

		Year ended December 31,		Year ended December 31,		
		2022	**2021**	**2023**	**2022**	**2021**
Fixed rate floor income, gross	Fixed rate floor income, gross	$ 57,380	142,606			
Derivative settlements (a)	Derivative settlements (a)	33,149	(19,729)			
Fixed rate floor income, net	Fixed rate floor income, net	$ 90,529	122,877			

(a) Derivative settlements consist of settlements received (paid) related to the Company's derivatives used to hedge student loans earning fixed rate floor income.

Gross fixed rate floor income decreased in 2022 each year compared with 2021 the preceding year due to higher interest rates in 2022 each year compared with 2021. the preceding year.

Absent the use of derivative instruments, a rise in interest rates will reduce the amount of floor income received and has an impact on earnings due to interest margin compression caused by increasing financing costs, until such time as the federally insured loans earn interest at a variable rate in accordance with their SAP formulas. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed rate loans effectively become variable rate loans, the impact of the rate fluctuations is reduced.

The Company enters into had a significant portfolio of derivative instruments in which the Company paid a fixed rate and received a floating rate to economically hedge student loans earning fixed rate floor income. On March 15, 2023, to minimize the Company's exposure to market volatility and increase liquidity, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from its clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements.

The decrease in net derivative settlements received by the Company during 2023 compared with 2022, was due to the termination of the fixed rate floor derivatives in March 2023. The increase in net derivative settlements received by the Company during 2022 compared with the net derivative settlements paid in 2021, was due to an increase in interest rates, partially offset by a decrease in the notional amount of derivatives outstanding. During 2022, the Company terminated $2.4 billion in notional amount of derivatives for net proceeds of $91.8 million.

The following graph depicts fixed rate floor income for a borrower with a fixed rate of 6.75% and a SAP rate of 2.64%:

0001258602-23-000026nni-20221231_g5.jpg

The following table shows AGM's federally insured student loan assets that were earning fixed rate floor income as of December 31, 2022 December 31, 2023:

Fixed interest rate range	Fixed interest rate range	Borrower/lender weighted average yield	Estimated variable conversion rate (a)	Loan balance	Fixed interest rate range	Borrower/lender weighted average yield	Estimated variable conversion rate (a)	Loan balance
6.5 - 6.99%		6.77%	4.13%	$ 135,031				
7.0 - 7.49%		7.18%	4.54%	69,205				
7.5 - 7.99%		7.72%	5.08%	158,317				
8.0 - 8.99%								
8.0 - 8.99%								
8.0 - 8.99%	8.0 - 8.99%	8.18%	5.54%	363,579				
> 9.0%	> 9.0%	9.05%	6.41%	139,081				
				$ 865,213				

(a) The estimated variable conversion rate is the estimated short-term interest rate at which loans would convert to a variable rate. As of December 31, 2022 December 31, 2023, the weighted average estimated variable conversion rate was 5.30% 8.57% and the short-term interest rate was 397 554 basis points.

The following table summarizes During the outstanding derivative instruments as last half of December 31, 2022 used by AGM 2023, the Company entered into multiple derivatives with notional amounts totaling $400 million with maturity dates through 2030, to economically hedge a portion of loans earning remaining that earn fixed rate floor income.

Maturity	Notional amount	Weighted average fixed rate paid by the Company (a)
2024	$ 2,000,000	0.35 %
2026	500,000	1.02
2031	100,000	1.53
2032 (b)	200,000	2.92
	$ 2,800,000	0.70 %

(a) For income and other loans and investments in which the interest Company receives a fixed rate. Based on the terms of these derivatives, the Company pays a weighted average fixed rate derivatives maturing in 2032, the Company of 3.71% and receives payments based on Secured Overnight Financing Rate (SOFR) SOFR that resets quarterly. For all other interest further details of the Company's derivatives used to hedge fixed rate derivatives, loans and investments, see note 5 of the Company receives payments based on three-month LIBOR that resets quarterly.

(b) These derivatives have forward effective start dates notes to consolidated financial statements included in November 2024. this report.

AGM is also exposed to interest rate risk in the form of basis repricing risk and repricing basis risk because the interest rate characteristics of AGM's assets do not match the interest rate characteristics of the funding for those assets. The following table presents AGM's FFELP student loan assets and related funding for those assets arranged by underlying indices as of December 31, 2022 December 31, 2023.

Index	Frequency of variable resets	Assets	Funding of student loan assets
1 month LIBOR (a)	Daily	$ 12,688,933	—
3 month H15 financial commercial paper	Daily	454,866	—
3 month Treasury bill	Daily	422,674	—
1 month LIBOR	Monthly	—	8,113,302
3 month LIBOR (a)	Quarterly	—	3,754,888
Asset-backed commercial paper (b)	Varies	—	978,956
Fixed rate	—	—	594,051
Auction-rate (c)	Varies	—	178,960
Other (d)	—	1,661,866	1,608,182

	$ 15,228,339	15,228,339

Index	Frequency of variable resets	Assets	Funding of student loan assets
30-day average SOFR (a) (b)	Daily	$ 10,941,576	—
3-month H15 financial commercial paper	Daily	375,376	—
3-month Treasury bill	Daily	369,255	—
30-day average SOFR / 1-month CME Term SOFR (a)	Monthly	—	6,780,300
90-day average SOFR / 3-month CME Term SOFR (a) (b)	Quarterly	—	2,772,367
Asset-backed commercial paper (c)	Varies	—	1,398,485
Fixed rate	—	—	471,427
Auction-rate (d)	Varies	—	87,360
Other (e)	—	1,193,097	1,369,365
		$ 12,879,304	12,879,304

(a) Transitioned from LIBOR to SOFR after June 30, 2023. See "LIBOR Transition" above.

(b) The Company has certain basis swaps outstanding in which the Company receives received three-month LIBOR set discretely in advance and pays paid one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps"). Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company now receives and pays the term adjusted SOFR rate on these derivatives (plus the tenor spread adjustment relating to LIBOR). The Company entered into these derivative instruments to better match the interest rate characteristics on its student loan assets and the debt funding such assets. The following table summarizes the 1:3 Basis Swaps outstanding as of December 31, 2022 December 31, 2023.

Maturity	Maturity	Notional amount (i)	Maturity	Notional amount (i)
2023		$ 750,000		
2024	2024	1,750,000		
2026	2026	1,150,000		
2027	2027	250,000		
		$3,900,000		
		$		
		$		
		$		

(i) The weighted average rate paid by the Company on the 1:3 Basis Swaps as of December 31, 2022 December 31, 2023 was one-month LIBOR the term adjusted SOFR (plus the tenor spread adjustment relating to LIBOR) plus 9.7 10.1 basis points.

(b) (c) The interest rate on the Company's FFELP warehouse facility is indexed to asset-backed commercial paper rates.

(c) (d) As of December 31, 2022 December 31, 2023, the Company was sponsor for $179.0 million $87.4 million of outstanding asset-backed securities that were set and provide for interest rates to be periodically reset via a "dutch auction" (the "Auction Rate Securities"). Since the auction feature has essentially been inoperable for substantially all auction rate securities since 2008, the Auction Rate Securities generally pay interest to the holder at a maximum rate as defined by the indenture. While these rates will vary, they will generally be based on a spread to LIBOR SOFR or Treasury Securities, or the Net Loan Rate as defined in the financing documents.

(d) (e) Assets include accrued interest receivable and restricted cash. Funding represents overcollateralization (equity) and other liabilities included in FFELP loan asset-backed securitizations and warehouse facility.

LIBOR is in the process of being discontinued as a benchmark rate, and the market transition away from the current LIBOR framework could result in significant changes to the interest rate characteristics of the Company's LIBOR-indexed assets and funding for those assets. See Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate." facilities.

Sensitivity Analysis

The following tables summarize the effect on the Company's consolidated earnings, based upon a sensitivity analysis performed on AGM's assets and liabilities assuming hypothetical increases and decreases in interest rates of 100 basis points and 300 basis points while funding spreads remain constant. In addition, a sensitivity analysis was performed assuming the funding index increases 10 basis points and 30 basis points while holding the asset index constant, if the funding index is different than the asset index. The sensitivity analysis was performed on AGM's variable rate assets (including loans earning fixed rate floor income) and liabilities. The analysis includes

	Interest rates							
	Change from increase of 100 basis points		Change from increase of 300 basis points		Change from decrease of 100 basis points		Change from decrease of 300 basis points	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	Year ended December 31, 2023							
Effect on earnings:								

Increase (decrease) in pre-tax net income before impact of derivative settlements	$ 2,737	3.7 %	$ 12,088	16.3 %	$ 4,756	6.4 %	$ 26,206	35.3 %
Impact of derivative settlements (a)	333	0.4	999	1.3	(333)	(0.4)	(999)	(1.3)
Increase (decrease) in net income before taxes	$ 3,070	4.1 %	$ 13,087	17.6 %	$ 4,423	6.0 %	$ 25,207	34.0 %
Increase (decrease) in basic and diluted earnings per share	$ 0.06		$ 0.27		$ 0.09		$ 0.51	
	Year ended December 31, 2022							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (19,344)	(3.8)%	$ (31,648)	(6.2)%	$ 35,420	7.0 %	$ 142,587	28.0 %
Impact of derivative settlements	31,561	6.2	94,685	18.6	(31,561)	(6.2)	(94,684)	(18.6)
Increase (decrease) in net income before taxes	$ 12,217	2.4 %	$ 63,037	12.4 %	$ 3,859	0.8 %	$ 47,903	9.4 %
Increase (decrease) in basic and diluted earnings per share	$ 0.25		$ 1.27		$ 0.08		$ 0.97	
	Year ended December 31, 2021							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (55,957)	(11.1)%	$ (103,742)	(20.7)%	$ 87,060	17.3 %	$ 263,398	52.4 %
Impact of derivative settlements	43,059	8.6	129,176	25.7	(43,059)	(8.5)	(129,176)	(25.7)
Increase (decrease) in net income before taxes	$ (12,898)	(2.5)%	$ 25,434	5.0 %	$ 44,001	8.8 %	$ 134,222	26.7 %
Increase (decrease) in basic and diluted earnings per share	$ (0.25)		$ 0.50		$ 0.87		$ 2.64	

(a) On March 15, 2023, the effects of AGM's Company terminated its existing derivative instruments in existence during these periods.

	Interest rates				Asset and funding index mismatches			
	Change from increase of 100 basis points		Change from increase of 300 basis points		Increase of 10 basis points		Increase of 30 basis points	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	Year ended December 31, 2022							
Effect on earnings:								
Decrease in pre-tax net income before impact of derivative settlements	$ (19,344)	(3.8)%	$ (31,648)	(6.2)%	$ (4,773)	(0.9)%	$ (14,319)	(2.8)%
Impact of derivative settlements	31,561	6.2	94,685	18.6	4,895	0.9	14,682	2.9
Increase (decrease) in net income before taxes	$ 12,217	2.4 %	$ 63,037	12.4 %	$ 122	0.0 %	$ 363	0.1 %
Increase (decrease) in basic and diluted earnings per share	$ 0.25		$ 1.27		$ 0.00		$ 0.01	
	Year ended December 31, 2021							
Effect on earnings:								
Decrease in pre-tax net income before impact of derivative settlements	$ (55,957)	(11.1)%	$ (103,742)	(20.7)%	$ (6,020)	(1.2)%	$ (18,063)	(3.6)%
Impact of derivative settlements	43,059	8.6	129,176	25.7	5,961	1.2	17,884	3.6
Increase (decrease) in net income before taxes	$ (12,898)	(2.5)%	$ 25,434	5.0 %	$ (59)	— %	$ (179)	— %
Increase (decrease) in basic and diluted earnings per share	$ (0.25)		$ 0.50		$ (0.00)		$ (0.00)	

Financial Statement Impact – Derivatives

For a table summarizing the effect of derivative instruments in the consolidated statements of income, including the components of "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income, see note 6 of the notes to consolidated financial statements included in this report.

Based on AGM's interest rate swaps outstanding as of December 31, 2022 used to hedge portfolio hedging loans earning fixed rate floor income, if income. The table above excludes the forward interest rate curve was 50 basis points lower for the remaining duration impact of these derivatives we would have been required to pay $29.3 million in additional variation margin. In addition, if the forward basis curve between one-month and three-month LIBOR experienced a ten-basis point reduction in spread for the remaining duration of AGM's 1:3 Basis Swaps (in which the Company pays one month LIBOR and receives three month LIBOR), we would have been required to pay $7.7 million in additional variation margin. entire period.

	Asset and funding index mismatches

	Increase of 10 basis points		Increase of 30 basis points		Increase of 10 basis points		Increase of 30 basis points		Increase of 10 basis points		Increase of 30 basis points	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	Year ended December 31, 2023				Year ended December 31, 2022				Year ended December 31, 2021			
Effect on earnings:												
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (4,564)	(6.2)%	$ (13,692)	(18.4)%	$ (4,773)	(0.9)%	$ (14,319)	(2.8)%	$ (6,020)	(1.2)%	$ (18,063)	(3.6)%
Impact of derivative settlements	3,150	4.2	9,450	12.7	4,895	0.9	14,682	2.9	5,961	1.2	17,884	3.6
Increase (decrease) in net income before taxes	$ (1,414)	(2.0)%	$ (4,242)	(5.7)%	$ 122	0.0 %	$ 363	0.1 %	$ (59)	— %	$ (179)	— %
Increase (decrease) in basic and diluted earnings per share	$ (0.03)		$ (0.09)		$ 0.00		$ 0.01		$ (0.00)		$ (0.00)	

Interest Rate Risk - Nelnet Bank

To manage Nelnet Bank's risk from fluctuations in market interest rates, the Company actively monitors interest rates and other interest sensitive components to minimize the impact that changes in interest rates have on the fair value of assets, net income, and cash flow. To achieve this objective, the Company manages and mitigates Nelnet Bank's exposure to fluctuations in market interest rates through several techniques, including managing the maturity, repricing, and mix of fixed and variable rate assets and liabilities. liabilities and the use of derivative instruments.

The following table presents Nelnet Bank's loan assets, asset-backed security investments, and deposits by rate characteristics:

		As of December 31, 2022		As of December 31, 2021			As of December 31, 2023		As of December 31, 2022	
		Dollars	Percent	Dollars	Percent		Dollars	Percent	Dollars	Percent
Fixed-rate loan assets	Fixed-rate loan assets	$341,776		$191,410						
Fixed-rate investments	Fixed-rate investments	123,809		3,937						
Fixed-rate investments										
Fixed-rate investments										
Total fixed-rate assets										
Total fixed-rate assets										
Total fixed-rate assets	Total fixed-rate assets	465,585	52.2 %	195,347	38.8 %		458,928	47.7 47.7 %	465,585	52.2 52.2 %
Variable-rate loan assets	Variable-rate loan assets	78,019		66,491						
Variable-rate investments	Variable-rate investments	347,559		241,038						
Variable-rate investments										
Variable-rate investments										
Total variable rate assets										
Total variable rate assets										
Total variable rate assets	Total variable rate assets	425,578	47.8	307,529	61.2					
Total assets	Total assets	$891,163	100.0 %	$502,876	100.0 %	Total assets	$ 962,520	100.0 100.0 %	$ 891,163	100.0 100.0 %
Fixed-rate deposits	Fixed-rate deposits	$336,040	42.6 %	$344,315	80.9 %					
Variable-rate deposits		453,604	57.4	81,085	19.1					
Fixed-rate deposits										
Fixed-rate deposits							$ 280,736	33.1 %	$ 336,040	42.6 %

Variable-rate deposits (a)											
Total deposits	Total deposits	$789,644	100.0 %	$425,400	100.0 %	Total deposits	$ 847,564	100.0	100.0 %	$ 789,644	100.0	100.0 %

(a) Nelnet Bank uses derivative instruments to hedge exposure to variability in cash flows of variable rate deposits to minimize the exposure to volatility in cash flows from future changes in interest rates. The derivatives are not reflected in the above table. See note 5 of the notes to the consolidated financial statements included in this report for a summary of Nelnet Bank's derivatives outstanding as of December 31, 2023.

Interest Rate and Market Risk - Investments

The following table presents the rates earned on the Company's available-for-sale debt securities (investments) and debt facilities used to fund a portion of such investments. The table below excludes the available-for-sale debt securities (investments) held by Nelnet Bank.

	Year ended December 31,					
	2022			2021		
	Average balance	Interest income/ expense	Average yields/ rates	Average balance	Interest income/ expense	Average yields/ rates
Investments:						
Asset-backed securities available-for-sale (a)(b)	$ 1,303,731	35,516	2.72 %	$ 587,736	7,409	1.26 %
Debt funding asset-backed securities available-for-sale:						
Participation agreement - variable rate	$ 349,486	9,617	2.75 %	$ 152,196	1,176	0.77 %
Repurchases agreements - variable rate	481,782	12,355	2.56	223,792	1,558	0.70
	$ 831,268	21,972	2.64	$ 375,988	2,734	0.73

	Year ended December 31,								
	2023			2022			2021		
	Average balance	Interest income/ expense	Average yields/ rates	Average balance	Interest income/ expense	Average yields/ rates	Average balance	Interest income/ expense	Average yields/ rates
Investments:									
Asset-backed securities available-for-sale (a) (b)	$ 985,367	68,045	6.91 %	$ 1,303,731	35,516	2.72 %	$ 587,736	7,409	1.26 %
Debt funding asset-backed securities available-for-sale:									
Participation agreement - variable rate (c)	$ 115,420	6,207	5.38 %	$ 349,486	9,617	2.75 %	$ 152,196	1,176	0.77 %
Repurchases agreements - variable rate (d)	381,378	23,540	6.17	481,782	12,355	2.56	223,792	1,558	0.70
	$ 496,798	29,747	5.99	$ 831,268	21,972	2.64	$ 375,988	2,734	0.73

(a) The Company has repurchased certain of its own FFELP asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties or redeem the notes at par as cash is generated by the trust estate. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. The table above includes these repurchased bonds.

(b) The majority of the Company's asset-backed securities earn floating rates with expected returns of approximately LIBOR SOFR + 100 to 350 basis points to maturity. As of December 31, 2022 December 31, 2023, $374.0 million $226.7 million (par value) of the Company's asset-backed securities earn a weighted average fixed rate of 3.44% 3.24%.

(c) Interest incurred by the Company on amounts borrowed under the participation agreement is at a variable rate of SOFR + 62.5 basis points.

(d) Interest incurred by the Company on amounts borrowed under the repurchase agreements is at a variable rate of SOFR + 100 to 140 basis points.

The Company's portfolio of asset-backed investment securities has limited liquidity, and the Company could incur a significant loss if the investments were sold prior to maturity at an amount less than the original purchase price. As of December 31, 2022 December 31, 2023, the net gross unrealized losses loss on the Company's available-for-sale debt securities was $52.6 million $39.6 million, and the aggregate fair value of available-for-sale debt securities with unrealized losses was $1.2 billion $616.7 million. The Company currently has the intent and ability to retain these investments, and none of the unrealized losses were due to credit losses. See note 7 6 of the notes to consolidated financial statements included in this report for additional information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the consolidated financial statements listed under the heading “(a) 1. Consolidated Financial Statements” of Item 15 of this report, which consolidated financial statements are incorporated into this report by reference in response to this Item 8.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, with the participation of the Company's principal executive and principal financial officers, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2022 December 31, 2023. Based on this evaluation, the Company’s principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of December 31, 2022 December 31, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fiscal quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) for the Company. The Company's internal control system is designed to provide reasonable assurance to the Company's management and board of directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements in accordance with U.S. generally accepted accounting principles.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023 based on the criteria for effective internal control described in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2022 December 31, 2023, the Company's internal control over financial reporting is effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report included herein.

Inherent Limitations on Effectiveness of Internal Controls

The Company's management, including the chief executive and chief financial officers, understands that the disclosure controls and procedures and internal control over financial reporting are subject to certain limitations, including the exercise of judgment in designing, implementing, and evaluating the controls and procedures, the assumptions used in identifying the likelihood of future events, and the inability to eliminate misconduct completely. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Nelnet, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Nelnet, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, comprehensive income, shareholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2023 February 27, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Lincoln, Nebraska
February 28, 2023 27, 2024

ITEM 9B. OTHER INFORMATION

During the fourth quarter of 2022, 2023, no information was required to be disclosed in a report on Form 8-K, but not reported.

Rule 10b5-1 Trading Plans

During the fourth quarter of 2023, none of the Company's officers or directors adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), referred to as Rule 10b5-1 trading plans, or any non-Rule 10b5-1 trading arrangement.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item will be included in the Company's definitive Proxy Statement to be filed on Schedule 14A with the SEC, no later than 120 days after the end of the Company's fiscal year, relating to the Company's 2023 2024 Annual Meeting of Shareholders scheduled to be held on May 18, 2023 May 16, 2024 (the "Proxy Statement"), and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included in the Proxy Statement, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table summarizes information about compensation plans under which equity securities are authorized for issuance.

Equity Compensation Plan Information

		As of December 31, 2022								
		As of December 31, 2023								As of December 31, 2023
Plan category	Plan category	Number of shares to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	Plan category	Number of shares to be issued upon exercise of outstanding options, warrants, and rights (a)		Weighted-average exercise price of outstanding options, warrants, and rights (b)		Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)

Equity compensation plans approved by shareholders	Equity compensation plans approved by shareholders	—	—	1,233,938 (1)	Equity compensation plans approved by shareholders	—	—	—	1,228,406	1,228,406 (1)	(1)
Equity compensation plans not approved by shareholders	Equity compensation plans not approved by shareholders	—	—	—							
Total	Total	—	—	1,233,938							
Total											
Total											

(1) Includes 869,596, 21,617, 701,527, 210,739, and 342,725 316,140 shares of Class A Common Stock remaining available for future issuance under the Nelnet, Inc. Restricted Stock Plan, Nelnet, Inc. Directors Stock Compensation Plan, and Nelnet, Inc. Employee Share Purchase Plan, respectively.

The remaining information required by this Item will be included in the Proxy Statement, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in the Proxy Statement, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be included in the Proxy Statement, and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Consolidated Financial Statements

The following consolidated financial statements of Nelnet, Inc. and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon are included in Item 8 above:

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed, furnished, or incorporated by reference as part of this report.

(b) Exhibits

Exhibit Index

Exhibit No.	Description
3.1	Composite Third Amended and Restated Articles of Incorporation of Nelnet, Inc., as amended through August 8, 2022, filed as Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 and incorporated herein by reference.
3.2	Ninth Amended and Restated Bylaws of Nelnet, Inc., as amended as of May 24, 2018, filed as Exhibit 3.2 to the registrant's Current Report on Form 8-K filed on May 24, 2018 and incorporated herein by reference.
4.1 *	Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934, filed as Exhibit 4.1 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2022 and incorporated herein by reference..
4.2	Form of Class A Common Stock Certificate of Nelnet, Inc., filed on November 24, 2003 as Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-108070) and incorporated herein by reference.
4.3	Certain instruments, including indentures of trust, defining the rights of holders of long-term debt of the registrant and its consolidated subsidiaries, none of which instruments authorizes a total amount of indebtedness thereunder in excess of 10% of the total assets of the registrant and its subsidiaries on a consolidated basis, are omitted from this Exhibit Index pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K. Certain of such instruments have been previously filed with the Securities and Exchange Commission, and the registrant hereby agrees to furnish a copy of any such instrument to the Commission upon request.
4.4	Registration Rights Agreement, dated as of December 16, 2003, by and among Nelnet, Inc. and the shareholders of Nelnet, Inc. signatory thereto, filed on November 24, 2003 as Exhibit 4.11 to the registrant's Registration Statement on Form S-1 (Registration No. 333-108070) and incorporated herein by reference.
10.1	Composite Form of Amended and Restated Participation Agreement, dated as of June 1, 2001, between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company, as amended by the First Amendment thereto dated as of December 19, 2001 through the Cancellation of the Fifteenth Amendment thereto dated as of March 16, 2011 (such Participation Agreement and each amendment through the Cancellation of the Fifteenth Amendment thereto have been previously filed as set forth in the Exhibit Index for the registrant's Annual Report on Form 10-K for the year ended December 31, 2012, and are incorporated herein by reference), filed as Exhibit 10.1 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference.

10.2	Sixteenth Amendment of Amended and Restated Participation Agreement, dated as of March 23, 2012, by and between Union Bank and Trust Company and National Education Loan Network, Inc., filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 and incorporated herein by reference.
10.3	Seventeenth Amendment of Amended and Restated Participation Agreement, dated as of August 1, 2019, by and between Union Bank and Trust Company and National Education Loan Network, Inc., filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 and incorporated herein by reference.
10.4	Guaranteed Purchase Agreement, dated as of March 19, 2001, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company, filed on September 25, 2003 as Exhibit 10.36 to the registrant's Registration Statement on Form S-1 (Registration No. 333-108070) and incorporated herein by reference.
10.5	First Amendment of Guaranteed Purchase Agreement, dated as of February 1, 2002, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company, filed on September 25, 2003 as Exhibit 10.37 to the registrant's Registration Statement on Form S-1 (Registration No. 333-108070) and incorporated herein by reference.
10.6	Second Amendment of Guaranteed Purchase Agreement, dated as of December 1, 2002, by and between Nelnet, Inc. (f/k/a/ NELnet, Inc.) (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company, filed on September 25, 2003 as Exhibit 10.38 to the registrant's Registration Statement on Form S-1 (Registration No. 333-108070) and incorporated herein by reference.
10.7	Guaranteed Purchase Agreement, dated as of September 1, 2010, by and between Nelnet, Inc. and Union Bank and Trust Company, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and incorporated herein by reference.
10.8	First Amendment of Guaranteed Purchase Agreement, dated as of March 22, 2011, by and between Nelnet, Inc. and Union Bank and Trust Company, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference.
10.9	Amendment of Agreements dated as of February 4, 2005, by and between National Education Loan Network, Inc. and Union Bank and Trust Company, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on February 10, 2005 and incorporated herein by reference.
10.10+	Nelnet, Inc. Employee Share Purchase Plan, as amended through March 17, 2011, filed as Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference.
10.11 10.11+	Office Building Lease dated June 21, 1996 between Miller & Paine and Union Bank and Trust Company, filed as Exhibit 10.3 to the registrant's Current Report on Form 8-K filed on October 16, 2006 and incorporated herein by reference.
10.12	Amendment to Office Building Lease dated June 11, 1997 between Miller & Paine and Union Bank and Trust Company, filed as Exhibit 10.4 to the registrant's Current Report on Form 8-K filed on October 16, 2006 and incorporated herein by reference.
10.13	Lease Amendment Number Two dated February 8, 2001 between Miller & Paine and Union Bank and Trust Company, filed as Exhibit 10.5 to the registrant's Current Report on Form 8-K filed on October 16, 2006 and incorporated herein by reference.
10.14	Lease Amendment Number Three dated May 23, 2005 between Miller & Paine, LLC and Union Bank and Trust Company, filed as Exhibit 10.6 to the registrant's Current Report on Form 8-K filed on October 16, 2006 and incorporated herein by reference.
10.15	Lease Amendment Number Four dated November 13, 2007 between M & P Building, LLC and Union Bank and Trust Company, filed as Exhibit 10.14 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.16	Lease Amendment Number Five entered into in September 2008 between M & P Building, LLC and Union Bank and Trust Company, filed as Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.17	Lease Amendment Number Six dated December 15, 2017 between Nelnet Real Estate Ventures, Inc. and Union Bank and Trust Company, filed as Exhibit 10.16 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.18#	Office Building Lease dated January 5, 2021 between Union Bank and Trust Company and National Education Loan Network, filed as Exhibit 10.13 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference.
10.19+	Nelnet, Inc. Restricted Stock Plan, as amended through May 22, 2014, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 28, 2014 and incorporated herein by reference.
10.20+ 10.12+	Amendment to Nelnet, Inc. Restricted Stock Plan, effective as of February 11, 2020, filed as Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference.
10.21+ 10.13+	Nelnet, Inc. Directors Stock Compensation Plan, as amended through March 21, 2018 and restated as of May 18, 2023, filed as Exhibit 10.1 to the registrant's registrant's Current Report on Form 8-K filed on May 24, 2018 May 22, 2023 and incorporated herein by reference.reference.
10.22+ 10.14+	Nelnet, Inc. Executive Officers Incentive Compensation Plan, effective as amended and restated as of January 1, 2019 May 18, 2023, filed as Exhibit 10.1 10.2 to the registrant's registrant's Current Report on Form 8-K filed on May 23, 2019 May 22, 2023 and incorporated herein by reference.
10.23 10.15	Loan Purchase Agreement, dated as of November 25, 2008, by and between Nelnet Education Loan Funding, Inc., f/k/a NEBHELP, INC., acting, where applicable, by and through Wells Fargo Bank, National Association, not individually but as Eligible Lender Trustee for the Seller under the Warehouse Agreement or Eligible Lender Trust Agreement, and Union Bank and Trust Company, acting in its individual capacity and as trustee, filed as Exhibit 10.71 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.

10.24 10.16	Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 and incorporated herein by reference.
10.25 10.17	Modification of Contract dated effective as of June 17, 2014 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on June 18, 2014 and incorporated herein by reference.
10.26 10.18	Modification of Contract dated effective as of September 1, 2014 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on September 2, 2014 and incorporated herein by reference.
10.27 10.19	Modification of Contract dated effective as of June 16, 2019 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 17, 2019 and incorporated herein by reference.
10.28 10.20	Modification of Contract dated effective as of November 25, 2019 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on November 27, 2019 and incorporated herein by reference.
10.29 10.21	Modification of Contract dated effective as of December 15, 2020 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on December 15, 2020 and incorporated herein by reference.
10.30 10.22	Form of Modification of Contract dated effective as of June 15, 2021 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on June 10, 2021 and incorporated herein by reference.
10.31 10.23	Form of Modification of Contract entered into on September 24, 2021 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on September 27, 2021 and incorporated herein by reference.
10.32 10.24	Form of Modification of Contract entered into December 29, 2021 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC,, filed as Exhibit 10.32 10.32 to the registrant's registrant's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2021 and incorporated herein by reference. reference.
10.25	Form of Modification of Contract dated effective as of April 1, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on March 30, 2023 and incorporated herein by reference.
10.33 10.26++	Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc. Nelnet Diversified Solutions, LLC, filed as Exhibit 10.6 10.1 to the registrant's registrant's Current Report on Form 8-K filed on May 17, 2019April 25, 2023 and incorporated herein by reference.
10.34 10.27	Form of Modification of Contract dated effective as of May 21, 2014 October 10, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc. Nelnet Servicing, LLC, filed as Exhibit 10.7 10.1 to the registrant's Current registrant's Quarterly Report on Form 8-K filed on May 17, 2019 10-Q for the quarter ended September 30, 2023 and incorporated herein by reference.
10.35 10.28	Form of Modification of Contract dated effective as of September 1, 2014 October 11, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., Nelnet Servicing, LLC, filed as Exhibit 10.8 10.2 to the registrant's Current registrant's Quarterly Report on Form 8-K filed on May 17, 2019 10-Q for the quarter ended September 30, 2023 and incorporated herein by reference.
10.36 10.29*##	Form of Modification of Contract dated effective as of June 16, 2019 December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on May 17, 2019 and incorporated herein by reference. Nelnet Servicing, LLC.
10.37 10.30*##	Form of Modification of Contract dated effective as of November 25, 2019 December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on November 27, 2019 and incorporated herein by reference. Nelnet Servicing, LLC.
10.38 10.31*##	Form of Modification of Contract dated effective as of December 15, 2020 December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on December 15, 2020 and incorporated herein by reference. Nelnet Servicing, LLC.
10.39 10.32*##	Form of Modification of Contract dated effective as of June 15, 2021 December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on June 10, 2021 and incorporated herein by reference. Nelnet Servicing, LLC.
10.40 10.33	Form of Modification of Contract entered into on September 24, 2021 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on September 27, 2021 and incorporated herein by reference.
10.41	Form of Modification of Contract entered into on January 7, 2022 for Student Loan Servicing Contract between the United States Department of Education and Great Lakes Educational Loan Services, Inc., filed as Exhibit 10.41 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference.
10.42	Management Agreement, dated effective as of May 1, 2011, by Whitetail Rock Capital Management, LLC and Union Bank and Trust Company, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference.

10.43	10.34	Management Agreement, dated effective as of January 20, 2012, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.58 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference.
10.44	10.35	Management Agreement, dated effective as of October 27, 2015, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.25 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.
10.45#	10.36#	Appendix A, dated July 29, 2020, to Management Agreement dated effective as of October 27, 2015, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.46	10.37	Management Agreement, dated effective as of January 4, 2016, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and incorporated herein by reference.
10.47	10.38	Management Agreement, dated effective as of March 23, 2017, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference.
10.48	10.39	Amended Appendix A, dated May 8, 2019, to Management Agreement, dated effective as of March 23, 2017, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and incorporated herein by reference.
10.49#	10.40#	Amended Appendix A, dated July 29, 2020, to Management Agreement dated effective as of March 23, 2017, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.50#	10.41#	Management Agreement dated effective as of July 29, 2020, by and between Union Bank and Trust Company and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.6 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.51	10.42	Investment Management Agreement, dated effective as of February 10, 2012, by and among Whitetail Rock SLAB Fund I, LLC, Whitetail Rock Fund Management, LLC, and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 and incorporated herein by reference.
10.52	10.43	Investment Management Agreement, dated effective as of February 14, 2013, by and among Whitetail Rock SLAB Fund III

		SLAB Fund III, LLC, Whitetail Rock Fund Management, LLC, and Whitetail Rock Capital Management, LLC, filed as Exhibit 10.31 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference.
10.53	10.44	Form of Custodian Agreement for Whitetail Rock SLAB Funds by and among the Fund, Whitetail Rock Fund Management, LLC, and Union Bank and Trust Company, filed as Exhibit 10.27 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference.
10.45		Amended and Restated Form of Custodian Agreement for Whitetail Rock SLAB Funds by and among the Fund, Whitetail Rock Fund Management, LLC, and Union Bank and Trust Company,filed as Exhibit 10.5 to the registrant's Quarterly

		Report on Form 10-Q for the quarter ended June 30, 2023 and incorporated herein by reference.
10.54	10.46	Form of Administrative Services Agreement for Whitetail Rock SLAB Funds by and among the Fund, Whitetail Rock Fund Management, LLC, Adminisystems, Inc., and Union Bank and Trust Company, filed as Exhibit 10.28 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference.
10.55	10.47	Subordination Agreement effective as of July 26, 2019, by and between Union Bank and Trust Company, Nelnet, Inc., and Agile Sports Technologies, Inc., filed as Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 and incorporated herein by reference.
10.56#	10.48#	Third Amended and Restated

Credit Agreement dated as of September 22, 2021, among Nelnet, Inc., U.S. Bank National Association, as Administrative Agent; Wells Fargo Bank, National Association, as Syndication Agent, Royal Bank of Canada, as Documentation Agent, U.S. Bank National Association and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Book Runners; and various lender parties thereto, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on September 22, 2021 and incorporated herein by reference.

10.49	Amendment No. 1 to Third Amended and Restated Credit Agreement dated as of June 22, 2023, among Nelnet, Inc., the various lender parties thereto, and U.S. Bank National Association, as Administrative Agent, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 and incorporated herein by reference.
10.57 10.50	Third Amended and Restated Guaranty dated as of September 22, 2021, by each of the subsidiaries of Nelnet, Inc. signatories thereto, in favor of U.S. Bank National Association, as Administrative Agent, filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on September 22, 2021 and incorporated herein by reference.
10.58 10.51	Guaranty Supplement to the Third Amended and Restated Guaranty, dated as of July 27, 2022, in favor of U.S. Bank National Association, as Administrative Agent, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 and incorporated herein by reference.
10.59 10.52	Aircraft Joint Ownership Agreement Guarantor Consent and Reaffirmation dated as of January 1, 2019 June 22, 2023, by and between each of the subsidiaries of Nelnet, Inc. signatories thereto, in favor of U.S. Bank National Education Loan Network, Inc. and MSD711, LLC, Association, as Administrative Agent, filed as Exhibit 10.43 10.4 to the registrant's Annual registrant's Quarterly Report on Form 10-K 10-Q for the year quarter ended December 31, 2018 June 30, 2023 and incorporated herein by reference.
10.60 10.53	Aircraft Management Agreement, dated as of January 1, 2019, by and between Duncan Aviation, Inc. and National Education Loan Network, Inc. and MSD711, LLC, filed as Exhibit 10.44 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.61	Amended and Restated Consulting and Services Agreement made and entered into as of October 1, 2013, by and between Nelnet, Inc. and Union Bank and Trust Company, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and incorporated herein by reference.
10.62 10.54	Master Private Loan Program Agreement dated as of August 22, 2018, by and between Union Bank and Trust Company and Nelnet, Inc., filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 and incorporated herein by reference.
10.63± 10.55±	Education Loan Marketing Agreement dated as of August 22, 2018, by and between Nelnet Consumer Finance, Inc. and Union Bank and Trust Company, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 and incorporated herein by reference.
10.64± 10.56±	Private Student Loan Origination and Servicing Agreement dated as of August 22, 2018, by and between Nelnet Servicing, LLC, d/b/a Firstmark Services, and Union Bank and Trust Company, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 and incorporated herein by reference.
10.65± 10.57±±	Private Student Loan Purchase Agreement dated as of November 19, 2019, by and among National Education Loan Network, Inc., as Purchaser, Union Bank and Trust Company, as Purchaser Lender Trustee, and Union Bank and Trust Company, as Seller, filed as Exhibit 10.56 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference.
10.66 10.58	Private Loan Sale Agreement dated as of October 9, 2014, by and between Nelnet, Inc. and Union Bank and Trust Company, filed as Exhibit 10.47 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference.
10.67 10.59	Private Student Loan Servicing Agreement dated as of October 9, 2014, by and between Nelnet Servicing, LLC and Union Bank and Trust Company, filed as Exhibit 10.48 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference.
10.68 10.60	First Amendment of Loan Servicing Agreement dated as of September 27, 2013, by and between Nelnet, Inc. and Union Bank and Trust Company, filed as Exhibit 10.49 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference.
10.69 10.61	Private Loan Servicing Letter Agreement dated as of February 27, 2017, by and between Nelnet Servicing, LLC and Union Bank and Trust Company, filed as Exhibit 10.54 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.70 10.62	Form of Trust/Custodial/Safekeeping Agreement by and between National Education Loan Network, Inc., as Principal, and Union Bank and Trust Company, as Trustee, filed as Exhibit 10.55 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.71 10.63	Form of Special Investment Directions by National Education Loan Network, Inc. and its affiliates, as Principal under the Form of Trust/Custodial/Safekeeping Agreement between Principal and Union Bank and Trust Company, as Trustee, filed as Exhibit 10.56 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2017 and incorporated herein by reference.
10.72 10.64	Loan Participation Agreement dated as of January 1, 2018 between Union Bank and Trust Company and Union Bank and Trust Company as trustee for National Education Loan Network, Inc., filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 and incorporated herein by reference.

10.73 10.65	Amended and Restated Trust Agreement dated as of December 21, 2018 among Nelnet Private Student Loan Financing Corporation, as Depositor, Union Bank and Trust Company, as Trustee, and U.S. Bank Trust National Association, as Delaware Trustee, filed as Exhibit 10.57 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.74± 10.66±±	Amended and Restated Trust Agreement, dated effective as of January 11, 2019, by and among Nelnet Private Student Loan Financing Corporation, as Depositor, Union Bank and Trust Company, as Trustee, National Education Loan Network, Inc., as Administrator, and U.S. Bank Trust National Association, as Delaware Trustee, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 and incorporated herein by reference.
10.75± 10.67±±	Interim Trust Agreement, dated effective as of January 11, 2019, by and among ACM F Acquisition, LLC, as ACM Seller, National Education Loan Network, Inc., as NELN Seller, and Union Bank and Trust Company, as Interim Trustee, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 and incorporated herein by reference.
10.76 10.68	SLABS Participation Agreement, dated effective as of May 5, 2020, by and between National Education Loan Network, Inc., and Union Bank and Trust Company, as Trustee, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.77 10.69	First Amendment of SLABS Participation Agreement, dated effective as of October 1, 2021, by and between National Education Loan Network, Inc., and Union Bank and Trust Company, as Trustee,, filed as Exhibit 10.77 to the registrant's registrant's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2021 and incorporated incorporated herein by reference. reference.
10.78 10.70	Parent Company Agreement, dated as of June 26, 2020, by and among the Federal Deposit Insurance Corporation, Nelnet, Inc., Michael Dunlap, and Nelnet Bank, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.79 10.71	Capital and Liquidity Maintenance Agreement, dated as of June 26, 2020, by and among the Federal Deposit Insurance Corporation, Nelnet, Inc., Michael Dunlap, and Nelnet Bank, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and incorporated herein by reference.
10.80+ 10.72++	Master Agreement entered into as of October 1, 2020, by and among SDC Allo Holdings, LLC, Nelnet, Inc., and ALLO Communications LLC, filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and incorporated herein by reference.
10.81+ 10.73++	Membership Unit Purchase Agreement, dated as of October 1, 2020, by and among SDC Allo Holdings, LLC, Nelnet, Inc., and ALLO Communications LLC, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and incorporated herein by reference.
10.82 10.74	Omnibus Amendment dated as of October 15, 2020 to the Master Agreement and the Membership Unit Purchase Agreement, by and among SDC Allo Holdings, LLC, Nelnet, Inc., and ALLO Communications LLC, filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and incorporated herein by reference.
10.83± 10.75±±	Form of Amended & Restated Limited Liability Company Operating Agreement for solar energy investments managed by a subsidiary of Nelnet, Inc. and in which certain parties referred to therein with other relationships with Nelnet, Inc. have participated,, filed as Exhibit 10.83 to the registrant's registrant's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein herein by reference. reference.
10.84± 10.76±±	Form of Management Agreement for solar energy investments managed by a subsidiary of Nelnet, Inc. and in which certain parties referred to therein with other relationships with Nelnet, Inc. have participated,, filed as Exhibit 10.84 to the registrant's registrant's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated incorporated herein by reference. reference.
21.1*	Subsidiaries of Nelnet, Inc.
23.1*	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer Jeffrey R. Noordhoek.
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer James D. Kruger.
32**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97*	Nelnet, Inc. Incentive Compensation Clawback Policy dated November 9, 2023.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*	Filed herewith
**	Furnished herewith
+	Indicates a management contract or compensatory plan or arrangement contemplated by Item 15(a)(3) of Form 10-K.
++	Pursuant to Item 601(a)(5) of Regulation S-K, certain schedules and similar attachments to the exhibit have been omitted. The exhibit is not intended to be, and should not be relied upon as, including disclosures regarding any facts and circumstances relating to the registrant or any of its subsidiaries or affiliates. The exhibit contains representations and warranties by the registrant and the other parties that were made only for purposes of the agreement set forth in the exhibit and as of specified dates. The representations, warranties, and covenants in the agreement were made solely for the benefit of the parties to the agreement, may be subject to limitations agreed upon by the contracting parties (including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the agreement instead of establishing these matters as facts), and may apply contractual standards of materiality or material adverse effect that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties, and covenants may change after the date of the agreement, which subsequent information may or may not be fully reflected in the registrant's public disclosures.
±	Certain portions of this exhibit have been redacted and are subject to a confidential treatment order granted by the U.S. Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934.
±±	Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.
#	Schedules, exhibits, and similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K.
##	Provided herewith for purposes of providing a complete set of all modifications to the Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC.

ITEM 16. FORM 10-K SUMMARY

The Company has elected not to include an optional summary of information required by Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 28, 2023 27, 2024

NELNET, INC.

By:	/s/ JEFFREY R. NOORDHOEK
Name:	Jeffrey R. Noordhoek
Title:	Chief Executive Officer
	(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JEFFREY R. NOORDHOEK Jeffrey R. Noordhoek	Chief Executive Officer (Principal Executive Officer)	February 28, 2023 27, 2024
/s/ JAMES D. KRUGER James D. Kruger	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2023 27, 2024
/s/ MICHAEL S. DUNLAP Michael S. Dunlap	Executive Chairman	February 28, 2023 27, 2024
/s/ PREETA D. BANSAL Preeta D. Bansal	Director	February 28, 2023 27, 2024
/s/ MATTHEW W. DUNLAP Matthew W. Dunlap	Director	February 28, 2023 27, 2024
/s/ KATHLEEN A. FARRELL Kathleen A. Farrell	Director	February 28, 2023 27, 2024
/s/ DAVID S. GRAFF David S. Graff	Director	February 28, 2023 27, 2024
/s/ THOMAS E. HENNING Thomas E. Henning	Director	February 28, 2023 27, 2024
/s/ ADAM K. PETERSON Adam K. Peterson	Director	February 28, 2023 27, 2024
/s/ KIMBERLY K. RATH Kimberly K. Rath	Director	February 28, 2023 27, 2024
/s/ JONA M. VAN DEUN Jona M. Van Deun	Director	February 28, 2023 27, 2024

NELNET, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Nelnet, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Nelnet, Inc. and subsidiaries (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2023 February 27, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the Allowance allowance for loan losses

As discussed in Note 4 3 to the consolidated financial statements, the Company's allowance for loan losses as of December 31, 2022 December 31, 2023, was $131.8 million $104.6 million, of which $83.6 million $68.5 million related to the Company's allowance for loan losses on Non-Nelnet Bank federally insured loans and $15.4 million $15.8 million related to the Company's allowance for loan losses on Non-Nelnet Bank private education loans, collectively, the allowance for loan losses (the ALL). The ALL is the measure of expected credit losses on a pooled basis for those loans that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The Company estimated the ALL using an undiscounted cash flow model. The Company's methodology is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. For the undiscounted cash flow models, the expected credit losses are the product of multiplying the Company's estimates of probability of default (PD), loss given default (LGD), and the exposure at default over the expected life of the loans. The undiscounted cash flow model incorporates probability weighted economic forecast scenarios and macroeconomic assumptions over the reasonable and supportable forecast periods. After the reasonable and supportable forecast periods, the Company reverts on a straight-line basis over the reversion period to its historical loss rates, evaluated

over the historical observation period, for the remaining life of the loans.

All such periods are established for each portfolio segment. A portion of the ALL is comprised of qualitative adjustments to historical loss experience.

We identified the assessment of the ALL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the ALL methodology, including the methods, models, and significant assumptions used to estimate the PD and LGD. Such assumptions included segmentation of loans with similar risk characteristics, the economic forecast scenario and macroeconomic assumptions, the reasonable and supportable forecast periods, and the historical observation period. The assessment also included an evaluation of the conceptual soundness and performance of the PD and LGD models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the ALL estimate, including controls over the:

- development of the ALL methodology

- continued use and appropriateness of changes made to PD and LGD models
- identification and determination of the significant assumptions used in the PD and LGD models
- performance monitoring of the PD and LGD models
- analysis of the ALL results, trends, and ratios.

We evaluated the Company's process to develop the ALL estimate by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's ALL methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the assessment and performance testing of the PD and LGD models by comparing them to relevant Company-specific metrics and trends and the applicable industry practices
- assessing the conceptual soundness and performance testing of the PD and LGD models by inspecting the model documentation to determine whether the models are suitable for their intended use
- evaluating the selection of the economic forecast scenarios and underlying assumptions by comparing it to the Company's business environment and relevant industry practices
- evaluating the historical observation period and reasonable and supportable forecast periods by comparing to specific portfolio risk characteristics and trends
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company's business environment and relevant industry practices.

We also assessed the cumulative results of the procedures performed to assess the sufficiency of the audit evidence obtained related to the ALL estimate by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 1998.

Lincoln, Nebraska
February 28, 2023 27, 2024

NELNET, INC. AND SUBSIDIARIES Consolidated Balance Sheets	NELNET, INC. AND SUBSIDIARIES Consolidated Balance Sheets			NELNET, INC. AND SUBSIDIARIES Consolidated Balance Sheets	
As of December 31, 2022 and 2021					
As of December 31, 2023 and 2022				As of December 31, 2023 and 2022	
		2022	2021	2023	2022
		(Dollars in thousands, except share data)			
	(Dollars in thousands, except share data)				(Dollars in thousands, except share data)
Assets:	Assets:			Assets:	
Loans and accrued interest receivable (net of allowance for loan losses of $131,827 and $127,113, respectively)		$ 15,243,889	18,335,197		

Loans and accrued interest receivable (net of allowance for loan losses of $104,643 and $131,827, respectively)				
Cash and cash equivalents:	Cash and cash equivalents:			Cash and cash equivalents:
Cash and cash equivalents - not held at a related party	Cash and cash equivalents - not held at a related party	24,584	30,128	
Cash and cash equivalents - held at a related party	Cash and cash equivalents - held at a related party	93,562	95,435	
Total cash and cash equivalents	Total cash and cash equivalents	118,146	125,563	
Investments and notes receivable	Investments and notes receivable	2,111,917	1,588,919	
Restricted cash	Restricted cash	945,159	741,981	
Restricted cash - due to customers	Restricted cash - due to customers	294,311	326,645	
Accounts receivable (net of allowance for doubtful accounts of $3,079 and $1,160, respectively)		194,851	163,315	
Restricted investments				
Accounts receivable (net of allowance for doubtful accounts of $4,304 and $3,079, respectively)				
Goodwill	Goodwill	176,902	142,092	
Intangible assets, net	Intangible assets, net	63,501	52,029	
Property and equipment, net	Property and equipment, net	122,526	119,413	
Other assets	Other assets	102,842	82,887	
Total assets				
Total assets				
Total assets	Total assets	$19,374,044	21,678,041	
Liabilities:	Liabilities:			Liabilities:
Bonds and notes payable	Bonds and notes payable	$14,637,195	17,631,089	
Accrued interest payable	Accrued interest payable	36,049	4,566	
Bank deposits	Bank deposits	691,322	344,315	
Other liabilities	Other liabilities	461,259	379,231	
Due to customers	Due to customers	348,317	366,002	

Total liabilities	Total liabilities	16,174,142	18,725,203
Total liabilities			
Total liabilities			
Commitments and contingencies	Commitments and contingencies		
Commitments and contingencies			
Equity:	Equity:		
Nelnet, Inc. shareholders' equity:	Nelnet, Inc. shareholders' equity:		
Nelnet, Inc. shareholders' equity:			
Nelnet, Inc. shareholders' equity:			
Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding	Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding	—	—
Common stock:	Common stock:		
Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,461,651 shares and 27,239,654 shares, respectively		265	272
Class B, convertible, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 10,668,460 shares and 10,676,642 shares, respectively		107	107
Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,400,630 shares and 26,461,651 shares, respectively			
Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,400,630 shares and 26,461,651 shares, respectively			
Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,400,630 shares and 26,461,651 shares, respectively			
Class B, convertible, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 10,663,088 shares and 10,668,460 shares, respectively			
Additional paid-in capital	Additional paid-in capital	1,109	1,000
Retained earnings	Retained earnings	3,234,844	2,940,523

Accumulated other comprehensive (loss) earnings, net	(37,366)	9,304
Accumulated other comprehensive loss, net		
Total Nelnet, Inc. shareholders' equity	3,198,959	2,951,206
Noncontrolling interests	943	1,632
Total equity	3,199,902	2,952,838
Total liabilities and equity	$ 19,374,044	21,678,041
Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:		
Loans and accrued interest receivable	$ 14,585,491	17,981,414
Restricted cash	867,961	674,073
Bonds and notes payable	(14,233,586)	(17,462,456)
Accrued interest payable and other liabilities	(145,309)	(36,276)

Total Nelnet, Inc. shareholders' equity
Noncontrolling interests
Total equity
Total liabilities and equity
Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:
Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:
Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:
Loans and accrued interest receivable
Loans and accrued interest receivable
Loans and accrued interest receivable
Restricted cash
Bonds and notes payable
Bonds and notes payable
Bonds and notes payable
Accrued interest payable and other liabilities

Net assets of consolidated education and other lending variable interest entities	$ 1,074,557	1,156,755

Net assets of consolidated education and other lending variable interest entities

Net assets of consolidated education and other lending variable interest entities

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Income

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Income

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Income

Years ended December 31, 2022, 2021, and 2020

Years ended December 31, 2023, 2022, and 2021

Years ended December 31, 2023, 2022, and 2021

	2022	2021	2020
	(Dollars in thousands, except share data)		
Interest income:			
Loan interest	$ 651,205	482,337	595,113
Investment interest	91,601	41,498	24,543
Total interest income	742,806	523,835	619,656
Interest expense on bonds and notes payable and bank deposits	430,137	176,233	330,071
Net interest income	312,669	347,602	289,585
Less provision (negative provision) for loan losses	46,441	(12,426)	63,360
Net interest income after provision for loan losses	266,228	360,028	226,225
Other income (expense):			

	2023	2022	2021
	(Dollars in thousands, except share data)		
Interest income:			
Other income (expense):			

Loan servicing and systems revenue	Loan servicing and systems revenue	535,459	486,363	451,561	
Education technology, services, and payment processing revenue		408,543	338,234	282,196	
Communications revenue		—	—	76,643	
Education technology services and payments revenue					
Solar construction revenue	Solar construction revenue	24,543	—	—	
Other, net	Other, net	25,486	78,681	57,561	
Gain on sale of loans, net	Gain on sale of loans, net	2,903	18,715	33,023	
Gain from deconsolidation of ALLO		—	—	258,588	
Impairment expense and provision for beneficial interests, net		(15,523)	(16,360)	(24,723)	
Impairment expense					
Derivative market value adjustments and derivative settlements, net	Derivative market value adjustments and derivative settlements, net	264,634	71,446	(24,465)	
Total other income (expense)		1,246,045	977,079	1,110,384	
Total other income (expense), net					
Cost of services:	Cost of services:				
Cost to provide education technology, services, and payment processing services		148,403	108,660	82,206	
Cost to provide communications services		—	—	22,812	
Cost to provide education technology services and payments					
Cost to provide education technology services and payments					
Cost to provide education technology services and payments					
Cost to provide solar construction services	Cost to provide solar construction services	19,971	—	—	
Total cost of services	Total cost of services	168,374	108,660	105,018	
Operating expenses:	Operating expenses:				Operating expenses:
Salaries and benefits	Salaries and benefits	589,579	507,132	501,832	
Depreciation and amortization	Depreciation and amortization	74,077	73,741	118,699	
Other expenses					
Other expenses					
Other expenses	Other expenses	170,778	145,469	160,574	
Total operating expenses	Total operating expenses	834,434	726,342	781,105	
Income before income taxes	Income before income taxes	509,465	502,105	450,486	

Income tax expense	Income tax expense	113,224	115,822	100,860
Net income	Net income	396,241	386,283	349,626
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	11,106	7,003	2,817
Net income attributable to Nelnet, Inc.	Net income attributable to Nelnet, Inc.	$ 407,347	393,286	352,443
Earnings per common share:	Earnings per common share:			
Net income attributable to Nelnet, Inc. shareholders - basic and diluted	Net income attributable to Nelnet, Inc. shareholders - basic and diluted	$ 10.83	10.20	9.02
Net income attributable to Nelnet, Inc. shareholders - basic and diluted				
Net income attributable to Nelnet, Inc. shareholders - basic and diluted				
Weighted average common shares outstanding - basic and diluted	Weighted average common shares outstanding - basic and diluted	37,603,033	38,572,801	39,059,588

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
	(Dollars in thousands)		

Years ended December 31, 2023, 2022, and 2021

Years ended December 31, 2023, 2022, and 2021

	2023	2022	2021
	(Dollars in thousands)		

Net income	Net income	$ 396,241	386,283	349,626
Other comprehensive (loss) income:				
Other comprehensive income (loss):				
Net changes related to foreign currency translation adjustments				

Net changes related to foreign currency translation adjustments

Net changes related to foreign currency translation adjustments	Net changes related to foreign currency translation adjustments	$	(9)	(10)	—
Net changes related to available-for-sale debt securities:	Net changes related to available-for-sale debt securities:				
Unrealized holding (losses) gains arising during period, net		(58,946)	6,921	6,637	
Reclassification of gains recognized in net income, net of losses		(5,902)	(2,695)	(2,521)	

Unrealized holding gains (losses) arising during period, net

Unrealized holding gains (losses) arising during period, net

Unrealized holding gains (losses) arising during period, net

Reclassification of losses (gains) recognized in net income, net

Reclassification of losses (gains) recognized in net income, net

Reclassification of losses (gains) recognized in net income, net

Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity

Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity

Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity

Income tax effect

Income tax effect

Income tax effect	Income tax effect	15,564	(49,284)	(1,014)	3,212	(986)	3,130
Net changes related to equity method investee's other comprehensive income:	Net changes related to equity method investee's other comprehensive income:						
Gain on cash flow hedges	Gain on cash flow hedges	3,452		—		—	

Gain on cash flow hedges							
Gain on cash flow hedges							
Income tax effect	Income tax effect	(829)	2,623	—	—	—	—
Other comprehensive (loss) income			(46,670)		3,202		3,130
Income tax effect							
Income tax effect							
Other comprehensive income (loss)							
Comprehensive income	Comprehensive income		349,571		389,485		352,756
Comprehensive loss attributable to noncontrolling interests	Comprehensive loss attributable to noncontrolling interests		11,106		7,003		2,817
Comprehensive income attributable to Nelnet, Inc.	Comprehensive income attributable to Nelnet, Inc.		$360,677		396,488		355,573

See accompanying notes to consolidated financial statements.

	Nelnet, Inc. Shareholders												
		Common stock shares											
	Preferred stock shares	Class A	Class B		Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) earnings	Noncontrolling interests	Total equity
	(Dollars in thousands, except share data)												
Balance as of December 31, 2019	—	28,458,495	11,271,609	$	—	285	113	5,715	2,377,627	2,972	4,382	2,391,094
Issuance of noncontrolling interests	—	—	—		—	—	—	—	—	—	219,265	219,265
Net income (loss)	—	—	—		—	—	—	—	352,443	—	(2,817)	349,626
Other comprehensive income	—	—	—		—	—	—	—	—	3,130	—	3,130
Distribution to noncontrolling interests	—	—	—		—	—	—	—	—	—	(16,123)	(16,123)
Cash dividends on Class A and Class B common stock - $0.82 per share	—	—	—		—	—	—	—	(31,778)	—	—	(31,778)
Issuance of common stock, net of forfeitures	—	213,015	—		—	2	—	5,626	—	—	—	5,628
Compensation expense for stock based awards	—	—	—		—	—	—	7,290	—	—	—	7,290
Repurchase of common stock	—	(1,594,394)	—		—	(16)	—	(14,837)	(58,505)	—	—	(73,358)

	Preferred stock shares	Common stock shares Class A	Common stock shares Class B	Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Noncontrolling interests	Total equity
Impact of adoption of new accounting standard	—	—	—	—	—	—	—	(18,868)	—	—	(18,868)
Conversion of common stock	—	116,038	(116,038)	—	1	(1)	—	—	—	—	—
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	(375)	—	(225)	(600)
Deconsolidation of noncontrolling interest - ALLO	—	—	—	—	—	—	—	—	—	(208,175)	(208,175)
Other equity transactions, net of costs incurred to sell shares of subsidiary	—	—	—	—	—	—	—	1,218	—	—	1,218

Years ended December 31, 2023, 2022, and 2021

Nelnet, Inc. Shareholders

(Dollars in thousands, except share data)

	Preferred stock shares	Common stock shares Class A	Common stock shares Class B	Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Noncontrolling interests	Total equity
Balance as of December 31, 2020	—	27,193,154	11,155,571	—	272	112	3,794	2,621,762	6,102	(3,693)	2,628,349
Issuance of noncontrolling interests	—	—	—	—	—	—	—	—	—	61,087	61,087
Net income (loss)	—	—	—	—	—	—	—	393,286	—	(7,003)	386,283
Other comprehensive income	—	—	—	—	—	—	—	—	3,202	—	3,202
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(48,759)	(48,759)
Cash dividends on Class A and Class B common stock - $0.90 per share	—	—	—	—	—	—	—	(34,457)	—	—	(34,457)
Issuance of common stock, net of forfeitures	—	280,845	—	—	2	—	4,827	—	—	—	4,829
Compensation expense for stock based awards	—	—	—	—	—	—	10,415	—	—	—	10,415
Repurchase of common stock	—	(713,274)	—	—	(7)	—	(18,036)	(40,068)	—	—	(58,111)
Conversion of common stock	—	478,929	(478,929)	—	5	(5)	—	—	—	—	—

Conversion of common stock

Conversion of common stock

Balance as of December 31, 2021												
Balance as of December 31, 2021												
Balance as of December 31, 2021	Balance as of December 31, 2021	—	27,239,654	10,676,642	—	272	107	1,000	2,940,523	9,304	1,632	2,952,838
Issuance of noncontrolling interests	Issuance of noncontrolling interests	—	—	—	—	—	—	—	—	—	67,003	67,003
Net income (loss)	Net income (loss)	—	—	—	—	—	—	—	407,347	—	(11,106)	396,241
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	—	—	—	(46,670)	—	(46,670)
Distribution to noncontrolling interests	Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(56,586)	(56,586)
Cash dividends on Class A and Class B common stock - $0.98 per share	Cash dividends on Class A and Class B common stock - $0.98 per share	—	—	—	—	—	—	—	(36,608)	—	—	(36,608)
Issuance of common stock, net of forfeitures	Issuance of common stock, net of forfeitures	—	376,348	—	—	4	—	7,477	—	—	—	7,481
Compensation expense for stock based awards	Compensation expense for stock based awards	—	—	—	—	—	—	13,888	—	—	—	13,888
Repurchase of common stock	Repurchase of common stock	—	(1,162,533)	—	—	(11)	—	(21,256)	(76,418)	—	—	(97,685)
Conversion of common stock	Conversion of common stock	—	8,182	(8,182)	—	—	—	—	—	—	—	—
Conversion of common stock												
Conversion of common stock												
Balance as of December 31, 2022	Balance as of December 31, 2022	—	26,461,651	10,668,460	$ —	265	107	1,109	3,234,844	(37,366)	943	3,199,902
Balance as of December 31, 2022												
Balance as of December 31, 2022												
Issuance of noncontrolling interests												
Net income (loss)												
Other comprehensive income												
Distribution to noncontrolling interests												
Cash dividends on Class A and Class B common stock - $1.06 per share												

Issuance of common stock, net of forfeitures
Compensation expense for stock based awards
Repurchase of common stock
Conversion of common stock
Conversion of common stock
Conversion of common stock
Balance as of December 31, 2023
Balance as of December 31, 2023
Balance as of December 31, 2023

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2022, 2021, and 2020

Years ended December 31, 2023, 2022, and 2021					Years ended December 31, 2023, 2022, and 2021		
		2022	2021	2020	2023	2022	2021
		(Dollars in thousands)					
		(Dollars in thousands)			(Dollars in thousands)		
Net income attributable to Nelnet, Inc.	Net income attributable to Nelnet, Inc.	$ 407,347	393,286	352,443			
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	(11,106)	(7,003)	(2,817)			
Net income	Net income	396,241	386,283	349,626			
Adjustments to reconcile net income to net cash provided by operating activities, net of business acquisitions:	Adjustments to reconcile net income to net cash provided by operating activities, net of business acquisitions:						

Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs	Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs	176,248	132,325	198,473
Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs				
Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs				
Loan discount accretion	Loan discount accretion	(67,480)	(7,990)	(35,285)
Provision (negative provision) for loan losses	Provision (negative provision) for loan losses	46,441	(12,426)	63,360
Derivative market value adjustments	Derivative market value adjustments	(231,691)	(92,813)	28,144
Proceeds from termination of derivative instruments, net		91,786	—	—
Proceeds from termination of derivative instruments				
Proceeds from termination of derivative instruments				
Proceeds from termination of derivative instruments				
Proceeds from (payments to) clearinghouse - initial and variation margin, net		148,691	91,294	(26,747)
Gain from deconsolidation of ALLO, including cash impact		—	—	(287,579)
Gain on sale of loans		(2,903)	(18,715)	(33,023)
(Payments to) proceeds from clearinghouse - initial and variation margin, net				
(Payments to) proceeds from clearinghouse - initial and variation margin, net				
(Payments to) proceeds from clearinghouse - initial and variation margin, net				
Gain on sale of loans, net				
Gain on sale of loans, net				
Gain on sale of loans, net				
Loss (gain) on investments, net	Loss (gain) on investments, net	24,643	(3,811)	(14,055)

(Gain) loss from repurchases of debt, net	(1,231)	6,775	(1,924)
Proceeds from sale (purchases) of equity securities, net	42,841	(42,916)	—
Deferred income tax expense	34,640	55,622	7,974
Proceeds from sale of equity securities, net of purchases			
Proceeds from sale of equity securities, net of purchases			
Proceeds from sale of equity securities, net of purchases			
Deferred income tax (benefit) expense			
Non-cash compensation expense / Non-cash compensation expense	14,176	10,673	16,739
Impairment expense and provision for beneficial interests, net	15,523	16,360	24,723
Other, net	723	—	186
(Increase) decrease in loan and investment accrued interest receivable	(38,500)	1,378	(61,090)
(Increase) decrease in accounts receivable	(26,358)	(86,982)	40,880
(Increase) decrease in other assets, net	(11,275)	39,439	59,182
Impairment expense			
Decrease (increase) in loan and investment accrued interest receivable			
Decrease (increase) in loan and investment accrued interest receivable			
Decrease (increase) in loan and investment accrued interest receivable			
Increase in accounts receivable			
Decrease (increase) in other assets, net			
Decrease in the carrying amount of ROU asset, net / Decrease in the carrying amount of ROU asset, net	5,702	7,170	11,594
Increase (decrease) in accrued interest payable	31,483	(24,135)	(18,584)

(Decrease) increase in accrued interest payable				
Increase in other liabilities	Increase in other liabilities	40,001	29,775	35,907
Decrease in the carrying amount of lease liability	Decrease in the carrying amount of lease liability	(5,642)	(6,978)	(9,401)
Net cash provided by operating activities	Net cash provided by operating activities	684,059	480,328	349,100
Cash flows from investing activities, net of business acquisitions:	Cash flows from investing activities, net of business acquisitions:			
Purchases and originations of loans				
Purchases and originations of loans				
Purchases and originations of loans	Purchases and originations of loans	(1,452,018)	(1,318,605)	(1,459,696)
Purchases of loans from a related party	Purchases of loans from a related party	(8,310)	(22,678)	(147,539)
Net proceeds from loan repayments, claims, and capitalized interest	Net proceeds from loan repayments, claims, and capitalized interest	4,394,183	3,103,776	2,644,347
Proceeds from sale of loans	Proceeds from sale of loans	123,129	85,906	136,126
Purchases of available-for-sale securities	Purchases of available-for-sale securities	(1,029,438)	(734,817)	(471,510)
Proceeds from sales of available-for-sale securities	Proceeds from sales of available-for-sale securities	511,124	160,976	173,784
Proceeds from and sale of beneficial interest in loan securitizations	Proceeds from and sale of beneficial interest in loan securitizations	21,531	40,602	44,213

Purchases of other investments and issuance of notes receivable	Purchases of other investments and issuance of notes receivable	(263,346)	(253,894)	(168,216)
Proceeds from other investments		65,369	191,821	13,011
Proceeds from other investments and repayments of notes receivable				
Purchases of held-to-maturity debt securities	Purchases of held-to-maturity debt securities	(240)	(8,200)	—
Redemption of held-to-maturity debt securities	Redemption of held-to-maturity debt securities	3,500	—	—
Purchases of property and equipment	Purchases of property and equipment	(59,421)	(58,952)	(113,312)
Business acquisitions, net of cash and restricted cash acquired	Business acquisitions, net of cash and restricted cash acquired	(34,036)	—	(29,989)
Business acquisitions, net of cash and restricted cash acquired				
Business acquisitions, net of cash and restricted cash acquired				
Net cash provided by investing activities	Net cash provided by investing activities	$2,272,027	1,185,935	621,219
Net cash provided by investing activities				
Net cash provided by investing activities				

	2022	2021	2020		
	(Dollars in thousands)				
	2023				
	2023				
	2023			2022	2021

			(Dollars in thousands)		(Dollars in thousands)
Cash flows from financing activities, net of business acquisitions:	Cash flows from financing activities, net of business acquisitions:				
Payments on bonds and notes payable					
Payments on bonds and notes payable					
Payments on bonds and notes payable	Payments on bonds and notes payable	$(4,339,164)	(3,683,770)	(3,129,485)	
Proceeds from issuance of bonds and notes payable	Proceeds from issuance of bonds and notes payable	1,301,554	1,947,559	1,884,689	
Payments of debt issuance costs	Payments of debt issuance costs	(3,795)	(7,093)	(8,674)	
Increase in bank deposits, net	Increase in bank deposits, net	347,007	289,682	54,633	
(Decrease) increase in due to customers		(17,670)	64,539	(136,285)	
Increase in bank deposits, net					
Increase in bank deposits, net					
Increase (decrease) in due to customers					
Dividends paid	Dividends paid	(36,608)	(34,457)	(31,778)	
Repurchases of common stock	Repurchases of common stock	(97,685)	(58,111)	(73,358)	
Proceeds from issuance of common stock	Proceeds from issuance of common stock	1,633	1,465	1,653	
Acquisition of noncontrolling interest		—	—	(600)	
Issuance of noncontrolling interests					
Issuance of noncontrolling interests					
Issuance of noncontrolling interests	Issuance of noncontrolling interests	55,777	50,716	205,768	
Distribution to noncontrolling interests	Distribution to noncontrolling interests	(3,548)	(878)	(1,088)	
Distribution to noncontrolling interests					
Distribution to noncontrolling interests					

Net cash used in financing activities	Net cash used in financing activities	(2,792,499)	(1,430,348)	(1,234,525)
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(160)	(121)	—
Net increase (decrease) in cash, cash equivalents, and restricted cash		163,427	235,794	(264,206)
Net (decrease) increase in cash, cash equivalents, and restricted cash				
Cash, cash equivalents, and restricted cash, beginning of period	Cash, cash equivalents, and restricted cash, beginning of period	1,194,189	958,395	1,222,601
Cash, cash equivalents, and restricted cash, end of period	Cash, cash equivalents, and restricted cash, end of period	$ 1,357,616	1,194,189	958,395

Supplemental disclosures of cash flow information:	**Supplemental disclosures of cash flow information:**				
Supplemental disclosures of cash flow information:					
Supplemental disclosures of cash flow information:					
Cash disbursements made for interest					
Cash disbursements made for interest					
Cash disbursements made for interest	Cash disbursements made for interest	$	350,662	152,173	301,570
Cash disbursements made for income taxes, net of refunds and credits received (a)	Cash disbursements made for income taxes, net of refunds and credits received (a)	$	57,705	18,659	29,685
Cash disbursements made for operating leases	Cash disbursements made for operating leases	$	6,797	7,970	11,488
Noncash operating, investing, and financing activity:					
Non-cash operating, investing, and financing activity:					
Non-cash operating, investing, and financing activity:					
Non-cash operating, investing, and financing activity:					
ROU assets obtained in exchange for lease obligations					
ROU assets obtained in exchange for lease obligations					

(Dollars in thousands, except share amounts, unless otherwise noted)

ROU assets obtained in exchange for lease obligations				
Business acquisition deferred purchase price	Business acquisition deferred purchase price	$ 5,000	—	—
ROU assets obtained in exchange for lease obligations		$ 7,728	4,228	4,282
Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans	Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans	$ 19,069	23,506	52,501
Receipt of held-to-maturity debt securities as consideration from sale of loans		$ 13,806	—	—
Receipt of asset-backed investment securities as consideration from sale of loans				
Asset-backed investment securities held as collateral for reinsurance treaties				
Distribution to noncontrolling interests	Distribution to noncontrolling interests	$ 53,038	47,881	15,035
Issuance of noncontrolling interests	Issuance of noncontrolling interests	$ 11,226	10,371	4,132

(a) For 2023, 2022, 2021, and 2020 2021 the Company utilized $11.2 million $53.8 million, $34.1 million $11.2 million, and $53.9 million $34.1 million of federal and state tax credits, respectively, related primarily to renewable energy.

Supplemental disclosures of noncash non-cash activities regarding the adoption of the new accounting standard for measurement of credit losses on January 1, 2020 Company's business acquisitions are contained in note 3.

Supplemental disclosures of noncash activities regarding the Company's recapitalization of ALLO in 2020 and business acquisitions during 2020 and 2022 are contained in note 2 and note 8, respectively. 7.

The following table provides presents a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets to the total of the amounts reported in the consolidated statements of cash flows.

		As of December 31, 2022	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
	As of December 31, 2023	December 31, 2023	December 31, 2022	As of December 31, 2021	December 31, 2020
Total cash and cash equivalents	Total cash and cash equivalents	$ 118,146	125,563	121,249	133,906
Restricted cash	Restricted cash	945,159	741,981	553,175	650,939
Restricted cash - due to customers	Restricted cash - due to customers	294,311	326,645	283,971	437,756
Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash	$1,357,616	1,194,189	958,395	1,222,601

See accompanying notes to consolidated financial statements.

1. Description of Business

Nelnet, Inc. and its subsidiaries (“Nelnet” or the “Company”) is a diverse, innovative company with a purpose to serve others and a vision to make dreams possible. The largest operating businesses engage in loan servicing and education technology services and payment processing, and the Company also has a significant investment in communications. payments. A significant portion of the Company's revenue is net interest income earned on a portfolio of federally insured student loans. The Company also makes investments to further diversify both within and outside of its historical core education-related businesses including, but not limited to, investments in a fiber communications company (ALLO), early-stage and emerging growth companies (venture capital investments), real estate, and renewable energy (solar). Substantially all revenue from external customers is earned, and all long-lived assets are located, in the United States.

The Company was formed as a Nebraska corporation in 1978 to service federal student loans for two local banks. The Company built on this initial foundation as a servicer to become a leading originator, holder, and servicer of federal student loans, principally consisting of loans originated under the Federal Family Education Loan Program (FFELP or “FFEL Program”) of the U.S. Department of Education (the “Department”).

The Health Care and Education Reconciliation Act of 2010 (the “Reconciliation Act of 2010”) discontinued new loan originations under the FFEL Program, effective July 1, 2010, and requires all new federal student loan originations be made directly by the Department through the Federal Direct Loan Program. This law does not alter or affect the terms and conditions of existing FFELP loans. As a result of Subsequent to the Reconciliation Act of 2010, the Company no longer originates FFELP loans. However, a significant portion of the Company's income continues to be derived from its existing FFELP student loan portfolio. Interest income on the Company's existing FFELP loan portfolio will decline over time as the portfolio is paid down. Since all FFELP loans will eventually run off, a key objective of the Company is to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment. To reduce its reliance on interest income from FFELP loans, the Company has expanded its services and products. This expansion has been accomplished through internal growth and innovation as well as business and certain investment acquisitions. The Company is also actively expanding its private education, consumer, and other loan portfolios, or investment interests therein, and in November 2020 as part of this strategy launched Nelnet Bank (as further explained below). in 2020. In addition, the Company has been servicing federally owned student loans for the Department since 2009.

The Company's reportable operating segments include:

- Loan Servicing and Systems (LSS)
- Education Technology Services and Payment Processing (ETS&PP) Payments (ETSP)
- Asset Generation and Management (AGM), part of the Nelnet Financial Services (NFS) division
- Nelnet Bank,
- Communications part of the NFS division

A description of each reportable operating segment segments is included below. See note 17 16 for additional information on the Company's segment reporting.

Loan Servicing and Systems

The primary service offerings of the Loan Servicing and Systems reportable operating segment (known as Nelnet Diversified Services (NDS)) include:

- Servicing federally owned student loans for the Department
- Servicing FFELP loans
- Originating and servicing Servicing private education and consumer loans
- Backup Providing backup servicing for FFELP, private education, and consumer loans
- Providing student loan servicing software and other information technology products and services
- Providing outsourced services including call center, processing, and technology services

LSS provides for the servicing of the Company's student loan portfolio and the portfolios of third parties. The loan servicing activities include loan conversion activities, application processing, borrower updates, customer service, payment processing, due diligence procedures, funds management reconciliations, and claim processing. These activities are performed internally for the Company's portfolio, in addition to generating external fee revenue when performed for third-party clients. In addition, LSS provides backup servicing to third parties, which allows a transfer of the customer’s servicing volume to the Company's platform and becoming a full servicing customer if their existing servicer cannot perform their duties.

Nelnet Servicing, LLC (“Nelnet Servicing”) and Great Lakes Educational Loan Services, Inc. (“Great Lakes”) (Nelnet Servicing), subsidiaries a subsidiary of the Company, are two is one of the current six four private sector entities that have student loan servicing contracts with the Department to provide servicing capacity for service loans owned that include Federal Direct Loan Program loans originated directly by the Department and FFEL Program loans purchased by the Department.

This segment LSS also provides student loan servicing software, which is used internally and licensed to third-party student loan holders and servicers. These software systems have been adapted so that they can be offered as hosted servicing software solutions usable by third parties to service various types of student loans, including Federal Direct Loan Program and FFEL Program loans.

This segment also provides business process outsourcing primarily specializing in contact center management. The contact center solutions and services include taking inbound calls, helping with outreach campaigns and sales, interacting with customers through multi-channels, and processing and technology services.

Education Technology Services and Payment Processing Payments

The Education Technology Services and Payment Processing Payments reportable operating segment (known as Nelnet Business Services (NBS)) provides education services, and payment technology and community management solutions services for K-12 schools, higher education institutions, churches, and businesses in the United States and internationally. NBS provides service and technology under five four divisions as follows: described below.

FACTS provides solutions that elevate the education experience in the K-12 private and faith-based markets for school administrators, teachers, and families. FACTS offers a comprehensive suite of services and technology in the following categories: (i) financial management, including tuition payment plans, and incidental billing, payment forms, advanced accounting, financial needs assessment assessments (grant and aid); , and a donation platform; (ii) school administration solutions, including school information system software that automates the flow of information between school administrators, teachers, and parents and includes administrative processes such as scheduling, cafeteria management, attendance, and grade book management; (iii) enrollment and communications, including website design and cost effective admissions software; (iv) advancement (giving management), including a comprehensive donation school management platform that streamlines donor communications, organizes donor information, and provides access to data analysis application and reporting; enrollment services; and (v) education development, including customized professional development and coaching services, educational instruction services, and innovative technology products that aid in teacher and student evaluations. (iii) learning management.

Nelnet Campus Commerce delivers payment technology to higher education institutions. Nelnet Campus Commerce solutions include (i) tuition management, including tuition payment plans and service and technology for student billings, payments, and refunds; and (ii) integrated commerce, including solutions for in-person, online, and mobile payment experiences on campus.

Nelnet Payment Services provides secure payment processing technology. Nelnet Payment Services supports and provides payment processing services, including credit card and electronic transfer, transfers, to the other divisions of NBS and Nelnet in addition to other industries and software platforms across the United States.

Nelnet Community Engagement provides faith community engagement, giving management, and learning management services and technologies. Nelnet Community Engagement serves customers in the technology, nonprofit, religious, health care, and professional services industries.

Nelnet International provides its services and technology in Australia, New Zealand, and the Asia-Pacific region. Nelnet International serves customers in the education, local government, and healthcare health care industries. Nelnet International's suite of services include an integrated commerce payment platform, financial management and tuition payment plan services, and a school management platform that provides administrative, information management, financial management, and communication functions for K-12 schools.

Nelnet Financial Services

Nelnet Financial Services is a division of the Company that includes the following reportable operating segments:

- Asset Generation and Management
- Nelnet Bank

Asset Generation and Management

The Company's Asset Generation and Management reportable operating segment includes the acquisition, management, and ownership of the Company's loan assets (excluding loan assets held by Nelnet Bank). Substantially all loan assets included in this segment are student loans originated under the FFEL Program, including the Stafford Loan Program, the PLUS Loan program, and loans that reflect the consolidation into a single loan of certain previously separate borrower obligations ("consolidation" loans). AGM also acquires private education, consumer, and other loans. loans, or investment interests therein. AGM generates a substantial portion of its earnings from the spread, referred to as loan spread, between the yield it receives on its loan portfolio and the associated costs to finance such portfolio. The loan assets are held in a series of lending subsidiaries and associated securitization trusts designed specifically for this purpose. In addition to the loan spread earned on its portfolio, all costs and activity associated with managing the portfolio, such as servicing of the assets and debt maintenance, are included in this segment.

In addition to ownership of loan assets, AGM has partial ownership in consumer, private education, and federally insured student loan third-party securitizations. These residual interests were acquired by AGM or have been received in consideration of AGM selling portfolios of loans to unrelated third parties who securitized such loans. AGM's partial ownership percentage in each loan securitization grants AGM the right to receive the corresponding percentage of cash flows generated by the securitization.

Nelnet Bank

On November 2, 2020, the Company obtained final approval for federal deposit insurance from the Federal Deposit Insurance Corporation (FDIC) and for a bank charter from the Utah Department of Financial Institutions (UDFI) in connection with the establishment of Nelnet Bank, and Nelnet Bank launched operations. Nelnet Bank operates as an internet Utah-chartered industrial bank franchise focused on the private education and consumer loan marketplace, with a home office in Salt Lake City, Utah. Nelnet Bank serves and plans to serve a niche market, with a concentration in is focused on the private education and unsecured consumer loan markets. marketplace.

Communications NFS Other Operating Segments

ALLO Communications LLC ("ALLO") provides pure fiber optic service In addition to homes and businesses for internet, television, and telephone services. ALLO derives its revenue primarily from the sale of communication services to residential, governmental, and business customers in Nebraska, Colorado, and Arizona. Internet and television services include revenue from residential and business customers for subscriptions to ALLO's data and video products. ALLO data services provide high-speed internet access over ALLO's all-fiber network at various symmetrical speeds of up to 1 gigabit per second for residential customers and is capable of providing symmetrical speeds of over 1 gigabit per second for business customers. Telephone services include local and long distance telephone service, hosted PBX services, and other services.

On December 21, 2020 the Company deconsolidated ALLO from the Company's consolidated financial statements due to ALLO's recapitalization. The recapitalization of ALLO was not considered a strategic shift in the Company's involvement with ALLO and ALLO's results of operations, prior to deconsolidation, are presented by the Company as a reportable operating segment. See note 2 for a description segments of this transaction AGM and Nelnet Bank being part of the Company's continued involvement.

Corporate and Other Activities

Other business activities and NFS division, NFS's other operating segments that are not reportable are combined and included in Corporate and Other Activities. Corporate and Other Activities include the following items: include:

- The operating results of Whitetail Rock Capital Management, LLC (WRCM), the Company's U.S. Securities and Exchange Commission (SEC)-registered investment advisor subsidiary
- The operating results of Nelnet Insurance Services, which primarily includes multiple reinsurance treaties on property and causality policies
- The operating results of the Company's investment activities in real estate
- The operating results of the Company's investment debt securities (primarily student loan and other asset-backed securities) and interest expense incurred on debt used to finance such investments

Corporate and Other Activities

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities ("Corporate"). Corporate includes the following items:

- Shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services
- Corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs
- The operating results of Nelnet Renewable Energy, which include solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development
- The operating results of the majority certain of the Company's investment activities, including its investment in ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO") and early-stage and emerging growth companies and real estate (venture capital investments)
- Interest income earned on cash balances held at the corporate level and investment debt securities (primarily student loan and other asset-backed securities)
- Interest interest expense incurred on unsecured and certain other corporate related debt transactions
- Other product and service offerings that are not considered reportable operating segments

Corporate and Other Activities also include certain activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services. Corporate and Other Activities also includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs.

2. ALLO Recapitalization

On October 1, 2020, the Company entered into various agreements with SDC, a third-party global digital infrastructure investor, and ALLO, then a majority owned communications subsidiary of the Company, for various transactions contemplated by the parties in connection with a recapitalization and additional funding for ALLO.

The agreements provided for a series of interrelated transactions, whereby on October 15, 2020, ALLO received proceeds of $197.0 million from SDC as the purchase price for the issuance of non-voting preferred membership units of ALLO, and redeemed $160.0 million of non-voting preferred membership units of ALLO held by the Company. On December 21, 2020, the non-voting preferred membership units of ALLO held by SDC automatically converted into voting membership units of ALLO pursuant to the terms of the agreements upon the receipt on December 21, 2020 of the required approvals from

applicable regulatory authorities. As a result of such conversion, SDC, the Company, and members of ALLO's management own approximately 48%, 45%, and 7%, respectively, of the outstanding voting membership interests of ALLO, and the Company deconsolidated ALLO from the Company's consolidated financial statements.

Upon the deconsolidation of ALLO, the Company recorded its 45% voting membership interests in ALLO at fair value, and accounts for such investment under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. In addition, the Company recorded its remaining non-voting preferred membership interests in ALLO at fair value, and accounts for such investment as a separate equity investment. The agreements between the Company, SDC, and ALLO provide that they will use commercially reasonable efforts (which expressly excludes requiring ALLO to raise any additional equity financing or sell any assets) to cause ALLO to redeem, on or before April 2024, the remaining preferred membership units of ALLO held by the Company, plus the amount of accrued and unpaid preferred return on such units. The preferred membership units earn a preferred annual return of 6.25%. However, if the non-voting preferred membership interests are not redeemed on or before April 2024, the preferred annual return is increased from 6.25% to 10.00%.

(Dollars in thousands, except share amounts, unless otherwise noted)

The voting membership interests and non-voting preferred membership interests of ALLO are included on the consolidated balance sheet in "investments and notes receivable." See note 7 for additional information.

As a result of the deconsolidation of ALLO on December 21, 2020, the Company recognized a gain of $258.6 million as summarized below.

		As of December 21, 2020
Voting interest/equity method investment - recorded at fair value	$	132,960
Preferred membership interest investment - recorded at fair value		228,530
Less: ALLO assets deconsolidated:		
Cash and cash equivalents – not held at a related party		(299)
Cash and cash equivalents – held at a related party		(28,692)
Accounts receivable		(4,138)
Goodwill		(21,112)
Intangible assets		(6,083)
Property and equipment, net		(245,295)
Other assets		(29,643)
Other liabilities		24,185
Noncontrolling interests		208,175
Gain recognized upon deconsolidation of ALLO	$	258,588

The impact to the Company's 2020 operating results as a result of the ALLO recapitalization is summarized below:

Gain from deconsolidation	$	258,588
Compensation expense (note 1)		(9,298)
Obligation to SDC (note 2)		(2,339)
	$	246,951

Note 1: On October 1, 2020 (prior to the deconsolidation of ALLO), ALLO recognized compensation expense related to the modification of certain equity awards previously granted to members of ALLO's management.

Note 2: As part of the ALLO recapitalization transaction, the Company and SDC entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of $25.0 million to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. The Company recognized the estimated fair value of the contingent payment as of December 31, 2020 to be $2.3 million. During 2022, the Company recognized an additional expense of $5.3 million associated with this obligation, and as of December 31, 2022 the estimated fair value of the contingent payment is $7.6 million, which is included in "other liabilities" on the consolidated balance sheet.

3. Summary of Significant Accounting Policies and Practices

Consolidation

The consolidated financial statements include the accounts of Nelnet, Inc. and its consolidated subsidiaries. In addition, the accounts of all variable interest entities (VIEs) of which the Company has determined that it is the primary beneficiary are included in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities

The Company assesses its partnerships and joint ventures to determine if the entity meets the qualifications of a VIE. The Company performs a qualitative assessment of each identified VIE to determine if it is the primary beneficiary. The primary beneficiary is the entity which has both: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE. The Company examines specific criteria and uses judgment when determining whether an entity is a VIE and whether it is the primary beneficiary. The Company performs this review initially at the time it enters into a partnership or joint venture agreement and reassess upon reconsideration events.

VIEs - Consolidated

The Company is required to consolidate VIEs in which it has determined it is the primary beneficiary.

The Company's education and other lending subsidiaries are engaged in the securitization of finance assets. These lending subsidiaries hold beneficial interests in eligible loans, subject to creditors with specific interests. The liabilities of the Company's lending subsidiaries are not the direct obligations of Nelnet, Inc. or any of its other subsidiaries. Each lending subsidiary is structured to be bankruptcy remote, meaning that it should not be consolidated in the event of bankruptcy of the parent company or any other subsidiary. The Company is generally the administrator and master servicer of the securitized assets held in its lending subsidiaries and owns the residual interest of the securitization trusts. For accounting purposes, the transfers of loans to the securitization trusts do not qualify as sales. Accordingly, all the financial activities and related assets and liabilities, including debt, of the securitizations are reflected in the Company's consolidated financial statements and are summarized as supplemental information on the balance sheet.

VIEs - Not consolidated

The Company is not required to consolidate VIEs in which it has determined it is not the primary beneficiary. VIEs not consolidated by the Company include its equity investment in ALLO, tax equity investments, and beneficial interests in loan securitizations.

ALLO

As of December 31, 2022 December 31, 2023, the Company owned 45% of the economic rights of ALLO, Communications LLC and has a disproportional 43% of the voting rights related to all operating decisions for ALLO's business. ALLO provides pure fiber optic service to homes and businesses for internet, television, and telephone services. See note 1 for a description of ALLO, including the primary services offered. See note 2 for disclosure of ALLO's recapitalization and the Company's initial recognition of its voting interest/equity method and non-voting preferred membership investments. See note 76 for the Company's carrying value of its voting interest/equity method interest and non-voting preferred membership investments, which is the Company's maximum exposure to loss.

Prior to December 21, 2020, the Company consolidated the operating results of ALLO. In 2020, the Company entered into various agreements with SDC, a third-party global digital infrastructure investor, and ALLO, for various transactions contemplated by the parties in connection with a recapitalization for ALLO. The recapitalization transaction ultimately resulted in the deconsolidation of ALLO from the Company's consolidated financial statements.

As part of the ALLO recapitalization transaction, the Company and SDC entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of up to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. The Company recognized the estimated fair value of the contingent payment to be $9.8 million and $7.6 million as of December 31, 2023 and 2022, respectively, which is included in "other liabilities" on the consolidated balance sheets.

Tax Equity Investments

The Company makes tax equity investments in entities that promote renewable energy sources (solar). The Company's investments in these entities generate a return primarily through the realization of federal income tax credits, operating cash flows, and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These investments are included in "investments and notes receivable" on the consolidated balance sheets and accounted for under sheets. As of December 31, 2023, the HLBV method Company has funded a total of accounting. $470.7 million in solar investments, which included $198.8 million funded by syndication partners. The carrying value of these investments are reduced by tax credits earned when the solar project is placed-in-service. The Company's unfunded capital and other commitments related to these unconsolidated VIEs are included in "other liabilities" on the consolidated balance sheets. sheets when the solar project is placed-in-service.

The Company's maximum exposure to loss from these unconsolidated VIEs include the investment, unfunded capital commitments, and previously recorded tax credits which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level. The tax credit recapture period ratably decreases over five years from when the project is placed-in-service. While the Company believes potential losses from these investments are remote, the maximum exposure was determined by assuming a scenario where the energy-producing projects completely fail and do not meet certain government compliance requirements resulting in recapture of the related tax credits.

(Dollars in thousands, except share amounts, unless otherwise noted)

The following table provides presents a summary of solar investment VIEs that the Company has not consolidated:

		As of December 31,			
		2022	2021		
Investment carrying amount		$ (36,863)	(42,457)		
	As of December 31,			As of December 31,	
	2023			2023	2022
Investment carrying amount, excluding third-party investors					
Tax credits subject to recapture	Tax credits subject to recapture	88,692	111,289		
Unfunded capital and other commitments	Unfunded capital and other commitments	33,456	4,350		
Company's maximum exposure to loss	Company's maximum exposure to loss	85,285	73,182		
Exposure syndicated to third-party investors		129,011	71,511		
Maximum exposure to loss		$214,296	144,693		

Reclassification As of Prior Period Cash Flow Presentation

In prior years, the line item in the Company's consolidated statements of cash flows for changes in amounts "due to customers" was presented in cash flows from operating activities. Beginning in 2022, December 31, 2023, the Company corrected this presentation for all periods presented is committed to fund an additional $154.2 million on new tax equity investments, of which $72.1 million is expected to be provided by syndication partners.

Beneficial Interest in its statements of cash flows to show this activity as a financing activity. This correction had no impact on the Company's previously reported consolidated net income, total assets (including cash and cash equivalents), liabilities, and equity, and while the correction had a corresponding impact on the amounts of cash flows from operating and financing activities, it had no impact on the net increase or decrease in cash for previously reported periods. Loan Securitizations

The Company has concluded partial ownership in consumer, private education, and federally insured student loan third-party securitizations that are classified as "beneficial interest in loan securitizations" and included in "investments and notes receivable" on the correction was not material from a combined quantitative and qualitative perspective Company's consolidated balance sheets. These residual interests were acquired by AGM or have been received in consideration of AGM selling portfolios of loans to unrelated third parties who securitized such loans. See note 6 for the Company's carrying value of its previously issued financial statements for 2021 and 2020. beneficial interest in loan securitization investments, which is the Company's maximum exposure to loss.

Noncontrolling Interests

Amounts for noncontrolling interests reflect the share of membership interest (equity) and net income attributable to the holders of minority membership interests in the following entities:

- Whitetail Rock Capital Management, LLC - WRCM is the Company's SEC-registered investment advisor subsidiary. WRCM issued 10% minority membership interests on January 1, 2012.
- NGWeb Solutions, LLC - The Company acquired a controlling interest of NGWeb Solutions, LLC on April 30, 2022. Minority membership interests of 20% was were maintained by prior interest holders. See note 8 7 for a description of NGWeb Solutions, LLC, including the primary services offered.
- GRNE-Nelnet, LLC and ENRG-Nelnet, LLC - The Company acquired a controlling interest in two subsidiaries of GRNE Solutions, LLC on July 1, 2022. Minority membership interests of 20% was were maintained by prior interest holders. See note 8 7 for additional description of the acquisition, including the primary services offered.

In addition, the Company has established multiple entities for the purpose of investing in renewable energy (solar) and federal opportunity zone programs in which it has noncontrolling members.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses, and other disclosures. Actual results may differ from those estimates.

Loans Receivable

Loans consist of federally insured student, private education, consumer, and other loans. If the Company has the ability and intent to hold loans for the foreseeable future, such loans are held for investment and carried at amortized cost. Amortized cost includes the unamortized premium or discount and capitalized origination costs and fees, all of which are amortized to interest

income. Loans which are held-for-investment also have an allowance for loan loss as needed. Any loans the Company has the ability and intent to sell are classified as held for sale and are carried at the lower of cost or fair value. Loans which are held for sale do not have the associated premium or discount and origination costs and fees amortized into interest income and there is also no related allowance for loan losses. There were no loans classified as held for sale as of December 31, 2022 December 31, 2023 and 2021.

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2022.

Federally insured loans were originated under the FFEL Program by certain eligible lenders as defined by the Higher Education Act of 1965, as amended (the “Higher Education Act”). These loans, including related accrued interest, are guaranteed at their maximum level permitted under the Higher Education Act by an authorized guaranty agency, which has a contract of reinsurance with the Department. The terms of the loans, which vary on an individual basis, generally provide for repayment in monthly installments of principal and interest. Generally, Stafford and PLUS loans have repayment periods between five and ten years. Consolidation loans have repayment periods of twelve to thirty years. FFELP loans do not require repayment while the borrower is in-school, and during the grace period immediately upon leaving school. Under the Higher Education Act, a borrower may also be granted a deferment or forbearance for a period of time based on need, during which time the borrower is not considered to be in repayment. Interest continues to accrue on loans in the in-school, deferment, and forbearance program periods. In addition, eligible borrowers may qualify for income-driven repayment plans offered by the Department. These plans determine the borrower's payment amount based on their discretionary income and may extend their repayment period. Interest rates on federally insured student loans may be fixed or variable, dependent upon the type of loan, terms of the loan agreements, and date of origination.

Substantially all FFELP loan principal and related accrued interest is guaranteed as provided by the Higher Education Act. These guarantees are subject to the performance of certain loan servicing due diligence procedures stipulated by applicable Department regulations. If these due diligence requirements are not met, affected student loans may not be covered by the guarantees in the event of borrower default. Such student loans are subject to “cure” procedures and reinstatement of the guarantee under certain circumstances.

Loans also include private education, consumer, and other loans. Private education loans are loans to students or their families that are non-federal loans and loans not insured or guaranteed under the FFEL Program. These loans are used primarily to bridge the gap between the cost of higher education and the amount funded through financial aid, federal loans, or borrowers' personal resources. The terms of the private education loans, which vary on an individual basis, generally provide for repayment in monthly installments of principal and interest over a period of up to thirty years. The private education loans are not covered by a guarantee or collateral in the event of borrower default. Consumer loans are unsecured loans to an individual for personal, family, or household purposes. The terms of the consumer loans, which vary on an individual basis, generally provide for repayment in weekly or monthly installments of principal and interest over a period of up to six years. Other loans consist of home equity lines of credit. These loans are made to an individual primarily for debt consolidation purposes using equity in the borrower’s home as security in the form of primarily second liens. These loans typically have a revolving draw period of five years and a repayment period at the end of the draw period of five to ten years. Principal and interest payments are generally required to be made during the draw period and repayment period. periods.

On January 1, 2023, the Company adopted new accounting guidance concerning loan modifications. The new guidance requires an entity to evaluate whether a loan modification represents a new loan or a continuation of an existing loan and enhances the disclosure requirements for certain modifications of receivables made to borrowers experiencing financial difficulty. Because federally insured loan modifications are driven by the Higher Education Act, the Company does not consider these events as part of its loan modification programs. Administrative forbearances (e.g. bankruptcy, military service, death and disability, and disaster forbearance) are required by law and therefore are also not considered as part of the Company's loan modification programs. The Company does offer payment delays in the form of deferments or forbearances on certain private education and consumer loan programs for short-term periods. The Company generally considers payment delays to be insignificant when the delay is 3 months or less. The amortized cost of the Company’s private education and consumer loans in which the borrower is experiencing financial difficulty and the financial effect of such loan modifications is not material.

Allowance for Loan Losses

On January 1, 2020, The Company accounts for the Company adopted ASU No. 2016-13, *Financial Instruments – Credit Losses(“Topic 326”): Measurement evaluation and estimate of Credit Losses probable losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as loans under the current expected credit loss (CECL) methodology. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for financial assets measured at amortized cost at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Company adopted Topic 326 using the modified retrospective method. Upon adoption, the Company recorded an increase to the allowance for loan losses of $91.0 million and decreased retained earnings, net of tax, by $18.9 million.

Allowance for Loan Losses - Accounting Policies

The allowance for loan losses is a valuation account that is deducted from the loans’ amortized cost basis to present the net amount expected to be collected on the loans as of the balance sheet date. Such allowance is based on the credit losses expected

to arise over the life of the asset which includes consideration of prepayments. Loans are charged off when management determines the loan is uncollectible. Charge-offs are recognized as a reduction to the allowance for loan losses. Expected recoveries of amounts previously charged off, not to exceed the aggregate of the amount previously charged off, are included in the estimate of the allowance for loan losses at the balance sheet date.

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The Company determines its estimated credit losses for the following financial assets as follows:

Loans receivable

The Company aggregates loans with similar risk characteristics into pools to estimate its expected credit losses. The Company evaluates such pooling decisions each quarter and makes adjustments as risk characteristics change. Management has determined that the federally insured, private education, consumer, and other loan portfolios each meet the definition of a portfolio segment, which is defined as the level at which an entity develops and documents a systematic method for determining its allowance for loan losses. Accordingly, the portfolio segment disclosures are presented on this basis in note 43 for each of these portfolios. The Company does not disaggregate its portfolio segment loan portfolios into classes of financing receivables.

The Company utilizes an undiscounted cash flow methodology in determining its lifetime expected credit losses on its federally insured and private education loan portfolios and a remaining life methodology for its consumer and other loan portfolios. For the undiscounted cash flow models, the expected credit losses are the product of multiplying the Company’s estimates of probability of default and loss given default and the exposure of default over the expected life of the loans. For the remaining life method, the expected credit losses are the product of multiplying the Company’s estimated net loss rate by the exposure at default over the expected life of the loans. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current economic conditions, and reasonable and supportable forecasts. The Company has determined that, for modeling current expected credit losses, the Company can reasonably estimate expected losses that incorporate current economic conditions and forecasted probability weighted economic scenarios up to a one-year period. Macroeconomic factors used in the models include such variables as unemployment rates, gross domestic product, and consumer price index. After the "reasonable and supportable" period, the Company reverts to its actual long-term historical loss experience in the historical observation period. The Company uses a straight line reversion method over two years. Historical credit loss experience provides the basis for the estimation of expected credit losses. A portion of the allowance is comprised of qualitative adjustments to historical loss experience.

Qualitative adjustments consider the following factors, as applicable, for each of the Company’s loan portfolios: student loans in repayment versus those in nonpaying status; delinquency status; type of private education, consumer, or other loan program; trends in defaults in the portfolio based on Company and industry data; past experience; trends in federally insured student loan claims rejected for payment by guarantors; changes in federal student loan programs; and other relevant qualitative factors.

The federal government guarantees 97% of the principal of and the interest on federally insured student loans disbursed on and after July 1, 2006 (and 98% for those loans disbursed on and after October 1, 1993 and prior to July 1, 2006), which limits the Company’s loss exposure on the outstanding balance of the Company’s federally insured portfolio. Federally insured student loans disbursed prior to October 1, 1993 are fully insured. Private education and consumer loans are unsecured, with neither a government nor a private insurance guarantee. Accordingly, the Company bears the full risk of loss on these loans if the borrower and co-borrower, if applicable, default. The Company places private education, consumer, and other loans on nonaccrual status when the collection of principal and interest is 90 days past due and charges off the loan when the collection of principal and interest is 120 days or 180 days past due, depending on type of loan program. Collections, if any, are reflected as a recovery through the allowance for loan losses.

Purchased Loans Receivable with Credit Deterioration (PCD)

The Company has purchased federally insured rehabilitation loans that have experienced more than insignificant credit deterioration since origination. Rehabilitation loans are loans that have previously defaulted, but for which the borrower has made a specified number of on-time payments. Although rehabilitation loans benefit from the same guarantees as other federally insured loans, rehabilitation loans have generally experienced redefault rates that are higher than default rates for federally insured loans that have not previously defaulted. These PCD loans are recorded at the amount paid. An allowance for loan losses is determined using the same methodology as for other loans held for investment. The sum of the loans' purchase price and allowance for loan losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized or accreted into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through provision expense.

Loan Accrued Interest Receivable

Accrued interest receivable on loans is combined and presented with the loans receivable amortized cost balance on the Company's consolidated balance sheets.

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For the Company's federally insured loan portfolio, the Company records an allowance for credit losses for accrued interest receivables. For federally insured loans, accrued interest receivable is typically charged-off when the contractual payment of principal or interest has become greater than 270 days past due. Charge-offs of accrued interest receivable are recognized as a reduction to the allowance for loan losses.

For the Company's private education, consumer, and other loan portfolios, the Company does not measure an allowance for credit losses for accrued interest receivables. For private education, consumer, and other loans, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due. Charge-offs of accrued interest receivable are recognized by reversing interest income.

Cash and Cash Equivalents and Statements of Cash Flows

The Company considers all investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include amounts due to Nelnet Bank from the Federal Reserve Bank of $5.2 million $7.0 million and $18.7 million $5.2 million as of December 31, 2022 December 31, 2023 and 2021, respectively.

Accrued interest on loans purchased and sold is included in cash flows from operating activities in the respective period. Net purchased loan accrued interest was $33.1 million, $48.3 million, and $92.3 million in 2022, 2021, and 2020, respectively.

Investments

The Company accounts for purchases and sales of debt securities on a settlement-date basis. When an investment is sold, the cost basis is determined through specific identification of the security sold. The Company classifies its debt securities primarily student loan and other asset-backed securities, as available-for-sale. These securities either available-for-sale or held-to-maturity. Securities classified as available-for-sale are carried at fair value, with the changes in fair value, net of taxes, carried as a separate component of shareholders' equity. The amortized cost of debt securities in this category classification is adjusted for amortization of premiums and accretion of discounts, which are amortized using the effective interest rate method. When an investment is sold, the cost basis is determined through specific identification of the security sold. For available-for-sale debt securities where fair value is less than amortized cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. Securities in which the Company has the intent and ability to hold until maturity are classified as held-to-maturity. These securities are carried at amortized cost, with expected future credit losses, if any, recognized through an allowance for credit losses.

The Company classifies its residual interest in consumer, private education, and federally insured private education, consumer, and other student loan securitizations as held-to-maturity beneficial interest investments. The Company measures accretable yield initially as the excess of all cash flows expected to be collected attributable to the beneficial interest estimated at the acquisition/transaction date over the initial investment and recognizes interest income over the life of the beneficial interest using the effective interest method. The Company continues to update, over the life of the beneficial interest, the expectation of cash flows to be collected. Beneficial interest investments are evaluated for impairment by comparing the present value of the remaining cash flows as expected to be collected at the initial transaction date (or the last date previously revised) to the present value of the cash flows expected to be collected at the current financial reporting date, both discounted using the same effective rate equal to the current yield used to accrete the beneficial interest. If the present value of remaining cash flows is less than the present value of cash flows expected to be collected and the Company determines a credit loss has occurred, the Company records an allowance for credit losses for the difference. Subsequent favorable changes, if any, decreases the allowance for credit losses. The Company reflects the changes in the allowance for credit losses in provision for beneficial interests on the consolidated statements of income.

Equity investments with readily determinable fair values are measured at fair value, with changes in the fair value recognized through net income.

For equity investments without readily determinable fair value, values, the Company uses the measurement alternative of cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company uses qualitative factors to identify impairment on these its measurement alternative investments.

The Company accounts for equity investments over which it has significant influence but not a controlling financial interest using the equity method of accounting. Equity method investments are recorded at cost and subsequently increased or decreased by the amount of the Company's proportionate share of the net earnings or losses and other comprehensive income of the investee. Equity method investments are evaluated for other-than-temporary impairment using certain impairment indicators such as a series of operating losses of an investee or other factors. These factors may indicate that a decrease in value of the investment has occurred that is other-than-temporary and shall be recognized.

In March 2023, the Financial Accounting Standards Board issued new accounting guidance which expands the population of investments for which an investor may elect to apply the proportional amortization method (PAM). The guidance allows an investor in a tax equity investment to elect the PAM for qualifying investments on a tax credit program-by-program basis. The Company elected to early adopt the new accounting guidance as of January 1, 2023 for its tax equity investments in renewable energy sources (solar) tax credit program. There were no investments prior to January 1, 2023 that met the qualification to apply the PAM, thus no cumulative effect adjustment in retained earnings was required.

Subsequent to adoption, the Company evaluates each tax equity investment in renewable energy sources (solar) to determine if it meets the qualifications to apply the PAM. For qualifying investments, the Company uses the flow-through method of accounting to account for the related tax credit. The flow-through method requires an investor to amortize the cost of its investment through income tax expense (or benefit) as an offset to the nonrefundable income tax credits and other income tax benefits, such as tax deductions from operating losses of the investment.

The Company accounts for its non-qualifying PAM solar investments, voting equity investment in ALLO, and certain real estate investments under the HLBV Hypothetical Liquidation at Book Value (HLBV) method of accounting. The HLBV method of accounting is used by the Company for equity method investments when the liquidation rights and priorities as defined by an equity investment agreement differ from what is reflected by the

underlying percentage ownership or voting interests. The Company applies the HLBV method using a balance sheet approach. A calculation is prepared at each balance sheet date to determine the amount that the Company would receive if an equity investment entity were to liquidate its net assets and distribute that cash to the investors based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is the amount the Company recognizes for its share of the earnings or losses from the equity investment for the period.

For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. The Company recognized losses on its solar investments of $46.7 million, $9.5 million, and $10.1 million during the years ended December 31, 2023, 2022, and 2021, respectively. These losses, which include losses attributable to third-party noncontrolling interest investors (syndication partners), are included in “other, net” in "other income (expense)" on the consolidated statements of income. Solar losses attributed to noncontrolling interest investors was $26.4 million, $10.9 million, and $7.4 million during the years ended December 31, 2023, 2022, and 2021, respectively, and is reflected in “net loss attributable to noncontrolling interests” in the consolidated statements of income. Excluding losses attributed to noncontrolling interest investors, the Company recognized losses of $20.3 million, gains of $1.4 million, and losses of $2.7 million on its solar investments during the years ended December 31, 2023, 2022, and 2021, respectively.

Notes Receivable

The Company accounts for its investments in notes Notes receivable as financing receivables under ASC Topic 310, *Receivables.* Notes exchanged for cash are recorded at amortized cost. Discounts, if any, upon issuance are accreted to income over the contractual life of the issued note, and interest income is accounted for on an accrual basis. The Company applies the principles in ASC Topic 326 to evaluate and record records an allowance for expected credit losses, if any, to present the net amount expected to be collected on its notes receivable.the receivable as of the balance sheet date.

Restricted Cash and Restricted Investments

Restricted cash primarily includes amounts for student loan securitizations and other secured borrowings. This cash must be used to make payments related to trust obligations. Amounts on deposit in these accounts are primarily the result of timing differences between when principal and interest is collected on the student loans held as trust assets and when principal and interest is paid on the trust's asset-backed debt securities. Restricted cash also includes collateral deposits with derivative counterparties and third-party clearinghouses.

Nelnet Insurance Services is required to hold collateral in third-party trusts related to its reinsurance treaties on property and casualty policies. The cash and investments in such trusts are classified by the Company as restricted. Restricted investments include student loan asset-backed securities classified as available-for-sale.

Restricted Cash - Due to Customers

As a servicer of student loans, the Company collects student loan remittances and subsequently disburses these remittances to the appropriate lending entities. In addition, as As part of the Company's Education Technology Services and Payment Processing Payments operating segment, the Company collects tuition payments and subsequently remits these payments to the appropriate schools. In addition, Nelnet

Insurance Services retains cash it collects on behalf of its third parties to which it has retroceded a portion of its exposure. Cash collected for customers and the related liability are included in the accompanying consolidated balance sheets.

A portion of cash collected for customers in the Company's Education Technology Services and Payment Processing Payments operating segment are held at Nelnet Bank, in which Nelnet Bank can use these cash deposits for general operating purposes and is no longer considered restricted. As of December 31, 2022 December 31, 2023 and 2021, 2022, $57.5 million and $55.0 million and $40.0 million, respectively, of cash collected for customers are is held at Nelnet Bank.

Accounts Receivable

Accounts receivable are presented at their net realizable values, which include allowances for doubtful accounts. Allowance estimates are based upon expected loss considering individual customer experience, as well as the age of receivables and likelihood of collection.

Business Combinations

The Company uses the acquisition method in accounting for acquired businesses. Under the acquisition method, the financial statements reflect the operations of an acquired business starting from the completion of the acquisition. The assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of acquisition, with the exception of contract assets or liabilities generated from contracts with customers, which are measured as if the Company had originated the acquired contract. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. All contingent consideration is measured at fair value on the acquisition date and included in the consideration transferred in the acquisition. Contingent consideration classified as a liability is remeasured to fair value at each reporting date until the contingency is resolved, and changes in fair value are recognized in earnings.

Goodwill

The Company reviews goodwill for impairment annually (as of November 30) and whenever triggering events or changes in circumstances indicate its carrying value may not be recoverable. Goodwill is tested for impairment using a fair value approach at the reporting unit level. A reporting unit is the operating segment, or a business one level below that operating segment if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics.

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The Company tests goodwill for impairment in accordance with applicable accounting guidance. The guidance provides an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform a quantitative impairment test, otherwise test. If the qualitative assessment determines that an impairment is not more likely than not, no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test.

For the 2023, 2022, 2021, and 2020 2021 annual reviews of goodwill, the Company assessed qualitative factors, with the exception of one reporting unit in 2023, and concluded it was not more likely than not that the fair value of its reporting units were less than their carrying amount. As such, except for the one reporting unit in 2023, no further impairment analysis was required. For the one reporting unit identified in 2023 that the Company concluded it was more likely than not required to perform further that the fair value was less than its carrying amount, the Company performed a quantitative impairment testing test and concluded there was no impairment of goodwill. an impairment. See note 11 for additional information.

Intangible Assets

The Company uses estimates to determine the fair value of acquired assets to allocate the purchase price to acquired intangible assets. Such estimates are generally based on estimated future cash flows or cost savings associated with particular assets and are discounted to present value using an appropriate discount rate. The estimates of future cash flows associated with intangible assets are generally prepared using a cost savings method, a lost income method, or an excess return method, as appropriate. In utilizing such methods, management must make certain assumptions about the amount and timing of estimated future cash flows and other economic benefits from the assets, the remaining economic useful life of the assets, and general economic factors concerning the selection of an appropriate discount rate. The Company may also use replacement cost or market comparison approaches to estimate fair value if such methods are determined to be more appropriate.

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Intangible assets with finite lives are amortized over their estimated lives. Such assets are amortized using a method of amortization that reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up. If that pattern cannot be reliably determined, the Company uses a straight-line amortization method.

The Company evaluates the estimated remaining useful lives of purchased intangible assets and whether events or changes in circumstances warrant a revision to the remaining periods of amortization.

Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation. Maintenance and repairs are charged to expense as incurred, and major improvements, including leasehold improvements, are capitalized. Gains and losses from the sale of property and equipment are included in determining net income. The Company uses the straight-line method for recording depreciation over the estimated useful life of the asset. Leasehold improvements are amortized straight-line over the shorter of the lease term or estimated useful life of the asset.

The Company evaluates the estimated remaining useful lives of property and equipment and whether events or changes in circumstances warrant a revision to the remaining periods of depreciation.

Leases

When the Company leases assets from others, it records right-of-use (ROU) assets and lease liabilities. The Company determines if the arrangement is, or contains, a lease at the inception of an arrangement and records the lease in the consolidated financial statements upon lease commencement, which is the date when the underlying asset is made available by the lessor. The Company primarily leases office and data center space. space and accounts for lease and non-lease components in these contracts together as a single, combined lease component. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The lease expense for these leases is recognized on a straight-line basis over the lease term. All other ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. The Company classifies each lease as operating or financing, with the income statement reflecting lease expense for operating leases and amortization/interest expense for financing leases. When the discount rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate.

The Company accounts for lease and non-lease components together as a single, combined lease component for its office and data center space. In addition, the Company identified itself as the lessor in its Communications operating segment for services provided to customers that include customer-premise equipment. The Company accounted for those services and associated leases as a single, combined component. The non-lease services are 'predominant' in those contracts. Therefore, the combined component is considered a single performance obligation under ASC Topic 606, *Revenue from Contracts with Customers*.

Most leases include one or more options to renew, with renewal terms that can be extended. The exercise of lease renewal options for the majority of leases is at the Company's discretion. Renewal options that the Company is reasonably certain to exercise are included in the lease term.

Certain leases include escalating rental payments or rental payments adjusted periodically for inflation. None of the lease agreements include any residual value guarantees, a transfer of title, or a purchase option that is reasonably certain to be exercised.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, such as property and equipment, purchased intangibles subject to amortization, and ROU assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Assumptions and estimates about future cash flows generated by, remaining useful lives of, and fair values of the Company's intangible and other long-lived assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in the Company's business strategy and internal forecasts. Although the Company believes the historical assumptions and estimates used are reasonable and appropriate, different assumptions and estimates could materially impact the reported financial results.

Fair Value Measurements

The Company uses estimates of fair value in applying various accounting standards for its financial statements.

Fair value is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. In general, the Company's policy in estimating fair values is to first look at observable market prices for identical assets and liabilities in active markets, where available. When these are not available, other inputs are used to model fair value, such as prices of similar instruments, yield curves, volatilities, prepayment speeds, default rates, and credit spreads, relying first on observable data from active markets. Depending on current market conditions, additional adjustments to fair value may be based on factors such as liquidity, credit, and bid/offer spreads. In some cases fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Transaction costs are not included in the determination of fair value. When possible, the Company seeks to validate the model's output to market transactions. Depending on the availability of observable inputs and prices, different valuation models could produce materially different fair value estimates. The values presented may not represent future fair values and may not be realizable. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the estimates of current or future values.

The Company categorizes its fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring assets and liabilities at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels include:

- Level 1: Quoted prices for *identical* instruments in active markets. The types of financial instruments included in Level 1 are highly liquid instruments with quoted prices.
- Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose primary value drivers are observable.
- Level 3: Instruments whose primary value drivers are *unobservable*. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs.

Revenue Recognition

The Company applies the provisions of ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), to its fee-based operating segments. The majority of the Company's revenue earned in its NFS Division, including loan interest and derivative activity earned in its Asset Generation and Management and Nelnet Bank operating segments including loan interest and derivative activity, reinsurance premiums earned in its Nelnet Insurance Services operating segment, is explicitly excluded from the scope of Topic 606.

The Company recognizes revenue under the core principle of Topic 606 to depict the transfer of control of products and services to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied. The Company's contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records deferred revenue when revenue is received or receivable in advance of the delivery of service. For multi-year contracts, the Company generally invoices customers annually at the beginning of each annual coverage period. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts do not include a significant financing component.

The Company recognizes an asset for the incremental costs of obtaining and/or fulfilling a contract with a customer if it expects the benefit of those costs to be longer than one year. Total capitalized costs to obtain and/or fulfill a contract were immaterial during the periods presented and are included in “other assets” on the consolidated balance sheets. presented.

Additional information related to revenue earned in its Asset Generation and Management, Nelnet Bank, and Nelnet Bank Insurance Services operating segments is provided below. See note 18 17 for additional information related to the Company's fee-based operating segments.

<u>*Loan interest income*</u> - The Company recognizes loan interest income as earned, net of amortization of loan premiums and deferred origination costs and the accretion of loan discounts. Loan interest income is recognized based upon the expected yield of the loan after giving effect to interest rate reductions resulting from borrower utilization of incentives such as timely payments ("borrower benefits") and other yield adjustments. Loan premiums or discounts, deferred origination costs, and borrower benefits are amortized/accreted over the estimated life of the loans, which includes an estimate of forecasted payments in excess of contractually required payments (the constant prepayment rate).

Loan interest on federally insured student loans is paid by the Department or the borrower, depending on the status of the loan at the time of the accrual. The Department makes quarterly interest subsidy payments on certain qualified FFELP loans until the student is required under the provisions of the Higher Education Act to begin repayment. Borrower repayment of FFELP loans normally begins within six months after completion of the borrower's course of study, leaving school, or ceasing to carry at least one-half the normal full-time academic load, as determined by the educational institution. Borrower repayment of PLUS and consolidation loans normally begins within 60 days from the date of loan disbursement. Borrower repayment of private education loans typically begins six months following the borrower's graduation from a qualified institution, and the interest is either paid by the borrower or capitalized annually or at repayment. Repayment of consumer and other loans typically starts upon origination of the loan.

The Department provides a special allowance to lenders participating in the FFEL Program. The special allowance rate is accrued based upon either the daily fiscal quarter average of the 13-week Treasury Bill auction rate, (for loans originated prior to January 1, 2000), the daily fiscal quarter average of the three-month financial commercial paper rate, (for loans originated on and after January 1, 2000), or the daily fiscal quarter average of the one-month LIBOR rate (for loans originated on and after January 1, 2000 30-day Average Secured Overnight Financing Rate (SOFR), and for lenders which elected to change the special allowance index to one-month LIBOR effective April 1, 2012) relative to the yield of the student loan.

The constant prepayment rate currently used by the Company to amortize/accrete federally insured loan premiums/discounts is 6% for Stafford loans and 5% for consolidation loans. The Company periodically evaluates the assumptions used to estimate the life of the loans and prepayment rates. In instances where there are changes to the assumptions, amortization/accretion is adjusted on a cumulative basis to reflect the change since the acquisition of the loan. During the fourth quarter of 2022, the Company changed its estimate of the constant prepayment rate on its Stafford loans from 5% to 6% and on its consolidation loans from 4% to 5%, which resulted in a $8.4 million decrease to the Company’s net loan discount balance and a corresponding increase to interest income. During the fourth quarter of 2021, the Company changed its estimate of the constant prepayment rate on its consolidation loans from 3% to 4%, which resulted in a $6.2 million increase to the Company’s net loan discount balance and a corresponding decrease to interest income.

The Company also pays the Department an annual 105 basis point rebate fee on Consolidation loans. These rebate fees are netted against loan interest income.

F *Reinsurance premiums earned and related expenses*- 22

NELNET, INC. AND SUBSIDIARIES Premiums are recognized as income, net of applicable retrocessional coverage, over the terms of the related contracts and polices. Unearned premiums represent the portion of premiums written that relate to the unexpired terms of contracts and polices in force.

Notes Acquisition costs are incurred when a contract or policy is issued and only the costs directly related to Consolidated Financial Statements the successful acquisition of new and renewal contract or policies are deferred and amortized over the same period in which the related premiums are earned. Acquisition costs consist principally of commissions and brokerage expenses and are shown net of commissions and brokerage expenses earned on ceded reinsurance.

(Dollars The reserve for claims and claim expenses includes estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported. The reserve is based on individual claims, case reserves, and other reserve estimates reported by insureds and ceding companies. Inherent in thousands, except share amounts, unless otherwise noted) the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which could vary significantly as claims are settled.

Deposits and Interest Expense

Deposits are interest-bearing deposits and consist of brokered certificates of deposit (CDs) and retail and other savings deposits and CDs. Retail and other savings deposits include savings deposits from Educational 529 College Savings (529) and Health Savings plans (HSA), Short Term Federal Investment Trust (STFIT), and commercial and institutional CDs. Union Bank and Trust Company (“Union Bank”), a related party, is the program manager for the Educational 529 College Savings plans. plans and trustee for the STFIT. CDs are accounts that have a stipulated maturity and interest rate. For savings accounts, the depositor may be required to give written notice of any intended withdrawal no less than seven days before the withdrawal is made. Generally, early withdrawal of brokered CDs is prohibited (except in the case of death or legal incapacity).

Nelnet Bank has intercompany deposits from Nelnet, Inc. and its subsidiaries, including a $40.0 million pledged deposit from Nelnet, Inc. as required under a Capital and Liquidity Maintenance Agreement with the FDIC. subsidiaries. All intercompany deposits held at Nelnet Bank are eliminated for consolidated financial reporting purposes.

For bonds and notes payable, interest expense is based upon contractual interest rates, adjusted for the amortization of debt issuance costs and the accretion of discounts. The amortization of debt issuance costs and accretion of discounts are recognized using the effective interest method.

Transfer of Financial Assets and Extinguishments of Liabilities

The Company accounts for loan sales and debt repurchases in accordance with applicable accounting guidance. If a transfer of loans qualifies as a sale, the Company derecognizes the loan and recognizes a gain or loss as the difference between the carrying basis of the loan sold and the consideration received. The Company from time to time repurchases its outstanding debt and records a gain or loss on the early extinguishment of debt based upon the difference between the carrying amount of the debt and the amount paid to the third party.

Derivative Accounting

All over-the-counter derivative contracts executed by the Company are cleared post-execution at the Chicago Mercantile Exchange (CME), a regulated clearinghouse. Substantially all of the Company’s outstanding derivatives are over-the-counter contracts. Clearing is a process by which a third party, the clearinghouse, steps in between the original counterparties and guarantees the performance of both, by requiring that each post liquid collateral on an initial (initial margin) and mark-to-market (variation margin) basis to cover the clearinghouse’s potential future exposure in the event of default.

The CME legally characterizes variation margin payments for over-the-counter derivatives they clear as settlements of the derivatives' exposure rather than collateral against the exposure. For accounting and presentation purposes, the Company considers variation margin and the corresponding derivative instrument as a single unit of account. As such, variation margin payments are considered in determining the fair value of the centrally cleared derivative portfolio. portfolio ("settled-to-market"). The Company records settled-to-market derivative contracts on its balance sheet with a fair value of zero due to the payment or receipt of variation margin between the Company and the CME settling the outstanding mark-to-market exposure on such derivatives to a balance of zero on a daily basis. basis, and records the underlying daily changes in the market value of such derivative contracts that result in such receipts or payments on its income statement as realized derivative market value adjustments in "derivative market value adjustments and derivative settlements, net" on the consolidated statements of income.

The Company records derivative instruments that are not required to be cleared at a clearinghouse (non-centrally cleared derivatives) in the consolidated balance sheets on a gross basis as either an asset or liability measured at its fair value. Certain non-centrally cleared derivatives are subject to right of offset provisions with counterparties. For these derivatives, the Company does not offset fair value amounts executed with the same counterparty under a master netting arrangement. In addition, the Company does not offset fair value amounts recognized for derivative instruments with respect to the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable). The Company determines the fair value for its non-centrally cleared derivative instruments using either (i) pricing models that consider current market conditions and the contractual terms of the derivative instrument; or (ii) counterparty valuations. The factors that impact the fair value of the Company's derivatives include interest rates, time value, forward interest rate curve, and volatility factors.

Management has structured all of the Company's derivative transactions with the intent that each is economically effective; however, the Company's derivative instruments do not qualify for hedge accounting. accounting in the consolidated financial statements. As a result, the change in market value of derivative instruments is reported in current period earnings. Changes or shifts in the forward yield curve can significantly impact the valuation of the Company's derivatives, and therefore impact the results of operations of the Company. The changes in fair value of derivative instruments, as well as the settlement payments made on such derivatives, are included in "derivative market value adjustments and derivative settlements, net" on the consolidated statements of income.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company uses the deferred method of accounting for its credits related to state tax incentives and investments that generate investment tax credits. The investment tax credits are recognized as a reduction to the related asset.

Income tax expense includes deferred tax expense, which represents a portion of the net change in the deferred tax asset or liability balance during the year, plus any change made in the valuation allowance, and current tax expense, which represents the amount of tax currently payable to or receivable from a tax authority plus amounts for expected tax deficiencies.

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Compensation Expense for Stock Based Awards

The Company has a restricted stock plan that is intended to provide incentives to attract, retain, and motivate employees in order to achieve long term growth and profitability objectives. The restricted stock plan provides for the grant to eligible employees of awards of restricted shares of Class A common stock. The fair value of restricted stock awards is determined on the grant date based on the Company's stock price and is amortized to compensation cost over the related vesting periods, which range up to ten years. For those awards with only service conditions that have graded vesting schedules, the Company recognizes compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, as if the award was, in substance, multiple awards. Holders of restricted stock are entitled to receive dividends from the date of grant whether or not vested. The Company accounts for forfeitures as they occur.

The Company also has a directors stock compensation plan pursuant to which non-employee directors can elect to receive their annual retainer fees in the form of fully vested shares of Class A common stock, and also elect to defer receipt of such shares until the termination of their service on the board of directors. The fair value of grants under this plan is determined on the grant date based on the Company's stock price, and is expensed over the board member's annual service period.

Translation of Foreign Currencies

The Company's foreign subsidiaries use the local currency of the countries in which they are located as their functional currency. Accordingly, assets and liabilities are translated into U.S. dollars (the Company's reporting currency) using the exchange rates in effect on the consolidated balance sheet dates. Equity accounts are translated at historical rates, except for the change in retained earnings during the year, which is the result of the income statement translation process. Revenue and expense accounts are translated using the weighted average exchange rate during the period. The cumulative translation adjustments associated with the net assets of foreign subsidiaries are recorded in accumulated other comprehensive earnings in the accompanying consolidated statements of shareholders' equity.

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4. 3. Loans and Accrued Interest Receivable and Allowance for Loan Losses

Loans and accrued interest receivable consisted of the following:

		As of December 31, 2022	As of December 31, 2021	As of December 31, 2023	As of December 31, 2022
Non-Nelnet Bank:	**Non-Nelnet Bank:**				
Federally insured loans:	Federally insured loans:				
Federally insured loans:					
Federally insured loans:					
Stafford and other					
Stafford and other					
Stafford and other	Stafford and other	$ 3,389,178	3,904,000		
Consolidation	Consolidation	10,177,295	13,187,047		
Total	Total	13,566,473	17,091,047		
Private education loans	Private education loans	252,383	299,442		
Consumer and other loans	Consumer and other loans	350,915	51,301		
Non-Nelnet Bank loans	Non-Nelnet Bank loans	14,169,771	17,441,790		
Nelnet Bank:	**Nelnet Bank:**				
Federally insured loans		65,913	88,011		
Federally insured loans (a)					
Federally insured loans (a)					
Federally insured loans (a)					
Private education loans	Private education loans	353,882	169,890		
Private education loans					
Private education loans					
Consumer and other loans					
Nelnet Bank loans	Nelnet Bank loans	419,795	257,901		
Accrued interest receivable					
Accrued interest receivable					
Accrued interest receivable	Accrued interest receivable	816,864	788,552		

Loan discount, net of unamortized loan premiums and deferred origination costs	Loan discount, net of unamortized loan premiums and deferred origination costs	(30,714)	(25,933)
Allowance for loan losses:	Allowance for loan losses:		
Non-Nelnet Bank:	**Non-Nelnet Bank:**		
Non-Nelnet Bank:			
Non-Nelnet Bank:			
Federally insured loans			
Federally insured loans			
Federally insured loans	Federally insured loans	(83,593)	(103,381)
Private education loans	Private education loans	(15,411)	(16,143)
Consumer and other loans	Consumer and other loans	(30,263)	(6,481)
Non-Nelnet Bank allowance for loan losses	Non-Nelnet Bank allowance for loan losses	(129,267)	(126,005)
Nelnet Bank:	**Nelnet Bank:**		
Federally insured loans		(170)	(268)
Federally insured loans (a)			
Federally insured loans (a)			
Federally insured loans (a)			
Private education loans	Private education loans	(2,390)	(840)
Consumer and other loans			
Nelnet Bank allowance for loan losses	Nelnet Bank allowance for loan losses	(2,560)	(1,108)
		$ 15,243,889	18,335,197

(a) During 2023, Nelnet Bank sold its federally insured loan portfolio to the Company's AGM (non-Nelnet Bank) operating segment.

The following table summarizes the allowance for loan losses as a percentage of the ending loan balance for each of the Company's loan portfolios.

	As of December 31, 2022	As of December 31, 2021
As of December 31, 2023	**December 31, 2023**	**As of December 31, 2022**

(Dollars in thousands, except share amounts, unless otherwise noted)

Non-Nelnet Bank:	**Non-Nelnet Bank:**					
Federally insured loans (a)	Federally insured loans (a)	0.62 %	0.60 %			
Federally insured loans (a)						
Federally insured loans (a)					0.59 %	0.62 %
Private education loans	Private education loans	6.11 %	5.39 %	Private education loans	5.68 %	6.11 %
	Consumer and other loans (b)	8.62 %	12.63 %			
Consumer and other loans				Consumer and other loans	13.66 %	8.62 %
Nelnet Bank:	**Nelnet Bank:**					
Federally insured loans (a)	Federally insured loans (a)	0.26 %	0.30 %			
Federally insured loans (a)						
Federally insured loans (a)					—	0.26 %
Private education loans	Private education loans	0.68 %	0.49 %	Private education loans	0.93 %	0.68 %
Consumer and other loans						

(a) As of December 31, 2022 December 31, 2023 and 2021, 2022, the allowance for loan losses as a percent of the risk sharing component of federally insured loans not covered by the federal guaranty for non-Nelnet Bank was 22.4% 21.8% and 22.2% 22.4%, respectively, and for Nelnet Bank was 10.3% and 12.1%, respectively.

(b) During 2022, the Company purchased home equity loans that generally have lower default rates than unsecured consumer loans. As such, the allowance for loan losses as a percentage of the ending loan balance has decreased as of December 31, 2022 compared with December 31, 2021.

Loan Sales

The During 2023, 2022, and 2021, the Company has sold portfolios $728.1 million, $167.0 million, and $101.1 million of consumer and other loans, respectively, and recognized net gains of $39.7 million, $2.9 million, and $18.7 million, respectively. Consumer loans sold by the Company were to unrelated non-affiliated third parties who securitized such loans. As partial consideration received for the loans sold, majority of such loan portfolio sales, the Company received residual interest in the third parties' loan securitizations that are included in "investments and notes receivable" on the Company's consolidated balance sheets. The following table provides a summary of the loans sold and gains/losses recognized by the Company during 2022, 2021, and 2020.

	Loans sold (par value)	Gain (loss)	Loan type	Residual interest received in securitization
2022:				
January 26	$ 18,125	2,989	Consumer	6.6 %
June 30	114	—	Home equity	—
July 7	28,915	2,627	Consumer	7.6

(Dollars in thousands, except share amounts, unless otherwise noted)

October 27		28,498	2,901	Consumer	7.9
November 29		91,298	(5,614)	Home equity	54.8 (a)
	$	166,950	2,903		
2021:					
May 14	$	77,417	15,271	Consumer	24.5 %
August 10		5,280	195	Private	—
September 29		18,390	3,249	Consumer	6.9
December 28		20	—	Federally insured	—
	$	101,107	18,715		
2020:					
January 30	$	124,249	18,206	Consumer	31.4 %
July 29		60,779	14,817	Consumer	25.4
	$	185,028	33,023		

(a) In addition to receiving a residual interest in the securitization, the Company also received $13.8 million of asset-backed securities issued as part of the transaction. These debt securities are classified as held-to-maturity and included in “investments and notes receivable” on the Company’s consolidated balance sheet.

Activity in the Allowance for Loan Losses

The following table presents the activity in the allowance for loan losses by portfolio segment.

	Balance at beginning of period	Impact of Topic 326 adoption	Provision (negative provision) for loan losses	Charge-offs	Recoveries	Initial allowance on loans purchased with credit deterioration (a)	Loan sales	Balance at end of period
	Year ended December 31, 2022							
Non-Nelnet Bank:								
Federally insured loans	$ 103,381	—	3,731	(24,181)	—	662	—	83,593
Private education loans	16,143	—	2,487	(3,879)	656	—	4	15,411

	Balance at beginning of period	Provision (negative provision) for loan losses	Charge-offs	Recoveries	Initial allowance on loans purchased with credit deterioration (a)	Loan sales	Balance at end of period
	Year ended December 31, 2023						
Non-Nelnet Bank:							
Federally insured loans							

Federally insured loans

Consumer and other loans	Consumer and other loans	6,481	—	38,383	(3,725)	592	—	(11,468)	30,263
Nelnet Bank:	**Nelnet Bank:**								
Federally insured loans	Federally insured loans	268	—	(93)	(5)	—	—	—	170
Federally insured loans									
Federally insured loans									
Private education loans	Private education loans	840	—	1,860	(306)	—	—	(4)	2,390
Consumer and other loans	$								
		$ 127,113	—	46,368	(32,096)	1,248	662	(11,468)	131,827
		Year ended December 31, 2021							
		Year ended December 31, 2022							
		Year ended December 31, 2022							
		Year ended December 31, 2022							
Non-Nelnet Bank:	**Non-Nelnet Bank:**								
Federally insured loans									
Federally insured loans									
Federally insured loans	Federally insured loans	$ 128,590	—	(7,343)	(21,139)	—	3,273	—	103,381
Private education loans	Private education loans	19,529	—	(1,333)	(2,476)	721	—	(298)	16,143
Consumer and other loans	Consumer and other loans	27,256	—	(4,544)	(5,123)	824	—	(11,932)	6,481
Nelnet Bank:	**Nelnet Bank:**								
Federally insured loans	Federally insured loans	—	—	268	—	—	—	—	268
Federally insured loans									
Federally insured loans									
Private education loans	Private education loans	323	—	526	(4)	—	—	(5)	840
		$							
		$							
		$							
		$ 175,698	—	(12,426)	(28,742)	1,545	3,273	(12,235)	127,113

(Dollars in thousands, except share amounts, unless otherwise noted)

Year ended December 31, 2020

Year ended December 31, 2021

Year ended December 31, 2021

Year ended December 31, 2021

Non-Nelnet Bank:								
Federally insured loans								
Federally insured loans								
Federally insured loans	$ 36,763	72,291	18,691	(14,955)	—	15,800	—	128,590
Private education loans	9,597	4,797	6,156	(1,652)	631	—	—	19,529
Consumer and other loans	15,554	13,926	38,183	(12,115)	1,132	—	(29,424)	27,256
Nelnet Bank:								
Federally insured loans								
Federally insured loans								
Federally insured loans								
Private education loans	—	—	330	(7)	—	—	—	323
	$ 61,914	91,014	63,360	(28,729)	1,763	15,800	(29,424)	175,698
	$							
	$							
	$							

(a) During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 the Company acquired $12.0 $3.3 million (par value), $224.1 million $12.0 million (par value), and $835.0 million $224.1 million (par value), respectively, of federally insured rehabilitation loans that met the definition of PCD loans when they were purchased by the Company.

The following table summarizes net charge-offs as a percentage of average loans for each of the Company's loan portfolios.

	Year ended December 31,		
	2022	2021	2020
Non-Nelnet Bank:			
Federally insured loans	0.15 %	0.11 %	0.08 %
Private education loans	1.18 %	0.55 %	0.36 %
Consumer and other loans	2.05 %	6.21 %	8.66 %
Nelnet Bank: (a)			
Federally insured loans	0.01 %	0.00 %	—
Private education loans	0.10 %	0.00 %	0.14 %

(a) The charge-offs as a percentage of average loans for Nelnet Bank in 2020 is for the period from November 2, 2020 (Nelnet Bank's inception) through December 31, 2020.

(Dollars in thousands, except share amounts, unless otherwise noted)

Beginning in March 2020, the coronavirus disease 2019 (“COVID-19”) pandemic caused significant disruptions in the U.S. and world economies. Apart from the impact The following table summarizes net charge-offs as a percentage of average loans for each of the adoption of Topic 326 effective January 1, 2020, the Company’s allowance for Company's loan losses increased in 2020 primarily as a result of the COVID-19 pandemic and its effects on economic conditions. portfolios.

	Year ended December 31,		
	2023	2022	2021
Non-Nelnet Bank:			
Federally insured loans	0.15 %	0.15 %	0.11 %
Private education loans	0.99 %	1.18 %	0.55 %
Consumer and other loans	5.67 %	2.05 %	6.21 %
Nelnet Bank:			
Federally insured loans	0.02 %	0.01 %	0.00 %
Private education loans	0.34 %	0.10 %	0.00 %
Consumer and other loans	2.64 %	—	—

During the year ended December 31, 2021, the Company recorded a negative provision for loan losses due to (i) management's estimate of certain improved economic conditions as of December 31, 2021 in comparison to management's estimate of economic conditions used to determine the allowance for loan losses as of December 31, 2020; (ii) an increase in the constant prepayment rate on FFELP consolidation loans; and (iii) the amortization of the federally insured loan portfolio. These amounts were partially offset by the establishment of an initial allowance for loans originated and acquired during the period.

During the year ended December 31, 2022, the Company recorded a provision for loan losses due to (i) management's estimate of declining economic conditions as of December 31, 2022 in comparison to management's estimate of economic conditions used to determine the allowance for loan losses as of December 31, 2021; and (ii) the establishment of an initial allowance for loans originated and acquired during the period. These amounts

During the year ended December 31, 2023, the Company recorded a provision for loan losses primarily due to the establishment of an initial allowance for loans originated and acquired during the period.

During both 2022 and 2023, provision for loan losses were partially offset by the amortization of the federally insured loan portfolio and an increase in expected prepayments as a result of continued initiatives offered and proposed by the Department for FFELP borrowers to consolidate their loans into Federal Direct Loan Program loans with the Department.

Unfunded Private Education Loan Commitments

As of December 31, 2022 December 31, 2023, Nelnet Bank has a liability of approximately $84,000 $158,000 related to $5.0 million $12.3 million of unfunded private education and consumer loan commitments. The liability for unfunded loan commitments is included in "other liabilities" on the consolidated balance sheets. During the year both years ended December 31, 2022, December 31, 2023 and 2022, Nelnet Bank recognized provision for loan losses of approximately $73,000 related to unfunded loan commitments.

Key Credit Quality Indicators

Loan Status and Delinquencies

Key credit quality indicators for the Company’s federally insured, private education, consumer, and other loan portfolios are loan status, including delinquencies. The impact of changes in loan status is incorporated into the allowance for loan losses calculation. Delinquencies have the potential to adversely impact the Company’s earnings through increased servicing and collection costs and account charge-offs. The following table below shows presents the Company’s loan status and delinquency amounts.

		As of December 31,					
		2022		2021		2020	
	As of December 31,						
	2023						2023
Federally insured loans - Non-Nelnet Bank:	**Federally insured loans - Non-Nelnet Bank:**						
Loans in-school/grace/deferment (a)	Loans in-school/grace/deferment (a)	$ 637,919	4.7 %	$ 829,624	4.9 %	$ 1,036,028	5.4 %

Loans in-school/grace/deferment (a)																		
Loans in-school/grace/deferment (a)																		
Loans in forbearance (b)																		
Loans in forbearance (b)																		
Loans in forbearance (b)	Loans in forbearance (b)	1,103,181	8.1		1,118,667	6.5		1,973,175	10.3									
Loans in repayment status:	Loans in repayment status:																	
Loans in repayment status:																		
Loans in repayment status:																		
Loans current																		
Loans current																		
Loans current	Loans current	10,173,859		86.0 %	12,847,685		84.9 %	13,683,054		84.9 %		8,416,624		82.6			82.6 %	
Loans delinquent 31-60 days (c)	Loans delinquent 31-60 days (c)	415,305		3.5	895,656		5.9	633,411		3.9								
Loans delinquent 61-90 days (c)	Loans delinquent 61-90 days (c)	253,565		2.2	352,449		2.3	307,936		1.9								
Loans delinquent 91-120 days (c)	Loans delinquent 91-120 days (c)	180,029		1.5	251,075		1.7	800,257		5.0								
Loans delinquent 121-270 days (c)	Loans delinquent 121-270 days (c)	534,410		4.5	592,449		3.9	674,975		4.2								
Loans delinquent 271 days or greater (c)(d)	Loans delinquent 271 days or greater (c)(d)	268,205		2.3	203,442		1.3	20,337		0.1								
Total loans in repayment	Total loans in repayment	11,825,373	87.2	100.0 %	15,142,756	88.6	100.0 %	16,119,970	84.3	100.0 %	Total loans in repayment	10,184,315	87.1	87.1	100.0	100.0	%	11,825
Total federally insured loans	Total federally insured loans	13,566,473	100.0 %		17,091,047	100.0 %		19,129,173	100.0 %									
Accrued interest receivable	Accrued interest receivable	808,150			784,716			791,453										
Accrued interest receivable																		
Accrued interest receivable																		
Loan discount, net of unamortized premiums and deferred origination costs																		
Loan discount, net of unamortized premiums and deferred origination costs																		
Loan discount, net of unamortized premiums and deferred origination costs	Loan discount, net of unamortized premiums and deferred origination costs	(35,468)			(28,309)			(14,505)										
Allowance for loan losses	Allowance for loan losses	(83,593)			(103,381)			(128,590)										
Allowance for loan losses																		
Allowance for loan losses																		
Total federally insured loans and accrued interest receivable, net of allowance for loan losses																		
Total federally insured loans and accrued interest receivable, net of allowance for loan losses																		

Total federally insured loans and accrued interest receivable, net of allowance for loan losses	Total federally insured loans and accrued interest receivable, net of allowance for loan losses	$14,255,562	$17,744,073	$19,777,531

Private education loans - Non-Nelnet Bank:

Private education loans - Non-Nelnet Bank:

Private education loans - Non-Nelnet Bank:

Loans in-school/grace/deferment (a)

Loans in-school/grace/deferment (a)

Loans in-school/grace/deferment (a)

Loans in forbearance (b)

Loans in forbearance (b)

Loans in forbearance (b)

Loans in repayment status:

Loans in repayment status:

Loans in repayment status:

Loans current

Loans current

Loans current		257,639			97.1 %	
Loans delinquent 31-60 days (c)						
Loans delinquent 61-90 days (c)						
Loans delinquent 91 days or greater (c)						
Total loans in repayment	Total loans in repayment	265,316	95.7	100.0	%	237,610
Total private education loans						

Accrued interest receivable

Accrued interest receivable

Accrued interest receivable

Loan discount, net of unamortized premiums

Loan discount, net of unamortized premiums

Loan discount, net of unamortized premiums

Allowance for loan losses

Allowance for loan losses

Allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Consumer and other loans - Non-Nelnet Bank:

(Dollars in thousands, except share amounts, unless otherwise noted)

Consumer and other loans - Non-Nelnet Bank:						
Consumer and other loans - Non-Nelnet Bank:						
Loans in deferment						
Loans in deferment						
Loans in deferment						
Loans in repayment status:						
Loans in repayment status:						
Loans in repayment status:						
Loans current						
Loans current						
Loans current		81,195		94.6 %		
Loans delinquent 31-60 days (c)						
Loans delinquent 61-90 days (c)						
Loans delinquent 91 days or greater (c)						
Total loans in repayment	Total loans in repayment	85,789	99.8	100.0	%	350,806
Total consumer and other loans						
Accrued interest receivable						
Accrued interest receivable						
Accrued interest receivable						
Loan discount, net of unamortized premiums						
Loan discount, net of unamortized premiums						
Loan discount, net of unamortized premiums						
Allowance for loan losses						
Allowance for loan losses						
Allowance for loan losses						
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses						
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses						
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses						

	As of December 31,								
	2022			2021			2020		
Private education loans - Non-Nelnet Bank:									
Loans in-school/grace/deferment (a)	$	12,756	5.1 %	$	9,661	3.2 %	$	5,049	1.6 %

Loans in forbearance (b)	2,017	0.8		3,601	1.2		2,359	0.7	
Loans in repayment status:									
Loans current	232,539		97.9 %	280,457		98.0 %	310,036		99.0 %
Loans delinquent 31-60 days (c)	2,410		1.0	2,403		0.8	1,099		0.4
Loans delinquent 61-90 days (c)	767		0.3	976		0.3	675		0.2
Loans delinquent 91 days or greater (c)	1,894		0.8	2,344		0.9	1,371		0.4
Total loans in repayment	237,610	94.1	100.0 %	286,180	95.6	100.0 %	313,181	97.7	100.0 %
Total private education loans	252,383	100.0 %		299,442	100.0 %		320,589	100.0 %	
Accrued interest receivable	2,146			1,960			2,131		
Loan discount, net of unamortized premiums	(38)			(1,123)			2,691		
Allowance for loan losses	(15,411)			(16,143)			(19,529)		
Total private education loans and accrued interest receivable, net of allowance for loan losses	$ 239,080			$ 284,136			$ 305,882		
Consumer and other loans - Non-Nelnet Bank:									
Loans in deferment (a)	$ 109	0.0 %		$ 43	0.1 %		$ 829	0.8 %	
Loans in repayment status:									
Loans current	346,812		98.9 %	49,697		97.0 %	105,650		97.4 %
Loans delinquent 31-60 days (c)	1,906		0.5	414		0.8	954		0.9
Loans delinquent 61-90 days (c)	764		0.2	322		0.6	804		0.7
Loans delinquent 91 days or greater (c)	1,324		0.4	825		1.6	1,109		1.0
Total loans in repayment	350,806	100.0	100.0 %	51,258	99.9	100.0 %	108,517	99.2	100.0 %
Total consumer and other loans	350,915	100.0 %		51,301	100.0 %		109,346	100.0 %	
Accrued interest receivable	3,658			396			1,001		
Loan discount, net of unamortized premiums	(588)			913			1,640		
Allowance for loan losses	(30,263)			(6,481)			(27,256)		
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses	$ 323,722			$ 46,129			$ 84,731		
Federally insured loans - Nelnet Bank (e):									
Loans in-school/grace/deferment (a)	$ 241	0.4 %		$ 330	0.4 %				
Loans in forbearance (b)	981	1.5		1,057	1.2				
Loans in repayment status:									
Loans current	63,225		97.8 %	85,599		98.8 %			
Loans delinquent 30-59 days (c)	436		0.7	816		1.0			
Loans delinquent 60-89 days (c)	466		0.7	—		—			
Loans delinquent 90-119 days (c)	222		0.3	—		—			
Loans delinquent 120-270 days (c)	183		0.3	209		0.2			
Loans delinquent 271 days or greater (c)	159		0.2	—		—			
Total loans in repayment	64,691	98.1	100.0 %	86,624	98.4	100.0 %			
Total federally insured loans	65,913	100.0 %		88,011	100.0 %				
Accrued interest receivable	1,758			1,216					
Loan premium	20			26					
Allowance for loan losses	(170)			(268)					
Total federally insured loans and accrued interest receivable, net of allowance for loan losses	$ 67,521			$ 88,985					

(Dollars in thousands, except share amounts, unless otherwise noted)

	As of December 31,			
	2023		2023	202
Federally insured loans - Nelnet Bank (e):				
Loans in-school/grace/deferment (a)				
Loans in-school/grace/deferment (a)				
Loans in-school/grace/deferment (a)				
Loans in forbearance (b)				
Loans in forbearance (b)				
Loans in forbearance (b)				
Loans in repayment status:				
Loans in repayment status:				
Loans in repayment status:				
Loans current				
Loans current				
Loans current			63,225	
Loans delinquent 30-59 days (c)				
Loans delinquent 60-89 days (c)				
Loans delinquent 90-119 days (c)				
Loans delinquent 120-270 days (c)				
Loans delinquent 271 days or greater (c)(d)				
Total loans in repayment		Total loans in repayment	64,691	98
Total federally insured loans				
Accrued interest receivable				
Accrued interest receivable				
Accrued interest receivable				
Loan premium				
Loan premium				
Loan premium				
Allowance for loan losses				
Allowance for loan losses				
Allowance for loan losses				
Total federally insured loans and accrued interest receivable, net of allowance for loan losses				
Total federally insured loans and accrued interest receivable, net of allowance for loan losses				
Total federally insured loans and accrued interest receivable, net of allowance for loan losses				

Private education loans - Nelnet Bank (e):

Private education loans - Nelnet Bank (e):

		As of December 31,																		
		2022			2021			2020												
Private education loans - Nelnet Bank (e):	**Private education loans - Nelnet Bank (e):**																			
Loans in-school/grace/deferment (a)	Loans in-school/grace/deferment (a)	$ 11,580	3.3 %		$ 150	0.1 %		$ —	— %											
Loans in-school/grace/deferment (a)																				
Loans in-school/grace/deferment (a)																				
Loans in forbearance (b)																				
Loans in forbearance (b)																				
Loans in forbearance (b)	Loans in forbearance (b)	864	0.2		460	0.3		29	0.2											
Loans in repayment status:	Loans in repayment status:																			
Loans in repayment status:																				
Loans in repayment status:																				
Loans current																				
Loans current																				
Loans current	Loans current	340,830		99.8 %	169,157		99.9 %	17,514		100.0 %		331,580	99.4		99.4 %		340,830			99.8
Loans delinquent 30-59 days (c)	Loans delinquent 30-59 days (c)	167		0.1	51		0.0	—		—										
Loans delinquent 60-89 days (c)	Loans delinquent 60-89 days (c)	32		0.0	—		—	—		—										
Loans delinquent 90 days or greater (c)	Loans delinquent 90 days or greater (c)	409		0.1	72		0.1	—		—										
Total loans in repayment	Total loans in repayment	341,438	96.5	100.0 %	169,280	99.6	100.0 %	17,514	99.8	100.0 %	Total loans in repayment	333,278	92.4	92.4	100.0	100.0 %	341,438	96.5	96.5	100.0
Total private education loans	Total private education loans	353,882	100.0 %		169,890	100.0 %		17,543	100.0 %											
Accrued interest receivable	Accrued interest receivable	1,152			264			26												
Accrued interest receivable																				
Accrued interest receivable																				
Deferred origination costs, net of unaccreted discount																				
Deferred origination costs, net of unaccreted discount																				
Deferred origination costs, net of unaccreted discount	Deferred origination costs, net of unaccreted discount	5,360			2,560			266												
Allowance for loan losses	Allowance for loan losses	(2,390)			(840)			(323)												
Allowance for loan losses																				
Allowance for loan losses																				

Total private education loans and accrued interest receivable, net of allowance for loan losses	Total private education loans and accrued interest receivable, net of allowance for loan losses	$358,004	$171,874	$17,512

Total private education loans and accrued interest receivable, net of allowance for loan losses			
Total private education loans and accrued interest receivable, net of allowance for loan losses			
Consumer and other loans - Nelnet Bank (e):			
Consumer and other loans - Nelnet Bank (e):			
Consumer and other loans - Nelnet Bank (e):			
Loans in deferment			
Loans in deferment			
Loans in deferment			
Loans in repayment status:			
Loans in repayment status:			
Loans in repayment status:			
Loans current			
Loans current			
Loans current			
Loans delinquent 30-59 days (c)			
Loans delinquent 30-59 days (c)			
Loans delinquent 30-59 days (c)			
Loans delinquent 60-89 days (c)			
Loans delinquent 60-89 days (c)			
Loans delinquent 60-89 days (c)			
Loans delinquent 90 days or greater (c)			
Loans delinquent 90 days or greater (c)			
Loans delinquent 90 days or greater (c)			
Total loans in repayment			
Total loans in repayment			
Total loans in repayment			
Total consumer and other loans			
Total consumer and other loans			
Total consumer and other loans			
Accrued interest receivable			
Accrued interest receivable			
Accrued interest receivable			
Loan discount			
Loan discount			
Loan discount			
Allowance for loan losses			
Allowance for loan losses			
Allowance for loan losses			
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses			

(Dollars in thousands, except share amounts, unless otherwise noted)

Total consumer and other loans and accrued interest receivable, net of allowance for loan losses
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses

(a) Loans for borrowers who still may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, *e.g.*, residency periods for medical students or a grace period for bar exam preparation for law students.

(b) Loans for borrowers who have temporarily ceased making full payments due to hardship or other factors, according to a schedule approved by the servicer consistent with the established loan program servicing procedures and policies.

(c) The period of delinquency is based on the number of days scheduled payments are contractually past due and relate to repayment loans, that is, receivables not charged off, and not in school, grace, deferment, or forbearance.

(d) A portion of loans included in loans delinquent 271 days or greater includes loans in claim status, which are loans that have gone into default and have been submitted to the guaranty agency. agency for reinsurance.

(e) For the periods presented for Nelnet Bank, the delinquency bucket periods conform with the delinquency bucket periods reflected in Nelnet Bank's Call Reports filed with the Federal Deposit Insurance Corporation.

FICO Scores - Nelnet Bank Private Education Loans

An additional key credit quality indicator for Nelnet Bank private education and consumer loans is FICO scores at the time of origination. The following tables highlight the gross principal balance of Nelnet Bank's private education loan portfolio, portfolios, by year of origination, stratified by FICO score at the time of origination.

Nelnet Bank Private Education Loans

	Loan balance as of December 31, 2023				
	2023	2022	2021	2020	Total
FICO at origination:					
Less than 705	$ 3,840	5,495	4,647	386	14,368
705 - 734	9,534	21,961	8,805	525	40,825
735 - 764	8,648	32,969	14,910	1,358	57,885
765 - 794	5,776	52,045	27,221	1,374	86,416
Greater than 794	15,057	77,996	58,695	5,226	156,974
No FICO score available or required (a)	4,052	—	—	—	4,052
	$ 46,907	190,466	114,278	8,869	360,520

	Loan balance as of December 31, 2022			
	2022	2021	2020	Total
FICO at origination:				
Less than 705	$ 5,898	5,389	348	11,635
705 - 734	23,392	10,543	542	34,477
735 - 764	35,456	16,686	1,473	53,615
765 - 794	57,141	31,035	1,622	89,798
Greater than 794	87,959	70,135	6,263	164,357
	$ 209,846	133,788	10,248	353,882

	Loan balance as of December 31, 2021		
	2021	2020	Total
FICO at origination:			
Less than 705	$ 6,481	100	6,581
705 - 734	11,697	276	11,973
735 - 764	18,611	1,072	19,683
765 - 794	36,274	1,467	37,741
Greater than 794	86,141	7,771	93,912
	$ 159,204	10,686	169,890

(Dollars in thousands, except share amounts, unless otherwise noted)

Nelnet Bank Consumer and Other Loans

	Loan balance as of December 31, 2023			
	2023	2022	2021	Total
FICO at origination:				
Less than 720	$ 21,412	—	—	21,412
720 - 769	33,571	51	—	33,622
Greater than 769	16,484	109	—	16,593
No FICO score available or required (a)	386	284	55	725
	$ 71,853	444	55	72,352

(a) Loans with no FICO score available or required refers to loans issued to borrowers for which the Company cannot obtain a FICO score or are not required to under a special purpose credit program. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.

Nonaccrual Status

The Company does not place federally insured loans on nonaccrual status due to the government guaranty. The amortized cost of private education, consumer, and other loans on nonaccrual status, as well as the allowance for loan losses related to such loans, as of December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 was not material.

Amortized Cost Basis by Origination Year

The following table presents the amortized cost of the Company's private education, consumer, and other loans by loan status and delinquency amount as of December 31, 2022 December 31, 2023 based on year of origination. Effective July 1, 2010, no new loan originations can be made under the FFEL Program and all new federal loan originations must be made under the Federal Direct Loan Program. As such, all the Company's federally insured loans were originated prior to July 1, 2010.

		2022	2021	2020	2019	2018	Prior years	Total
Private education loans - Non-Nelnet Bank:	**Private education loans - Non-Nelnet Bank:**							
Loans in-school/grace/deferment								
Loans in-school/grace/deferment								
Loans in-school/grace/deferment	Loans in-school/grace/deferment	$ 1,870	6,073	1,324	2,000	101	1,388	12,756
Loans in forbearance	Loans in forbearance	—	58	438	692	177	652	2,017
Loans in repayment status:	Loans in repayment status:							
Loans current								
Loans current								
Loans current	Loans current	4,098	3,915	53,415	42,062	157	128,892	232,539
Loans delinquent 31-60 days	Loans delinquent 31-60 days	7	25	239	489	—	1,650	2,410
Loans delinquent 61-90 days	Loans delinquent 61-90 days	—	—	—	114	—	653	767
Loans delinquent 91 days or greater	Loans delinquent 91 days or greater	—	—	60	—	—	1,834	1,894
Total loans in repayment	Total loans in repayment	4,105	3,940	53,714	42,665	157	133,029	237,610
Total private education loans	Total private education loans	$ 5,975	10,071	55,476	45,357	435	135,069	252,383
Accrued interest receivable	Accrued interest receivable							2,146

2023	2023	2022	2021	2020	2019	Prior years	Total

Loan discount, net of unamortized premiums	Loan discount, net of unamortized premiums							(38)
Allowance for loan losses	Allowance for loan losses							(15,411)
Total private education loans and accrued interest receivable, net of allowance for loan losses	Total private education loans and accrued interest receivable, net of allowance for loan losses							$239,080
Gross charge-offs - year ended December 31, 2023								
Consumer and other loans - Non-Nelnet Bank:								
Consumer and other loans - Non-Nelnet Bank:								
Consumer and other loans - Non-Nelnet Bank:	**Consumer and other loans - Non-Nelnet Bank:**							
Loans in deferment	Loans in deferment	$ 46	52	—	11	—	—	109
Loans in deferment								
Loans in deferment								
Loans in repayment status:	Loans in repayment status:							
Loans current								
Loans current								
Loans current	Loans current	331,933	10,858	678	1,822	1,518	3	346,812
Loans delinquent 31-60 days	Loans delinquent 31-60 days	1,317	508	40	25	16	—	1,906
Loans delinquent 61-90 days	Loans delinquent 61-90 days	627	49	55	22	11	—	764
Loans delinquent 91 days or greater	Loans delinquent 91 days or greater	419	337	6	192	370	—	1,324
Total loans in repayment	Total loans in repayment	334,296	11,752	779	2,061	1,915	3	350,806
Total consumer and other loans	Total consumer and other loans	$334,342	11,804	779	2,072	1,915	3	350,915
Accrued interest receivable	Accrued interest receivable							3,658
Loan discount, net of unamortized premiums	Loan discount, net of unamortized premiums							(588)
Allowance for loan losses	Allowance for loan losses							(30,263)
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses	Total consumer and other loans and accrued interest receivable, net of allowance for loan losses							$323,722
Gross charge-offs - year ended December 31, 2023								
Private education loans - Nelnet Bank (a):	**Private education loans - Nelnet Bank (a):**							

(Dollars in thousands, except share amounts, unless otherwise noted)

Loans in-school/grace/deferment								
Loans in-school/grace/deferment								
Loans in-school/grace/deferment	Loans in-school/grace/deferment	$ 9,315	1,210	1,055	—	—	—	11,580
Loans in forbearance	Loans in forbearance	747	117	—	—	—	—	864
Loans in repayment status:	Loans in repayment status:							
Loans current								
Loans current								
Loans current	Loans current	199,650	132,009	9,171	—	—	—	340,830
Loans delinquent 30-59 days	Loans delinquent 30-59 days	32	113	22	—	—	—	167
Loans delinquent 60-89 days	Loans delinquent 60-89 days	32	—	—	—	—	—	32
Loans delinquent 90 days or greater	Loans delinquent 90 days or greater	70	339	—	—	—	—	409
Total loans in repayment	Total loans in repayment	199,784	132,461	9,193	—	—	—	341,438
Total private education loans	Total private education loans	$ 209,846	133,788	10,248	—	—	—	353,882
Accrued interest receivable	Accrued interest receivable							1,152
Deferred origination costs, net of unaccreted discount	Deferred origination costs, net of unaccreted discount							5,360
Allowance for loan losses	Allowance for loan losses							(2,390)
Total private education loans and accrued interest receivable, net of allowance for loan losses	Total private education loans and accrued interest receivable, net of allowance for loan losses							$ 358,004
Gross charge-offs - year ended December 31, 2023								

	2023	2022	2021	2020	2019	Prior years	Total
Consumer and other loans - Nelnet Bank (a):							
Loans in deferment	$ 103	—	—	—	—	—	103
Loans in repayment status:							
Loans current	69,085	444	55	—	—	—	69,584
Loans delinquent 30-59 days	1,075	—	—	—	—	—	1,075
Loans delinquent 60-89 days	941	—	—	—	—	—	941
Loans delinquent 90 days or greater	649	—	—	—	—	—	649
Total loans in repayment	71,750	444	55	—	—	—	72,249
Total consumer and other loans	$ 71,853	444	55	—	—	—	72,352
Accrued interest receivable							575

(Dollars in thousands, except share amounts, unless otherwise noted)

Loan discount							(6)
Allowance for loan losses							(5,351)
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses							$ 67,570
Gross charge-offs - year ended December 31, 2023	$ 1,775	—	—	—	—	—	1,775

(a) For the periods presented for Nelnet Bank, the delinquency bucket periods conform with the delinquency bucket periods reflected in Nelnet Bank's Call Reports filed with the Federal Deposit Insurance Corporation.

5. 4. Bonds and Notes Payable

The following tables summarize the Company’s outstanding debt obligations by type of instrument:

	As of December 31, 2022			As of December 31, 2023		
	Carrying amount	Interest rate range	Final maturity	Carrying amount	Interest rate range	Final maturity
Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations:						
Bonds and notes based on indices	$ 11,868,190	4.47% - 6.39%	8/26/30 - 9/25/69	$ 9,552,667	5.45% - 7.47%	8/26/30 - 9/25/69
Bonds and notes based on auction	178,960	0.00% - 4.02%	3/22/32 - 11/26/46	87,360	0.00% - 6.45%	3/22/32 - 11/26/46
Total FFELP variable-rate bonds and notes	12,047,150					
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations	594,051	1.42% - 3.45%	10/25/67 - 8/27/68	471,427	1.42% - 3.45%	10/25/67 - 8/27/68
FFELP loan warehouse facility	978,956	4.69% / 4.71%	5/22/24			
Private education loan warehouse facility	64,356	4.72%	12/31/23			
FFELP loan warehouse facilities				1,398,485	5.41% - 5.70%	4/2/25 / 5/22/25

Consumer loan warehouse facility									
Consumer loan warehouse facility									
Consumer loan warehouse facility	Consumer loan warehouse facility	89,000	4.73%	11/14/25		23,691	5.70%	5.70%	11/14/25
Variable-rate bonds and notes issued in private education loan asset-backed securitizations	Variable-rate bonds and notes issued in private education loan asset-backed securitizations	19,865	5.90% / 6.14%	12/26/40 / 6/25/49	Variable-rate bonds and notes issued in private education loan asset-backed securitizations	80,393	6.90% / 7.57%	6.90% / 7.57%	6/25/49 / 11/25/53
Fixed-rate bonds and notes issued in private education loan asset-backed securitization		23,032	3.60% / 5.35%	12/26/40 / 12/28/43					
Fixed-rate bonds and notes issued in private education loan asset-backed securitizations					Fixed-rate bonds and notes issued in private education loan asset-backed securitizations	80,130		5.35% / 7.15%	12/28/43 / 11/25/53
Unsecured line of credit	Unsecured line of credit	—	—	9/22/26	Unsecured line of credit	—	—	—	9/22/26
Participation agreement		395,432	5.02%	5/4/23					
Repurchase agreements		567,254	0.97% - 5.60%	1/04/23 - 11/27/24					
Participation agreements					Participation agreements	10,063		5.58% - 6.08%	3/12/24 / 5/4/24
Repurchase agreement					Repurchase agreement	208,164		6.35% - 6.81%	1/22/24 - 12/20/24
Other - due to related party	Other - due to related party	6,187	3.55% - 6.05%	3/01/24 - 11/15/30					
		14,785,283							
Other - due to related party									
Other - due to related party						5,778		5.00% - 6.05%	3/1/24 - 11/15/30
	11,918,158						11,918,158		
Discount on bonds and notes payable and debt issuance costs	Discount on bonds and notes payable and debt issuance costs	(148,088)							
Total	Total	$14,637,195							
Total									
Total									

		As of December 31, 2021			As of December 31, 2022			
		Carrying amount	Interest rate range	Final maturity				
	Carrying amount					Carrying amount	Interest rate range	Final maturity

Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations:	Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations:				Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations:				
Bonds and notes based on indices	Bonds and notes based on indices	$15,887,295	0.23% - 2.10%	5/27/25 - 9/25/69	Bonds and notes based on indices	$11,868,190	4.47% - 6.39%	4.47% - 6.39%	8/26/30 - 9/25/69
Bonds and notes based on auction	Bonds and notes based on auction	248,550	0.00% - 1.09%	3/22/32 - 11/26/46	Bonds and notes based on auction	178,960	0.00% - 4.02%	0.00% - 4.02%	3/22/32 - 11/26/46
Total FFELP variable-rate bonds and notes	Total FFELP variable-rate bonds and notes	16,135,845							
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations	Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations	772,935	1.42% - 3.45%	10/25/67 - 8/27/68					
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations									
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations						594,051		1.42% - 3.45%	10/25/67 - 8/27/68
FFELP loan warehouse facility	FFELP loan warehouse facility	5,048	0.21%	5/22/23	FFELP loan warehouse facility	978,956	4.69% / 4.71%	4.69% / 4.71%	5/22/24
Private education loan warehouse facility	Private education loan warehouse facility	107,011	0.24%	2/13/23	Private education loan warehouse facility	64,356	4.72%	4.72%	12/31/23
Consumer loan warehouse facility					Consumer loan warehouse facility	89,000		4.73%	11/14/25
Variable-rate bonds and notes issued in private education loan asset-backed securitizations	Variable-rate bonds and notes issued in private education loan asset-backed securitizations	31,818	1.65% / 1.85%	12/26/40 / 6/25/49	Variable-rate bonds and notes issued in private education loan asset-backed securitizations	19,865	5.90% / 6.14%	5.90% / 6.14%	12/26/40 / 6/25/49
Fixed-rate bonds and notes issued in private education loan asset-backed securitization		28,613	3.60% / 5.35%	12/26/40 / 12/28/43					
Fixed-rate bonds and notes issued in private education loan asset-backed securitizations					Fixed-rate bonds and notes issued in private education loan asset-backed securitizations	23,032		3.60% / 5.35%	12/26/40 / 12/28/43
Unsecured line of credit	Unsecured line of credit	—	—	9/22/26	Unsecured line of credit	—	—	—	9/22/26
Participation agreement	Participation agreement	253,969	0.78%	5/4/22	Participation agreement	395,432	5.02%	5.02%	5/4/23
Repurchase agreements	Repurchase agreements	483,848	0.66% - 1.46%	5/27/22 - 12/20/23	Repurchase agreements	567,254	0.97% - 5.60%	0.97% - 5.60%	1/4/23 - 11/27/24
Secured line of credit		5,000	1.91%	5/30/22					

(Dollars in thousands, except share amounts, unless otherwise noted)

		17,824,087					
Other - due to related party							
Other - due to related party							
Other - due to related party				6,187		3.55% / 6.05%	3/1/24 - 11/15/30
	14,785,283				14,785,283		
Discount on bonds and notes payable and debt issuance costs	Discount on bonds and notes payable and debt issuance costs	(192,998)					
Total	Total	$ 17,631,089					
Total							
Total							

Warehouse Facilities

The Company funds a portion of its loan acquisitions using warehouse facilities. Loan warehousing allows the Company to buy and manage loans prior to transferring them into more permanent financing arrangements. The following table summarizes the Company's warehouse facilities as of December 31, 2023.

FFELP loan warehouse

Type of loans	Maximum financing amount	Amount outstanding	Amount available	Expiration of liquidity provisions	Final maturity date	Advance rate	Advanced as equity support
FFELP	$ 1,250,000	1,016,023	233,977	5/22/2024	5/22/2025	note (a)	$ 70,739
FFELP	432,000	382,462	49,538	4/2/2024	4/2/2025	92 %	31,955
	$ 1,682,000	1,398,485	283,515				$ 102,694
Consumer	200,000	23,691	176,309	11/14/2024	11/14/2025	70 %	10,352

(a) This facility

As has a static advance rate until the expiration date of December 31, 2022, the Company's FFELP warehouse liquidity provisions. The maximum advance rates for this facility had an aggregate maximum financing amount available of $1.2 billion, liquidity provisions through May 22, 2023 are 90% to 96%, and a final maturity of May 22, 2024. As of December 31, 2022, $979.0 million was outstanding under this facility, $221.0 million was available for future funding, and the Company had $67.0 million advanced as equity support. minimum advance rates are 84% to 90%. In the event the Company is unable to renew the liquidity provisions by May 22, 2023, are not extended, the valuation agent has the right to perform a one-time mark to market on the underlying loans funded in this facility, subject to a floor. The loans would become a term facility then be funded at a stepped-up cost, with no additional student loans being eligible for financing, and the Company would be required to refinance the existing loans in the facility by the facility's final maturity date.

Private education loan warehouse facility

As of December 31, 2022, the Company's private education warehouse facility had an aggregate maximum financing amount available of $64.4 million, an this new advance rate of 75%, liquidity provisions through June 30, 2023, and a final maturity of December 31, 2023. As of December 31, 2022, $64.4 million was outstanding under this facility with no amount available for future funding, and until the Company had $22.4 million advanced as equity support.

Consumer loan warehouse facility

On November 14, 2022, the Company closed on a consumer loan warehouse facility that had an aggregate maximum financing amount available of $250.0 million, an advance rate of 70%, liquidity provisions through November 14, 2024, and a final maturity date of November 14, 2025. As of December 31, 2022, $89.0 million was outstanding under this facility, $161.0 million was available for future funding, and the Company had $36.6 million advanced as equity support. facility.

Asset-backed securitizations

The Company has historically relied upon asset-backed securitizations as its most significant source of funding for loans. The net cash flow the Company receives from the securitized loans generally represents the excess amounts, if any, generated by the underlying loans over the amounts required to be paid to the bondholders, after deducting servicing fees and any other expenses relating to the securitizations. The Company's rights to cash flow from securitized loans are subordinate to bondholder interests, and the securitized loans may fail to generate any cash flow beyond what is due to bondholders. The bonds and notes payable are primarily secured by the loans receivable, related accrued interest, and by the amounts on deposit in the accounts established under the respective financing agreements.

(Dollars in thousands, except share amounts, unless otherwise noted)

On November 16, 2023, the Company completed a $189.6 million (par value) private education loan asset-backed securitization. The following table summarizes notes issued have a final maturity date of November 25, 2053. Upon completion of this securitization, the asset-backed securitization transactions completed in 2021. There were no asset-backed securitization transactions completed during the year ended December 31, 2022. Company terminated its private education loan warehouse facility.

	2021-1	2021-2	Total
Date securities issued	6/30/21	8/31/21	
Total original principal amount	$ 797,000	531,300	1,328,300
Class A senior notes:			
Total principal amount	$ 781,000	520,600	1,301,600
Cost of funds	1-month LIBOR plus 0.50%	1-month LIBOR plus 0.50%	
Final maturity date	7/25/69	9/25/69	
Class B subordinated notes:			
Total principal amount	$ 16,000	10,700	26,700
Cost of funds	1-month LIBOR plus 1.25%	1-month LIBOR plus 1.20%	
Final maturity date	7/25/69	9/25/69	

Unsecured Line of Credit

The Company has a $495.0 million unsecured line of credit that has a maturity date of September 22, 2026. The line of credit provides that the Company may increase the aggregate financing commitments, through the existing lenders and/or through new lenders, up to a total of $737.5 million, subject to certain conditions. As of December 31, 2022 December 31, 2023, no amount was outstanding on the line of credit and $495.0 million was available for future use. Interest on amounts borrowed under the line of credit is payable, at the Company's election, at an alternate base rate or a Eurodollar rate, plus a variable rate (LIBOR), in each case as defined in the credit agreement. The current margin applicable to Eurodollar borrowings is 150 basis points and may vary from 100 to 175 basis points depending on the Company's credit rating. .

The line of credit agreement contains certain financial covenants that, if not met, lead to an event of default under the agreement. The covenants, which exclude Nelnet Bank, include, among others, maintaining:

- A minimum consolidated net worth
- A limitation on recourse indebtedness to adjusted EBITDA (over the last four rolling quarters)
- A limitation on recourse and non-recourse indebtedness
- A limitation on the amount of private education, consumer, and other (non-FFELP) loans in the Company's portfolio
- A limitation on permitted investments, including business acquisitions that are not in one of the Company's existing lines of business

As of December 31, 2022 December 31, 2023, the Company was in compliance with all of these requirements. Many of these covenants are duplicated in the Company's other lending facilities, including its warehouse facilities.

The Company's operating line of credit does not have any covenants related to unsecured debt ratings. However, changes in the Company's ratings have modest implications on the pricing level at which the Company obtains funds.

A default on the Company's other debt facilities would result in an event of default on the Company's unsecured line of credit that would result in the outstanding balance on the line of credit, if any, becoming immediately due and payable.

Participation Agreement Agreements

The Company has an agreement with Union Bank, a related party, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in FFELP loan asset-backed securities (bond investments). As of December 31, 2022 December 31, 2023 and 2022, $63,000 (par value) and $395.4 million (par value), $395.4 million respectively, of FFELP loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The agreement automatically renews annually and is terminable by either party upon five business days' notice. The Company can participate FFELP loan asset-backed securities to Union Bank to the extent of availability under the grantor trusts, up to $400.0 million or an amount in excess of $400.0 million if mutually agreed to by both parties. The Company maintains legal ownership of the FFELP loan asset-backed securities and, in its discretion, approves and accomplishes any sale, assignment, transfer, encumbrance, or other disposition of the securities. As such, the FFELP loan asset-backed securities subject to this agreement are included on the Company's consolidated balance sheets as "investments and notes receivable" and the participation interests outstanding have been accounted for by the Company as a secured borrowing.

(Dollars in thousands, except share amounts, unless otherwise noted)

See note 7 On December 21, 2023, the Company entered into a $10.0 million participation agreement with a non-affiliated third-party, the proceeds of which are collateralized by consumer loans. The third-party participant does not have the right to pledge, transfer, or otherwise dispose of their participation interest in all or any portion of the loans subject to this agreement. As such, the consumer loans subject to this agreement are included on the Company's consolidated balance sheet and the participation interests outstanding have been accounted for additional information about by the FFELP loan asset-backed securities investments serving Company as collateral under this a secured borrowing. This participation agreement. agreement will amortize as the consumer loans subject to the participation pay down.

Repurchase Agreements

On May 3, 2021 and June 23, 2021, the Company entered into a repurchase agreements agreement with a non-affiliated third parties, party, the proceeds of which are collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The first agreement has various maturity dates through November 27, 2024 December 20, 2024 or earlier if either party provides 180 days' prior written notice, and the second agreement has various maturity dates (as of December 31, 2022) from January 4, 2023 through January 25, 2023. Subsequent to December 31, 2022, the maturities on this agreement were extended, and as of February 28, 2023, the maturity dates vary from March 8, 2023 through November 27, 2024. The Company incurs interest on amounts outstanding under these agreements based on three-month LIBOR plus an applicable spread. Under the first agreement, the Company is subject to margin deficit payment requirements if the fair value of the securities subject to the agreement is less than the original purchase price of such securities on any scheduled reset date, and under the second agreement, the Company

could be subject to margin deficit payment requirements if the fair value of the securities subject to the agreement is less than the original purchase price of such securities and the counter-party provides notice requiring such payment. date. Included in “bonds and notes payable” in the consolidated balance sheets as of December 31, 2022 December 31, 2023 and 2022 was $299.8 million $208.2 million and $299.8 million, respectively, subject to the first agreement and $267.5 million subject to the second this agreement.

See note 7 6 and below under “Debt Repurchases” for additional information about the private education and FFELP loan asset-backed securities investments, respectively, serving as collateral for these this repurchase agreements. agreement.

On June 23, 2021, the Company entered into a separate repurchase agreement with a non-affiliated third party, which was collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The outstanding balance of this facility as of December 31, 2022 was $267.5 million. The outstanding balance of this facility was paid in full during the third quarter of 2023.

Nelnet Bank

Nelnet Bank has unsecured Federal Funds lines of credit with correspondent banks totaling $30.0 million $40.0 million at a stated interest rate at the time of borrowing. Nelnet Bank has also established accounts at the Federal Reserve Bank (FRB) and the Federal Home Loan Bank (FHLB), which are secured and accept pledges of eligible securities. In addition, FFELP and private education loans are accepted as collateral for FRB borrowings. As of December 31, 2022, December 31, 2023 and 2022, Nelnet Bank had no amounts were drawn on these their Federal Funds, FRB, or FHLB lines of credit. As of December 31, 2023, the Bank has $145.0 million of collateral pledged with the FRB that it may borrow against.

Debt Covenants

Certain bond resolutions and related credit agreements contain, among other requirements, covenants relating to restrictions on additional indebtedness, limits as to direct and indirect administrative expenses, and maintaining certain financial ratios. The Company is in compliance with all covenants of the bond indentures and related credit agreements as of December 31, 2022 December 31, 2023.

Maturity Schedule

Bonds and notes outstanding as of December 31, 2022 December 31, 2023 are due in varying amounts as shown below.

2023		$	885,772
2024	2024		1,120,517

(Dollars in thousands, except share amounts, unless otherwise noted)

2025	2025		89,000
2026			
2027			
2028			
2029 and thereafter			
2027			285
2028 and thereafter			12,689,709
		$	14,785,283
		$	
		$	
		$	

Generally, the Company's secured financing instruments can be redeemed on any interest payment date at par plus accrued interest. Subject to certain provisions, all bonds and notes are subject to redemption prior to maturity at the option of certain lending subsidiaries.

Accrued Interest Liability

During 2021, the Company reversed a historical accrued interest liability of $23.8 million on certain bonds, which liability the Company determined was no longer probable of being required to be paid. The liability was initially recorded when certain asset-backed securitizations were acquired in 2011 and 2013. The reduction of this liability is reflected in (a reduction of) "interest expense on bonds and notes payable and bank deposits" in the consolidated statements of income.

Debt Repurchases

The following table summarizes the Company's repurchases of its own debt. Gains/losses recorded by the Company from the repurchase of debt are included in “other, net” in "other income (expense)" on the Company’s consolidated statements of income.

		Year ended December 31,			Year ended December 31,		
	Year ended December 31, 2023	2022	2021	2020	2023	2022	2021
Purchase price	Purchase price	$ (67,081)	(407,487)	(25,643)			
Par value	Par value	69,133	406,875	27,605			
Remaining unamortized cost of issuance	Remaining unamortized cost of issuance	(821)	(6,163)	(38)			
Gain (loss)		$ 1,231	(6,775)	1,924			
Gain (loss), net							

The Company has repurchased certain of its own asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these

notes to third parties or redeem the notes at par as cash is generated by the trust estate. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. As of December 31, 2022 December 31, 2023, the Company holds $417.2 million $312.0 million (par value) of its own FFELP asset-backed securities. As of December 31, 2022 December 31, 2023, $331.6 million $118.9 million (par value) of the Company's repurchased FFELP loan asset-backed securities were serving as collateral on amounts outstanding under the Company's repurchase agreements (as discussed above). agreement.

In the second quarter of 2023, the Company redeemed $188.6 million of FFELP loan asset-backed debt securities (bonds and notes payable) prior to their maturity, of which the Company owned $140.5 million of the bonds that were redeemed. The remaining unamortized debt discount associated with these bonds at the time of redemption was written-off, resulting in a $25.9 million non-cash expense recognized in the second quarter of 2023. This expense is included in "interest expense on bonds and notes payable and bank deposits" on the consolidated statements of income.

(Dollars in thousands, except share amounts, unless otherwise noted)

6.

5. Derivative Financial Instruments

Non-Nelnet Bank Derivatives

The Company uses settled-to-market derivative financial instruments primarily to manage interest rate risk. The Company is exposed to interest rate risk in the form of basis risk and repricing risk because the interest rate characteristics of the Company's assets do not match the interest rate characteristics of the funding for those assets. The Company periodically reviews the mismatch related to the interest rate characteristics of its assets and liabilities together with the Company's outlook as to current and future market conditions. Based on those factors, the Company uses settled-to-market derivative instruments as part of its overall risk management strategy. Derivative Settled-to-market derivative instruments used as part of the Company's interest rate risk management strategy are discussed below.

Basis Swaps

Interest earned on the majority of the Company's FFELP student loan assets is was indexed to the one-month LIBOR rate. Meanwhile, the Company funds funded a portion of its FFELP loan assets with three-month LIBOR indexed floating rate securities. Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company now earns interest on the majority of the Company's FFELP student loan assets based on 30-day average SOFR while a portion of its FFELP loan assets are funded with 90-day average SOFR and 3-month CME term SOFR. The differing interest rate characteristics of the Company's loan assets versus the liabilities funding these assets results in basis risk, which impacts the Company's excess spread earned on its loans.

The Company also faces repricing risk due to the timing of the interest rate resets on its liabilities, which may occur as infrequently as once a quarter, in contrast to the timing of the interest rate resets on its assets, which generally occur daily.

As of December 31, 2022 December 31, 2023, the Company's AGM operating segment had $12.7 billion $10.9 billion, $0.5 billion $0.4 billion, and $0.4 billion of FFELP loans indexed to the one-month LIBOR 30-day average SOFR rate, three-month commercial paper rate, and the three-month treasury bill rate, respectively, the indices for which reset daily, and $3.8 billion $2.8 billion of debt indexed to three-month LIBOR, 90-day average SOFR and 3-month CME term SOFR, the indices for which reset quarterly, and $8.1 billion $6.8 billion of debt indexed to one-month LIBOR, 30-day average SOFR and 1-month CME term SOFR, the indices for which reset monthly.

The Company has used derivative instruments to hedge its basis risk and repricing risk. The Company has entered into basis swaps in which the Company receives received three-month LIBOR set discretely in advance and pays paid one-month LIBOR plus or minus a spread as defined in the agreements (the "1: "1:3 Basis Swaps" Swaps"). Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company now receives and pays the term adjusted SOFR rate on these derivatives (plus the tenor spread adjustment to LIBOR).

The following table summarizes the Company's 1:3 Basis Swaps outstanding:

		As of December 31,	
		2022	2021
Maturity	Maturity	Notional amount	Notional amount
	2022	$ —	2,000,000
2023	2023	750,000	750,000
2024	2024	1,750,000	1,750,000
2026	2026	1,150,000	1,150,000
2027	2027	250,000	250,000
		$ 3,900,000	5,900,000

	As of December 31, 2023	As of December 31, 2022
Maturity	Notional amount	
	$	
	$	
	$	

The weighted average rate paid by the Company on the 1:3 Basis Swaps as of December 31, 2022 December 31, 2023 was the term adjusted SOFR (plus the tenor spread adjustment relating to LIBOR) plus 10.1 basis points and 2021, as of December 31, 2022 was one-month LIBOR plus 9.7 basis points and 9.1 basis points, respectively.

Interest Rate Swaps – Floor Income Hedges

FFELP loans originated prior to April 1, 2006 generally earn interest at the higher of the borrower rate, which is fixed over a period of time, or a floating rate based on the Special Allowance Payments (SAP) formula set by the Department. The SAP rate is based on an applicable index plus a fixed spread that depends on loan type, origination date, and repayment status. The Company generally finances its student loan portfolio with variable rate debt. In low and/or certain declining interest rate environments, when the fixed borrower rate is higher than the SAP rate, these student loans earn at a fixed rate while the interest on the variable rate debt typically continues to reflect the low and/or declining interest rates. In these interest rate environments, the Company may earn additional spread income that it refers to as floor income.

(Dollars in thousands, except share amounts, unless otherwise noted)

Depending on the type of loan and when it was originated, the borrower rate is either fixed to term or is reset to an annual rate each July 1. As a result, for loans where the borrower rate is fixed to term, the Company may earn floor income for an extended period of time, which the Company refers to as fixed rate floor income, and for those loans where the borrower rate is reset annually on July 1, the Company may earn floor income to the next reset date, which the Company refers to as variable rate floor income. All FFELP loans first originated on or after April 1, 2006 effectively earn at the SAP rate, since lenders are required to rebate fixed rate floor income and variable rate floor income for these loans to the Department.

Absent the use of derivative instruments, a rise in interest rates may reduce the amount of floor income received and this may have an impact on earnings due to interest margin compression caused by increasing financing costs, until such time as the federally insured loans earn interest at a variable rate in accordance with their SAP formulas. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed rate loans effectively become variable rate loans, the impact of the rate fluctuations is reduced.

As of December 31, 2022 December 31, 2023, 2022, and 2021, the Company had $0.3 billion, $0.9 billion, and $7.2 billion, $7.2 billion, respectively, of FFELP student loan assets that were earning fixed rate floor income. The decrease in loans earning fixed rate floor income was due to an increase in interest rates.

The following table summarizes the outstanding derivative instruments used by the Company to economically hedge loans earning fixed rate floor income.

Maturity	As of December 31, 2023	Maturity	As of December 31, 2023 Notional amount	As of December 31, 2023 Weighted average fixed rate paid by the Company (b)	As of December 31, 2022 (a) Notional amount	As of December 31, 2022 (a) Weighted average fixed rate paid by the Company (b)
2024						
2024						
2024			$ —	— %	$ 2,000,000	0.35 %
2026						
2026						
2026						
2028						
2029 (c)						
2030 (d)						
2031						
2032						

Maturity	As of December 31, 2022 Notional amount	As of December 31, 2022 Weighted average fixed rate paid by the Company (a)	As of December 31, 2021 Notional amount	As of December 31, 2021 Weighted average fixed rate paid by the Company (a)
2022	$ —	— %	$ 500,000	0.94 %
2023	—	—	900,000	0.62
2024	2,000,000	0.35	2,500,000	0.35
2025	—	—	500,000	0.35
2026	500,000	1.02	500,000	1.02
2031	100,000	1.53	100,000	1.53
2032 (b)	200,000	2.92	—	—

(Dollars in thousands, except share amounts, unless otherwise noted)

$2,800,000	0.70 %	$5,000,000	0.55 %	$ 400,000	3.71	3.71	%	$ 2,800,000	0.70	0.70	%

(a) For On March 15, 2023, to minimize the interest rate derivatives maturing in 2032, Company's exposure to market volatility and increase liquidity, the Company receives payments based on Secured Overnight Financing Rate (SOFR) that resets quarterly. terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives) prior to their maturity. Through March 15, 2023, the Company had received cash or had a receivable from the clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements.

In 2022, the Company terminated $2.4 billion in notional amount of derivatives prior to their maturity for net proceeds of $91.8 million.

(b) For all other interest rate derivatives, the Company receives payments based on three-month LIBOR that resets SOFR, the majority of which reset quarterly.

(b) These derivatives have (c) This $50 million notional amount derivative has a forward effective start dates date in January 2026.

(d) A $50 million notional amount derivative maturing in 2030 has a forward effective start date in November 2024. 2025.

In March 2022, Nelnet Bank Derivatives

Interest Rate Swaps

Non-centrally cleared derivative instruments are used by Nelnet Bank to hedge the Company terminated $650 million exposure to variability in notional amount cash flows of variable rate intercompany deposits primarily to minimize the exposure to volatility in cash flows from future changes in interest rates. Nelnet Bank has structured these derivatives ($500 million and $150 million so that had maturity dates each is economically effective; however, because these derivatives are hedging intercompany deposits, the derivative instruments are not eligible for hedge accounting in 2022 and 2023, respectively) for net payments the consolidated financial statements. As a result, the change in market value of $0.1 million. On April 29, 2022, the Company terminated $1.25 billion these derivative instruments is reported in notional amount of derivatives ($500 million, $250 million, and $500 million that had maturity dates in 2023, 2024, and 2025, respectively) for total proceeds of $68.1 million. On August 26, 2022, the Company terminated $500 million in notional amount of derivatives ($250 million that had maturity dates in each of 2023 and 2024) for total proceeds of $23.8 million.

current

period earnings and presented in "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

The following table summarizes the outstanding derivative instruments used by Nelnet Bank to hedge exposure to variability in cash flows related to variable rate intercompany deposits.

	As of December 31, 2023	
Maturity	**Notional amount**	**Weighted average fixed rate paid by the Company (a)**
2028	$ 40,000	3.33 %
2030 (b)	50,000	3.06
2032 (c)	25,000	4.03
2033 (d)	25,000	3.90
	$ 140,000	3.46 %

(a) For all interest rate derivatives, the Company receives payments based on SOFR that reset monthly or quarterly.

(b) These $25 million notional amount derivatives have forward effective start dates in April 2026 and May 2026, respectively.

(c) This $25 million notional amount derivative has a forward effective start date in February 2027.

(d) This $25 million notional amount derivative has a forward effective start date in November 2025.

Unlike the Company's Non-Nelnet Bank derivatives, Nelnet Bank's derivatives are not cleared post-execution at a regulated clearinghouse. As such, the Company records these derivative instruments in the consolidated balance sheets on a gross basis as either an asset or liability measured at fair value. As of December 31, 2023, the gross fair value of Nelnet Bank's interest rate swap derivatives in an asset position was $0.5 million and in a liability position was $2.0 million. These amounts are included in “other assets” and “other liabilities,” respectively, on the consolidated balance sheet.

Consolidated Financial Statement Impact Related to Derivatives - Statements of Income

The following table summarizes the components of "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

	Year ended December 31,		
	2022	2021	2020

	Year ended December 31,			
	2023	2023	2022	2021
Settlements: Settlements:				

1:3 basis swaps	1:3 basis swaps	$	(206)	(1,638)	10,378
1:3 basis swaps					
1:3 basis swaps					
Interest rate swaps - floor income hedges	Interest rate swaps - floor income hedges		33,149	(19,729)	(6,699)
Interest rate swaps - Nelnet Bank					
Total settlements - income (expense)					
Total settlements - income (expense)					
Total settlements - income (expense)	Total settlements - income (expense)		32,943	(21,367)	3,679
Change in fair value:	Change in fair value:				Change in fair value:
1:3 basis swaps	1:3 basis swaps		2,262	5,027	(7,462)
Interest rate swaps - floor income hedges	Interest rate swaps - floor income hedges		229,429	87,786	(20,682)
Interest rate swaps - Nelnet Bank					
Interest rate swaps - Nelnet Bank					
Interest rate swaps - Nelnet Bank					
Total change in fair value - (expense) income					
Total change in fair value - income (expense)			231,691	92,813	(28,144)
Derivative market value adjustments and derivative settlements, net - income (expense)		$	264,634	71,446	(24,465)
Total change in fair value - (expense) income					
Total change in fair value - (expense) income					
Derivative market value adjustments and derivative settlements, net - (expense) income					

Derivative Instruments - Credit and Market Risk

Interest rate movements have an impact on the amount of variation margin and collateral the Company may be required to pay to its third-party clearinghouse. clearinghouse and counterparties, respectively. The Company attempts to manage market risk associated with interest rates by establishing and monitoring limits as to the types and degree of risk that may be undertaken. The Company's derivative portfolio and hedging strategy is reviewed periodically by its internal risk committee, and board Board of directors' Directors' Risk and Finance Committee. Committee, and Nelnet Bank's Board of Directors (for Nelnet Bank derivatives). With the Company's current derivative portfolio, the Company does not currently anticipate any movement in interest rates having a material impact on its liquidity or capital resources, nor expects future movements in interest rates to have a material impact on its ability to meet variation margin payments to its third-party clearinghouse. and collateral payments.

(Dollars in thousands, except share amounts, unless otherwise noted)

7. 6. Investments and Notes Receivable

A summary of the Company's investments “restricted investments” and “investments and notes receivable receivable” follows:

	As of December 31, 2023	As of December 31, 2023				As of Decemb		
	Amortized cost	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gr unre los
Restricted investments (at fair value):								
FFELP loan asset-backed securities								
FFELP loan asset-backed securities								
FFELP loan asset-backed securities								
Investments (at fair value):								
Available-for-sale asset-backed securities								
Available-for-sale asset-backed securities								
Available-for-sale asset-backed securities								
Non-Nelnet Bank:								
Non-Nelnet Bank:								
Non-Nelnet Bank:								
FFELP loan								
FFELP loan								
FFELP loan								
Private education loan (a)								
Other debt securities								
Total Non-Nelnet Bank								
Nelnet Bank:								
FFELP loan (b)								
FFELP loan (b)								
FFELP loan (b)								

	As of December 31, 2022				As of December 31, 2021			
	Amortized cost	Gross unrealized gains	Gross unrealized losses (a)	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investments (at fair value):								
FFELP loan asset-backed securities-available-for-sale (b)	$ 813,716	4,453	(19,958)	798,211	480,691	14,710	(719)	494,682
Private education loan asset-backed securities - available-for-sale (c)	337,844	—	(29,560)	308,284	414,286	507	(2,241)	412,552
Other debt securities - available-for-sale (d)	290,070	169	(7,697)	282,542	22,435	—	—	22,435
Total available-for-sale debt securities	$1,441,630	4,622	(57,215)	1,389,037	917,412	15,217	(2,960)	929,669
Other debt securities								
Other debt securities								

Other debt securities			
Total Nelnet Bank			
Total available-for-sale asset-backed securities			
Equity securities	Equity securities	39,082	71,986
Total investments (at fair value)		1,428,119	1,001,655
Total investments at fair value			
Other Investments and Notes Receivable (not measured at fair value):	**Other Investments and Notes Receivable (not measured at fair value):**		
Other debt securities - held-to-maturity (e)		18,774	8,200
Held to maturity investments			
Held to maturity investments			
Held to maturity investments			
Non-Nelnet Bank:			
Non-Nelnet Bank:			
Non-Nelnet Bank:			
Debt securities (c)			
Debt securities (c)			
Debt securities (c)			
Nelnet Bank:			
FFELP loan asset-backed securities (b)			
FFELP loan asset-backed securities (b)			
FFELP loan asset-backed securities (b)			
Other debt securities	Other debt securities		—
Total Nelnet Bank			
Total held to maturity investments			
Venture capital and funds:	Venture capital and funds:		
Measurement alternative (f)(g)		160,052	157,609
Measurement alternative (d)			
Measurement alternative (d)			
Measurement alternative (d)			
Equity method	Equity method	89,332	67,840
Total venture capital and funds	Total venture capital and funds	249,384	225,449
Real estate:	Real estate:		
Equity method	Equity method	80,364	47,226

(Dollars in thousands, except share amounts, unless otherwise noted)

Equity method			
Equity method			
Investment in ALLO:	Investment in ALLO:		
Voting interest/equity method (h)		67,538	87,247
Preferred membership interest and accrued and unpaid preferred return (i)		145,926	137,342
Voting interest/equity method (e)			
Voting interest/equity method (e)			
Voting interest/equity method (e)			
Preferred membership interest (f)			
Total investment in ALLO	Total investment in ALLO	213,464	224,589
Beneficial interest in loan securitizations (j):			
Beneficial interest in loan securitizations (g):			
Consumer loans			
Consumer loans			
Consumer loans			
Private education loans	Private education loans	75,261	66,008
Consumer loans and other		39,249	28,366
Federally insured student loans	Federally insured student loans	24,228	25,768
Total beneficial interest in loan securitizations	Total beneficial interest in loan securitizations	138,738	120,142
Solar (k)		(55,448)	(42,457)
Solar (h)			
Notes receivable	Notes receivable	31,106	—
Tax liens, affordable housing, and other	Tax liens, affordable housing, and other	7,416	4,115
Total investments (not measured at fair value)	Total investments (not measured at fair value)	683,798	587,264
Total investments and notes receivable	Total investments and notes receivable	$2,111,917	$1,588,919

(a) As of December 31, 2022, the aggregate fair value of available-for-sale debt securities with unrealized losses was $1.2 billion. The Company currently has the intent and ability to retain these investments, and none of the unrealized losses were due to credit losses.

(b) A portion of FFELP loan asset-backed securities were subject to participation interests held by Union Bank, as discussed in note 5 under "Participation Agreement." As of December 31, 2022, the par value and fair value of these securities was $395.4 million and $370.7 million, respectively.

The Company's FFELP loan asset-backed securities classified as available-for-sale with a fair value of $105.5 million, $9.3 million, $77.0 million, and $606.4 million as of December 31, 2022 were scheduled to mature within the next one year, 1-5 years, 6-10 years, and greater than 10 years, respectively.

(c) In December 2020, Wells Fargo announced the sale of its approximately $10.0 billion $10 billion portfolio of private education loans. The Company entered into a joint venture with other investors to acquire the loans. Under the terms of the joint venture agreements, the Company serves as the sponsor and administrator for the loan securitizations completed by the joint venture to permanently finance the loans acquired. As sponsor of the loan securitizations, the Company is required to provide a certain level of risk retention, and has purchased bonds issued in such securitizations to satisfy this requirement.

The bonds purchased to satisfy the risk retention requirement are included in "private education loan asset-backed securities – available for sale" in the above table and as of December 31, 2022 December 31, 2023, the par value and fair value of these bonds securities was $336.5 million $282.2 million and $306.5 million $252.9 million, respectively. These securities were subject to repurchase agreements with third parties, as discussed in note 5 under "Repurchase Agreements." The Company must retain these investment securities until the latest of (i) two years from the closing date of the securitization, (ii) the date the aggregate outstanding principal balance of the loans in the securitization is 33% or less of the initial loan balance, and (iii) the date the aggregate outstanding principal balance of the bonds is 33% or less of the aggregate initial outstanding principal balance of the bonds, at which time the Company can sell its investment securities (bonds) to a third party.

As A portion of December 31, 2022, the stated maturities for all the Company's private education loan asset-backed securities classified were subject to a repurchase agreement with third parties, as available-for-sale were greater than 10 years. discussed in note 4 under "Repurchase Agreements." As of December 31, 2023, the par value and fair value of securities subject to the participation was $155.9 million and $134.1 million, respectively.

(d) Other debt (b) On March 31, 2023, securities include mortgage-backed and consumer-backed securities and collateralized loan obligations. These debt securities classified as available-for-sale at Nelnet Bank with a fair value of $23.4 million, $186.0 million, $149.2 million were transferred from available-for-sale to held to maturity. The securities were reclassified at fair value at the time of the transfer, and $73.1 million such transfer represented a non-cash transaction. Accumulated other comprehensive income as of December 31, 2022 March 31, 2023 included pre-tax unrealized losses of $3.7 million related to the transfer. These unrealized losses are being amortized, consistent with the amortization of any discounts on such securities, over the remaining lives of the respective securities as an adjustment of yield.

(c) On March 31, 2023, certain Non-Nelnet Bank debt securities were scheduled transferred from held to mature in 1-5 years, 6-10 years, and greater than 10 years, respectively. maturity to available-for-sale.

(e) As of December 31, 2022, securities classified as held-to-maturity of $1.5 million, $3.5 million and $13.8 million were scheduled to mature within one year, 1-5 years, and greater than 10 years, respectively. As of December 31, 2022, the fair value of these securities approximated their carrying value.

(f) (d) The Company has an investment in Agile Sports Technologies, Inc. (doing business as "Hudl") that is included in "venture capital and funds" in the above table. In May 2020, During the first quarter of 2023, the Company made an acquired additional equity investment of approximately $26 million in Hudl, as one of the participants in an equity raise completed by Hudl. Prior to the additional 2020 investment, the Company had direct and indirect equity ownership interests in Hudl of less than 20%, which did not materially change as a result of this transaction. The Company accounts for its investment in $31.5 million from existing Hudl using the measurement alternative method, which requires it to adjust its carrying value of the investment for changes resulting from observable market transactions. As a result of Hudl's equity raise, the Company recognized a $51.0 million gain during the second quarter of 2020 to adjust its carrying value to reflect the May 2020 transaction value. investors. This gain is included in "other, net" in "other income (expense)" on the consolidated statements of income. In May 2021, the Company made an additional $5 million investment in Hudl. For accounting purposes, the May 2021 equity raise transaction was not considered an observable market transaction (not orderly) because it was not subject to customary marketing activities and the price was contractually agreed to during Hudl's prior May 2020 equity raise. activities. Accordingly, the Company did not adjust its carrying value of its Hudl investment to the May 2021 transaction value. As of December 31, 2022 December 31, 2023, the carrying amount of the Company's investment in Hudl is $133.9 million $165.5 million.

David S. Graff, who has served on the Company's Board of Directors since May 2014, is CEO, co-founder, and a director of Hudl.

(g) In October 2021, CompanyCam Inc., an entity The Company's equity ownership interests in which Hudl consist of preferred stock with certain liquidation preferences that are considered substantive. Accordingly, for accounting purposes, the Company's equity ownership interests are not considered in-substance common stock and the Company has an is accounting for its equity investment completed an additional equity raise. The Company accounts for its investment in this entity Hudl using the measurement alternative method, which requires it to adjust its carrying value method.

(e) During the first quarter of 2023, the investment for changes resulting from observable market transactions. Company contributed $8.4 million of additional equity in ALLO. As a result of this entity's equity raise, contribution, the Company recognized a $10.3 million gain during the fourth quarter of 2021 to adjust its carrying value to reflect the October 2021 transaction value. As of December 31, 2022, the carrying amount of this investment is $11.5 million.

(h) The Company accounts for its Company's voting membership interests percentage in ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO") under the HLBV method of accounting. During the years ended December 31, 2022, 2021, and 2020, the did not materially change.

The Company recognized losses of $68.0 million, $42.1 million, and $3.6 million, respectively, under the HLBV method of accounting on its ALLO voting membership interests investment. investment of $65.3 million, $68.0 million, and $42.1 million during the years ended December 31, 2023, 2022, and 2021, respectively. Losses from the Company's investment in ALLO are included in "other, net" in "other income (expense)" on the consolidated statements of income.

During 2022, (f) As of December 31, 2023, the outstanding preferred membership interests of ALLO held by the Company contributed $48.3 million of additional equity was $155.0 million. Accrued and unpaid preferred return capitalizes to ALLO. As a result of this equity contribution, the Company's voting preferred membership interests percentage in ALLO did not materially change.

Assuming ALLO continues its planned growth in existing and new communities, it will continue to invest substantial amounts in property and equipment to build the network and connect customers. The resulting recognition of depreciation and development costs could result in continuing net operating losses by ALLO under GAAP. Applying the HLBV method of accounting, the Company will continue to recognize a significant portion of ALLO's anticipated losses over the next several years.

(i) annually on each December 31. The preferred membership interests of ALLO held by the Company currently earn a preferred annual return of 6.25%. During the years ended December 31, 2022, 2021, and 2020, the that will increase to 10.00% in April 2024. The Company recognized income on its ALLO preferred membership interests of $8.6 million $9.1 million, $8.4 million $8.6 million, and $0.4 million $8.4 million during the years ended December 31, 2023, respectively, which are 2022, and 2021, respectively. This income is included in "other, net" in "other income (expense)" on the consolidated statements of income.

(Dollars in thousands, except share amounts, unless otherwise noted)

Under October 2020 recapitalization agreements for ALLO, the parties have agreed to use commercially reasonable efforts (which expressly excludes requiring ALLO to raise any additional equity financing or sell any assets) to cause ALLO to redeem, on or before April 2024, the remaining preferred membership interests of ALLO held by the Company, plus the amount of accrued and unpaid preferred return on such interests.

(j) (g) The Company has partial ownership in certain federally insured student, consumer, private education, and consumer and other federally insured student loan securitizations. As of the latest remittance reports filed by the various trusts prior to or as of December 31, 2022 December 31, 2023, the Company's ownership correlates to approximately $390 million $910 million, $620 million $515 million, and $310 million $335 million of consumer, private education, and federally insured student private education, and consumer and other loans, respectively, included in these securitizations.

(k) The Company makes investments in entities that promote renewable energy sources (solar). The Company's investments in these entities generate a return primarily through the realization of federal income tax credits, operating cash flows, and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods which range from 5 to 6 years. As of December 31, 2022, the Company has funded a total of $278.4 million in solar investments, which includes $102.8 million funded by syndication partners. The carrying value of the Company's investment in a solar project is reduced by tax credits earned when the solar project is placed-in-service. (h) The solar investment balance at December 31, 2022 as of December 31, 2023 represents the sum of total tax credits earned on solar projects placed-in-service through December 31, 2022 December 31, 2023 and the calculated HLBV net losses being larger than the total investment contributions made by the Company on such projects. As of December 31, 2022, the Company is committed to fund an additional $30.3 million on these projects, of which $22.5 million will be provided by syndication partners.

The Company accounts for its solar investments using the HLBV method of accounting. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. During the years ended December 31, 2022, 2021, and 2020, the Company recognized losses on its solar investments of $9.5 million, $10.1 million, and $37.4 million, respectively. These losses, which include losses attributable to third-party noncontrolling interest investors (syndication partners), are included in "other, net" in "other income (expense)" on the consolidated statements of income. Solar losses attributed to noncontrolling interest investors was $10.9 million, $7.4 million, and $3.8 million, for the years ended December 31, 2022, 2021, and 2020, respectively, and is reflected in "net loss attributable to noncontrolling interests" in the consolidated statements of income.

8. Business Combinations

HigherSchool Publishing Company ("HigherSchool")

On December 31, 2020, the Company acquired 100% of the outstanding stock of HigherSchool for total cash consideration of $24.7 million. HigherSchool provides supplemental instructional services and educational professional development for K-12 schools. The acquisition of HigherSchool has expanded the Company's professional development and educational instruction services. The operating results of HigherSchool are included in the Education Technology, Services, and Payment Processing reportable operating segment from the date of acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$	7
Accounts receivable		5,711
Intangible assets		24,200
Excess cost over fair value of net assets acquired (goodwill)		6,292
Other liabilities		(11,510)
Net assets acquired	$	24,700

The acquired intangible assets were customer relationships of $24.2 million (10-year useful life).

The $6.3 million of goodwill was assigned to the Education Technology, Services, and Payment Processing operating segment and is not expected to be deductible for tax purposes. The amount allocated to goodwill was primarily attributed to the deferred tax liability related to the difference between the carrying amount and tax basis of acquired identifiable intangible assets.

The pro forma impacts of the HigherSchool acquisition on the Company's historical results prior to the acquisition were not material.

The following table presents, by remaining contractual maturity, the amortized cost and fair value of debt securities as of December 31, 2023:

	As of December 31, 2023				
	1 year or less	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total

(Dollars in thousands, except share amounts, unless otherwise noted)

Available-for-sale asset-backed securities					
Restricted Investments:					
FFELP loan	$ —	—	—	16,993	16,993
Fair value	—	—	—	17,969	17,969
Non-Nelnet Bank:					
FFELP loan	—	15,025	27,366	229,088	271,479
Private education loan	—	—	—	281,791	281,791
Other debt securities	—	99	—	41,594	41,693
Total Non-Nelnet Bank	—	15,124	27,366	552,473	594,963
Fair value	—	14,821	26,502	525,001	566,324
Nelnet Bank:					
FFELP loan	64,623	12,671	58,903	185,441	321,638
Other debt securities	—	20,499	11,862	16,923	49,284
Total Nelnet Bank	64,623	33,170	70,765	202,364	370,922
Fair value	64,596	32,693	70,255	204,066	371,610
Total available-for-sale asset-backed securities at amortized cost	$ 64,623	48,294	98,131	771,830	982,878
Total available-for-sale asset-backed securities at fair value	$ 64,596	47,514	96,757	747,036	955,903
Held to maturity investments					
Non-Nelnet Bank:					
Debt securities	$ 4,700	—	—	—	4,700
Fair value	4,700	—	—	—	4,700
Nelnet Bank:					
FFELP loan asset-backed securities	—	3,452	1,524	153,062	158,038
Other debt securities	—	—	—	—	—
Total Nelnet Bank	—	3,452	1,524	153,062	158,038
Fair value	—	3,506	1,539	153,877	158,922
Total held-to-maturity investments at amortized cost	$ 4,700	3,452	1,524	153,062	162,738
Total held-to-maturity investments at fair value	$ 4,700	3,506	1,539	153,877	163,622

The following table presents securities classified as available-for-sale that have gross unrealized losses at December 31, 2023 and the fair value of such securities as of December 31, 2023. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities in the table below have been evaluated to determine if a credit loss exists. As part of that assessment, the Company concluded it currently has the intent and ability to retain these investments, and none of the unrealized losses were due to credit losses.

	As of December 31, 2023					
	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value
Available-for-sale asset-backed securities						
Restricted Investments:						
FFELP loan	$ (93)	2,392	—	—	(93)	2,392
Non-Nelnet Bank:						
FFELP loan	(966)	28,912	(4,427)	146,613	(5,393)	175,525
Private education loan	—	—	(28,874)	252,916	(28,874)	252,916

(Dollars in thousands, except share amounts, unless otherwise noted)

Other debt securities	—	—	(1,275)	20,144	(1,275)	20,144
Total Non-Nelnet Bank	(966)	28,912	(34,576)	419,673	(35,542)	448,585
Nelnet Bank:						
FFELP loan	(1,168)	77,677	(1,128)	53,397	(2,296)	131,074
Other debt securities	(90)	19,821	(1,551)	14,822	(1,641)	34,643
Total Nelnet Bank	(1,258)	97,498	(2,679)	68,219	(3,937)	165,717
Total available-for-sale asset-backed securities	$ (2,317)	128,802	(37,255)	487,892	(39,572)	616,694

The following table summarizes the gross proceeds received and gross realized gains and losses related to sales of available-for-sale asset-backed securities.

	Year ended December 31,		
	2023	**2022**	**2021**
Gross proceeds from sales	$ 963,117	511,124	160,976
Gross realized gains	$ 4,517	6,702	3,127
Gross realized losses	(8,021)	(800)	(432)
Net (losses) gains	$ (3,504)	5,902	2,695

7. Business Combinations

NGWeb Solutions, LLC

On April 30, 2022, the Company acquired 30% of the ownership interests of NGWeb Solutions, LLC ("NextGen") for total cash consideration of $9.2 million. NextGen provides software solutions primarily to higher education institutions to enable administrators to efficiently manage online forms, scholarships, employment, online timesheets, and other specialized processes that require signed authorizations and interactions with student information.

Prior to the acquisition, the Company owned 50% of the ownership interests of NextGen and accounted for this investment under the equity method. As a result of the acquisition, the previously held 50% ownership interests was remeasured to its fair value as of the April 30, 2022 date of acquisition of the additional 30% of the ownership interests, resulting in a $15.2 million revaluation gain, which is included in "other, net" in "other income (expense)" on the consolidated statements of income. For segment reporting, this gain is included in Corporate and Other Activities. Subsequent to the acquisition, the Company has consolidated the operating results of NextGen and such results are included in the Education Technology Services and Payment Processing Payments reportable operating segment.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$ 1,885
Accounts receivable	1,315
Property and equipment	800
Other assets	201
Intangible assets	15,250
Excess cost over fair value of net assets acquired (goodwill)	15,937
Other liabilities	(4,550)
Net assets acquired	30,838
Minority interest	(6,291)
Remeasurement of previously held investment	(15,342)
Total consideration paid by the Company	$ 9,205

The $15.3 million of acquired intangible assets on the date of acquisition had a weighted-average useful life of approximately 14 years. The intangible assets that made up this amount include customer relationships of $12.8 million (15-year useful life), computer software of $1.7 million (5-year useful life), and a trade name of $0.8 million (10-year useful life).

(Dollars in thousands, except share amounts, unless otherwise noted)

The $15.9 million of goodwill was assigned to the NextGen reporting unit that is included in the Education Technology Services and Payments operating segment and is not expected to be deductible for tax purposes. The amount allocated to goodwill was primarily attributed to the synergies and economies of scale expected from combining the operations of the Company and NextGen.

The pro forma impacts of the NextGen acquisition on the Company's historical results prior to the acquisition were not material.

GRNE Solar

On July 1, 2022, the Company acquired 80% of the ownership interests of two subsidiaries of GRNE Solutions, LLC named GRNE-Nelnet, LLC (GRNE) and ENRG-Nelnet, LLC (ENRG) (collectively referred to as "GRNE Solar") for total cash consideration of $28.9 million. GRNE designs and installs residential commercial, and utility-scale commercial solar systems in the Midwest. ENRG owns certain assets that generate and sell solar energy. The acquisition diversifies the Company's position in the renewable energy space to include solar construction. For segment reporting, the operating results of GRNE Solar are included in Corporate and Other Activities.

As part of the acquisition, the Company agreed to pay $5.0 million in future capital contributions on behalf of the minority interest members. Any amount of the $5.0 million not paid as capital contributions to GRNE Solar by June 30, 2025 will was to be paid by the Company directly to the minority interest members. The $5.0 million liability is included in “other liabilities” and On the acquisition date, the Company recognized an additional recorded a liability and increased goodwill by $5.0 million in “goodwill” on the consolidated balance sheet as a result of the future capital contribution commitment. The future capital contribution commitment had been fully satisfied as of December 31, 2023.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$	1,742
Restricted cash		2,200
Accounts receivable		3,983
Property and equipment		8,720
Other assets		2,296
Intangible assets		11,683
Excess cost over fair value of net assets acquired (goodwill)		13,873
Bonds and notes payable		(750)
Other liabilities		(7,624)
Net assets acquired		36,123
Minority interest		(7,225)
Total consideration paid by the Company	$	28,898

The $11.7 million of acquired intangible assets on the date of acquisition had a weighted-average useful life of approximately 8 years. The intangible assets that made up this amount include a trade name of $8.1 million (10-year useful life), customer relationships of $1.1 million (3-year useful life), and other separably separately identified intangibles of $2.4 million $2.5 million (5-year useful life).

The $18.9 million of goodwill was assigned to the GRNE operating segment that is included in Corporate and Other Activities for segment reporting and is expected to be deductible for tax purposes. The amount allocated to goodwill was attributed to synergies from combining the operations of the Company and GRNE Solar and intangible assets that do not qualify for separate recognition.

The pro forma impacts of the GRNE Solar acquisition on the Company's historical results prior to the acquisition were not material.

9. 8. Intangible Assets

Intangible assets consist consisted of the following:

	Weighted average remaining useful life as of December 31, 2022 (months)	As of December 31, 2022	2021

	Weighted average remaining useful life as of December 31, 2023 (months)		Weighted average remaining useful life as of December 31, 2023 (months)	As of December 31, 2023	2022

Amortizable intangible assets, net:	Amortizable intangible assets, net:			

Customer relationships (net of accumulated amortization of $55,116 and $97,398, respectively)	112	$ 51,738	47,894
Trade names (net of accumulated amortization of $617)	114	8,293	—
Computer software (net of accumulated amortization of $6,400 and $3,669, respectively)	52	1,520	4,135
Customer relationships (net of accumulated amortization of $46,573 and $55,116, respectively)			
Customer relationships (net of accumulated amortization of $46,573 and $55,116, respectively)			
Customer relationships (net of accumulated amortization of $46,573 and $55,116, respectively)			
Trade names (net of accumulated amortization of $8,268 and $617, respectively)			
Computer software (net of accumulated amortization of $574 and $6,400, respectively)			
Other (net of accumulated amortization of $490) / Other (net of accumulated amortization of $490)	54	1,950	—
Total - amortizable intangible assets, net / Total - amortizable intangible assets, net	109	$ 63,501	52,029

The Company recorded amortization expense on its intangible assets of $15.0 million $17.0 million, $23.0 million $15.0 million, and $30.8 million $23.0 million during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. The Company will continue to amortize intangible assets over their remaining useful lives. As of December 31, 2022 December 31, 2023, the Company estimates it will record amortization expense as follows:

2023		$	10,344
2024	2024		9,770
2025	2025		8,044
2026	2026		7,259
2027	2027		6,761
2028 and thereafter			21,323
2028			
2029 and thereafter			
		$	63,501

10. 9. Goodwill

The change in the carrying amount of goodwill by reportable operating segment was as follows:

	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management (a)	Nelnet Bank	Corporate and Other Activities	Total
Balance as of December 31, 2020 and 2021	$ 23,639	76,570	41,883	—	—	142,092
Goodwill acquired (NextGen)	—	15,937	—	—	—	15,937
Goodwill acquired (GRNE Solar)	—	—	—	—	18,873	18,873
Balance as of December 31, 2022	$ 23,639	92,507	41,883	—	18,873	176,902

			Nelnet Financial Services				
	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management (a)	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Total
Balance as of December 31, 2021	$ 23,639	76,570	41,883	—	—	—	142,092
Goodwill acquired	—	15,937	—	—	—	18,873	34,810
Balance as of December 31, 2022	23,639	92,507	41,883	—	—	18,873	176,902
Impairment (see note 11)	—	—	—	—	—	(18,873)	(18,873)
Balance as of December 31, 2023	$ 23,639	92,507	41,883	—	—	—	158,029

(a) As a result of the Reconciliation Act of 2010, the Company no longer originates new FFELP loans, and net interest income from the Company's existing FFELP loan portfolio will decline over time as the Company's portfolio pays down. As a result, as this revenue stream winds down, goodwill impairment will be triggered for the Asset Generation and Management reporting unit due to the passage of time and depletion of projected cash flows stemming from its FFELP student loan portfolio. Management believes the elimination of new FFELP loan originations will not have an adverse impact on the fair value of the Company's other reporting units.

11. 10. Property and Equipment

Property and equipment consisted of the following:

		Useful life	As of December 31, 2022	As of December 31, 2021
			As of December 31,	
	Useful life	Useful life	2023	2022
Computer equipment and software	Computer equipment and software	1-5 years	$ 237,487	234,222
Building and building improvements	Building and building improvements	5-48 years	50,475	48,782
Office furniture and equipment	Office furniture and equipment	1-10 years	22,386	22,463
Solar facilities				
Transportation equipment				
Leasehold improvements	Leasehold improvements	1-15 years	10,410	10,537
Transportation equipment		5-10 years	6,207	4,857
Solar facilities		5-35 years	3,547	—
Land	Land	—	3,181	3,266
Land				

(Dollars in thousands, except share amounts, unless otherwise noted)

Land					
Construction in progress	Construction in progress	—		22,987	2,392
				356,680	326,519
			380,792		
Accumulated depreciation	Accumulated depreciation			(234,154)	(207,106)
Total property and equipment, net	Total property and equipment, net			$122,526	119,413

The Company recorded depreciation expense on its property and equipment of $59.1 million $62.1 million, $50.7 million $59.1 million, and $87.9 million $50.7 million during the years ended December 31, 2022 December 31, 2023, 2022, and 2021, and 2020, respectively.

11. Impairment Expense

The following table presents the impairment charges by asset and reportable operating segment recognized by the Company during 2023, 2022, and 2021. The Company's impairment charges are included in "impairment expense" in the consolidated statements of income.

			Nelnet Financial Services				
	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Total
	Year ended December 31, 2023						
Goodwill (a)	$ —	—	—	—	—	18,873	18,873
Leases, buildings, and associated improvements (b)	296	—	—	—	—	4,678	4,974
Property and equipment - internally developed software	—	4,310	—	—	—	—	4,310
Investments - venture capital and funds (c)	—	—	—	—	—	2,060	2,060
Intangible assets (a)	—	—	—	—	—	1,708	1,708
	$ 296	4,310	—	—	—	27,319	31,925
	Year ended December 31, 2022						
Leases, buildings, and associated improvements (b)	$ 1,774	—	—	—	—	998	2,772
Property and equipment - internally developed software	3,737	—	—	214	—	—	3,951
Investments - venture capital and funds (c)	—	—	—	—	—	6,561	6,561
Intangible asset	—	2,239	—	—	—	—	2,239
	$ 5,511	2,239	—	214	—	7,559	15,523
	Year ended December 31, 2021						
Leases, buildings, and associated improvements (b)	$ 13,243	—	—	—	—	916	14,159
Investments - venture capital and funds (c)	—	—	—	—	—	4,637	4,637
Beneficial interest in loan securitizations	—	—	(2,436)	—	—	—	(2,436)
	$ 13,243	—	(2,436)	—	—	5,553	16,360

(Dollars in thousands, except share amounts, unless otherwise noted)

(a) As part of the November 2023 annual goodwill impairment assessment completed in conjunction with the Company's annual November budget process, the Company determined it was more likely than not that the estimated fair value of the GRNE operating segment was less than its carrying amount. As part of the qualitative assessment, the Company used the discounted cash flow method under the income approach to estimate the fair value of the reporting unit, which concluded that the estimated fair value was less than its carrying amount. As a result, the Company recorded a non-cash impairment charge in the fourth quarter of 2023. No remaining goodwill is attributable to the GRNE operating segment. The Company also recorded a non-cash impairment charge for GRNE operating segment's remaining intangible assets.

(b) The Company continues to evaluate the use of office space as a large number of employees continue to work from home. As a result, the Company recorded non-cash impairment charges related to operating lease assets and associated leasehold improvements and to building and building improvements. The Corporate and Other Activities amount for the year ended December 31, 2023 includes a $2.4 million lease termination fee paid to Union Bank, a related party.

(c) The Company recorded non-cash impairment charges related to several of its venture capital investments accounted for under the measurement alternative method.

12. Impairment Expense and Provision for Beneficial Interests

The following table presents the non-cash impairment charges by asset and reportable operating segment recognized by the Company during 2022, 2021, and 2020. The Company's non-cash impairment charges are included in "impairment expense and provision for beneficial interest, net" in the consolidated statements of income.

		Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Total
				Year ended December 31, 2022			
Investments - venture capital and funds (a)	$	—	—	—	—	6,561	6,561
Property and equipment - internally developed software		3,737	—	—	214	—	3,951
Leases, buildings, and associated improvements (b)		1,774	—	—	—	998	2,772
Intangible asset - computer software		—	2,239	—	—	—	2,239
	$	5,511	2,239	—	214	7,559	15,523
				Year ended December 31, 2021			
Investments - venture capital and funds (a)	$	—	—	—	—	4,637	4,637
Leases, buildings, and associated improvements (b)		13,243	—	—	—	916	14,159
Beneficial interest in loan securitizations (c)		—	—	(2,436)	—	—	(2,436)
	$	13,243	—	(2,436)	—	5,553	16,360
				Year ended December 31, 2020			
Investments - venture capital and funds (a)	$	—	—	—	—	8,116	8,116
Beneficial interest in loan securitizations (c)		—	—	16,607	—	—	16,607
	$	—	—	16,607	—	8,116	24,723

(a) The Company recorded non-cash impairment charges related to several of its venture capital investments accounted for under the measurement alternative method.

(b) The Company continues to evaluate the use of office space as a large number of employees continue to work from home due to COVID-19. As a result, the Company recorded non-cash impairment charges related to operating lease assets and associated leasehold improvements and to building and building improvements.

(c) During the first quarter of 2020, the Company recorded an allowance for credit losses (and related provision expense) related to the Company's beneficial interest in consumer loan securitizations as a result of the expectation of increased consumer loan defaults within such securitizations due to the distressed economic conditions resulting from the COVID-19 pandemic. During the fourth quarter of 2020 and the first quarter of 2021, due to improved economic conditions, the Company reduced the allowance for credit losses related to the consumer loan beneficial interests. As of December 31, 2022 and 2021, there is no allowance for credit losses on the Company's beneficial interest investments.

13. Bank Deposits

The following table summarizes Nelnet Bank's interest-bearing deposits, excluding intercompany deposits: deposits. As of December 31, 2023 and December 31, 2022, Nelnet Bank had intercompany deposits from Nelnet, Inc. and its subsidiaries totaling $104.0 million and $98.3 million, respectively, including a $40.0 million pledged deposit from Nelnet, Inc. as required under a Capital and Liquidity Maintenance Agreement with the FDIC. All intercompany deposits held at Nelnet Bank are eliminated for consolidated financial reporting purposes.

		As of December 31,	
		2022	2021
	As of December 31,		As of December 31,
	2023	2023	2022
Brokered CDs, net of brokered deposit fees	Brokered CDs, net of brokered deposit fees	$ 254,817	84,209
Retail and other savings (529 and HSA)		410,556	243,759
Commercial			
Retail and other savings (529, STFIT, and HSA)			
Retail and other CDs (commercial and institutional)	Retail and other CDs (commercial and institutional)	25,949	16,347
Total interest-bearing deposits	Total interest-bearing deposits	$ 691,322	344,315

Brokered deposit fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. The Bank recognized brokered deposit fee expense of $0.2 million, $0.3 million, and $0.1 million during the years ended December 31, 2022 December 31, 2023, 2022, and 2021, respectively. Brokered deposit fee expense was not significant in 2020. Fees paid to third-party brokers related to these CDs were $0.6 million and $0.4 million during the years ended December 31, 2022 and 2021, respectively. These There were no fees were not significant in 2020. paid to third-party brokers for the year ended December 31, 2023.

Certificates The following table presents certificates of deposit remaining maturities as of December 31, 2022 are summarized as follows: December 31, 2023:

One year or less	$	51,501	—
After one year to two years		—	2,740
After two years to three years		3,237	146,424
After three years to four years		150,318	74,071
After four years to five years		75,710	347
After five years			—
Total	$	280,766	223,582

The Educational 529 College Savings, STFIT, and Health Savings plan deposits are large interest-bearing omnibus accounts structured to allow FDIC insurance to flow through to underlying individual depositors. Except for the commercial deposit, the pledged deposit from Nelnet, Inc., and an earmarked deposit required for intercompany transactions, there were no deposits exceeding the FDIC insurance limits as of December 31, 2022 December 31, 2023 and 2021. 2022. Accrued interest on deposits was $0.7 million as of each December 31, 2023 and $0.1 million on December 31, 2022 and 2021, 2022, respectively, which is included in "accrued interest payable" on the consolidated balance sheets.

14. 13. Shareholders' Equity

Classes of Common Stock

The Company's common stock is divided into two classes. The Class B common stock has ten votes per share and the Class A common stock has one vote per share on all matters to be voted on by the Company's shareholders. Each Class B share is convertible at any time at the holder's option into one Class A share. With the exception of the voting rights and the conversion feature, the Class A and Class B shares are identical in terms of other rights, including dividend and liquidation rights.

Stock Repurchases

The Company has a stock repurchase program that expires on May 8, 2025 in which it can repurchase up to five million shares of its Class A common stock on the open market, through private transactions, or otherwise. As of December 31, 2022December 31, 2023, 4.5 million4.2 million shares may still be purchased under the Company's stock repurchase program. Shares repurchased by the Company during 2023, 2022, 2021, and 20202021 are shown in the table below. In accordance with the corporate laws of the state in which the Company is incorporated, all shares repurchased by the Company are legally retired upon acquisition by the Company.

	Total shares repurchased	Purchase price (in thousands)	Average price of shares repurchased (per share)
Year ended December 31, 2022	1,162,533	$ 97,685	$ 84.03
Year ended December 31, 2021	713,274	58,111	81.47
Year ended December 31, 2020	1,594,394	73,358	46.01

15.

	Total shares repurchased	Purchase price (in thousands)	Average price of shares repurchased (per share) (a)
Year ended December 31, 2023	336,943	$ 28,028	$ 83.18
Year ended December 31, 2022	1,162,533	97,685	84.03
Year ended December 31, 2021	713,274	58,111	81.47

(a) The average price of shares repurchased for the year ended December 31, 2023 includes excise taxes.

14. Earnings per Common Share

Presented below is a summary of the components used to calculate basic and diluted earnings per share. The Company applies the two-class method in computing both basic and diluted earnings per share, which requires the calculation of separate earnings per share amounts for common stock and unvested share-based awards. Unvested share-based awards that contain nonforfeitable rights to dividends are considered securities which participate in undistributed earnings with common stock.

	Year ended December 31,								
	2022			2021			2020		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:									
Net income attributable to Nelnet, Inc.	$ 399,564	7,783	407,347	386,865	6,421	393,286	347,451	4,992	352,443
Denominator:									
Weighted-average common shares outstanding - basic and diluted	36,884,548	718,485	37,603,033	37,943,032	629,769	38,572,801	38,506,351	553,237	39,059,588

	Year ended December 31,					
	2023			2022		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:						
Net income attributable to Nelnet, Inc.						
Net income attributable to Nelnet, Inc.						
Denominator:						
Weighted-average common shares outstanding - basic and diluted						

Weighted-average common shares outstanding - basic and diluted										
Weighted-average common shares outstanding - basic and diluted										
Earnings per share - basic and diluted	Earnings per share - basic and diluted	$	10.83	10.83	10.83	10.20	10.20	10.20	9.02	9.02	9.02

Unvested restricted stock awards are the Company's only potential common shares and, accordingly, there were no awards that were antidilutive and not included in average shares outstanding for the diluted earnings per share calculation.

As of December 31, 2022 December 31, 2023, a cumulative amount of 171,132 163,136 shares have been deferred by non-employee directors under the Directors Stock Compensation Plan and will become issuable upon the termination of service by the respective non-employee director on the board of directors. These shares are included in the Company's weighted average shares outstanding calculation.

16. 15. Income Taxes

The Company is subject to income taxes in the United States Canada, Australia, Puerto Rico, and Philippines. certain foreign countries. Significant judgment is required in evaluating the Company's tax positions and determining the provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain.

As required by the ASC Topic 740, *Income Taxes*, the Company recognizes in the consolidated financial statements only those tax positions determined to be more likely than not of being sustained upon examination, based on the technical merits of the positions. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the period of such change.

As of December 31, 2022 December 31, 2023, the total amount of gross unrecognized tax benefits (excluding the federal benefit received from state positions) was $16.8 million $17.1 million, which is included in “other liabilities” on the consolidated balance sheet. Of this total, $13.3 million $13.5 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate in future periods. The Company currently anticipates uncertain tax positions will decrease by $2.3 million $2.7 million prior to December 31, 2023 December 31, 2024 as a result of a lapse of applicable statutes of limitations, settlements, correspondence with examining authorities, and recognition or measurement considerations with federal and state jurisdictions; however, actual developments in this area could differ from those expected. Of the anticipated $2.3 million $2.7 million decrease, $1.8 million $2.1 million, if recognized, would favorably affect the Company's effective tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits follows:

	Year ended December 31,		
	2022		2021
Gross balance - beginning of year	$	19,678	20,318
Additions based on tax positions of prior years		2,269	271
Additions based on tax positions related to the current year		2,521	2,388
Settlements with taxing authorities		(2,818)	—
Reductions for tax positions of prior years		(2,580)	(1,002)
Reductions due to lapse of applicable statutes of limitations		(2,235)	(2,297)
Gross balance - end of year	$	16,835	19,678

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	Year ended December 31,		
	2023		2022
Gross balance - beginning of year	$	16,835	19,678
Additions based on tax positions of prior years		819	2,269
Additions based on tax positions related to the current year		2,242	2,521
Settlements with taxing authorities		(247)	(2,818)
Reductions for tax positions of prior years		(460)	(2,580)
Reductions due to lapse of applicable statutes of limitations		(2,105)	(2,235)
Gross balance - end of year	$	17,084	16,835

(Dollars in thousands, except share amounts, unless otherwise noted)

All the reductions shown in the table above that are due to prior year tax positions and the lapse of statutes of limitations impacted the effective tax rate.

The Company's policy is to recognize interest and penalties accrued on uncertain tax positions as part of interest expense and other expense, respectively. As of December 31, 2022 December 31, 2023 and 2021, 2022, $4.8 million and $4.0 million and $5.1 million in accrued interest and penalties, respectively, were included in "other liabilities" on the consolidated balance sheets. The Company recognized interest benefit expense of $0.8 million, and interest benefits of $1.1 million and $0.3 million, and expense of $0.4 million related to uncertain tax positions for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. The impact to the consolidated statements of income related to penalties for uncertain tax positions was not significant for the years 2023, 2022, 2021, and 2020. 2021. The impact of timing differences and tax attributes are considered when calculating interest and penalty accruals associated with the unrecognized tax benefits.

The Company and its subsidiaries file a consolidated federal income tax return in the U.S. and the Company or one of its subsidiaries files income tax returns in various state, local, and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for years prior to 2019. 2020. The Company is no longer subject to U.S. state and local income tax examinations by tax authorities prior to 2014. 2018.

The provision for income taxes consists of the following components:

	Year ended December 31,		
	2022	2021	2020
Current:			
Federal	$ 67,649	55,239	82,832
State	10,984	4,792	9,815
Foreign	(49)	169	239
Total current provision	78,584	60,200	92,886
Deferred:			
Federal	32,422	46,145	7,269
State	2,198	9,647	718
Foreign	20	(170)	(13)
Total deferred provision	34,640	55,622	7,974
Provision for income tax expense	$ 113,224	115,822	100,860

	Year ended December 31,		
	2023	2022	2021
Current:			
Federal	$ 65,952	67,649	55,239
State	5,732	10,984	4,792
Foreign	32	(49)	169
Total current provision	71,716	78,584	60,200
Deferred:			
Federal	(41,705)	32,422	46,145
State	(10,270)	2,198	9,647
Foreign	12	20	(170)
Total deferred provision	(51,963)	34,640	55,622
Provision for income tax expense	$ 19,753	113,224	115,822

The differences between the income tax provision computed at the statutory federal corporate tax rate and the financial statement provision for income taxes are shown below:

	Year ended December 31,		
	2022	2021	2020

	Year ended December 31,			Year ended December 31,		
	2023		2023	2022	2021	

Tax expense at federal rate	21.0 %	21.0 %	21.0 %	Tax expense at federal rate	21.0 %	21.0 %	21.0 %
Increase (decrease) resulting from:							
State tax, net of federal income tax benefit	2.8	3.0	2.8				
State tax, net of federal income tax benefit							
State tax, net of federal income tax benefit							
Tax credits	(0.6)	(0.8)	(1.1)				
Provision for uncertain federal and state tax matters	—	(0.1)	(0.2)				
Basis difference	(0.6)	—	—				
Change in valuation allowance							
Change in valuation allowance							
Change in valuation allowance	(0.5)	—	—				
Other	(0.3)	(0.3)	(0.2)				
Effective tax rate	21.8 %	22.8 %	22.3 %	Effective tax rate	17.8 %	21.8 %	22.8 %

The tax effect of temporary differences that give rise to deferred tax assets and liabilities include the following:

	As of December 31,		As of December 31,	
	2022	2021	2023	2022
Deferred tax assets:				
Deferred revenue	$ 27,410	21,593		
Deferred revenue				
Deferred revenue				
Student loans	20,569	19,776		

State tax credit carryforwards			
Accrued expenses	Accrued expenses	10,824	10,712
State tax credit carryforwards		9,431	8,546
Stock compensation	Stock compensation	5,345	4,027
Net operating losses			
Lease liability	Lease liability	3,432	3,685
Net operating losses		2,613	2,410
Intangible assets			
Debt and equity investments	Debt and equity investments	1,430	—
Total gross deferred tax assets			
Total gross deferred tax assets			
Total gross deferred tax assets	Total gross deferred tax assets	81,054	70,749
Less state tax valuation allowance	Less state tax valuation allowance	(161)	(2,084)
Net deferred tax assets	Net deferred tax assets	80,893	68,665
Deferred tax liabilities:	Deferred tax liabilities:		
Partnership basis	Partnership basis	99,184	100,428
Partnership basis			
Partnership basis			
Basis in certain derivative contracts	Basis in certain derivative contracts	65,224	15,927
Depreciation	Depreciation	11,306	15,264
Debt and equity investments			
Lease right of use asset			
Loan origination services	Loan origination services	3,264	4,930
Lease right of use asset		3,073	3,317
Securitization			
Intangible assets	Intangible assets	1,474	4,772
Securitization		363	128
Debt and equity investments		—	12,859
Other			
Other			
Other	Other	2,679	1,665
Total gross deferred tax liabilities	Total gross deferred tax liabilities	186,567	159,290

(Dollars in thousands, except share amounts, unless otherwise noted)

Net deferred tax asset (liability)	Net deferred tax asset (liability)	$(105,674)	(90,625)

The Company has performed an evaluation of the recoverability of deferred tax assets. In assessing the realizability of the Company's deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible or eligible for utilization of a tax credit carryforward. Management considers the scheduled reversals of deferred tax liabilities, projected taxable income, carry back opportunities, and tax planning strategies in making the assessment of the amount of the valuation allowance. With the

exception of a portion of the Company's state net operating losses, it is management's opinion that it is more likely than not that the deferred tax assets will be realized and should not be reduced by a valuation allowance. The amount of deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

As of December 31, 2022 December 31, 2023 and 2021, 2022, net deferred tax liabilities of $140.1 million $75.3 million and $117.9 million $140.1 million, respectively, and net deferred tax assets of $34.4 million $21.8 million and $27.3 million $34.4 million, respectively, were included in “other liabilities” and “other assets,” respectively, on the consolidated balance sheets.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had a current income tax receivable of $67.4 million and payable of $5.2 million and receivable of $8.1 million, respectively, that is included in “other liabilities” assets" and "other assets," “other liabilities,” respectively, on the consolidated balance sheets.

17.

16. Segment Reporting

The Company's reportable operating segments include:

- Loan Servicing and Systems
- Education Technology Services and Payment Processing Payments
- Asset Generation and Management, part of the NFS division as described below
- Nelnet Bank,

- Communications part of the NFS division as described below

The Company earns fee-based revenue through its Loan Servicing and Systems and Education Technology Services and Payment Processing Payments operating segments; and earns interest income on its loan portfolio in its Asset Generation and Management and Nelnet Bank operating segments. In addition, the Company earned revenue from its Communications operating segment prior to its deconsolidation on December 21, 2020. See note 2 for a description of the transaction and a summary of the deconsolidation impact. As a result of ALLO’s deconsolidation, there are no operating results for the (former) Communications operating segment in 2021 and 2022.

The Company’s operating segments are defined by the products and services they offer and the types of customers they serve, and they reflect the manner in which financial information is currently evaluated by management. See note 1 for a description of each operating segment, including the primary products and services offered.

The management reporting process measures the performance of the Company’s operating segments based on the management structure of the Company, as well as the methodology used by management to evaluate performance and allocate resources. Executive management (the "chief operating decision maker") evaluates the performance of the Company’s operating segments based on their financial results prepared in conformity with U.S. GAAP.

In 2023, the Company created the Nelnet Financial Services division intended to focus on the Company’s key objective to maximize the amount and timing of cash flows generated from its FFELP portfolio and reposition itself for the post-FFELP environment by expanding its non-FFELP loan portfolios and its other financial product and service offerings. The creation of the Nelnet Financial Services division resulted in financial results grouped and reported differently to the chief operating decision maker. The reporting change did not impact the performance measures or the methodology used by management to evaluate performance and allocate resources. All prior periods have been restated to conform to the current-period presentation. These reclassifications had no effect on the Company’s consolidated financial statements.

The Nelnet Financial Services division includes the reportable segments of AGM and Nelnet Bank and the following other non-reportable operating segments that were previously presented in Corporate and Other Activities.

- The operating results of WRCM, the Company's SEC-registered investment advisor subsidiary
- The operating results of Nelnet Insurance Services, which primarily includes multiple reinsurance treaties on property and causality policies
- The operating results of the Company’s investment activities in real estate
- The operating results of the Company’s investment debt securities (primarily student loan and other asset-backed securities) and interest expense incurred on debt used to finance such investments

The accounting policies of the Company’s operating segments are the same as those described in the summary of significant accounting policies. Intersegment revenues are charged by a segment that provides a product or service to another segment. Intersegment revenues and expenses are included within each segment consistent with the income statement presentation provided to management. Income taxes are allocated based on 24% of income before taxes for each individual operating segment, except for Nelnet Bank, which reflects Nelnet Bank’s actual tax expense/benefit as allocated and reflected in its Call Report filed with the Federal Deposit Insurance Corporation. The difference between the consolidated income tax expense and the sum of taxes calculated for each operating segment is included in income taxes in Corporate and Other Activities.

Corporate and Other Activities

Other business activities and operating segments that are not reportable are combined and included in Corporate and Other Activities. Corporate and Other Activities include the following items:

- The results of the majority of the Company’s investment activities, including early-stage and emerging growth companies and real estate
- Interest income earned on cash and investment debt securities (primarily student loan and other asset-backed securities)
- Interest expense incurred on unsecured and certain other corporate related debt transactions

- *Corporate and Other product Activities*

Other business activities and service offerings operating segments that are not considered reportable operating segments including, but and not limited to, WRCM, part of the SEC-registered investment advisor subsidiary, NFS division are combined and Nelnet Renewable Energy, which includes solar tax equity investments made by the Company, administrative included in Corporate and management services provided by the Company on tax equity investments made by third parties, and solar development

Other Activities. Corporate and Other Activities also includes certain include the following items:

- Shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services. Certain shared service costs incurred to support Nelnet Bank will not be allocated to Nelnet Bank until the end of the Bank’s de novo period (November 2023). services
- Corporate and Other Activities also includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs. costs
- The operating results of Nelnet Renewable Energy, which include solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development
- The operating results of certain of the Company’s investment activities, including its investment in ALLO and early-stage and emerging growth companies (venture capital investments)
- Interest income earned on cash balances held at the corporate level and interest expense incurred on unsecured corporate related debt transactions
- Other product and service offerings that are not considered reportable operating segments

Segment Results

The following tables include present the results of each of the Company's reportable operating segments reconciled to the consolidated financial statements.

	Year ended December 31, 2022						
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total

(Dollars in thousands, except share amounts, unless otherwise noted)

Total interest income	$ 2,722	9,377	676,557	25,973	42,576	(14,399)	742,806
Interest expense	44	—	411,900	11,055	21,538	(14,399)	430,137
Net interest income	2,678	9,377	264,657	14,918	21,038	—	312,669
Less provision (negative provision) for loan losses	—	—	44,601	1,840	—	—	46,441
Net interest income after provision for loan losses	2,678	9,377	220,056	13,078	21,038	—	266,228
Other income (expense):							
Loan servicing and systems revenue	535,459	—	—	—	—	—	535,459
Intersegment revenue	33,170	81	—	—	—	(33,251)	—
Education technology, services, and payment processing revenue	—	408,543	—	—	—	—	408,543
Solar construction revenue	—	—	—	—	24,543	—	24,543
Other, net	2,543	—	21,170	2,625	(853)	—	25,486
Gain on sale of loans, net	—	—	2,903	—	—	—	2,903
Gain from deconsolidation of ALLO	—	—	—	—	—	—	—
Impairment expense and provision for beneficial interests, net	(5,511)	(2,239)	—	(214)	(7,559)	—	(15,523)
Derivative settlements, net	—	—	32,943	—	—	—	32,943
Derivative market value adjustments, net	—	—	231,691	—	—	—	231,691
Total other income (expense)	565,661	406,385	288,707	2,411	16,131	(33,251)	1,246,045
Cost of services:							
Cost to provide education technology, services, and payment processing services	—	148,403	—	—	—	—	148,403
Cost to provide solar construction services	—	—	—	—	19,971	—	19,971
Total cost of services	—	148,403	—	—	19,971	—	168,374
Operating expenses:							
Salaries and benefits	344,809	133,428	2,524	6,948	101,870	—	589,579
Depreciation and amortization	24,255	10,184	—	15	39,623	—	74,077
Other expenses	59,674	30,104	16,835	3,925	60,240	—	170,778
Intersegment expenses, net	75,145	19,538	34,679	244	(96,355)	(33,251)	—
Total operating expenses	503,883	193,254	54,038	11,132	105,378	(33,251)	834,434
Income (loss) before income taxes	64,456	74,105	454,725	4,357	(88,180)	—	509,465
Income tax (expense) benefit	(15,470)	(17,785)	(109,134)	(1,013)	30,178	—	(113,224)
Net income (loss)	48,986	56,320	345,591	3,344	(58,002)	—	396,241
Net (income) loss attributable to noncontrolling interests	—	(3)	—	—	11,109	—	11,106
Net income (loss) attributable to Nelnet, Inc.	$ 48,986	56,317	345,591	3,344	(46,893)	—	407,347
Total assets as of December 31, 2022	$ 273,072	484,976	15,945,762	918,716	2,406,965	(655,447)	19,374,044

	Year ended December 31, 2021						
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 137	1,075	506,901	7,721	9,801	(1,800)	523,835
Interest expense	94	—	172,918	1,507	3,515	(1,800)	176,233
Net interest income	43	1,075	333,983	6,214	6,286	—	347,602
Less provision (negative provision) for loan losses	—	—	(13,220)	794	—	—	(12,426)

Net interest income after provision for loan losses	43	1,075	347,203	5,420	6,286	—	360,028
Other income (expense):							
Loan servicing and systems revenue	486,363	—	—	—	—	—	486,363
Intersegment revenue	33,956	12	—	—	—	(33,968)	—
Education technology, services, and payment processing revenue	—	338,234	—	—	—	—	338,234
Solar construction revenue	—	—	—	—	—	—	—
Other, net	3,307	—	34,306	713	40,356	—	78,681
Gain on sale of loans, net	—	—	18,715	—	—	—	18,715
Gain from deconsolidation of ALLO	—	—	—	—	—	—	—
Impairment expense and provision for beneficial interests, net	(13,243)	—	2,436	—	(5,553)	—	(16,360)
Derivative settlements, net	—	—	(21,367)	—	—	—	(21,367)
Derivative market value adjustments, net	—	—	92,813	—	—	—	92,813
Total other income (expense)	510,383	338,246	126,903	713	34,803	(33,968)	977,079
Cost of services:							
Cost to provide education technology, services, and payment processing services	—	108,660	—	—	—	—	108,660
Cost to provide solar construction services	—	—	—	—	—	—	—
Total cost of services	—	108,660	—	—	—	—	108,660
Operating expenses:							
Salaries and benefits	297,406	112,046	2,135	5,042	90,502	—	507,132
Depreciation and amortization	25,649	11,404	—	—	36,682	—	73,741
Other expenses	52,720	19,318	13,487	1,776	58,173	—	145,469
Intersegment expenses, net	72,206	15,180	34,868	107	(88,393)	(33,968)	—
Total operating expenses	447,981	157,948	50,490	6,925	96,964	(33,968)	726,342
Income (loss) before income taxes	62,445	72,713	423,616	(792)	(55,875)	—	502,105
Income tax (expense) benefit	(14,987)	(17,451)	(101,668)	175	18,109	—	(115,822)
Net income (loss)	47,458	55,262	321,948	(617)	(37,766)	—	386,283
Net (income) loss attributable to noncontrolling interests	—	—	—	—	7,003	—	7,003
Net income (loss) attributable to Nelnet, Inc.	$ 47,458	55,262	321,948	(617)	(30,763)	—	393,286
Total assets as of December 31, 2021	$ 296,618	443,788	18,965,371	535,948	1,963,032	(526,716)	21,678,041

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	Year ended December 31, 2020							
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Communications (a)	Asset Generation and Management	Nelnet Bank (b)	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 436	3,036	2	611,474	414	5,775	(1,480)	619,656
Interest expense	121	54	—	328,157	41	3,178	(1,480)	330,071
Net interest income	315	2,982	2	283,317	373	2,597	—	289,585
Less provision (negative provision) for loan losses	—	—	—	63,029	330	—	—	63,360
Net interest income after provision for loan losses	315	2,982	2	220,288	43	2,597	—	226,225
Other income (expense):								
Loan servicing and systems revenue	451,561	—	—	—	—	—	—	451,561
Intersegment revenue	36,520	20	—	—	—	—	(36,540)	—

Education technology, services, and payment processing revenue	—	282,196	—	—	—	—	—	282,196
Communications revenue	—	—	76,643	—	—	—	—	76,643
Solar construction revenue	—	—	—	—	—	—	—	—
Other, net	9,421	373	1,561	7,189	48	38,969	—	57,561
Gain on sale of loans, net	—	—	—	33,023	—	—	—	33,023
Gain from deconsolidation of ALLO	—	—	—	—	—	258,588	—	258,588
Impairment expense and provision for beneficial interests, net	—	—	—	(16,607)	—	(8,116)	—	(24,723)
Derivative settlements, net	—	—	—	3,679	—	—	—	3,679
Derivative market value adjustments, net	—	—	—	(28,144)	—	—	—	(28,144)
Total other income (expense)	497,502	282,589	78,204	(860)	48	289,441	(36,540)	1,110,384
Cost of services:								
Cost to provide education technology, services, and payment processing services	—	82,206	—	—	—	—	—	82,206
Cost to provide communications services	—	—	22,812	—	—	—	—	22,812
Cost to provide solar construction services	—	—	—	—	—	—	—	—
Total cost of services	—	82,206	22,812	—	—	—	—	105,018
Operating expenses:								
Salaries and benefits	285,526	98,847	30,935	1,747	36	84,741	—	501,832
Depreciation and amortization	37,610	9,459	42,588	—	—	29,043	—	118,699
Other expenses	57,420	14,566	13,327	15,806	135	59,320	—	160,574
Intersegment expenses, net	63,886	14,293	1,732	39,172	—	(82,543)	(36,540)	—
Total operating expenses	444,442	137,165	88,582	56,725	171	90,561	(36,540)	781,105
Income (loss) before income taxes	53,375	66,200	(33,188)	162,703	(80)	201,477	—	450,486
Income tax (expense) benefit	(12,810)	(15,888)	7,965	(39,049)	20	(41,098)	—	(100,860)
Net income (loss)	40,565	50,312	(25,223)	123,654	(60)	160,379	—	349,626
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	2,817	—	2,817
Net income (loss) attributable to Nelnet, Inc.	$ 40,565	50,312	(25,223)	123,654	(60)	163,196	—	352,443
Total assets as of December 31, 2020	$ 190,297	436,702	—	20,773,968	216,937	1,225,790	(197,534)	22,646,160

(a) On December 21, 2020, the Company deconsolidated ALLO from the Company's consolidated financial statements. Accordingly, the operating results for the Communications operating segment in the table above are for the period from January 1, 2020 through December 21, 2020.

(b) Nelnet Bank launched operations on November 2, 2020. Accordingly, the operating results for the Nelnet Bank operating segment in the table above are for the period from November 2, 2020 through December 31, 2020.

	Year ended December 31, 2023							
			Nelnet Financial Services					
	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 4,845	26,962	977,158	57,859	74,857	12,141	(44,021)	1,109,800
Interest expense	—	—	823,084	34,704	29,747	1,578	(44,021)	845,091
Net interest income	4,845	26,962	154,074	23,155	45,110	10,563	—	264,709
Less provision (negative provision) for loan losses	—	—	56,975	8,475	—	—	—	65,450
Net interest income after provision for loan losses	4,845	26,962	97,099	14,680	45,110	10,563	—	199,259
Other income (expense):								
Loan servicing and systems revenue	517,954	—	—	—	—	—	—	517,954
Intersegment revenue	28,911	253	—	—	—	—	(29,164)	—
Education technology services and payments revenue	—	463,311	—	—	—	—	—	463,311
Solar construction revenue	—	—	—	—	—	31,669	—	31,669
Other, net	2,587	—	11,269	1,095	26,648	(90,385)	—	(48,787)
Gain on sale of loans, net	—	—	39,673	—	—	—	—	39,673
Impairment expense	(296)	(4,310)	—	—	—	(27,319)	—	(31,925)
Derivative settlements, net	—	—	24,588	484	—	—	—	25,072
Derivative market value adjustments, net	—	—	(40,250)	(1,523)	—	—	—	(41,773)
Total other income (expense), net	549,156	459,254	35,280	56	26,648	(86,035)	(29,164)	955,194
Cost of services:								

Cost to provide education technology services and payments	—	171,183	—	—	—	—	—	171,183
Cost to provide solar construction services	—	—	—	—	—	48,576	—	48,576
Total cost of services	—	171,183	—	—	—	48,576	—	219,759
Operating expenses:								
Salaries and benefits	317,885	155,296	4,191	9,074	1,130	105,531	(1,571)	591,537
Depreciation and amortization	19,257	11,319	—	574	—	47,969	—	79,118
Other expenses	60,517	34,133	14,728	4,994	19,172	56,307	—	189,851
Intersegment expenses, net	78,628	23,184	32,824	462	584	(108,089)	(27,593)	—
Total operating expenses	476,287	223,932	51,743	15,104	20,886	101,718	(29,164)	860,506
Income (loss) before income taxes	77,714	91,101	80,636	(368)	50,872	(225,766)	—	74,188
Income tax (expense) benefit	(18,651)	(21,891)	(19,353)	153	(12,073)	52,061	—	(19,753)
Net income (loss)	59,063	69,210	61,283	(215)	38,799	(173,705)	—	54,435
Net loss (income) attributable to noncontrolling interests	—	109	—	—	(568)	37,556	—	37,097
Net income (loss) attributable to Nelnet, Inc.	$ 59,063	69,319	61,283	(215)	38,231	(136,149)	—	91,532
Total assets as of December 31, 2023	$ 294,376	490,296	13,488,561	991,252	1,115,292	897,886	(541,018)	16,736,645

NELNET, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Dollars in thousands, except share amounts, unless otherwise noted)

	Year ended December 31, 2022							
			Nelnet Financial Services					
	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 2,722	9,377	676,557	25,973	40,377	2,199	(14,399)	742,806
Interest expense	44	—	411,900	11,055	21,974	(436)	(14,399)	430,137
Net interest income	2,678	9,377	264,657	14,918	18,403	2,635	—	312,669
Less provision (negative provision) for loan losses	—	—	44,601	1,840	—	—	—	46,441
Net interest income after provision for loan losses	2,678	9,377	220,056	13,078	18,403	2,635	—	266,228
Other income (expense):								
Loan servicing and systems revenue	535,459	—	—	—	—	—	—	535,459
Intersegment revenue	33,170	81	—	—	—	—	(33,251)	—
Education technology services and payments revenue	—	408,543	—	—	—	—	—	408,543
Solar construction revenue	—	—	—	—	—	24,543	—	24,543
Other, net	2,543	—	21,170	2,625	35,259	(36,112)	—	25,486
Gain on sale of loans, net	—	—	2,903	—	—	—	—	2,903
Impairment expense	(5,511)	(2,239)	—	(214)	—	(7,559)	—	(15,523)
Derivative settlements, net	—	—	32,943	—	—	—	—	32,943
Derivative market value adjustments, net	—	—	231,691	—	—	—	—	231,691
Total other income (expense), net	565,661	406,385	288,707	2,411	35,259	(19,128)	(33,251)	1,246,045
Cost of services:								
Cost to provide education technology services and payments	—	148,403	—	—	—	—	—	148,403
Cost to provide solar construction services	—	—	—	—	—	19,971	—	19,971
Total cost of services	—	148,403	—	—	—	19,971	—	168,374
Operating expenses:								
Salaries and benefits	344,809	133,428	2,524	6,948	880	100,990	—	589,579

(Dollars in thousands, except share amounts, unless otherwise noted)

	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Eliminations	Total
Depreciation and amortization	24,255	10,184	—	15	—	39,623	—	74,077
Other expenses	59,674	30,104	16,835	3,925	2,453	57,788	—	170,778
Intersegment expenses, net	75,145	19,538	34,679	244	(1,173)	(95,182)	(33,251)	—
Total operating expenses	503,883	193,254	54,038	11,132	2,160	103,219	(33,251)	834,434
Income (loss) before income taxes	64,456	74,105	454,725	4,357	51,502	(139,683)	—	509,465
Income tax (expense) benefit	(15,470)	(17,785)	(109,134)	(1,013)	(12,237)	42,415	—	(113,224)
Net income (loss)	48,986	56,320	345,591	3,344	39,265	(97,268)	—	396,241
Net loss (income) attributable to noncontrolling interests	—	(3)	—	—	(516)	11,625	—	11,106
Net income (loss) attributable to Nelnet, Inc.	$ 48,986	56,317	345,591	3,344	38,749	(85,643)	—	407,347
Total assets as of December 31, 2022	$ 273,072	484,976	15,945,762	918,716	1,499,785	907,180	(655,447)	19,374,044

	Year ended December 31, 2021							
			Nelnet Financial Services					
	Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management	Nelnet Bank	NFS Other Operating Segments	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 137	1,075	506,901	7,721	9,466	336	(1,800)	523,835
Interest expense	94	—	172,918	1,507	2,756	760	(1,800)	176,233
Net interest income	43	1,075	333,983	6,214	6,710	(424)	—	347,602
Less provision (negative provision) for loan losses	—	—	(13,220)	794	—	—	—	(12,426)
Net interest income after provision for loan losses	43	1,075	347,203	5,420	6,710	(424)	—	360,028
Other income (expense):								
Loan servicing and systems revenue	486,363	—	—	—	—	—	—	486,363
Intersegment revenue	33,956	12	—	—	—	—	(33,968)	—
Education technology services and payments revenue	—	338,234	—	—	—	—	—	338,234
Solar construction revenue	—	—	—	—	—	—	—	—
Other, net	3,307	—	34,306	713	38,449	1,907	—	78,681
Gain on sale of loans, net	—	—	18,715	—	—	—	—	18,715
Impairment expense	(13,243)	—	2,436	—	—	(5,553)	—	(16,360)
Derivative settlements, net	—	—	(21,367)	—	—	—	—	(21,367)
Derivative market value adjustments, net	—	—	92,813	—	—	—	—	92,813
Total other income (expense), net	510,383	338,246	126,903	713	38,449	(3,646)	(33,968)	977,079
Cost of services:								
Cost to provide education technology services and payments	—	108,660	—	—	—	—	—	108,660
Cost to provide solar construction services	—	—	—	—	—	—	—	—
Total cost of services	—	108,660	—	—	—	—	—	108,660
Operating expenses:								
Salaries and benefits	297,406	112,046	2,135	5,042	830	89,673	—	507,132
Depreciation and amortization	25,649	11,404	—	—	—	36,682	—	73,741
Other expenses	52,720	19,318	13,487	1,776	2,585	55,589	—	145,469
Intersegment expenses, net	72,206	15,180	34,868	107	(1,379)	(87,014)	(33,968)	—

(Dollars in thousands, except share amounts, unless otherwise noted)

Total operating expenses	447,981	157,948	50,490	6,925	2,036	94,930	(33,968)	726,342
Income (loss) before income taxes	62,445	72,713	423,616	(792)	43,123	(99,000)	—	502,105
Income tax (expense) benefit	(14,987)	(17,451)	(101,668)	175	(10,175)	28,284	—	(115,822)
Net income (loss)	47,458	55,262	321,948	(617)	32,948	(70,716)	—	386,283
Net loss (income) attributable to noncontrolling interests	—	—	—	—	(726)	7,729	—	7,003
Net income (loss) attributable to Nelnet, Inc.	$ 47,458	55,262	321,948	(617)	32,222	(62,987)	—	393,286
Total assets as of December 31, 2021	$ 296,618	443,788	18,965,371	535,948	1,208,430	754,602	(526,716)	21,678,041

18. 17. Disaggregated Revenue and Deferred Revenue

The following provides additional revenue recognition information for the Company’s fee-based operating segments.

Loan Servicing and Systems Revenue

Loan servicing and systems revenue consists of the following items:

- *Loan servicing revenue* - Loan servicing revenue consideration is determined from individual contracts with customers and is calculated monthly based on the dollar value of loans, number of loans, number of borrowers serviced for each customer, or number of transactions. Loan servicing requires a significant level of integration and the individual components are not considered distinct. The Company performs various services, including, but not limited to, (i) application processing, (ii) monthly servicing, (iii) conversion processing, and (iv) fulfillment services, during each distinct service period. Even though the mix and quantity of activities that the Company performs each period may differ, the nature of the activities are substantially the same. Revenue is allocated to the distinct service period, typically a month, and recognized as control transfers as customers simultaneously receive and consume benefits.

- *Software services revenue* - Software services revenue consideration is determined from individual contracts with customers and includes license and maintenance fees associated with loan software products, generally in a remote hosted environment, and computer and software consulting. Usage-based revenue, based on each loan or unique borrower, from remote hosted licenses is allocated to the distinct service period, typically a month, and recognized as control transfers as customers simultaneously receive and consume benefits. Revenue from any non-refundable up-front fee is recognized ratably over the contract period, as the fee relates to set-up activities that provide no incremental benefit to the customers. Computer and software consulting is also capable of being distinct and accounted for as a separate performance obligation. Revenue allocated to computer and software consulting is recognized as services are provided.

- *Outsourced services revenue* - Outsourced services revenue consideration is determined from individual contracts with customers and is calculated monthly based on the volume of services. Revenue is allocated to the distinct service period, typically a month, and recognized as control transfers as customers simultaneously receive and consume benefits.

The following table provides presents disaggregated revenue by service offering:

		Year ended December 31,		
		2022	2021	2020
	Year ended December 31,			
	2023	2023	2022	2021
Government loan servicing	Government loan servicing	$ 423,066	360,793	326,670
Private education and consumer loan servicing	Private education and consumer loan servicing	49,210	47,302	32,492
FFELP loan servicing	FFELP loan servicing	16,016	18,281	20,183

(Dollars in thousands, except share amounts, unless otherwise noted)

Software services	Software services	33,409	34,600	41,999
Outsourced services	Outsourced services	13,758	25,387	30,217
Loan servicing and systems revenue	Loan servicing and systems revenue	$ 535,459	486,363	451,561

Education Technology Services and Payment Processing Payments Revenue

Education technology services and payment processing payments revenue consists of the following items:

- *Tuition payment plan services* - Tuition payment plan services consideration is determined from individual plan agreements, which are governed by plan service agreements, and includes access to a remote hosted environment and management of payment processing. The management of payment processing is considered a distinct performance obligation when sold with the remote hosted environment. Revenue for each performance obligation is allocated to the distinct service period, the academic school term, and recognized ratably over the service period as customers simultaneously receive and consume benefits.

- *Payment processing* - Payment processing consideration is determined from individual contracts with customers and includes electronic transfer and credit card processing, reporting, virtual terminal solutions, and specialized integrations to business software for education and non-education markets. Volume-based revenue from payment

processing is allocated and recognized to the distinct service period, based on when each transaction is completed, and recognized as control transfers as customers simultaneously receive and consume benefits. The electronic transfer and credit card processing consideration is recognized as revenue on a gross basis as the Company is the principal in the delivery of the payment processing. The Company has concluded it is the principal as it controls the services before delivery to the educational institution or business, it is primarily responsible for the delivery of the services, and it has discretion in setting prices charged to its customers. In addition, the Company has the unilateral ability to accept or reject a transaction based on criteria established by the Company. The Company is liable for the costs of processing the transactions and records such costs within "cost to provide education technology services and payment processing services" payments" in the consolidated statements of income.

- *Education technology and services* - Education technology and services consideration is determined from individual contracts with customers and is based on the services selected by the customer. Services in K-12 private and faith-based markets primarily includes (i) assistance with financial needs assessment, (ii) school information system software that automates administrative processes such as admissions, enrollment, scheduling, cafeteria management, attendance, and grade book management, and (iii) professional development and educational instruction services. Revenue for these services is recognized for the consideration the Company has a right to invoice, the amount of which corresponds directly with the value provided to the customer based on the performance completed. Services provided to the higher education market include payment technology and processing that allow for electronic billing and payment of campus charges. These services are considered distinct performance obligations. Revenue for each performance obligation is allocated to the distinct service period, typically a month or based on when each transaction is completed, and recognized as control transfers as customers simultaneously receive and consume benefits.

The following table provides presents disaggregated revenue by service offering:

		Year ended December 31,		
		2022	2021	2020
	Year ended December 31,		Year ended December 31,	
	2023	2023	2022	2021
Tuition payment plan services	Tuition payment plan services	$ 110,802	103,970	100,674
Payment processing	Payment processing	148,212	127,080	114,304
Education technology and services		146,679	105,975	66,716
Education technology services				

Other	Other	2,850	1,209	502
Education technology, services, and payment processing revenue		$ 408,543	338,234	282,196
Education technology services and payments revenue				

Cost to provide education technology services and payment processing services payments is primarily associated with providing professional development and educational instruction and payment processing services. Items included in the cost to provide professional development and educational instruction services include salaries and benefits and third-party professional services directly related to providing these services to teachers, school leaders, and students. For payment processing services, interchange and payment network fees are charged by the card associations or payment networks. Depending upon the transaction type, the fees are a percentage of the transaction's dollar value, a fixed amount, or a combination of the two methods.

Solar Construction Revenue

Solar construction revenue is derived principally from individual contracts with customers for engineering, procurement, and construction (EPC) of solar facilities for both commercial and residential customers. Solar construction is a single performance obligation which requires a significant level of integration. The individual materials and installation (the inputs) are not considered distinct and are integrated into the solar facilities (the combined output). Revenue for this service is recognized based on the project progress to date. Progress towards completion of the contract is measured by the percentage of total costs incurred to date compared to with the estimated total costs to complete the contract. The Company recognizes changes in estimated total costs on a cumulative catch-up basis in the period in which the changes are identified. Such changes in estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Changes in estimates may also result in the reversal of previously recognized revenue if the current estimate adversely differs from the previous estimate. GRNE Solar will recognize a contract asset or liability depending on the progression of the project to date compared to with the amount billed to date.

The following table provides presents disaggregated revenue by service offering and customer type. The amounts listed for 2022 reflect activity subsequent to GRNE Solar acquisition on July 1, 2022.

		Period from July 1, 2022 - December 31, 2022
Solar construction	$	24,386
Operations and maintenance		157
Solar construction revenue	$	24,543
Commercial revenue	$	16,891
Residential revenue		7,495
Other		157
Solar construction revenue	$	24,543

		Year ended December 31, 2023	Period from July 1, 2022 - December 31, 2022
Solar construction	$	31,474	24,386
Operations and maintenance		195	157
Solar construction revenue	$	31,669	24,543
Commercial revenue	$	18,541	16,891
Residential revenue		11,830	7,495
Other		1,298	157
Solar construction revenue	$	31,669	24,543

(Dollars in thousands, except share amounts, unless otherwise noted)

Cost to provide solar construction services include direct costs associated with completing a solar facility, including labor, third-party contractor fees, permitting, engineering fees, and construction material.

Communications Revenue

Communications revenue was derived principally from internet, television, and telephone services and is billed as a flat fee in advance of providing the service. Revenues for usage-based services, such as access charges billed to other telephone carriers for originating and terminating long-distance calls on ALLO's network, were billed in arrears. These are each considered distinct performance obligations. Revenue was recognized monthly for the consideration In addition, if the Company had estimates that a right to invoice, project will have costs in excess of revenue, the amount of which corresponds directly with Company will recognize the value provided to the customer based on the performance completed. The Company recognized revenue from these services total loss in the period the services were rendered rather than billed. Revenue received or receivable in advance of the delivery of services was included in deferred revenue. Earned but unbilled usage-based services were recorded in accounts receivable.

The following table provides disaggregated revenue by service offering and customer type. The amounts listed for 2020 reflect activity prior to ALLO's deconsolidation on December 21, 2020.

	Period from January 1 2020 - December 21, 2020
Internet	$ 48,362
Television	17,091
Telephone	11,037
Other	153
Communications revenue	$ 76,643
Residential revenue	$ 58,029
Business revenue	18,038
Other	576
Communications revenue	$ 76,643

Cost to provide communications services was primarily associated with television programming costs. ALLO had various contracts to obtain television programming from programming vendors whose compensation it is typically based on a flat fee per customer. The cost of the right to exhibit network programming under such arrangements was recorded in the month the programming was available for exhibition. Programming costs were paid each month based on calculations performed by ALLO and are subject to periodic audits performed by the programmers. Other items in cost to provide communications services include connectivity, franchise, and other regulatory costs directly related to providing internet and telephone services.

identified.

Other Income/Expense

The following table provides presents the components of "other, net" in "other income (expense)" on the consolidated statements of income:

	Year ended December 31, 2022	2021	2020
Income/gains from investments, net	$ 51,552	91,593	56,402

	Year ended December 31, 2023	Year ended December 31, 2023	2022	2021
Reinsurance premiums				
ALLO preferred return				

		2022	2021	2020
Borrower late fee income	Borrower late fee income	10,809	3,444	5,194
ALLO preferred return		8,584	8,427	386
Administration/sponsor fee income	Administration/sponsor fee income	7,898	3,656	10
Investment advisory services		6,026	7,773	10,875
Investment advisory services (WRCM)				

Management fee revenue	Management fee revenue	2,543	3,307	9,421
Loss from ALLO voting membership interest investment	Loss from ALLO voting membership interest investment	(67,966)	(42,148)	(3,565)
Loss from solar investments	Loss from solar investments	(9,479)	(10,132)	(37,423)
Investment activity, net				
Other	Other	15,519	12,761	16,261
Other, net	Other, net	$ 25,486	78,681	57,561

- *Borrower late fee income* - Late fee income is earned primarily by the education lending subsidiaries in the AGM operating segment. Revenue is allocated to the distinct service period, based on when each transaction is completed.
- *Administration/sponsor fee income* - Administration and sponsor fee income is earned by the AGM operating segment as administrator and sponsor for certain securitizations. Revenue is allocated to the distinct service period, typically a month, and recognized as control transfers as customers simultaneously receive and consume benefits.
- *Investment advisory services* - Investment advisory services are provided by WRCM, the Company's SEC-registered investment advisor subsidiary, under various arrangements. The Company earns monthly fees based on the monthly outstanding balance of investments and certain performance measures, which are recognized monthly as the uncertainty of the transaction price is resolved.
- *Management fee revenue* - Management fee revenue is earned by the LSS operating segment for providing administrative support and marketing services, which primarily was to Great Lakes' former parent company under a contract that expired in January 2021. support. Revenue is allocated to the distinct service period, based on when each transaction is completed.

Deferred Revenue

Activity in the deferred revenue balance, which is included in "other liabilities" on the consolidated balance sheets, is shown below:

	Loan Servicing and Systems	Education, Technology, Services, and Payment Processing	Communications	Corporate and Other Activities	Total
Balance as of December 31, 2019	$ 2,712	32,074	3,232	1,628	39,646
Deferral of revenue	2,490	90,183	43,596	3,209	139,478
Recognition of revenue	(3,824)	(90,409)	(42,903)	(3,286)	(140,422)
Deconsolidation of ALLO	—	—	(3,925)	—	(3,925)
Business acquisition	—	1,419	—	—	1,419

	Loan Servicing and Systems						Loan Servicing and Systems	Education Technology Services and Payments	Corporate and Other Activities	Total
Balance as of December 31, 2020	Balance as of December 31, 2020	1,378	33,267	—	1,551	36,196				
Deferral of revenue	Deferral of revenue	5,882	109,278	—	5,775	120,935				
Recognition of revenue	Recognition of revenue	(4,844)	(105,801)	—	(5,316)	(115,961)				

(Dollars in thousands, except share amounts, unless otherwise noted)

Balance as of December 31, 2021	Balance as of December 31, 2021	2,416	36,744	—	2,010	41,170
Balance as of December 31, 2021						
Balance as of December 31, 2021						
Deferral of revenue	Deferral of revenue	2,607	138,086	—	13,963	154,656
Recognition of revenue	Recognition of revenue	(2,713)	(129,433)	—	(12,940)	(145,086)
Business acquisition		—	3,917	—	1,997	5,914
Business acquisitions						
Balance as of December 31, 2022	Balance as of December 31, 2022	$ 2,310	49,314	—	5,030	56,654
Balance as of December 31, 2022						
Balance as of December 31, 2022						
Deferral of revenue						
Recognition of revenue						
Balance as of December 31, 2023						
Balance as of December 31, 2023						
Balance as of December 31, 2023						

18. Major Customer

Government Loan Servicing

The Company earns loan servicing revenue from a servicing contract with the Department. Revenue earned by the Company related to this contract was $412.5 million, $423.1 million, and $360.8 million for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company's current student loan servicing contract with the Department was scheduled to expire on December 14, 2023. In April 2023, Nelnet Servicing, a subsidiary of the Company, received a contract award from the Department, pursuant to which it was selected to provide continuing servicing capabilities for the Department's student aid recipients under a new Unified Servicing and Data Solution (USDS) contract (the "New Government Servicing Contract") which will replace the existing legacy Department student loan servicing contract.

The New Government Servicing Contract became effective April 24, 2023 and has a five year base period, with 2 two-year and 1 one-year possible extensions. The Department's total loan servicing volume of existing borrowers will be allocated by the Department to Nelnet Servicing and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, Nelnet Servicing immediately began to make required servicing platform enhancements, for which it will be compensated from the Department on certain of these investments. Until servicing under the USDS contracts goes live, which is anticipated to be in April 2024, the Company will continue to earn revenue for servicing borrowers under its current legacy servicing contract with the Department.

The new USDS servicing contract has multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contract is primarily based on borrower status. Assuming borrower volume remains consistent under the USDS servicing contract, the Company expects revenue earned on a per borrower blended basis will decrease under the USDS contract versus the current legacy contract. However, consistent with the current legacy contract, the Company expects to earn additional revenue from the Department under the USDS servicing contract for change requests and other support services.

19. Major Customer

The Company earns loan servicing revenue from servicing contracts with the Department. Revenues earned by the Company related to these contracts in 2022, 2021, and 2020 was $423.1 million, $360.8 million, and $326.7 million, respectively.

The Company's student loan servicing contracts with the Department are scheduled to expire on December 14, 2023. In 2017, the Department initiated a contract procurement process referred to as the Next Generation Financial Services Environment for a new framework for the servicing of all student loans owned by the Department. The Consolidated Appropriations Act, 2021 contains provisions directing certain aspects of the process, including that any new federal student loan servicing environment is required to provide for the participation of multiple student loan servicers and the allocation of borrower accounts to eligible student loan servicers based on performance. In the second quarter of 2022, the Department released a solicitation entitled Unified Servicing and Data Solution (USDS) for the new servicing framework. The Company responded to the USDS solicitation. The Company cannot predict the timing, nature, or ultimate outcome of this or any other contract procurement process by the Department. If the Company's servicing contracts are not extended beyond the current expiration date or the Company is not chosen as a subsequent servicer, the Company's servicing revenue would decrease significantly. If the terms and requirements under a potential new contract with the Department are less favorable than under the Company's current contracts, loan servicing revenue and/or operating margins could be adversely impacted.

On August 24, 2022, the Department issued a bulletin which indicated the Department will provide targeted student debt cancellation to borrowers with loans held by the Department, and that borrowers whose annual income for either 2020 or 2021 was under $125,000 (for single or married, filing separately) or under $250,000 (for married couples, filing jointly or heads of household) will be eligible for otherwise unconditional loan cancellation in amounts of up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant.

Decisions by the U.S. Courts of Appeals for the Eighth Circuit and Fifth Circuit in October 2022 and November 2022, respectively, in response to legal challenges that were initiated by certain parties (not the Company) have blocked implementation of the Department's broad based student debt relief plan. These cases have been appealed to the U.S. Supreme Court. As of the filing of this report, the Supreme Court has not ruled on, and the Company cannot predict the timing, nature, or ultimate outcome of, this case.

As of December 31, 2022, the Company was servicing 15.8 million borrowers under its government servicing contracts. The Company cannot currently estimate how many borrowers meet the eligibility requirements and other terms and conditions for one-time debt relief under the Department's August 24, 2022 bulletin and subsequent publicly available guidance provided by the Department. However, revenue earned by the Company under its contracts will be negatively impacted if the Department's student debt relief plan or other broad based loan forgiveness is implemented.

20. Leases

The following table provides presents supplemental balance sheet information related to leases:

		As of December 31,			
		2022	2021		
	As of December 31,				As of December 31,
	2023			2023	2022
Operating lease ROU assets, which is included in "other assets" on the consolidated balance sheets	Operating lease ROU assets, which is included in "other assets" on the consolidated balance sheets	$ 14,852	14,314		
Operating lease liabilities, which is included in "other liabilities" on the consolidated balance sheets	Operating lease liabilities, which is included in "other liabilities" on the consolidated balance sheets	$ 16,414	15,899		

The following table provides presents components of lease expense:

	Year ended December 31,		
	2022	2021	2020
Rental expense, which is included in "other, net" in "other income (expense)" on the consolidated statements of income (a)	$ 6,841	9,386	11,885

(Dollars in thousands, except share amounts, unless otherwise noted)

Rental expense, which is included in "cost to provide communications services" on the consolidated statements of income (a)	—	—	1,997
Total operating rental expense	$ 6,841	9,386	13,882

	Year ended December 31,		
	2023	2022	2021
Rental expense, which is included in “other expenses” on the consolidated statements of income (a)	$ 7,495	6,841	9,386

(a) Includes short-term and variable lease costs, which are immaterial.

Weighted average remaining lease term and discount rate are shown below:

	As of December 31,	
	2022	2021
Weighted average remaining lease term (years)	6.01	5.15
Weighted average discount rate	3.90 %	3.23 %

	As of December 31,	
	2023	2022
Weighted average remaining lease term (years)	5.36	6.01
Weighted average discount rate	4.72 %	3.90 %

Maturity of lease liabilities are shown below:

2023		$	5,154
2024	2024		2,808
2025	2025		2,458
2026	2026		2,096
2027	2027		2,004
2028 and thereafter			4,200
2028			
2029 and thereafter			
Total lease payments	Total lease payments		18,720
Imputed interest	Imputed interest		(2,306)
Total	Total	$	16,414

21. 20. Defined Contribution Benefit Plan

The Company has a 401(k) savings plan that covers substantially all of its employees. Employees may contribute up to 100% of their pre-tax salary, subject to IRS limitations. The Company matches up to 100% on the first 3% of contributions and 50% on the next 2%. The Company made contributions to the plan of $12.9 million $14.2 million, $11.2 million $12.9 million, and $11.7 million $11.2 million during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively.

(Dollars in thousands, except share amounts, unless otherwise noted)

21. Stock Based Compensation Plans

Restricted Stock Plan

The following table summarizes restricted stock activity:

		Year ended December 31,		
		2022	2021	2020
	Year ended December 31,			
	2023			
Non-vested shares at beginning of year	Non-vested shares at beginning of year	660,166	552,456	549,845
Granted	Granted	272,212	249,096	151,639
Vested	Vested	(136,076)	(116,842)	(114,282)
Canceled	Canceled	(43,680)	(24,544)	(34,746)
Non-vested shares at end of year	Non-vested shares at end of year	752,622	660,166	552,456

	Year ended December 31,		
	2023	2022	2021

As of December 31, 2022 December 31, 2023, there was $29.5 million $31.5 million of unrecognized compensation cost included in equity on the consolidated balance sheets sheet related to restricted stock, which is expected to be recognized as compensation expense in future periods as shown in the table below.

2023		$	11,268
2024	2024		7,056
2025	2025		4,469
2026	2026		2,706
2027	2027		1,619
2028 and thereafter			2,400
		$	29,518
2028			
2029 and thereafter			
	$		

For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company recognized compensation expense of $13.9 million $16.2 million, $10.4 million $13.9 million, and $7.3 million $10.4 million, respectively, related to shares issued under the restricted stock plan, which is included in "salaries and benefits" on the consolidated statements of income.

Employee Share Purchase Plan

The Company has an employee share purchase plan pursuant to which employees are entitled to purchase Class A common stock from payroll deductions at a 15% discount from market value. During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company recognized compensation expense of $0.1 million, $0.2 million $0.1 million, and $0.4 million $0.2 million, respectively, in connection with issuing 26,585 shares, 26,011 shares, 24,205 shares, and 36,687 24,205 shares, respectively, under this plan, which is included in "salaries and benefits" on the consolidated statements of income.

Directors Compensation Plan

The Company has a compensation plan for directors pursuant to which directors can elect to receive their annual retainer fees in the form of cash or Class A common stock. If a director elects to receive Class A common stock, the number of shares of Class A common stock that are awarded is equal to the amount of the annual retainer fee otherwise payable in cash divided by 85% of the fair market value of a share of Class A common stock on the date the fee is payable. Directors who choose to receive Class A common stock may also elect to defer receipt of the Class A common stock until termination of their service on the board of directors.

For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company recognized $1.7 million $1.6 million, $1.4 million $1.7 million, and $1.2 million $1.4 million, respectively, of expense related to this plan, which is included in "other net" in "other income (expense)" expenses" on the consolidated statements of income. The following table provides presents the number of shares awarded under this plan for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020. 2021.

	Shares issued - not deferred	Shares issued- deferred	Total
	Shares issued - not deferred	Shares issued- deferred	Total
Year ended December 31, 2023			
Year ended December 31, 2022 Year ended December 31, 2022	11,861	12,937	24,798
Year ended December 31, 2021 Year ended December 31, 2021	9,958	12,072	22,030
Year ended December 31, 2020	12,740	16,513	29,253

As of December 31, 2022 December 31, 2023, a cumulative amount of 171,132 163,136 shares have been deferred by directors and will be issued upon the termination of their service on the board of directors. These shares are included in the Company's weighted average shares outstanding calculation.

23. 22. Related Parties (dollar amounts in this note are not in thousands)

Transactions with Union Bank and Trust Company

Union Bank is controlled by Farmers & Merchants Investment Inc. (“F&M”), which owns a majority of Union Bank's common stock and a minority share of Union Bank's non-voting non-convertible preferred stock. Michael S. Dunlap, Executive Chairman and a member of the board of directors and a significant shareholder of the Company, along with his spouse and children, owns or controls a significant portion of the stock of F&M, and Mr. Dunlap's sister, Angela L. Muhleisen, along with her spouse and children, also owns or controls a significant portion of F&M stock. Mr. Dunlap serves as a Director and Chairman Co-Chairman of F&M, and as a Director of Union Bank. Ms. Muhleisen serves as a Director, Co-Chairman, and Chief Executive Officer of F&M and as a Director, Chairperson, President, and Chief Executive Officer member of the executive committee of Union Bank. Union Bank is deemed to have beneficial ownership of a significant number of shares of the Company because it serves in a capacity of trustee or account manager for various trusts and accounts holding shares of the Company, and may share voting and/or investment power with respect to such shares. Mr. Dunlap and Ms. Muhleisen beneficially own a significant percent of the voting rights of the Company's outstanding common stock.

The Company has entered into certain contractual arrangements with Union Bank. These transactions are summarized below.

Loan Purchases

The Company purchased $467.6 million (par value) of federally insured loans in 2023 and $8.1 million (par value), and $22.3 million (par value), and $144.9 million (par value) of private education loans in 2022, and 2021, respectively, from Union Bank in 2022, 2021, and 2020, respectively. Bank. The net premiums paid by the Company on these loan acquisitions was $0.2 million, and $0.4 million, and $2.6 million in 2022 and 2021, and 2020, respectively. The premium paid by the Company for loan purchases in 2023 were insignificant.

The Company has an agreement with Union Bank in which the Company provides marketing, origination, and loan servicing services to Union Bank related to private education loans. Union Bank paid $0.1 million, $0.1 million, and $2.0 million in marketing fees to the Company in both 2022 2021, and 2020, respectively, 2021 under this agreement.

Notes The amount paid to Consolidated Financial Statements

(Dollars Union Bank for these services in thousands, except share amounts, unless otherwise noted) 2023 was insignificant.

Loan Servicing

The Company serviced $203.4 million $173.8 million, $262.6 million $203.4 million, and $331.3 million $262.6 million of FFELP and private education loans for Union Bank as of December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. Servicing and origination fee revenue earned by the Company from servicing loans for Union Bank was $0.4 million $0.3 million, $0.5 million $0.4 million, and $0.7 million $0.5 million in 2023, 2022, and 2021, and 2020, respectively.

Funding - Participation Agreements

The Company maintains an agreement with Union Bank, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in student loans (the "FFELP Participation Agreement"). loans. The Company uses this facility as a source to fund FFELP student loans. As of December 31, 2022 December 31, 2023 and 2021, 2022, $295.1 million and $734.7 million and $967.5 million, respectively, of loans were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The agreement automatically renews annually and is terminable by either party upon five business days' notice. This agreement provides beneficiaries of Union Bank's grantor trusts with access to investments in interests in student loans, while providing liquidity to the Company on a short-term basis. The Company can participate loans to Union Bank to the extent of availability under the grantor trusts, up to $900 million or an amount in excess of $900 million if mutually agreed to by both parties. Loans participated under this agreement have been accounted for by the Company as loan sales. Accordingly, the participation interests sold are not included on the Company's consolidated balance sheets.

The Company maintains an agreement with Union Bank, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in FFELP loan asset-backed securities. securities (and investments). As of December 31, 2022 December 31, 2023 and 2021, 2022, $0.1 million and $395.4 million and $254.0 million, respectively, of FFELP loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The FFELP loan asset-backed securities under this agreement have been accounted for by the Company as a secured borrowing. See note 5 for additional information.

Funding - Real Estate

401 Building, LLC ("401 Building") is an entity that was established in 2015 for the sole purpose of acquiring, developing, and owning a commercial real estate property in Lincoln, Nebraska. The Company owns 50% of 401 Building. On May 1, 2018, Union Bank, as lender, received a $1.5 million promissory note from 401 Building. The promissory note carries an interest rate of 6.00% and has a maturity date of December 1, 2032.

330-333, LLC ("330-333") is an entity that was established in 2016 for the sole purpose of acquiring, developing, and owning a commercial real estate property in Lincoln, Nebraska. The Company owns 50% of 330-333. On October 22, 2019, Union Bank, as lender, received a $162,000 promissory note from 330-333. The promissory note carries an interest rate of 6.00% and has a maturity date of December 1, 2032.

12100.5 West Center, LLC ("West Center") is an entity that was established in 2016 for the sole purpose of acquiring, developing, and owning a commercial real estate property in Omaha, Nebraska. The Company owns 33.33% of West Center. On October 29, 2019, Union Bank, as lender, received a $2.9 million promissory note from West Center. The promissory note carries an interest rate of 3.85% and has a maturity date of October 30, 2024.

TDP Phase III ("TDP") is an entity that was established in 2015 for the sole purpose of acquiring, developing, and owning a commercial real estate property in Lincoln, Nebraska. The Company owns 25% of TDP. On December 30, 2022, Union Bank, as lender, received a $20.0 million promissory note from TDP. The promissory note carries an interest rate of 5.85% and has a maturity date of January 1, 2028.

Operating Cash Accounts

The majority of the Company's cash operating accounts are maintained at Union Bank. The Company also invests amounts in the Short term Federal Investment Trust (STFIT) of the Student Loan Trust Division of Union Bank, which are included in "cash and cash equivalents - held at a related party" and "restricted cash - due to customers" on the accompanying consolidated balance sheets. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had $362.0 million $459.1 million and $380.2 million $362.0 million, respectively, invested in the STFIT or deposited at Union Bank in operating accounts, of which $268.4 million $325.9 million and $284.8 million $268.4 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, represented cash collected for customers. Interest income earned by the Company on the amounts invested in the STFIT and in cash operating accounts in 2023, 2022, and 2021, and 2020, was $4.7 million, $1.2 million, and $0.2 million, and $0.5 million, respectively.

Educational 529 College Savings Plan

The Company provides certain Educational 529 College Savings Plan administration services to certain college savings plans (the “College Savings Plans”) through a contract with Union Bank, as the program manager. Union Bank is entitled to a fee as program manager pursuant to its program management agreement with the College Savings Plans. For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company has received fees of $2.1 million $2.5 million, $3.5 million $2.1 million, and $1.3 million $3.5 million, respectively, from Union Bank related to the administration services provided to the College Savings Plans.

During 2021, and 2020, certain call center services were provided by the Company to Union Bank for College Savings Plan clients. For services provided in 2021, the Company received $0.4 million $0.4 million from Union Bank; fees received for services provided in 2020 were not significant. Bank. The Company did not provide these services to Union Bank in 2023 and 2022.

Additionally, Union Bank, as the program manager for the College Savings Plans, has agreed to allocate plan bank deposits to Nelnet Bank. As of December 31, 2022 December 31, 2023 and 2021, 2022, Nelnet Bank had $355.3 million $413.2 million and $184.9 million $355.3 million, respectively, in deposits from the funds offered under the College Savings Plans.

Lease Arrangements

Prior to the lease agreement expiration in 2023, Union Bank leases leased approximately 4,100 square feet in the Company's corporate headquarters building. Union Bank paid the Company approximately $55,000, $82,000, $81,000, and $80,000 $81,000 for commercial rent and storage income during 2023, 2022, and 2021, and 2020, respectively. The

During 2023, the Company entered into a lease agreement expires on June 30, 2023. with Union Bank for office space in Omaha, Nebraska. The Company paid Union Bank $1.1 million in rent pursuant to this agreement prior to terminating the lease, at which time the Company paid a $2.4 million termination fee to Union Bank.

Other Fees Paid to Union Bank

During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company paid Union Bank approximately $592,000, $177,000, $280,000, and $279,000, $280,000, respectively, in cash and flexible spending accounts management, trustee and health savings account maintenance fees, including and investment custodial and correspondent services for Nelnet Bank.

Other Fees Received from Union Bank

During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, Union Bank paid the Company approximately $342,000, $351,000, $342,000, and $317,000, $342,000, respectively, under certain employee sharing arrangements. During the year ended December 31, 2020, Union Bank paid the Company approximately $273,000 for communications services.

401(k) Plan Administration

Union Bank administers the Company's 401(k) defined contribution plan. Fees paid to Union Bank to administer the plan are paid by the plan participants and were approximately $852,000, $793,000, $766,000, and $447,000 $766,000 during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively.

Investment Services

Union Bank has established various trusts whereby Union Bank serves as trustee for the purpose of purchasing, holding, managing, and selling investments in student loan asset-backed securities. WRCM, an SEC-registered investment advisor and a non-wholly owned subsidiary of the Company, has a management agreement with Union Bank under which WRCM performs various advisory and management services on behalf of Union Bank with respect to investments in securities by the trusts, including identifying securities for purchase or sale by the trusts. The agreement provides that Union Bank will pay to WRCM annual fees of 10 basis points to 25 basis points on the outstanding balance of the investments in the trusts. As of December 31, 2022 December 31, 2023, the outstanding balance of investments in the trusts was $2.6 billion $2.4 billion. In addition, Union Bank will pay additional fees to WRCM which equal a share of the gains from the sale of securities from the trusts or securities being called prior to the full contractual maturity. For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company earned $4.9 million $5.5 million, $6.3 million $4.9 million, and $9.8 million $6.3 million, respectively, of fees under this agreement.

WRCM also has management agreements with Union Bank under which it is designated to serve as investment advisor with respect to the assets (principally Nelnet stock) within several trusts established by Mr. Dunlap and his spouse, and Ms. Muhleisen and her spouse. Union Bank serves as trustee for the trusts. Per the terms of the agreements, Union Bank pays WRCM five basis points of the aggregate value of the assets of the trusts as of the last day of each calendar quarter. As of December 31, 2022 December 31, 2023, WRCM was the investment advisor with respect to a total 578,607 501,786 shares and 4.6 million 4.5 million shares of the Company's Class A and Class B common stock, respectively, held directly by these trusts. For the years ended December 31, December 31, 2023, 2022, 2021, and 2020, 2021, the Company earned approximately $249,000, $216,000, $213,000, and $141,000, $213,000, respectively, of fees under these agreements.

WRCM has established private investment funds for the primary purpose of purchasing, selling, investing, and trading, directly or indirectly, in student loan asset-backed securities, and to engage in financial transactions related thereto. Mr. Dunlap, Jeffrey R. Noordhoek (an executive officer of the Company), Ms. Muhleisen and her spouse, and WRCM have invested in certain of these funds. Based upon the current level of holdings by non-affiliated limited partners, the management agreements provide non-affiliated limited partners the ability to remove WRCM as manager without cause. WRCM earns 50 basis points (annually) on the outstanding balance of the investments in these funds, of which WRCM pays approximately 50% of such amount to

Union Bank as custodian. As of December 31, 2022 December 31, 2023, the outstanding balance of investments in these funds was $137.8 million $131.7 million. The Company paid Union Bank $0.3 million in each of 2023, 2022, 2021, and 2020, 2021 as custodian of the funds.

Transactions with Agile Sports Technologies, Inc. (doing business as "Hudl")

David Graff, who has served on the Company's Board of Directors since 2014, is CEO, co-founder, and a director of Hudl. On each of May 20, 2020 and May 27, 2021, the Company made additional equity investments in Hudl, as one of the participants in equity raises completed by Hudl. See note 7 for additional information on these transactions. As of December 31, 2022 December 31, 2023, the Company and Mr. Dunlap, along with his children, hold held a combined direct and indirect equity ownership interests in Hudl of 19.3% approximately 21% and 3.8% 4%, respectively, which did not materially change as a result of the respectively. In May 2020 and May 2021, transactions. Subsequent to December 31, 2022 the Company made additional investments in Hudl of approximately $26 million and approximately $5 million, on February 6, 2023, respectively, as one of the participants in an equity raise completed by Hudl. In addition, in February 2023, the Company purchased stock from existing Hudl shareholders for total consideration of $31.5 million which increased Nelnet's ownership percentage. This was not considered an observable market transaction, thus $31.5 million. See note 6 for additional information on the Company was not required to adjust its carrying value of Hudl to the February 2023 transaction value. The Company's and Mr. Dunlap's direct and indirect equity ownership interests in Hudl consist of preferred stock with certain liquidation preferences that are considered substantive. Accordingly, for accounting purposes, the Company's and Mr. Dunlap's equity ownership interests are not considered in-substance common stock and the Company is Company's accounting for its equity investment in Hudl using the measurement alternative method. Hudl.

The Company makes investments to further diversify the Company both within and outside of its historical core education-related businesses, including investments in real estate. Recent real estate investments have been focused on the development of commercial properties in the Midwest, and particularly in Lincoln, Nebraska, where the Company's headquarters are located. The Company owns 25% of TDP, which is the entity that developed and owns a building in Lincoln's Haymarket District that is the headquarters of Hudl, in which Hudl is the primary tenant and Nelnet is a tenant in this building. During 2023 and 2022, the Company paid Hudl approximately $558,000 and $158,000, respectively, to provide lunches for Nelnet's associates in Hudl's employee cafeteria.

Transactions with Assurity Life Insurance Company ("Assurity")

Thomas Henning, who has served on the Company's Board of Directors since 2003, was President and Chief Executive Officer of Assurity until December 31, 2021, at which point he retired and then served as the Non-Executive Chairman of Assurity's board of directors until his retirement from the Assurity board on December 31, 2022. During the years ended December 31, 2022, 2021, and 2020, Nelnet Business Services paid $2.0 million, $2.1 million, and $1.8 million, respectively, to Assurity for insurance premiums for insurance on certain tuition payment plans. As part of providing the tuition payment plan insurance to Nelnet Business Services, Assurity entered into a reinsurance agreement with the Company's insurance subsidiary, under which Assurity paid the Company's insurance subsidiary reinsurance premiums of $1.7 million, $1.8 million and $1.4 million in 2022, 2021 and 2020, respectively, and the Company's insurance subsidiary paid claims on such reinsurance to Assurity of $1.3 million, $1.5 million, and $1.0 million in 2022, 2021, and 2020, respectively. In addition, Assurity paid Nelnet Business Services a partial refund annually based on claim experience, which was approximately $51,000 $41,000 and $64,000 for the years ended December 31, 2022, 2021, and 2020, respectively.

Nelnet Renewable Energy

Solar Tax Equity Investments

The Company has co-invested in Company-managed limited liability companies with related parties that invest in renewable energy (solar) (as summarized below). As part of these transactions, the Company receives management and performance fees under a management agreement.

Entity/Relationship	**Entity/Relationship**	**Investment amount**			**Revenue recognized by the Company from management and performance fees**			**Entity/Relationship**	**Investment amount**			**Revenue recognized by the Company from management and performance fees**		
		2022	**2021**	**2020**	**2022**	**2021**	**2020**		**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Union Bank														
F&M	F&M	$3,487,000	7,913,000	4,600,000	123,077	29,491	46,154							
Assurity (Board member Thomas Henning)		2,195,790	5,421,659	1,150,000	67,956	16,027	11,538							
North Central Bancorp, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)														
North Central Bancorp, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)														
North Central Bancorp, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	North Central Bancorp, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	—	2,466,667	1,533,333	30,769	14,958	15,385							
Infovisa, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	Infovisa, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	507,781	562,600	—	8,369	1,923	—							
Farm and Home Insurance Agency, Inc. (indirectly owned by Mr. Dunlap and Ms. Muhleisen)	Farm and Home Insurance Agency, Inc. (indirectly owned by Mr. Dunlap and Ms. Muhleisen)	—	116,667	383,333	3,846	962	3,846							

Funding - Solar

Union Bank has provided funding for the following Nelnet Renewable Energy properties and solar fields.

Building/solar field	**Building/solar field**	**Original loan amount**	**Loan amount outstanding as of December 31, 2022**	**Fixed interest rate**	**Maturity date**	**Building/solar field**	**Original loan amount**		**Loan amount outstanding as of December 31, 2023**		**Fixed interest rate**		**Maturity date**	
Office space - Palatine, Illinois	Office space - Palatine, Illinois	$ 287,000	$ 284,661	6.05 %	12/30/2027	Office space - Palatine, Illinois	$ 287,000	$	$ 274,860	6.05	6.05	%	12/30/2027	
Warehouse - Elk Grove Village, Illinois	Warehouse - Elk Grove Village, Illinois	332,000	290,929	5.35	3/1/2024	Warehouse - Elk Grove Village, Illinois	332,000	278,403	278,403	5.35	5.35	3/1/2024		3/1/2024
Warehouse - Indianapolis, Illinois		168,000	161,075	3.55	10/14/2028									
Solarfield - Round Lake, Illinois	Solarfield - Round Lake, Illinois	900,000	899,909	5.00	11/5/2030	Solarfield - Round Lake, Illinois	900,000	882,449	882,449	5.00	5.00	11/15/2030		11/15/2030

(Dollars in thousands, except share amounts, unless otherwise noted)

Solarfield - Round Lake, Illinois	Solarfield - Round Lake, Illinois	1,700,000	1,746,000	5.00	11/15/2028	Solarfield - Round Lake, Illinois	1,700,000	1,659,076	1,659,076	5.00	5.00	11/15/2028		11/15/2028
Solarfield - St. Charles, Illinois	Solarfield - St. Charles, Illinois	2,300,000	600,000	5.00	11/15/2028	Solarfield - St. Charles, Illinois	2,300,000	2,094,575	2,094,575	5.00	5.00	11/15/2028		11/15/2028
Solarfield - St. Charles, Illinois	Solarfield - St. Charles, Illinois	600,000	2,204,809	5.00	11/15/2030	Solarfield - St. Charles, Illinois	600,000	588,359	588,359	5.00	5.00	11/15/2030		11/15/2030

24. Stock Repurchase

On November 13, 2023, the Company repurchased, in a privately negotiated transaction under the Company's existing stock repurchase program, a total of 283,112 shares of the Company's Class A common stock from certain family members of Mr. Dunlap. The shares were repurchased at a discount to the closing market price of the Company's Class A common stock as of November 10, 2023, and the transaction was separately approved by the Company's Board of Directors and its Nominating and Corporate Governance Committee.

23. Fair Value

The following tables present the Company's financial assets and liabilities that are measured at fair value on a recurring basis. There were no transfers into or out of level 1, level 2, or level 3 for the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

	As of December 31, 2022			As of December 31, 2021			As of December 31, 2023			As of December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets: Assets:												
Investments (a): Investments (a):												
FFELP loan asset-backed debt securities - available-for-sale	$ —	798,211	798,211	—	494,682	494,682						
Private education loan asset-backed securities - available for sale	—	308,284	308,284	—	412,552	412,552						
Other debt securities - available for sale	100	282,442	282,542	100	22,335	22,435						
Investments (a):												
Investments (a):												
Asset-backed debt securities - available-for-sale												
Asset-backed debt securities - available-for-sale												
Asset-backed debt securities - available-for-sale												
Equity securities Equity securities	6,719	—	6,719	63,154	—	63,154						

(Dollars in thousands, except share amounts, unless otherwise noted)

Equity securities measured at net asset value (b)	Equity securities measured at net asset value (b)			32,363			8,832
Total investments	Total investments	6,819	1,388,937	1,428,119	63,254	929,569	1,001,655
Derivative instruments (c)							
Derivative instruments (c)							
Derivative instruments (c)							
Total assets	Total assets	$ 6,819	1,388,937	1,428,119	63,254	929,569	1,001,655
Liabilities:							
Derivative instruments (c)							
Derivative instruments (c)							
Derivative instruments (c)							
Total liabilities							

(a) Investments represent investments recorded at fair value on a recurring basis. Level 1 investments are measured based upon quoted prices and as of December 31, 2022 December 31, 2023 and 2021, 2022, include investments traded on an active exchange and a single U.S. Treasury security. Level 2 investments include student loan asset-backed, mortgage-backed, collateralized loan obligation, and other consumer loan-backed securities. The fair value for the Level 2 securities is determined using indicative quotes from broker-dealers or an income approach valuation technique (present value using the discount rate adjustment technique) that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms issued by companies with comparable credit risk.

(b) In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

(c) Nelnet Bank derivatives are accounted for at fair value on a recurring basis. The fair value of derivative financial instruments is determined using a market approach in which derivative pricing models use the stated terms of the contracts and observable yield curves and volatilities from active markets. When determining the fair value of derivatives, Nelnet Bank takes into account counterparty credit risk for positions where it is exposed to the counterparty on a net basis by assessing exposure net of collateral held. The net exposures for each counterparty are adjusted based on market information available for the specific counterparty.

The following table summarizes the fair values of all of the Company's financial instruments on the consolidated balance sheets:

		As of December 31, 2022					As of December 31, 2023				
		Fair value	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:	Financial assets:										
Loans receivable	Loans receivable	$ 14,586,794	14,427,025	—	—	14,586,794					
Loans receivable											
Loans receivable											
Accrued loan interest receivable	Accrued loan interest receivable	816,864	816,864	—	816,864	—					
Cash and cash equivalents	Cash and cash equivalents	118,146	118,146	118,146	—	—					
Investments (at fair value)	Investments (at fair value)	1,428,119	1,428,119	6,819	1,388,937	—					

Investments - held to maturity						
Notes receivable	Notes receivable	31,106	31,106	—	31,106	—
Beneficial interest in loan securitizations	Beneficial interest in loan securitizations	162,360	138,738	—	—	162,360
Restricted cash	Restricted cash	945,159	945,159	945,159	—	—
Restricted cash – due to customers	Restricted cash – due to customers	294,311	294,311	294,311	—	—
Derivative instruments						
Derivative instruments						
Derivative instruments						
Financial liabilities:	Financial liabilities:					
Bonds and notes payable						
Bonds and notes payable						
Bonds and notes payable	Bonds and notes payable	14,088,666	14,637,195	—	14,088,666	—
Accrued interest payable	Accrued interest payable	36,049	36,049	—	36,049	—
Bank deposits	Bank deposits	664,573	691,322	355,282	309,291	—
Due to customers	Due to customers	348,317	348,317	348,317	—	—
Derivative instruments						

		As of December 31, 2021					As of December 31, 2022				
		Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3
Financial assets:	Financial assets:										
Loans receivable	Loans receivable	$ 18,576,272	17,546,645	—	—	18,576,272					
Loans receivable											
Loans receivable											
Accrued loan interest receivable	Accrued loan interest receivable	788,552	788,552	—	788,552	—					
Cash and cash equivalents	Cash and cash equivalents	125,563	125,563	125,563	—	—					
Investments (at fair value)	Investments (at fair value)	1,001,655	1,001,655	63,254	929,569	—					
Investments - held to maturity											
Notes receivable											

(Dollars in thousands, except share amounts, unless otherwise noted)

Beneficial interest in loan securitizations	Beneficial interest in loan securitizations	142,391	120,142	—	—	142,391
Restricted cash	Restricted cash	741,981	741,981	741,981	—	—
Restricted cash – due to customers	Restricted cash – due to customers	326,645	326,645	326,645	—	—
Financial liabilities:	Financial liabilities:					
Financial liabilities:						
Financial liabilities:						
Bonds and notes payable						
Bonds and notes payable						
Bonds and notes payable	Bonds and notes payable	17,819,902	17,631,089	—	17,819,902	—
Accrued interest payable	Accrued interest payable	4,566	4,566	—	4,566	—
Bank deposits	Bank deposits	342,463	344,315	184,897	157,566	—
Due to customers	Due to customers	366,002	366,002	366,002	—	—

The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring basis are previously discussed. The remaining financial assets and liabilities were estimated using the following methods and assumptions:

Loans Receivable

Fair values for loans receivable were determined by modeling loan cash flows using stated terms of the assets and internally-developed assumptions. The significant assumptions used to project cash flows are prepayment speeds, default rates, cost of funds, required return on equity, and future interest rate and index relationships. A number of significant inputs into the models are internally derived and not observable to market participants.

Notes Receivable

Fair values for notes receivable were determined by using model-derived valuations with observable inputs, including current market rates.

Investments - Held to Maturity

Fair values for investments classified as held to maturity were determined by using indicative quotes from broker-dealers or an income approach valuation technique (present value using the discount rate adjustment technique) that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms issued by companies with comparable credit risk.

Notes Receivable

Fair values for notes receivable were determined by using model-derived valuations with observable inputs, including current market rates.

Beneficial Interest in Loan Securitizations

Fair values for beneficial interest in loan securitizations were determined by modeling securitization cash flows and internally-developed assumptions. The significant assumptions used to project cash flows are prepayment speeds, default rates, cost of funds, required return on equity, and future interest rate and index relationships. A number of significant inputs into the models are internally derived and not observable to market participants.

Cash and Cash Equivalents, Restricted Cash, Restricted Cash – Due to Customers, Accrued Loan Interest Receivable, Accrued Interest Payable, and Due to Customers

The carrying amount approximates fair value due to the variable rate of interest and/or the short maturities of these instruments.

Bonds and Notes Payable

The fair value of student loan asset-backed securitizations and warehouse facilities was determined from quotes from broker-dealers or through standard bond pricing models using the stated terms of the borrowings, observable yield curves, market credit spreads, and weighted average life of underlying collateral. For all other bonds and notes payable, the carrying amount approximates fair value due to the variable rate of interest and/or the short maturities of these instruments.

Bank Deposits

Some of the Company's deposits are fixed-rate and the fair value for these deposits are estimated using discounted cash flows based on rates currently offered for deposits of similar maturities. These are level 2 valuations. The fair value of the remaining deposits equal the amounts payable on demand at the balance sheet date and are reported at their carrying value. These are level 1 valuations.

Limitations

The fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Therefore, the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and, in many cases, may not be realizable in a current sale of the instrument. Changes in assumptions could significantly affect the estimates.

25. 24. Legal Proceedings

The Company is subject to various claims, lawsuits, and proceedings that arise in the normal course of business. These matters frequently involve claims by student loan borrowers disputing the manner in which their student loans have been serviced or the accuracy of reports to credit bureaus, claims by student loan borrowers or other consumers alleging that state or Federal privacy, cybersecurity, and other consumer protection laws have been violated in the process of servicing loans or conducting other business activities, and disputes with other business entities. In addition, from time to time, the Company receives information and document requests or demands from state or federal regulators concerning its business practices. The Company cooperates with these inquiries and responds to the requests or demands. While the Company cannot predict the ultimate outcome of any claim, regulatory examination, inquiry, or investigation, the Company believes its activities have materially complied with applicable law, including the Higher Education Act, the rules and regulations adopted by the Department thereunder, and the Department's guidance regarding those rules and regulations, and applicable consumer protection laws and

regulations. On the basis of present information, anticipated insurance coverage, and advice received from counsel, it is the opinion of the Company's management that the disposition or ultimate determination of claims, lawsuits, and proceedings such as those discussed above will not have a material adverse effect on the Company's business, financial position, or results of operations.

NELNET, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Dollars in thousands, except share amounts, unless otherwise noted)

26. 25. Condensed Parent Company Financial Statements

The following represents the condensed balance sheets as of December 31, 2022 December 31, 2023 and 2021 2022 and condensed statements of income, comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023 for Nelnet, Inc.

The Company is limited in the amount of funds that can be transferred to it by its subsidiaries through intercompany loans, advances, or cash dividends. These limitations relate to the restrictions by trust indentures under the lending subsidiaries debt financing arrangements.

Balance Sheets

(Parent Company Only)

As of December 31, 2022 and 2021

	2022	2021
Assets:		
Cash and cash equivalents	$ 27,201	47,434
Investments	1,464,583	1,236,933
Investment in subsidiary debt	410,191	374,087
Restricted cash	114,820	107,103

(Dollars in thousands, except share amounts, unless otherwise noted)

Investment in subsidiaries		2,200,344		1,986,136
Notes receivable from subsidiaries		67,012		314
Other assets		108,983		123,716
Total assets	$	4,393,134		3,875,723
Liabilities:				
Notes payable, net of debt issuance costs	$	960,358		734,881
Other liabilities		233,536		189,317
Total liabilities		1,193,894		924,198
Equity:				
Nelnet, Inc. shareholders' equity:				
Common stock		372		379
Additional paid-in capital		1,109		1,000
Retained earnings		3,234,844		2,940,523
Accumulated other comprehensive (loss) earnings, net		(37,366)		9,304
Total Nelnet, Inc. shareholders' equity		3,198,959		2,951,206
Noncontrolling interest		281		319
Total equity		3,199,240		2,951,525
Total liabilities and shareholders' equity	$	4,393,134		3,875,723

Statements of Income

(Parent Company Only)

Years ended December 31, 2022, 2021, and 2020

		2022	2021	2020
Investment interest income	$	50,465	12,455	4,110
Interest expense on bonds and notes payable		21,489	3,515	3,179
Net interest income		28,976	8,940	931
Other income (expense):				
Other, net		(43,949)	45,291	48,688
Gain (loss) from debt repurchases, net		1,324	(6,530)	1,962
Equity in subsidiaries income		228,169	313,451	132,101
Gain from deconsolidation of ALLO		—	—	258,588
Impairment expense		(6,561)	(4,637)	(7,784)
Derivative market value adjustments and derivative settlements, net		264,634	71,446	(24,465)
Total other income (expense)		443,617	419,021	409,090
Operating expenses		14,552	7,632	14,006
Income before income taxes		458,041	420,329	396,015
Income tax expense		50,732	27,101	43,577
Net income		407,309	393,228	352,438
Net loss attributable to noncontrolling interest		38	58	5
Net income attributable to Nelnet, Inc.	$	407,347	393,286	352,443

Statements of Comprehensive Income

(Parent Company Only)

Years ended December 31, 2022, 2021, and 2020

(Dollars in thousands, except share amounts, unless otherwise noted)

	2022		2021		2020	
Net income		$ 407,309		393,228		352,438
Other comprehensive (loss) income:						
Net changes related to equity in subsidiaries other comprehensive income	$	(11,713)		6,692		—
Net changes related to available-for-sale securities:						
Unrealized holding (losses) gains arising during period, net	(42,793)		(4,220)		6,637	
Reclassification of gains recognized in net income, net of losses	(3,894)		(372)		(2,521)	
Income tax effect	11,205	(35,482)	1,102	(3,490)	(986)	3,130
Net changes related to equity method investee's other comprehensive income:						
Gain on cash flow hedges	691		—		—	
Income tax effect	(166)	525	—	—	—	—
Other comprehensive (loss) income		(46,670)		3,202		3,130
Comprehensive income		360,639		396,430		355,568
Comprehensive loss attributable to noncontrolling interests		38		58		5
Comprehensive income attributable to Nelnet, Inc.		$ 360,677		396,488		355,573

Balance Sheets

(Parent Company Only)

As of December 31, 2023 and 2022

	2023	2022
Assets:		
Cash and cash equivalents	$ 31,153	27,201
Investments	1,071,335	1,464,583
Investment in subsidiary debt	287,192	410,191
Restricted cash	61,527	114,820
Investment in subsidiaries	1,951,098	2,200,344
Notes receivable from subsidiaries	102,694	67,012
Other assets	128,903	108,983
Total assets	$ 3,633,902	4,393,134
Liabilities:		
Notes payable, net of debt issuance costs	$ 206,520	960,358
Other liabilities	161,890	233,536
Total liabilities	368,410	1,193,894
Equity:		
Nelnet, Inc. shareholders' equity:		
Common stock	371	372
Additional paid-in capital	3,096	1,109
Retained earnings	3,279,273	3,234,844
Accumulated other comprehensive loss, net	(20,119)	(37,366)
Total Nelnet, Inc. shareholders' equity	3,262,621	3,198,959
Noncontrolling interests	2,871	281
Total equity	3,265,492	3,199,240
Total liabilities and shareholders' equity	$ 3,633,902	4,393,134

Statements of Cash Flows

(Parent Company Only)

Years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Net income attributable to Nelnet, Inc.	$ 407,347	393,286	352,443
Net loss attributable to noncontrolling interest	(38)	(58)	(5)
Net income	407,309	393,228	352,438
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	619	591	534
Derivative market value adjustments	(231,691)	(92,813)	28,144
Payments to terminate derivative instruments, net	91,786	—	—
Proceeds from (payments to) clearinghouse - initial and variation margin, net	148,691	91,294	(26,747)
Equity in earnings of subsidiaries	(228,169)	(313,451)	(132,101)
Gain from deconsolidation of ALLO, including cash impact	—	—	(287,579)
(Gain) loss from repurchases of debt, net	(1,324)	6,530	(1,962)
Loss (gain) on investments, net	51,175	721	(46,019)
Proceeds from sale (purchases) of equity securities, net	42,841	(42,916)	—
Deferred income tax expense	39,997	47,423	23,747
Non-cash compensation expense	14,176	10,673	16,739
Impairment expense	6,561	4,637	7,784
Other	—	—	(329)
Decrease (increase) in other assets	16,140	(9,108)	(17,410)
Increase in other liabilities	10,590	1,784	26,009
Net cash provided by (used in) operating activities	368,701	98,593	(56,752)
Cash flows from investing activities:			
Purchases of available-for-sale securities	(713,681)	(640,644)	(342,563)
Proceeds from sales of available-for-sale securities	435,937	133,286	168,555
Proceeds from beneficial interest in consumer loan securitization	345	—	—
Capital distributions from subsidiaries, net	7,340	294,578	99,830
(Increase) decrease in notes receivable from subsidiaries	(66,698)	20,895	21,343
Purchases of subsidiary debt, net	(36,104)	(335,184)	(25,085)
Purchases of other investments	(122,236)	(110,184)	(54,637)
Proceeds from other investments	20,358	129,899	8,564
Net cash used in investing activities	(474,739)	(507,354)	(123,993)
Cash flows from financing activities:			
Payments on notes payable	(7,002)	(126,530)	(20,381)
Proceeds from issuance of notes payable	233,194	619,259	190,520
Payments of debt issuance costs	(10)	(1,286)	(49)
Dividends paid	(36,608)	(34,457)	(31,778)
Repurchases of common stock	(97,685)	(58,111)	(73,358)
Proceeds from issuance of common stock	1,633	1,465	1,653
Acquisition of noncontrolling interest	—	—	(600)
Issuance of noncontrolling interest	—	—	194,985
Net cash provided by financing activities	93,522	400,340	260,992
Net (decrease) increase in cash, cash equivalents, and restricted cash	(12,516)	(8,421)	80,247
Cash, cash equivalents, and restricted cash, beginning of period	154,537	162,958	82,711
Cash, cash equivalents, and restricted cash, end of period	$ 142,021	154,537	162,958
Cash disbursements made for:			
Interest	$ 14,649	2,301	2,577
Income taxes, net of refunds and credits	$ 57,705	18,659	29,685

(Dollars in thousands, except share amounts, unless otherwise noted)

Noncash investing activities:			
(Distribution from) contribution to subsidiary, net	$ (6,068)	(835)	49,066

Statements of Income

(Parent Company Only)

Years ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Investment interest income	$ 86,696	50,465	12,455
Interest expense on bonds and notes payable	31,142	21,489	3,515
Net interest income	55,554	28,976	8,940
Other income (expense):			
Other, net	(57,959)	(42,625)	38,761
Equity in subsidiaries income	103,959	228,169	313,451
Impairment expense	(2,060)	(6,561)	(4,637)
Derivative market value adjustments and derivative settlements, net	(15,662)	264,634	71,446
Total other income (expense), net	28,278	443,617	419,021
Operating expenses	5,445	14,552	7,632
Income before income taxes	78,387	458,041	420,329
Income tax benefit (expense)	12,935	(50,732)	(27,101)
Net income	91,322	407,309	393,228
Net loss attributable to noncontrolling interests	210	38	58
Net income attributable to Nelnet, Inc.	$ 91,532	407,347	393,286

Statements of Comprehensive Income

(Parent Company Only)

Years ended December 31, 2023, 2022, and 2021

	2023		2022		2021	
Net income		$ 91,322		407,309		393,228
Other comprehensive income (loss):						
Net changes related to equity in subsidiaries other comprehensive income (loss)	$	9,473		(11,188)		6,692
Net changes related to available-for-sale debt securities:						
Unrealized holding gains (losses) arising during period, net	6,412		(42,793)		(4,220)	
Reclassification of losses (gains) recognized in net income, net	3,818		(3,894)		(372)	
Income tax effect	(2,456)	7,774	11,205	(35,482)	1,102	(3,490)
Other comprehensive income (loss)		17,247		(46,670)		3,202
Comprehensive income		108,569		360,639		396,430
Comprehensive loss attributable to noncontrolling interests		210		38		58
Comprehensive income attributable to Nelnet, Inc.		$ 108,779		360,677		396,488

APPENDIX A
Description of
The Federal Family Education Loan Program

The Federal Family Education Loan Program

The Higher Education Act provided for a program of federal insurance for student loans as well as reinsurance of student loans guaranteed or insured by state agencies or private non-profit corporations.

The Higher Education Act authorized certain student loans to be insured and reinsured under the Federal Family Education Loan Program ("FFELP"). The Student Aid and Fiscal Responsibility Act, enacted into law on March 30, 2010, as part of the Health Care and Education Reconciliation Act of 2010, terminated the authority to make FFELP loans. As of July 1, 2010, no new FFELP loans have been made.

Generally, a student was eligible for loans made under the Federal Family Education Loan Program only if he or she:

- Had been accepted for enrollment or was enrolled in good standing at an eligible institution of higher education;
- Was carrying or planning to carry at least one-half the normal full-time workload, as determined by the institution, for the course of study the student was pursuing;
- Was not in default on any federal education loans;
- Had not committed a crime involving fraud in obtaining funds under the Higher Education Act which funds had not been fully repaid; and
- Met other applicable eligibility requirements.

Eligible institutions included higher educational institutions and vocational schools that complied with specific federal regulations. Each loan is evidenced by an unsecured note.

The Higher Education Act also establishes maximum interest rates for each of the various types of loans. These rates vary not only among loan types, but also within loan types depending upon when the loan was made or when the borrower first obtained a loan under the Federal Family Education Loan Program. The Higher Education Act allows lesser rates of interest to be charged.

Types of loans

Four types of loans were available under the Federal Family Education Loan Program:

- Subsidized Stafford Loans
- Unsubsidized Stafford Loans
- PLUS Loans
- Consolidation Loans

These loan types vary as to eligibility requirements, interest rates, repayment periods, loan limits, eligibility for interest subsidies, and special allowance payments. Some of these loan types have had other names in the past. References to these various loan types include, where appropriate, their predecessors.

The primary loan under the Federal Family Education Loan Program is the Subsidized Stafford Loan. Students who were not eligible for Subsidized Stafford Loans based on their economic circumstances might have obtained Unsubsidized Stafford Loans. Graduate or professional students and parents of dependent undergraduate students might have obtained PLUS Loans. Consolidation Loans were available to borrowers with existing loans made under the Federal Family Education Loan Program and other federal programs to consolidate repayment of the borrower's existing loans. Prior to July 1, 1994, the Federal Family Education Loan Program also offered Supplemental Loans for Students ("SLS Loans") to graduate and professional students and independent undergraduate students and, under certain circumstances, dependent undergraduate students, to supplement their Stafford Loans.

Subsidized Stafford Loans

General. Subsidized Stafford Loans were eligible for insurance and reinsurance under the Higher Education Act if the eligible student to whom the loan was made was accepted or was enrolled in good standing at an eligible institution of higher education or vocational school and carried at least one-half the normal full-time workload at that institution. Subsidized Stafford Loans had limits as to the maximum amount which could be borrowed for an academic year and in the aggregate for both undergraduate and graduate or professional study. Both annual and aggregate limitations excluded loans made under the PLUS Loan Program. The Secretary of Education had discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subsidized Stafford Loans were made only to student borrowers who met the needs tests provided in the Higher Education Act. Provisions addressing the implementation of needs analysis and the relationship between unmet need for financing and the availability of Subsidized Stafford Loan Program funding have been the subject of frequent and extensive amendments.

Interest rates for Subsidized Stafford Loans. For Stafford Loans first disbursed to a "new" borrower (a "new" borrower is defined for purposes of this section as one who had no outstanding balance on a FFELP loan on the date the new promissory note was signed) for a period of enrollment beginning before January 1, 1981, the applicable interest rate is fixed at 7%.

For Stafford Loans first disbursed to a "new" borrower, for a period of enrollment beginning on or after January 1, 1981, but before September 13, 1983, the applicable interest rate is fixed at 9%.

For Stafford Loans first disbursed to a "new" borrower, for a period of enrollment beginning on or after September 13, 1983, but before July 1, 1988, the applicable interest rate is fixed at 8%.

For Stafford Loans first disbursed to a borrower with an outstanding balance on a PLUS, SLS, or Consolidation Loan, but not on a Stafford Loan, where the new loan is intended for a period of enrollment beginning before July 1, 1988, the applicable interest rate is fixed at 8%.

For Stafford Loans first disbursed before October 1, 1992, to a “new” borrower or to a borrower with an outstanding balance on a PLUS, SLS, or Consolidation Loan, but not a Stafford Loan, where the new loan is intended for a period of enrollment beginning on or after July 1, 1988, the applicable interest rate is as follows:

- Original fixed interest rate of 8% for the first 48 months of repayment. Beginning on the first day of the 49th month of repayment, the interest rate increased to a fixed rate of 10% thereafter. Loans in this category were subject to excess interest rebates and have been converted to a variable interest rate based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.25%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for loans in this category is 10%.

For Stafford Loans first disbursed on or after July 23, 1992, but before July 1, 1994, to a borrower with an outstanding Stafford Loan made with a 7%, 8%, 9%, or 8%/10% fixed interest rate, the original, applicable interest rate is the same as the rate provided on the borrower's previous Stafford Loan (i.e., a fixed rate of 7%, 8%, 9%, or 8%/10%). Loans in this category were subject to excess interest rebates and have been converted to a variable interest rate based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for a loan in this category is equal to the loan's previous fixed rate (i.e., 7%, 8%, 9%, or 10%).

For Stafford Loans first disbursed on or after October 1, 1992, but before December 20, 1993, to a borrower with an outstanding balance on a PLUS, SLS, or Consolidation Loan, but not on a Stafford Loan, the original, applicable interest rate is fixed at 8%. Loans in this category were subject to excess interest rebates and have been converted to a variable interest rate based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for a loan in this category is 8%.

For Stafford Loans first disbursed on or after October 1, 1992, but before July 1, 1994, to a “new” borrower, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for a loan in this category is 9%.

For Stafford Loans first disbursed on or after December 20, 1993, but before July 1, 1994, to a borrower with an outstanding balance on a PLUS, SLS, or Consolidation Loan, but not on a Stafford Loan, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for a loan in this category is 9%.

For Stafford Loans first disbursed on or after July 1, 1994, but before July 1, 1995, where the loan is intended for a period of enrollment that includes or begins on or after July 1, 1994, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate for a loan in this category is 8.25%.

For Stafford Loans first disbursed on or after July 1, 1995, but before July 1, 1998, the applicable interest rate is as follows:

- When the borrower is in school, in grace, or in an authorized period of deferment, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 2.5%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 8.25%.

- When the borrower is in repayment or in a period of forbearance, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 8.25%.

For Stafford Loans first disbursed on or after July 1, 1998, but before July 1, 2006, the applicable interest rate is as follows:

- When the borrower is in school, in grace, or in an authorized period of deferment, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 1.7%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 8.25%.

- When the borrower is in repayment or in a period of forbearance, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1, plus 2.3%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 8.25%.

For Stafford Loans first disbursed on or after July 1, 2006, the applicable interest rate is fixed at 6.80%. However, for Stafford Loans for undergraduates, the applicable interest rate was reduced in phases for which the first disbursement was made on or after:

- July 1, 2008 and before July 1, 2009, the applicable interest rate is fixed at 6.00%,

- July 1, 2009 and before July 1, 2010, the applicable interest rate is fixed at 5.60%.

Unsubsidized Stafford Loans

General. The Unsubsidized Stafford Loan program was created by Congress in 1992 for students who did not qualify for Subsidized Stafford Loans due to parental and/or student income and assets in excess of permitted amounts. These students were entitled to borrow the difference between the Stafford Loan maximum for their status (dependent or independent) and their Subsidized Stafford Loan eligibility through the Unsubsidized Stafford Loan Program. The general requirements for Unsubsidized Stafford Loans, including special allowance payments, are essentially the same as those for Subsidized Stafford Loans. However, the terms of the Unsubsidized Stafford Loans differ materially from

Subsidized Stafford Loans in that the federal government will not make interest subsidy payments and the loan limitations were determined without respect to the expected family contribution. The borrower is required to either pay interest from the time the loan is disbursed or the accruing interest is capitalized when repayment begins at the end of a deferment or forbearance, when the borrower is determined to no longer have a partial financial hardship under the Income-Based Repayment plan or when the borrower leaves the plan. Unsubsidized Stafford Loans were not available before October 1, 1992. A student meeting the general eligibility requirements for a loan under the Federal Family Education Loan Program was eligible for an Unsubsidized Stafford Loan without regard to need.

Interest rates for Unsubsidized Stafford Loans. Unsubsidized Stafford Loans are subject to the same interest rate provisions as Subsidized Stafford Loans, with the exception of Unsubsidized Stafford Loans first disbursed on or after July 1, 2008, which retain a fixed interest rate of 6.80%.

PLUS Loans

General. PLUS Loans were made to parents, and under certain circumstances spouses of remarried parents, of dependent undergraduate students. Effective July 1, 2006, graduate and professional students were eligible borrowers under the PLUS Loan program. For PLUS Loans made on or after July 1, 1993, the borrower could not have an adverse credit history as determined by criteria established by the Secretary of Education. The basic provisions applicable to PLUS Loans are similar to those of Stafford Loans with respect to the involvement of guarantee agencies and the Secretary of Education in providing federal insurance and reinsurance on the loans. However, PLUS Loans differ significantly, particularly from the Subsidized Stafford Loans, in that federal interest subsidy payments are not available under the PLUS Loan Program and special allowance payments are more restricted.

Interest rates for PLUS Loans. For PLUS Loans first disbursed on or after January 1, 1981, but before October 1, 1981, the applicable interest rate is fixed at 9%.

For PLUS Loans first disbursed on or after October 1, 1981, but before November 1, 1982, the applicable interest rate is fixed at 14%.

For PLUS Loans first disbursed on or after November 1, 1982, but before July 1, 1987, the applicable interest rate is fixed at 12%.

Beginning July 1, 2001, for PLUS Loans first disbursed on or after July 1, 1987, but before October 1, 1992, the applicable interest rate is variable and is based on the weekly average one-year constant maturity Treasury bill yield for the last calendar week ending on or before June 26 preceding July 1 of each year, plus 3.25%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 12%. Prior to July 1, 2001, PLUS Loans in this category had interest rates which were based on the 52-week Treasury bill auctioned at the final auction held prior to the preceding June 1, plus 3.25%. The annual (July 1) variable interest rate adjustment was applicable prior to July 1, 2001, as was the maximum interest rate of 12%. PLUS Loans originally made at a fixed interest rate, which have been refinanced for purposes of securing a variable interest rate, are subject to the variable interest rate calculation described in this paragraph.

Beginning July 1, 2001, for PLUS Loans first disbursed on or after October 1, 1992, but before July 1, 1994, the applicable interest rate is variable and is based on the weekly average one-year constant maturity Treasury yield for the last calendar week ending on or before June 26 preceding July 1 of each year, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 10%. Prior to July 1, 2001, PLUS Loans in this category had interest rates which were based on the 52-week Treasury bill auctioned at the final auction held prior to the preceding June 1, plus 3.1%. The annual (July 1) variable interest rate adjustment was applicable prior to July 1, 2001, as was the maximum interest rate of 10%.

Beginning July 1, 2001, for PLUS Loans first disbursed on or after July 1, 1994, but before July 1, 1998, the applicable interest rate is variable and is based on the weekly average one-year constant maturity Treasury yield for the last calendar week ending on or before June 26 preceding July 1 of each year, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 9%. Prior to July 1, 2001, PLUS Loans in this category had interest rates which were based on the 52-week Treasury bill auctioned at the final auction held prior to the preceding June 1, plus 3.1%. The annual (July 1) variable interest rate adjustment was applicable prior to July 1, 2001, as was the maximum interest rate of 9%.

For PLUS Loans first disbursed on or after July 1, 1998, but before July 1, 2006, the applicable interest rate is variable and is based on the bond equivalent rate of the 91-day Treasury bill auctioned at the final auction before the preceding June 1 of each year, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 9%.

For PLUS Loans first disbursed on or after July 1, 2006, the applicable interest rate is fixed at 8.5%.

SLS Loans

General. SLS Loans were limited to graduate or professional students, independent undergraduate students, and dependent undergraduate students, if the students' parents were unable to obtain a PLUS Loan. Except for dependent undergraduate students, eligibility for SLS Loans was determined without regard to need. SLS Loans were similar to Stafford Loans with respect to the involvement of guarantee agencies and the Secretary of Education in providing federal insurance and reinsurance on the loans. However, SLS Loans differed significantly, particularly from Subsidized Stafford Loans, because federal interest subsidy payments were not available under the SLS Loan Program and special allowance payments were more restricted. The SLS Loan Program was discontinued on July 1, 1994.

Interest rates for SLS Loans. The applicable interest rates on SLS Loans made before October 1, 1992, and on SLS Loans originally made at a fixed interest rate, which have been refinanced for purposes of securing a variable interest rate, are identical to the applicable interest rates described for PLUS Loans made before October 1, 1992.

For SLS Loans first disbursed on or after October 1, 1992, but before July 1, 1994, the applicable interest rate is as follows:

- Beginning July 1, 2001, the applicable interest rate is variable and is based on the weekly average one-year constant maturity Treasury yield for the last calendar week ending on or before June 26 preceding July 1 of each year, plus 3.1%. The variable interest rate is adjusted annually on July 1. The maximum interest rate is 11%. Prior to July 1, 2001, SLS Loans in this category had interest rates which were based on the 52-week Treasury bill auctioned at the final auction held prior to the preceding June 1, plus 3.1%. The annual (July 1) variable interest rate adjustment was applicable prior to July 1, 2001, as was the maximum interest rate of 11%.

Consolidation Loans

General. The Higher Education Act authorized a program under which certain borrowers could consolidate their various federally insured education loans into a single loan insured and reinsured on a basis similar to Stafford Loans. Consolidation Loans could be obtained in an amount sufficient to pay outstanding principal, unpaid interest, late charges, and collection costs on federally insured or reinsured student loans incurred under the Federal Family Education Loan and Direct Loan Programs, including PLUS Loans made to the consolidating borrower, as well as loans made under the Perkins Loan (formally National Direct Student Loan Program), Federally Insured Student Loan (FISL), Nursing Student Loan (NSL), Health Education Assistance Loan (HEAL), and Health Professions Student Loan (HPSL) Programs. To be eligible for a FFELP Consolidation Loan, a borrower had to:

- Have outstanding indebtedness on student loans made under the Federal Family Education Loan Program and/or certain other federal student loan programs; and

- Be in repayment status or in a grace period on loans to be consolidated.

Borrowers who were in default on loans to be consolidated had to first make satisfactory arrangements to repay the loans to the respective holder(s) or had to agree to repay the consolidating lender under an income-based repayment arrangement in order to include the defaulted loans in the Consolidation Loan. For applications received on or after January 1, 1993, borrowers could add additional loans to a Consolidation Loan during the 180-day period following the origination of the Consolidation Loan.

A married couple who agreed to be jointly liable on a Consolidation Loan for which the application was received on or after January 1, 1993, but before July 1, 2006, was treated as an individual for purposes of obtaining a Consolidation Loan.

Interest rates for Consolidation Loans. For Consolidation Loans disbursed before July 1, 1994, the applicable interest rate is fixed at the greater of:

- 9%, or

- The weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent.

For Consolidation Loans disbursed on or after July 1, 1994, based on applications received by the lender before November 13, 1997, the applicable interest rate is fixed and is based on the weighted average of the interest rates on the loans consolidated, rounded up to the nearest whole percent.

For Consolidation Loans on which the application was received by the lender between November 13, 1997, and September 30, 1998, inclusive, the applicable interest rate is variable according to the following:

- For the portion of the Consolidation Loan which is comprised of FFELP, Direct, FISL, Perkins, HPSL, or NSL loans, the variable interest rate is based on the bond equivalent rate of the 91-day Treasury bills auctioned at the final auction before the preceding June 1, plus 3.1%. The variable interest rate for this portion of the Consolidation Loan is adjusted annually on July 1. The maximum interest rate for this portion of the Consolidation Loan is 8.25%.

- For the portion of the Consolidation Loan which is attributable to HEAL Loans (if applicable), the variable interest rate is based on the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter ending June 30, plus 3.0%. The variable interest rate for this portion of the Consolidation Loan is adjusted annually on July 1. There is no maximum interest rate for the portion of a Consolidation Loan that is represented by HEAL Loans.

For Consolidation Loans on which the application was received by the lender on or after October 1, 1998, the applicable interest rate is determined according to the following:

- For the portion of the Consolidation Loan which is comprised of FFELP, Direct, FISL, Perkins, HPSL, or NSL loans, the applicable interest rate is fixed and is based on the weighted average of the interest rates on the non-HEAL loans being consolidated, rounded up to the nearest one-eighth of one percent. The maximum interest rate for this portion of the Consolidation Loan is 8.25%.

- For the portion of the Consolidation Loan which is attributable to HEAL Loans (if applicable), the applicable interest rate is variable and is based on the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter ending June 30, plus 3.0%. The variable interest rate for this portion of the Consolidation Loan is adjusted annually on July 1. There is no maximum interest rate for the portion of the Consolidation Loan that is represented by HEAL Loans.

For a discussion of required payments that reduce the return on Consolidation Loans, see “Fees - Rebate fee on Consolidation Loans” in this Appendix.

Interest rate during active duty

The Higher Education Opportunity Act of 2008 revised the Servicemembers Civil Relief Act to include FFEL Program loans. Interest charges on FFEL Program loans are capped at 6% during a period of time on or after August 14, 2008, in which a borrower has served or is serving on active duty in the Armed Forces, National Oceanic and Atmospheric

Administration, Public Health Services, or National Guard. The interest charge cap includes the interest rate in addition to any fees, service charges, and other charges related to the loan. The cap is applicable to loans made prior to the date the borrower was called to active duty.

Maximum loan amounts

Each type of loan was subject to certain limits on the maximum principal amount, with respect to a given academic year and in the aggregate. Consolidation Loans were limited only by the amount of eligible loans to be consolidated. PLUS Loans were limited to the difference between the cost of attendance and the other aid available to the student. Stafford Loans, subsidized and unsubsidized, were subject to both annual and aggregate limits according to the provisions of the Higher Education Act.

Loan limits for Subsidized Stafford and Unsubsidized Stafford Loans. Dependent and independent undergraduate students were subject to the same annual loan limits on Subsidized Stafford Loans; independent students were allowed greater annual loan limits on Unsubsidized Stafford Loans. A student who had not successfully completed the first year of a program of undergraduate education could borrow up to $3,500 in Subsidized Stafford Loans in an academic year. A student who had successfully completed the first year, but who had not successfully completed the second year, could borrow up to $4,500 in Subsidized Stafford Loans per academic year. An undergraduate student who had successfully completed the first and second years, but who had not successfully completed the remainder of a program of undergraduate education, could borrow up to $5,500 in Subsidized Stafford Loans per academic year.

Dependent students could borrow an additional $2,000 in Unsubsidized Stafford Loans for each year of undergraduate study. Independent students could borrow an additional $6,000 of Unsubsidized Stafford Loans for each of the first two years and an additional $7,000 for the third, fourth, and fifth years of undergraduate study. For students enrolled in programs of less than an academic year in length, the limits were generally reduced in proportion to the amount by which the programs were less than one year in length. A graduate or professional student could borrow up to $20,500 in an academic year where no more than $8,500 was representative of Subsidized Stafford Loan amounts.

The maximum aggregate amount of Subsidized Stafford and Unsubsidized Stafford Loans, including that portion of a Consolidation Loan used to repay such loans, which a dependent undergraduate student may have outstanding is $31,000 (of which only $23,000 may be Subsidized Stafford Loans). An independent undergraduate student may have an aggregate maximum of $57,500 (of which only $23,000 may be Subsidized Stafford Loans). The maximum aggregate amount of Subsidized Stafford and Unsubsidized Stafford Loans, including the portion of a Consolidation Loan used to repay such loans, for a graduate or professional student, including loans for undergraduate education, is $138,500, of which only $65,500 may be Subsidized Stafford Loans. In some instances, schools could certify loan amounts in excess of the limits, such as for certain health profession students.

Loan limits for PLUS Loans. For PLUS Loans made on or after July 1, 1993, the annual amounts of PLUS Loans were limited only by the student's unmet need. There was no aggregate limit for PLUS Loans.

Repayment

Repayment periods. Loans made under the Federal Family Education Loan Program, other than Consolidation Loans and loans being repaid under an income-based or extended repayment schedule, must provide for repayment of principal in periodic installments over a period of not less than five, nor more than ten years. A borrower may request, with concurrence of the lender, to repay the loan in less than five years with the right to subsequently extend the minimum repayment period to five years. Since the 1998 Amendments, lenders have been required to offer extended repayment schedules to new borrowers disbursed on or after October 7, 1998 who accumulate outstanding FFELP Loans of more than $30,000, in which case the repayment period may extend up to 25 years, subject to certain minimum repayment amounts. Consolidation Loans must be repaid within maximum repayment periods which vary depending upon the principal amount of the borrower's outstanding student loans, but may not exceed 30 years. For Consolidation Loans for which the application was received prior to January 1, 1993, the repayment period cannot exceed 25 years. Periods of authorized deferment and forbearance are excluded from the maximum repayment period. In addition, if the repayment schedule on a loan with a variable interest rate does not provide for adjustments to the amount of the monthly installment payment, the maximum repayment period may be extended for up to three years.

Repayment of principal on a Stafford Loan does not begin until a student drops below at least a half-time course of study. For Stafford Loans for which the applicable rate of interest is fixed at 7%, the repayment period begins between nine and twelve months after the borrower ceases to pursue at least a half-time course of study, as indicated in the promissory note. For other Stafford Loans, the repayment period begins six months after the borrower ceases to pursue at least a half-time course of study. These periods during which payments of principal are not due are the “grace periods.”

In the case of SLS, PLUS, and Consolidation Loans, the repayment period begins on the date of final disbursement of the loan, except that the borrower of a SLS Loan who also has a Stafford Loan may postpone repayment of the SLS Loan to coincide with the commencement of repayment of the Stafford Loan.

During periods in which repayment of principal is required, unless the borrower is repaying under an income-based repayment schedule, payments of principal and interest must in general be made at a rate of at least $600 per year, except that a borrower and lender may agree to a lesser rate at any time before or during the repayment period. However, at a minimum, the payments must satisfy the interest that accrues during the year. Borrowers may make accelerated payments at any time without penalty.

Income-sensitive repayment schedule. Since 1993, lenders have been required to offer income-sensitive repayment schedules, in addition to standard and graduated repayment schedules, for Stafford, SLS, and Consolidation Loans. Beginning in 2000, lenders have been required to offer income-sensitive repayment schedules to PLUS borrowers as well. Use of income-sensitive repayment schedules may extend the maximum repayment period for up to five years if the payment amount established from the borrower's income will not repay the loan within the maximum applicable repayment period.

Income-based repayment schedule. Effective July 1, 2009,a borrower in the Federal Family Education Loan Program or Federal Direct Loan Program, other than a PLUS Loan made to a parent borrower or any Consolidation Loan that repaid one or more parent PLUS loans, may qualify for an income-based repayment schedule regardless of the disbursement dates of the loans if he or she has a partial financial hardship. A borrower has a financial hardship if the annual loan payment amount based on a 10-year repayment schedule exceeds 15% of the borrower's adjusted gross income, minus 150% of the poverty line for the borrower's actual family size. Interest will be paid by the Secretary of

Education for subsidized loans for the first three years for any borrower whose scheduled monthly payment is not sufficient to cover the accrued interest. Interest will capitalize at the end of the partial financial hardship period, or when the borrower begins making payments under a standard repayment schedule. The Secretary of Education will cancel any outstanding balance after 25 years if a borrower who has made payments under this schedule meets certain criteria.

Deferment periods. No principal payments need be made during certain periods of deferment prescribed by the Higher Education Act. For a borrower who first obtained a Stafford or SLS loan which was disbursed before July 1, 1993, deferments are available:

- During a period not exceeding three years while the borrower is a member of the Armed Forces, an officer in the Commissioned Corps of the Public Health Service or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan for a period of enrollment beginning on or after July 1, 1987, an active duty member of the National Oceanic and Atmospheric Administration Corps;
- During a period not exceeding three years while the borrower is a volunteer under the Peace Corps Act;
- During a period not exceeding three years while the borrower is a full-time paid volunteer under the Domestic Volunteer Act of 1973;

- During a period not exceeding three years while the borrower is a full-time volunteer in service which the Secretary of Education has determined is comparable to service in the Peace Corp or under the Domestic Volunteer Act of 1970 with an organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- During a period not exceeding two years while the borrower is serving an internship necessary to receive professional recognition required to begin professional practice or service, or a qualified internship or residency program;
- During a period not exceeding three years while the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or while the borrower is unable to secure employment because of caring for a dependent who is so disabled;
- During a period not exceeding two years while the borrower is seeking and unable to find full-time employment;
- During any period that the borrower is pursuing a full-time course of study at an eligible institution (or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan for a period of enrollment beginning on or after July 1, 1987, is pursuing at least a half-time course of study);
- During any period that the borrower is pursuing a course of study in a graduate fellowship program;
- During any period the borrower is receiving rehabilitation training services for qualified individuals, as defined by the Secretary of Education;
- During a period not exceeding six months per request while the borrower is on parental leave;
- Only with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan for a period of enrollment beginning on or after July 1, 1987, during a period not exceeding three years while the borrower is a full-time teacher in a public or nonprofit private elementary or secondary school in a "teacher shortage area" (as prescribed by the Secretary of Education), and during a period not exceeding one year for mothers, with preschool age children, who are entering or re-entering the work force and who are paid at a rate of no more than $1 per hour more than the federal minimum wage; and
- For loans that are in repayment status on or before September 28, 2018, the borrower is eligible for deferment during periods the borrower is undergoing treatment for cancer and the 6 months following treatment.

For a borrower who first obtained a loan on or after July 1, 1993, deferments are available:

- During any period that the borrower is pursuing at least a half-time course of study at an eligible institution;
- During any period that the borrower is pursuing a course of study in a graduate fellowship program;
- During any period the borrower is receiving rehabilitation training services for qualified individuals, as defined by the Secretary of Education;
- During a period not exceeding three years while the borrower is seeking and unable to find full-time employment;
- During a period not exceeding three years for any reason which has caused or will cause the borrower economic hardship. Economic hardship includes working full-time and earning an amount that does not exceed the greater of the federal minimum wage or 150% of the poverty line applicable to a borrower's family size and state of residence. Additional categories of economic hardship are based on the receipt of payments from a state or federal public assistance program, service in the Peace Corps, or until July 1, 2009, the relationship between a borrower's educational debt burden and his or her income; and
- For loans that are in repayment status on or before September 28, 2018, the borrower is eligible for deferment during periods the borrower is undergoing treatment for cancer and the 6 months following treatment.

Effective October 1, 2007, a borrower serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency may obtain a military deferment for all outstanding Title IV loans in repayment. For all periods of active duty service that include October 1, 2007 or begin on or after that date, the deferment period includes the borrower's service period and 180 days following the demobilization date.

A borrower serving on or after October 1, 2007, may receive up to 13 months of active duty student deferment after the completion of military service if he or she meets the following conditions:

- Is a National Guard member, Armed Forces reserves member, or retired member of the Armed Forces;
- Is called or ordered to active duty; and
- Is enrolled at the time of, or was enrolled within six months prior to, the activation in a program at an eligible institution.

The active duty student deferment ends the earlier of when the borrower returns to an enrolled status, or at the end of 13 months.

PLUS Loans first disbursed on or after July 1, 2008, are eligible for the following deferment options:

- A parent PLUS borrower, upon request, may defer the repayment of the loan during any period during which the student for whom the loan was borrowed is enrolled at least half time. Also upon request, the borrower can defer the loan for the six-month period immediately following the date on which the student for whom the loan was borrowed ceases to be enrolled at least half time, or if the parent borrower is also a student, the date after he or she ceases to be enrolled at least half time.
- A graduate or professional student PLUS borrower may defer the loan for the six-month period immediately following the date on which he or she ceases to be enrolled at least half time. This option does not require a request and may be granted each time the borrower ceases to be enrolled at least half time.

Prior to the 1992 Amendments, only some of the deferments described above were available to PLUS and Consolidation Loan borrowers. Prior to the 1986 Amendments, PLUS Loan borrowers were not entitled to certain deferments.

Forbearance periods. The Higher Education Act also provides for periods of forbearance during which the lender, in case of a borrower's temporary financial hardship, may postpone any payments. A borrower is entitled to forbearance for a period not exceeding three years while the borrower's debt burden under Title IV of the Higher Education Act (which includes the Federal Family Education Loan Program) equals or exceeds 20% of the borrower's gross income. A borrower is also entitled to forbearance while he or she is serving in a qualifying internship or residency program, a “national service position” under the National and Community Service Trust Act of 1993, a qualifying position for loan forgiveness under the Teacher Loan Forgiveness Program, or a position that qualifies him or her for loan repayment under the Student Loan Repayment Program administered by the Department of Defense. In addition, administrative forbearances are provided in circumstances such as, but not limited to, a local or national emergency, a military mobilization, or when the geographical area in which the borrower or endorser resides has been designated a disaster area by the President of the United States or Mexico, the Prime Minister of Canada, or by the governor of a state.

Interest payments during grace, deferment, forbearance, and applicable income-based repayment ("IBR") periods. The Secretary of Education makes interest payments on behalf of the borrower for Subsidized loans while the borrower is in school, grace, deferment, and during the first 3 years of the IBR plan for any remaining interest that is not satisfied by the IBR payment amount. Interest that accrues during forbearance periods, and, if the loan is not eligible for interest subsidy payments during school, grace, deferment, and IBR periods, may be paid monthly or quarterly by the borrower. At the appropriate time, any unpaid accrued interest may be capitalized by the lender.

For a borrower who is eligible for the Cancer Treatment Deferment, interest that accrues during the period of deferment on any subsidized loan is subsidized. For cancer treatment deferment periods on any Unsubsidized Stafford Loan, the interest during such periods is not charged to the borrower.

Fees

Guarantee fee and Federal default fee. For loans for which the date of guarantee of principal was on or after July 1, 2006, a guarantee agency was required to collect and deposit into the Federal Student Loan Reserve Fund a Federal default fee in an amount equal to 1% of the principal amount of the loan. The fee was collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources. Federal default fees could not be charged to borrowers of Consolidation Loans.

Statements of Cash Flows

(Parent Company Only)

Years ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Net income attributable to Nelnet, Inc.	$ 91,532	407,347	393,286
Net loss attributable to noncontrolling interest	(210)	(38)	(58)
Net income	91,322	407,309	393,228
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	620	619	591
Derivative market value adjustments	40,250	(231,691)	(92,813)
Proceeds from termination of derivative instruments	164,079	91,786	—
(Payments to) proceeds from clearinghouse - initial and variation margin, net	(213,923)	148,691	91,294
Equity in earnings of subsidiaries	(103,959)	(228,169)	(313,451)

Loss on investments, net	64,584	51,175	721
Proceeds from sale of equity securities, net of purchases	75	42,841	(42,916)
Deferred income tax (benefit) expense	(71,056)	39,997	47,423
Non-cash compensation expense	16,476	14,176	10,673
Impairment expense	2,060	6,561	4,637
(Increase) decrease in other assets	(18,181)	14,816	(2,578)
Increase in other liabilities	11,049	10,590	1,784
Net cash (used in) provided by operating activities	(16,604)	368,701	98,593
Cash flows from investing activities:			
Purchases of available-for-sale securities	(206,927)	(713,681)	(640,644)
Proceeds from sales of available-for-sale securities	569,670	435,937	133,286
Proceeds from beneficial interest in consumer loan securitization	6,783	345	—
Capital distributions from subsidiaries, net	355,790	7,340	294,578
(Increase) decrease in notes receivable from subsidiaries	(35,682)	(66,698)	20,895
Proceeds from (payments on) subsidiary debt, net	122,999	(36,104)	(335,184)
Purchases of other investments	(60,707)	(122,236)	(110,184)
Proceeds from other investments and repayments of notes receivable	32,732	20,358	129,899
Net cash provided by (used in) investing activities	784,658	(474,739)	(507,354)
Cash flows from financing activities:			
Payments on notes payable	(954,163)	(7,002)	(126,530)
Proceeds from issuance of notes payable	199,855	233,194	619,259
Payments of debt issuance costs	—	(10)	(1,286)
Dividends paid	(39,419)	(36,608)	(34,457)
Repurchases of common stock	(28,028)	(97,685)	(58,111)
Proceeds from issuance of common stock	1,780	1,633	1,465
Issuance of noncontrolling interest	2,580	—	—
Net cash (used in) provided by financing activities	(817,395)	93,522	400,340
Net decrease in cash, cash equivalents, and restricted cash	(49,341)	(12,516)	(8,421)
Cash, cash equivalents, and restricted cash, beginning of period	142,021	154,537	162,958
Cash, cash equivalents, and restricted cash, end of period	$ 92,680	142,021	154,537
Cash disbursements made for:			
Interest	$ 34,895	14,649	2,301
Income taxes, net of refunds and credits	$ 47,589	57,705	18,659
Non-cash investing and financing activities:			
(Contributions to) distributions from subsidiary, net	$ (6,888)	6,068	835
Issuance of noncontrolling interest	$ 220	—	—

Origination fee. Beginning with loans first disbursed on or after July 1, 2006, the maximum origination fee which could be charged to a Stafford Loan borrower decreased according to the following schedule:

slide1

- 1.5% with respect to loans for which the first disbursement was made on or after July 1, 2007, and before July 1, 2008;
    - 1.0% with respect to loans for which the first disbursement was made on or after July 1, 2008, and before July 1, 2009; and
    - 0.5% with respect to loans for which the first disbursement was made on or after July 1, 2009, and before July 1, 2010.

A lender could charge a lesser origination fee to Stafford Loan borrowers as long as the lender did so consistently with respect to all borrowers who resided in or attended school in a particular state. Regardless of whether the lender passed all or a portion of the origination fee on to the borrower, the lender had to pay the origination fee owed on each loan it made to the Secretary of Education.

An eligible lender was required to charge the borrower of a PLUS Loan an origination fee equal to 3% of the principal amount of the loan. This fee had to be deducted proportionately from each disbursement of the PLUS Loan and had to be remitted to the Secretary of Education.

Lender fee. The lender of any loan made under the Federal Family Education Loan Program was required to pay a fee to the Secretary of Education. For loans made on or after October 1, 2007, the fee was equal to 1.0% of the principal amount of such loan. This fee could not be charged to the borrower.

Rebate fee on Consolidation Loans. The holder of any Consolidation Loan made on or after October 1, 1993, was required to pay to the Secretary of Education a monthly rebate fee. For loans made on or after October 1, 1993, from applications received prior to October 1, 1998, and after January 31, 1999, the fee is equal to 0.0875% (1.05% per annum) of the principal and accrued interest on the Consolidation Loan. For loans made from applications received during the period beginning on or after October 1, 1998, through January 31, 1999, the fee is 0.0517% (0.62% per annum).

Interest subsidy payments

Interest subsidy payments are interest payments paid on the outstanding principal balance of an eligible loan before the time the loan enters repayment and during deferment periods. The Secretary of Education and the guarantee agencies enter into interest subsidy agreements whereby the Secretary of Education agrees to pay interest subsidy payments on a quarterly basis to the holders of eligible guaranteed loans for the benefit of students meeting certain requirements, subject to the holders' compliance with all requirements of the Higher Education Act. Subsidized Stafford Loans are eligible for interest payments. Consolidation Loans for which the application was received on or after January 1, 1993, are eligible for interest subsidy payments. Consolidation Loans made from applications received on or after August 10, 1993, are eligible for interest subsidy payments only if all underlying loans consolidated were Subsidized Stafford Loans. Consolidation Loans for which the application is received by an eligible lender on or after November 13, 1997, are eligible for interest subsidy payments on that portion of the Consolidation Loan that repaid subsidized FFELP Loans or similar subsidized loans made under the Direct Loan Program. The portion of the Consolidation Loan that repaid HEAL Loans is not eligible for interest subsidy, regardless of the date the Consolidation Loan was made.

Special allowance payments

The Higher Education Act provides for special allowance payments (SAP) to be made by the Secretary of Education to eligible lenders. The rates for special allowance payments are based on formulas that differ according to the type of loan, the date the loan was originally made or insured, and the type of funds used to finance the loan (taxable or tax-exempt).

Replacement of LIBOR with SOFR

Lenders who did not elect the alternate calculation formula provided by the Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 and are still using the AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE IPAGE OF PAGES I 1 Month London Inter Bank Offered Rate (LIBOR) rate for SAP calculations will need to switch to a new calculation formula by July 1, 2023 as the publication of the LIBOR index is being discontinued. The I 3 2. AMENDMENT/MODIFICATION NUMBER 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQUISITION NUMBER 5. PROJECT NUMBER (If applicable) 91003120F0312P00154 DEC 15, 2023 EDOFSA-24-000182 6. ISSUED BY CODE I'"CIA_Al'n 7. ADMINISTERED BY (If other than Item 6) CODE I FSA-FS2 US Department of Education published Dear Colleague Letter GEN-22-12 to detail the process for lenders to transition from LIBOR to the Secured Overnight Financing Rate (SOFR). Lenders can transition to the new formula prior to July 1, 2023 or will be automatically be changed beginning for the 3rd quarter on 2023.

Stafford Loans. The effective formulas for special allowance payment rates for Subsidized Stafford and Unsubsidized Stafford Loans are summarized in the following chart. The T-Bill Rate mentioned in the chart refers to the average of the bond equivalent yield of the 91-day Treasury bills auctioned during the preceding quarter.

Date of Loans	Annualized SAP Rate
On or after October 1, 1981	T-Bill Rate less Applicable Interest Rate + 3.5%
On or after November 16, 1986	T-Bill Rate less Applicable Interest Rate + 3.25%
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.1%(1)
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.8%(2)
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.34%(3)(6)
On or after October 1, 2007 and held by a Department of Education certified not-for-profit holder or Eligible Lender Trustee holding on behalf of a Department of Education certified not-for-profit entity	3 Month Commercial Paper Rate less Applicable Interest Rate + 1.94%(4)(6)
All other loans on or after October 1, 2007	3 Month Commercial Paper Rate less Applicable Interest Rate + 1.79%(5)(6)

(1) Substitute 2.5% in this formula while such loans are in-school, grace, or deferment status

(2) Substitute 2.2% in this formula while such loans are in-school, grace, or deferment status.

(3) Substitute 1.74% in this formula while such loans are in-school, grace, or deferment status.

(4) Substitute 1.34% in this formula while such loans are in-school, grace, or deferment status.

(5) Substitute 1.19% in this formula while such loans are in-school, grace, or deferment status.

(6) The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 provides an alternate calculation method that substitutes for 3 Month Commercial Paper Rate "1 Month London Inter Bank Offered Rate (LIBOR) for United States dollars in effect for each of the days in such quarter as compiled and released by the British Banker's Association." This method has to be selected by each lender or beneficial holder before April 1, 2012 and applies to all loans held under the same lender identification number for the quarter beginning April 1, 2012 and all succeeding 3-month periods.

PLUS, SLS, and Consolidation Loans. The formula for special allowance payments on PLUS, SLS, and Consolidation Loans are as follows:

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.64%(1)
PLUS loans on or after October 1, 2007 and held by a Department of Education certified not-for-profit holder or Eligible Lender Trustee holding on behalf of a Department of Education certified not-for-profit entity	3 Month Commercial Paper Rate less Applicable Interest Rate + 1.94%(1)
All other PLUS loans on or after October 1, 2007	3 Month Commercial Paper Rate less Applicable Interest Rate + 1.79%(1)
Consolidation loans on or after October 1, 2007 and held by a Department of Education certified not-for-profit holder or Eligible Lender Trustee holding on behalf of a Department of Education certified not-for-profit entity	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.24%(1)
All other Consolidation loans on or after October 1, 2007	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.09%(1)

(1) The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 provides an alternate calculation method that substitutes for 3 Month Commercial Paper Rate "1 Month London Inter Bank Offered Rate (LIBOR) for United States dollars in effect for each of the days in such quarter as compiled and released by the British Banker's Association." This method has to be selected by each lender or beneficial holder before April 1, 2012 and applies to all loans held under the same lender identification number for the quarter beginning April 1, 2012 and all succeeding 3-month periods.

A - 11

For PLUS and SLS Loans made prior to July 1, 1994, and PLUS loans made on or after July 1, 1998, which bear interest at rates adjusted annually, special allowance payments are made only in quarters during which the interest rate ceiling on such loans operates to reduce the rate that would otherwise apply based upon the applicable formula. See "Interest Rates for PLUS Loans" and "Interest Rates for SLS Loans." Special allowance payments are available on variable rate PLUS Loans and SLS Loans made on or after July 1, 1987, and before July 1, 1994, and on any PLUS Loans made on or after July 1, 1998, and before January 1, 2000, only if the variable rate, which is reset annually, based on the weekly average one-year constant maturity Treasury yield for loans made before July 1, 1998, and based on the 91-day or 52-week Treasury bill, as applicable for loans made on or after July 1, 1998, exceeds the applicable maximum borrower rate. The maximum borrower rate is between 9% and 12% per annum. The portion, if any, of a Consolidation Loan that repaid a HEAL Loan is ineligible for special allowance payments.

Recapture of excess interest. The Higher Education Reconciliation Act of 2005 provides that, with respect to a loan for which the first disbursement of principal was made on or after April 1, 2006, if the applicable interest rate for any three-month period exceeds the special allowance support level applicable to the loan for that period, an adjustment must be made by calculating the excess interest and crediting such amounts to the Secretary of Education not less often than annually. FSA - Acquisitions, 830 First St NE - Suite 91 F3 Federal Student Aid/Mission Support Group Washington DC 20202 830 First St NE - Suite 91F3 Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov Washington DC 20202 8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Coda) (X) 9A. AMENDMENT OF SOLICITATION NUMBER NELNET SERVICING LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508 CODE 00030812 UEI: MNXKQ62J7AE8 Cage Code: 5JZQ5 I FACILITY CODE ,.............. □ 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NUMBER ED-FSA-09-D-00 13/91003120F0312 10B. DATED (SEE ITEM 13) NOV26, 2019 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS D The amount of any adjustment of interest for any quarter will be equal to:

- The applicable interest rate minus the special allowance support level for the loan, multiplied by
- The average daily principal balance of the loan during the quarter, divided by
- Four.

Special allowance payments for loans financed by tax-exempt bonds. The effective formulas for special allowance payment rates for Stafford Loans and Unsubsidized Stafford Loans differ depending on whether loans to borrowers were acquired or originated with the proceeds of tax-exempt obligations. The formula for special allowance payments for loans financed with the proceeds of tax-exempt obligations originally issued prior to October 1, 1993 is:

$$\frac{\text{T-Bill Rate less Applicable Interest Rate + 3.5\%}}{2}$$

provided that the special allowance applicable to the loans may not be less than 9.5% less the Applicable Interest Rate. Special rules apply with respect to special allowance payments made on loans

- Originated or acquired with funds obtained from the refunding of tax-exempt obligations issued prior to October 1, 1993, or

- Originated or acquired with funds obtained from collections on other loans made or purchased with funds obtained from tax-exempt obligations initially issued prior to October 1, 1993.

Amounts derived from recoveries of principal on loans eligible to receive a minimum 9.5% special allowance payment may only be used to originate or acquire additional loans by a unit of a state or local government, or non-profit entity not owned or controlled by or under common ownership of a for-profit entity and held directly or through any subsidiary, affiliate or trustee, which entity has a total unpaid balance of principal equal to or less than $100,000,000 on loans for which special allowances were paid in the most recent quarterly payment prior to September 30, 2005. Such entities may originate or acquire additional loans with amounts derived from recoveries of principal until December 31, 2010. Loans acquired with the proceeds of tax-exempt obligations originally issued after October 1, 1993, receive special allowance payments made on other loans. Beginning October 1, 2006, in order to receive 9.5% special allowance payments, a lender must undergo an audit arranged by the Secretary of Education attesting to proper billing for 9.5% payments on only eligible "first generation" and "second generation" loans. First generation loans include those loans acquired using funds directly from the issuance of the tax-exempt obligation. Second-generation loans include only those loans acquired using funds obtained directly from first-generation loans. Furthermore, the lender must certify compliance of its 9.5% billing on such loans with each request for payment.

Adjustments to special allowance payments. Special allowance payments and interest subsidy payments are reduced by the amount which the lender above numbered solicitation is authorized or required to charge as an origination fee. In addition, the amount of the lender origination fee is collected by offset to special allowance payments and interest subsidy payments. The Higher Education Act provides that if special allowance payments or interest subsidy payments have not been made within 30 days after the Secretary of Education receives an accurate, timely, and complete request, the special allowance payable to the lender must be increased by an amount equal to the daily interest accruing on the special allowance and interest subsidy payments due the lender.

Exhibit 4.1

DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

Nelnet, Inc., a Nebraska corporation (referred to in this exhibit by the terms "Nelnet," "our," "us," and "we") has one class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934: our Class A Common Stock, par value $0.01 per share (referred to in this exhibit as "Class A common stock"). The following Description of Capital Stock includes a description of our Class A common stock, as well as our Class B Common Stock, par value $0.01 per share (referred to in this exhibit as "Class B common stock"), shares of which are convertible into shares of Class A common stock. Such description is a summary that is subject to and qualified in its entirety by reference to the complete text of our articles of incorporation and bylaws, each of which is filed with or incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part, as well as the complete text of the applicable provisions of the Nebraska Model Business Corporation Act and the Nebraska Shareholders Protection Act.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Our articles of incorporation provide that we have the authority to issue up to 600,000,000 shares of Class A common stock, with par value of $0.01 per share, and 60,000,000 shares of Class B common stock, with par value of $0.01 per share.

Our articles of incorporation also provide that we have the authority to issue up to 50,000,000 shares of preferred stock, with par value of $0.01 per share, with the board of directors having authority to fix the relative rights and preferences of each series of preferred stock as discussed below. As of the date of the Annual Report on Form 10-K of which this exhibit is a part, no shares of preferred stock are issued and outstanding.

All of the issued and outstanding shares of Class B common stock were issued prior to our initial public offering of shares of Class A common stock on December 11, 2003. No additional shares of Class B common stock have been issued subsequent to December 11, 2003, and our articles of incorporation provide that, except for shares of Class B common stock issued in connection with stock splits, stock dividends and other similar distributions, we cannot issue additional shares of Class B common stock unless approved by the affirmative votes of the holders of a majority in voting power of the stock of Nelnet entitled to vote thereon.

Common Stock

General Voting Rights

Holders of shares of Class A common stock are entitled to one vote per share and holders of shares of Class B common stock are entitled to ten votes per share on all matters submitted to a vote of shareholders. Except as otherwise required by applicable law, shares of Class A common stock and shares of Class B common stock shall vote as a single class on all matters to be voted on by the shareholders, including, without limitation, any consolidation or merger of us into or with any other corporation or the sale or transfer by us of all or substantially all of our assets. With the approval of a majority of the shares of Class B common stock, voting separately as a class, we may lower the number of votes per share that each share of Class B common stock shall be entitled to have.

Our bylaws provide that if a quorum is present, action on a matter by a shareholder voting group under the Nebraska Model Business Corporation Act shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law, and provided further that, amended as set forth in our articles Item 14. The hour and date specified for receipt of incorporation, Offers D is extended. D is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in all elections of directors, directors shall be elected the solicitation or as amended, by a majority one of the votes cast by the shares entitled to vote in the election, following methods: (a) By completing items 8 and not by a plurality of such votes.

The Nebraska Model Business Corporation Act provides that, unless the corporation's articles of incorporation or board of directors requires a greater vote or a greater number of shares to be present, approval of an amendment to a corporation's articles of incorporation (which would include an amendment to modify the rights of holders of capital stock 15, and returning _____ copies of the corporation) requires the approval amendment; (b) By acknowledging receipt of this amendment on each copy of the shareholders at offer submitted; or (c) By separate letter or electronic communication which includes a meeting at which a quorum consisting reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of at least a majority this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. 12. ACCOUNTING AND APPROPRIATION DATA (If required) Modification Amount: $1,721,712.19 See Schedule Modification Obligated Amount: $1,721,712.19 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14. CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER □ IN ITEM 10A. □ B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.212-4 (c)- Contract Terms and Conditions - Commercial Items (Mar 2009) - TAILORED □ D. OTHER (Specify type of modification and authority) E. IMPORTANT: Contractor D is not � is required to sign this document and return copies to the issuing office. 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) See Attachment Page Except as provided herein, all terms and conditions of the votes entitled to be cast on the amendment exists, document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and if any class or series of shares is entitled to vote as a separate group on the amendment, the approval of each such separate voting group at a meeting at which a quorum of the voting group consisting of at least a majority of the votes entitled to be cast on the amendment by that voting group exists. The Nebraska Model Business Corporation Act also provides that, if a quorum exists, an amendment to a corporation's articles of incorporation is approved if the votes cast within the voting group in favor of the amendment exceed the votes cast against the amendment, unless the corporation's articles of incorporation require a greater number of affirmative votes. Our articles of incorporation contain a proviso whereby the affirmative vote of the holders of a majority of the voting power of all the shares of our capital stock then entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, repeal or adopt any provision in our articles of incorporation inconsistent with certain existing provisions regarding rights with respect to future issuances and sales of our securities, certain existing provisions regarding shareholder actions and meetings of shareholders, or such proviso.

Cumulative Voting Rights in the Election of Directors

With respect to the election of directors, our shareholders have cumulative voting rights under the Nebraska Model Business Corporation Act, whereby shareholders may vote their shares for as many directors as are to be elected, or may cumulate such shares and give one

nominee as many votes as the number of directors to be elected multiplied by the number of their shares, or may distribute votes on the same principle among as many or as few nominees as they may desire.

Classification of Board of Directors

Under our articles of incorporation, we have a classified board of directors, whereby the board is divided into three classes, with each class containing one-third of the total number of directors, as near as may be practicable, and with the directors in each class serving staggered three-year terms. The classified board framework fosters continuity and stability in the board's leadership and policies by effectively providing that any given time a majority of the directors will have prior experience with us, and therefore will be familiar with our business and operations. However, the classified board framework also has the effect of reducing the impact of cumulative voting rights under the Nebraska Model Business Corporation Act and increasing the difficulty that minority shareholders have in electing a particular director or directors, since a fewer number of directors are elected at each annual meeting of shareholders, and thus a fewer number of votes per share of common stock can be accumulated by shareholders to vote for a particular director nominee or nominees.

Dividend Rights

Holders of our Class A common stock and Class B common stock are entitled to receive ratably dividends payable in cash, in stock or otherwise, as and when declared by the board of directors out of assets legally available therefor, subject to any preferential rights of any outstanding preferred stock.

Conversion Provisions

Shares of Class A common stock are not convertible. Each share of Class B common stock is convertible at any time at the holder's option into one share of Class A common stock, and each share of Class B common stock shall automatically convert into one share of Class A common stock, without any action by us or further action by the holder thereof, upon the transfer of such share of Class B common stock, other than the following transfers:

- to any other holder of Class B common stock or to any natural person or business organization that, directly or indirectly, controls, is controlled by or is under common control with such holder (with the term "business organization" defined to mean any corporation, limited liability company, partnership or like entity);
- to a spouse, sibling, parent, grandparent or descendant, whether natural or adopted, of a holder of Class B common stock;
- to any charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- to a trust all of the beneficiaries of which (with the term "beneficiaries" defined to mean qualified beneficiaries of a trust, expressly intending to exclude any remote

beneficiaries and any beneficiaries not otherwise existing or otherwise reasonably ascertainable, identifiable or known at the time of the transfer to such trust under the laws of the State of Nebraska and/or the laws of the state governing such trust) are:

  – holders of Class B common stock (or are eligible to hold Class B common stock without triggering a conversion) each of whom is a natural person who is a spouse, sibling, parent, grandparent or descendant, whether natural or adopted, of a holder of Class B common stock, and/or,

  – a charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

- by will to:

  – a spouse, sibling, parent, grandparent or descendant, whether natural or adopted, of a holder of Class B common stock,

  – a charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or

  – to a trust as described in the bullet point immediately above;

- pursuant to the laws of descent and distribution to a spouse, sibling, parent, grandparent and/or descendant, whether natural or adopted, of a holder of Class B common stock; or

- to us.

Notwithstanding the above provisions, a share of Class B common stock will automatically convert into one share of Class A common stock upon any transfer thereof pursuant to a divorce or separation agreement, decree or order.

In the event at any time the shares of Class B common stock outstanding constitute less than 50% of the 14,023,454 shares of Class B common stock outstanding as of the date of the final prospectus relating to our initial public offering of shares of Class A common stock (which date was December 10, 2003), each remaining share of Class B common stock outstanding shall automatically be converted into one share of Class A common stock.

Other Rights

Upon liquidation, dissolution or winding up of Nelnet, after payment in full force and effect. 15A. NAME AND TITLE OF SIGNER (Type or print) 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eddie Lowe, Contracting Officer 15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED (Signature of the amounts required person authorized to be paid to the holders sign) Previous edition unusable (202) 377-3714 Eddie.Lowe@ed.gov 16B. UNITED STATES OF AMERICA (Signature of any outstanding preferred stock, all holders of Class A common stock and Class B common stock are entitled to receive ratably any assets available for distribution to holders thereof after the payment of all of our debts and other liabilities. No shares of Class A common stock or Class B common stock have preemptive rights to purchase additional shares. All outstanding shares of Class A common stock and Class B common stock are fully paid and nonassessable. Contracting Officer) 16C. DATE SIGNED DEC 14, 2023 STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243 EDDIE LOWE Digitally signed by EDDIE LOWE Date: 2023.12.14 16:12:35 -05'00'

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Attachment Page rights, preferences and privileges of holders of Class A

common stock and Class B common stock are subject to and may be adversely affected by the rights of holders of any preferred stock that may be issued in the future.

Preferred Stock

Our board of directors is authorized, subject to limitations of applicable law, without further shareholder approval, to issue from time to time up to an aggregate of 50,000,000 shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. Such rights and restrictions include dividend rights, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. The exercise purpose of this authority eliminates delays associated modification is to do the following: 1. Add CLINs 6002 through 6004 - which incorporates Option Period VI for Image Repository, GA Rehab and DLCS Support with obtaining shareholder approval a Period of Performance from December 15, 2023, through February 29, 2024. 2. Add funding in specific instances.

Provisions of Articles of Incorporation, Bylaws and Nebraska Law with Potential Anti-Takeover Effects

Provisions of our articles of incorporation and bylaws and the Nebraska Shareholders Protection Act discussed below could discourage unsolicited potential acquisition or takeover proposals and could delay or prevent a change in control of Nelnet. These provisions of our articles of incorporation and bylaws are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by the board of directors and to discourage types of transactions that may involve an actual or threatened change in control of Nelnet.

Classification of Board of Directors

Our classified board of directors framework as described above may increase the amount of time required $1,721,712.19 and exercise Option Period VI accordingly. The obligated value has increased by $1,721,712.19 from $939,782,735.01 to $941,504,447.20. All other terms and conditions remain unchanged. PAGE 2 OF 3 ED-FSA-09-D-0013/91003120F0312P00154

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SCHEDULE Continued ITEM NO. SUPPLIES/SERVICES QUANTITY UNIT UNIT PRICE AMOUNT Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov Property Administrator Point of Contact: None Primary Technical Point of Contact: None Alternate Technical Point(s) of Contact: None (New Line Item) Budget Initiative: Servicing Operations Option Period VI - Image Repository 6002 To provide funding a potential acquirer Image Repository servicing. 1.00 SE 276,959.30 276,959.30 Period of Performance (12/15/2023 - 2/29/2024) Accounting and Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.MG.000. 0000.000000 $276,959.30 PR NUMBER: EDOFSA-24-000179 (New Line Item) Budget Initiative: Servicing Operations Option Period VI - GA Rehabilitation 6003 To provide funding for Guaranty Agency Rehabilitation 1.00 SE 1,674.75 1,674.75 servicing. Period of Performance (12/15/2023 - 2/29/2024) Accounting and Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.MG.000. 0000.000000 $1,674.75 PR NUMBER: EDOFSA-24-000181 (New Line Item) Budget Initiative: Servicing Option Period VI - Loan Consolidation 6004 To provide funding for Direct Loan Consolidation System 1.00 SE 1,443,078.14 1,443,078.14 (DLCS) servicing. Period of Performance (12/15/2023 - 2/29/2024) Accounting and Appropriation Data: 4253XNOYR. B.2024.EN400000.A 16.2521 A.LLX.000. 0000.000000 $1,443,078.14 PR NUMBER: EDOFSA-24-000182 PAGE 3 OF 3 ED-FSA-09-D-0013/91003120F0312P00154

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE IPAGE OF PAGES I 1 I 3 2. AMENDMENT/MODIFICATION NUMBER 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQUISITION NUMBER 5. PROJECT NUMBER (If applicable) 91003120F0325P00020 DEC 15, 2023 EDOFSA-24-000184 6. ISSUED BY CODE I'"CIA_Al'n 7. ADMINISTERED BY (If other than Item 6) CODE I FSA-FS2 US Department of Education United States Department of Education FSA - Acquisitions, 830 First St NE - Suite 91 F3 Federal Student Aid/Mission Support Group Washington DC 20202 830 First St NE - Suite 91F3 Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov Washington DC 20202 8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Coda) (X) 9A. AMENDMENT OF SOLICITATION NUMBER NELNET SERVICING, LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508 CODE 00030812 UEI: MNXKQ62J7AE8 Cage Code: 5JZQ5 I FACILITY CODE ,............. □ 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NUMBER ED-FSA-09-D-00 13/91003120F0325 10B. DATED (SEE ITEM 13) DEC 16, 2019 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS D The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers D is extended. D is not extended. Offers must acknowledge receipt of this amendment prior obtain control of us without cooperation of our board. With restrictions on hour and date specified in ability to obtain immediate control solicitation or as amended, by one board, following methods: (a) By completing items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or electronic communication which includes potential acquirer may face other impediments to its intended acquisition of us, such as the issuance to another party of preferred stock with rights and preferences adverse reference interests solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. 12. ACCOUNTING AND APPROPRIATION DATA (If required) Modification Amount: $1,458,691.52 See Schedule Modification Obligated Amount: $1,458,691.52 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14. CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER □ IN ITEM 10A. □ B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.212-4 (c)- Contract Terms and Conditions - Commercial Items (Mar 2009)- TAILORED □ D. OTHER (Specify type of modification and authority) E. IMPORTANT: Contractor D is not � is required to sign this document and return copies to the issuing office. 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) See Attachment Page Except as provided herein, all terms and conditions potential acquirer. Therefore, the classified board framework could discourage certain change document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. 15A. NAME AND TITLE OF SIGNER (Type or print) 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eddie Lowe, Contracting Officer 15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED (Signature control transactions. Further, the classified board framework makes it more difficult for shareholders person authorized change the majority composition sign) Previous edition unusable (202) 377-3714 Eddie.Lowe@ed.gov 16B. UNITED STATES OF AMERICA (Signature the board. Contracting Officer) 16C. DATE SIGNED DEC 14, 2023 STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243 EDDIE LOWE Digitally signed by EDDIE LOWE Date: 2023.12.14 16:14:28 -05'00'

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Our articles of incorporation and bylaws provide that any vacancies on the board of directors for any reason and any newly created directorships resulting by reason of any increase in the number of directors may be filled only by the board of directors, acting by a majority of the remaining directors then in office, although less than a quorum, or by a sole remaining director. This prevents a third party or a majority of shareholders from removing incumbent

directors and simultaneously gaining control of the board of directors by filling, with its own nominees, the vacancies created by removal.

Special Meetings of Shareholders

Our articles of incorporation provide that special meetings of our shareholders may be called only by our board of directors or by shareholders holding at least 25% of all the votes entitled to be cast on an issue proposed to be considered at the proposed special meeting, except as may otherwise be provided or required by the Nebraska Model Business Corporation Act.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our bylaws establish advance notice procedures for shareholder proposals of business to be brought before an annual meeting of shareholders and shareholder nominations of candidates for election as directors at meetings of shareholders. For a shareholder nomination or proposal of other business to be properly brought before a meeting of shareholders, the shareholder must comply with the advance notice requirements and provide us with certain information. Generally, to be timely for an annual meeting of shareholders, a shareholder's notice must be delivered to us not less than 90 days nor more than 120 days in advance of the first anniversary of the preceding year's annual meeting. Our bylaws also specify requirements as to the form and content of a shareholder's notice.

Although the advance notice provisions do not give the board of directors any power to approve or disapprove a shareholder's nomination or proposal for action by us, they may have the effect of preventing a contest for the election of directors or the consideration of shareholder proposals if the procedures established by our bylaws are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its proposal, without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our shareholders. Attachment Page The purpose of requiring advance notice this modification is to afford do the board following: 1. Add CUN 5000 - which incorporates Option Period V with a Period of directors an opportunity Performance from December 15, 2023, through February 29, 2024. 2. Add funding in the amount of $140,232.65 and exercise Option Period V accordingly. The obligated value has increased by $140,232.65 from $9,980,447.46 to consider the qualifications $10,120,680.11. All other terms and conditions remain unchanged. PAGE 2 OF 3 ED-FSA-09-D-0013/91003120F0325P00020

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SCHEDULE Continued ITEM NO. SUPPLIES/SERVICES QUANTITY UNIT UNIT PRICE AMOUNT Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov Property Administrator Point the proposed nominees or the merits Contact: None Primary Technical Point other shareholder proposals Contact: None Alternate Technical Point(s) of Contact: None (New Line Item) Budget Initiative: Servicing Operations Option Period V - Loan Consolidation 5000 To provide funding for Loan Consolidation (LC) Servicing 1.00 SE 1,458,691.52 1,458,691.52 O&M. Period of performance (12/15/2023 - 2/29/2024) Accounting to the extent deemed necessary or desirable by the board of directors, to inform shareholders about those matters. Appropriation Data: 4253XNOYR. B.2024.EN400000.A 16.2521 A.LLX.000. 0000.000000 $1,458,691.52 PR NUMBER: EDOFSA-24-000184 Pricing Option: Firm-Fixed-Price PAGE 3 OF 3 ED-FSA-09-D-0013/91003120F0325P00020

Preferred Stock

The ability of our board of directors to issue preferred stock without further shareholder approval as described above, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of our outstanding voting stock.

Rights to Purchase Securities

Our articles of incorporation authorize our board of directors to create and issue, whether or not in connection with the issuance and sale of any of our securities or properties, rights entitling the holders thereof to purchase our securities or securities issued by any other entity.

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EDDIE LOWE Digitally signed by EDDIE LOWE Date: 2023.12.14 16:15:39 -05:00

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE IPAGE OF PAGES I 1 I 3 2. AMENDMENT/MODIFICATION NUMBER 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQUISITION NUMBER 5. PROJECT NUMBER (If applicable) 91003120F0328P00053 DEC 15, 2023 EDOFSA-24-000189 6. ISSUED BY CODE I'"ClA_Al'n 7. ADMINISTERED BY (If other than Item 6) CODE I FSA-FS2 US Department of Education United States Department of Education FSA - Acquisitions, 830 First St NE - Suite 91 F3 Federal Student Aid/Mission Support Group Washington DC 20202 830 First St NE - Suite 91F3 Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov Washington DC 20202 8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Coda) (X) 9A. AMENDMENT OF SOLICITATION NUMBER NELNET SERVICING, LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508 CODE 00030812 UEI: MNXKQ62J7AE8 Cage Code: 5JZQ5 I FACILITY CODE ,............ □ 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NUMBER ED-FSA-09-D-00 13/91003120F0328 10B. DATED (SEE ITEM 13) DEC 16, 2019 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS D times at which and the terms upon which such rights are to be issued are to be determined by the board of directors and above numbered solicitation is amended as the contracts or other instruments that evidence such rights. Item 14. authority hour and date specified for receipt the board Offers D is extended. D is not extended. Offers must acknowledge receipt directors with respect to such rights shall include, without limitation, the determination of the initial purchase price, the times and circumstances under which such rights may be exercised, provisions denying holders of a specified percentage of our outstanding capital stock the right to exercise such rights and provisions to permit us to redeem or exchange such rights. These provisions could have the effect of discouraging third parties from seeking, or impairing their ability to seek, to acquire a significant portion of our outstanding securities, to engage in any transaction which might result in a change in control of us or to enter into any agreement, arrangement or understanding with another party to accomplish the foregoing or for the purpose of acquiring, holding, voting or disposing of any of our securities.

Nebraska Shareholders Protection Act

We are a Nebraska corporation and are therefore subject to the provisions of the Nebraska Shareholders Protection Act. The Nebraska Shareholders Protection Act, subject to certain exemptions, prohibits a Nebraska corporation from engaging in any of a broad range of "business combinations" involving an "interested" shareholder, or any affiliate or associate of such interested shareholder, for a period of five years following the date that such shareholder became an interested shareholder, unless prior to such date the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder. A "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested shareholder. The Nebraska Shareholders Protection Act also provides that shares acquired in a control-share acquisition have no voting rights with respect to matters other than the election of directors unless approved by a vote of shareholders of the corporation, and that any such control-share acquisition shall be approved by the affirmative vote of the holders of a majority of the corporation's voting shares that are not "interested" shares. A control-share "acquisition" is an acquisition of voting stock in a corporation that, when added to the shares the shareholder had this amendment prior to the acquisition, would elevate hour and date specified in the shareholder's voting power into solicitation or as amended, by one of the three following ranges: (i) between 20% methods: (a) By completing items 8 and 33 1/3%, (ii) between 33 1/3% 15, and 50% and (iii) over 50%. For purposes returning _____ copies of the Nebraska Shareholders Protection Act, an "interested shareholder" is a person who owns 10% or more amendment; (b) By acknowledging receipt of a corporation's outstanding voting stock, or an affiliate or associate this amendment on each copy of the corporation that owns, offer submitted; or within (c) By separate letter or electronic communication which includes a reference to the preceding five years did own, 10% solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or more electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. 12. ACCOUNTING AND APPROPRIATION DATA (If required) Modification Amount: $3,092,661.00 See Schedule Modification Obligated Amount: $3,092,661.00 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14. CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER □ IN ITEM 10A. □ B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.212-4 (c)- Contract Terms and Conditions - Commercial Items (Mar 2009)- TAILORED □ D. OTHER (Specify type of modification and authority) E. IMPORTANT: Contractor D is not � is required to sign this document and return copies to the issuing office. 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) See Attachment Page Except as provided herein, all terms and conditions of the corporation's outstanding voting stock. These provisions may have document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. 15A. NAME AND TITLE OF SIGNER (Type or print) 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eddie Lowe, Contracting Officer 15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED (Signature of person authorized to sign) Previous edition unusable (202) 377-3714 Eddie.Lowe@ed.gov 16B. UNITED STATES OF AMERICA (Signature of Contracting Officer) 16C. DATE SIGNED DEC 14, 2023 STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243 EDDIE LOWE Digitally signed by EDDIE LOWE Date: 2023.12.14 16:16:31 -05'00'

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Attachment Page The purpose of this modification is to do effect following: 1. Add CUN 5000 -which incorporates Option Period V with a Period discouraging, delaying, deferring or preventing a change Performance from December 15, 2023, through February 29, 2024. 2. Add funding control of Nelnet.

Exclusive Forum Provisions

Our articles of incorporation provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, a specifically designated Nebraska state court located in Lincoln, Nebraska (or, if that court does not have jurisdiction, the federal district court for the District of Nebraska located in Lincoln, Nebraska) will be the sole and exclusive forum for:

- any derivative action or proceeding brought on behalf or in the right of us;

- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or our shareholders;
- any action asserting a claim arising under any provision of the Nebraska Model Business Corporation Act or our articles of incorporation or bylaws (as each may be amended from time to time); or
- any action asserting a claim governed by the internal affairs doctrine.

Additionally, our articles of incorporation provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

These exclusive forum provisions may limit the ability of our shareholders to commence litigation in a forum that they prefer, which may discourage such lawsuits against us and our current or former directors, officers, and employees.

Limitation on Liability of Directors

Our articles of incorporation contain a provision which eliminates the personal liability of each of our directors to us or our shareholders for money damages for any action taken, or any failure to take any action, as one of our directors, except liability for:

- the amount of a financial benefit received $3,092,661.00 and exercise Option Period V accordingly. The obligated value has increased by a director $3,092,661.00 from $73,152,998.62 to which the director is not entitled; $76,245,659.62. All other terms and conditions remain unchanged. PAGE 2 OF 3 ED-FSA-09-D-0013/91003120F0328P00053

- an intentional infliction

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SCHEDULE Continued ITEM NO. SUPPLIES/SERVICES QUANTITY UNIT UNIT PRICE AMOUNT Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov Property Administrator Point of harm on us or our shareholders;

- a violation Contact: None Primary Technical Point of provisions Contact: None Alternate Technical Point(s) of the Nebraska Model Business Corporation Act relating to unlawful payments Contact: None (New Line Item) Budget Initiative: Servicing Option Period V - Total and Permanent Disability (TPD) 5000 To provide funding for Total Permanent Disability (TPD) 1.00 SE 3,092,661.00 3,092,661.00 servicing. Period of dividends or unlawful stock repurchases; or

- an intentional violation of criminal law.

The inclusion of this provision in our articles of incorporation may have the effect of reducing the likelihood of derivative litigation against our directors, Performance (12/15/23 - 2/29/24) Accounting and may discourage or deter shareholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our shareholders. Management believes that this provision will assist us in attracting and retaining qualified individuals to serve as directors. Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.AD2.000. 0000.000000 $3,092,661.00 PR NUMBER: EDOFSA-24-000189 Pricing Option: Firm-Fixed-Price PAGE 3 OF 3 ED-FSA-09-D-0013/91003120F0328P00053

Indemnification and Insurance

Our articles of incorporation provide that, to the fullest extent permitted by Nebraska law, we will indemnify and hold harmless and advance expenses to any person who was, is, or is threatened to be made a party or is otherwise involved in any proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a

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director or officer of us, against all liability and loss suffered and expenses actually and reasonably incurred by such person in connection with such proceeding.

In addition, our articles of incorporation provide that we may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of us against any liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, whether or not we would have the power to indemnify or advance expenses to him or her against such liability under our articles of incorporation or the Nebraska Model Business Corporation Act. Our articles of incorporation further provide that we may, to the extent and in the manner permitted by the Nebraska Model Business Corporation Act, indemnify any of our employees or agents against liability, expenses and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an employee or other agent of us. We have obtained insurance for the benefit of our officers and directors insuring such persons against liabilities, including liabilities under the securities laws.

Registration Rights

In connection with our initial public offering of shares of Class A common stock in December 2003, we entered into a registration rights agreement with Michael S. Dunlap, Stephen F. Butterfield (who passed away in April 2018), persons related to them and trusts in which they have beneficial interests, under which they have the right to make two written demands of Nelnet for registration with the Securities and Exchange Commission of all or part of their common stock. However, we need not effect a demand registration unless it includes securities with an aggregate offering price, net of underwriting discounts and commissions, of at least $5 million. The second such demand may not be made within twelve months after the first such demand. We are obligated to comply with any such demand unless our independent directors determine that such sale would be contrary to the best interests of Nelnet. Our independent directors may consider several factors in making any such determination, including share price performance after the date of the initial public offering, equity market conditions and our operating results. These shareholders also have piggyback registration rights for their common stock. The number of securities to be included in an offering by these shareholders will be subject to reduction by the applicable underwriter in some cases. We will bear all expenses incident to our performance of our registration obligations, other than some of the costs or expenses of selling shareholders. The foregoing registration rights are not transferable and may be amended or waived only with the written consent of Nelnet and the applicable shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare.

NYSE Listing

Our Class A common stock is listed on the New York Stock Exchange under the symbol “NNI.”

Exhibit 21.1

List of Direct and Indirect Subsidiaries of Nelnet, Inc. as of December 31, 2022 December 31, 2023

		Name	Organized in	Relationship to Nelnet Inc.	Percentage Ownership		Name	Organized in	Relationship to Nelnet Inc.	Percentage Ownership
1	1	1867 - AGATE20, LLC	Nebraska	Indirect	100.00	1	1867 - AGATE20, LLC	Nebraska	Indirect	100.00
2	2	1867 - Excelsior, LLC	Nebraska	Indirect	100.00	2	1867 - CC23, LLC	Nebraska	Indirect	100.00
3	3	1867 - GS20, LLC	Nebraska	Indirect	100.00	3	1867 - Excelsior, LLC	Nebraska	Indirect	100.00
4	4	1867 - GS22CO, LLC	Nebraska	Indirect	100.00	4	1867 - GRNE23, LLC	Nebraska	Indirect	100.00
5	5	1867- Nexcel22A,LLC	Delaware	Indirect	100.00	5	1867 - GS20, LLC	Nebraska	Indirect	100.00
6	6	1867 - NUG21, LLC	Nebraska	Indirect	100.00	6	1867 - NelGun Fund 2, LLC	Nebraska	Indirect	100.00
7	7	1867 - NY1, LLC	Nebraska	Indirect	100.00	7	1867 - NelRock24, LLC	Delaware	Indirect	100.00
8	8	1867 - RP, LLC	Nebraska	Indirect	100.00	8	1867 - NelStar23, LLC	Delaware	Indirect	100.00
9	9	1867 - RP20, LLC	Nebraska	Indirect	100.00	9	1867 - NelStar24, LLC	Delaware	Indirect	100.00
10	10	1867-RP23, LLC	Nebraska	Indirect	100.00	10	1867 - NUG21, LLC	Nebraska	Indirect	100.00
11	11	1867-REV23, LLC	Nebraska	Indirect	100.00	11	1867 - NY1, LLC	Nebraska	Indirect	100.00
12	12	1867 - SOL21, LLC	Nebraska	Indirect	100.00	12	1867 - REV24, LLC	Delaware	Indirect	100.00
13	13	1867 - SOL22 LLC	Nebraska	Indirect	100.00	13	1867 - RH23, LLC	Delaware	Indirect	100.00
14	14	1867 - SOL23 LLC	Nebraska	Indirect	100.00	14	1867 - RP, LLC	Nebraska	Indirect	100.00
15	15	1867 - SR, LLC	Nebraska	Indirect	100.00	15	1867 - RP20, LLC	Nebraska	Indirect	100.00

16	16	1867-SRiver22, LLC	Nebraska	Indirect	100.00	16	1867 - RP23, LLC	Nebraska	Indirect	100.00
17	17	1867 Capital-1, LLC	Nebraska	Direct	100.00	17	1867 - SOL21, LLC	Nebraska	Indirect	100.00
18	18	1867-C2, LLC	Nebraska	Indirect	100.00	18	1867 - SOL22, LLC	Nebraska	Indirect	100.00
19	19	1867-C2-NY, LLC	Nebraska	Indirect	100.00	19	1867 - SR, LLC	Nebraska	Indirect	100.00
20	20	ACM F Acquisition, LLC	Nebraska	Indirect	100.00	20	1867 Capital-1, LLC	Nebraska	Direct	100.00
21	21	CampusGuard LLC	Nebraska	Indirect	100.00	21	1867-C2, LLC	Nebraska	Indirect	100.00
22	22	Community Development Opportunity Fund V, LLC	Nebraska	Indirect	100.00	22	1867-C2-NY, LLC	Nebraska	Indirect	100.00
23	23	Community Development Opportunity Fund VI, LLC	Nebraska	Direct	100.00	23	1867-NelShare23, LLC	Delaware	Indirect	100.00
24	24	Community Development Opportunity Fund VII, LLC	Nebraska	Direct	100.00	24	1867-SeaNet23, LLC	Delaware	Indirect	100.00
25	25	Community Development Opportunity Fund VIII, LLC	Nebraska	Indirect	100.00	25	1867-SRiver24, LLC	Delaware	Indirect	100.00
26	26	EFS Finance Co., LLC	Nebraska	Indirect	100.00	26	ACM F Acquisition, LLC	Nebraska	Indirect	100.00
27	27	FACTS Education Corporation	Nebraska	Indirect	100.00	27	Braxton School of Puerto Rico, Inc.	Pennsylvania	Indirect	100.00
28	28	FACTS Education Solutions, LLC	Arizona	Indirect	100.00	28	CampusGuard, LLC	Nebraska	Indirect	100.00
29	29	First National Life Insurance Company of the USA, Inc.	Nebraska	Indirect	100.00	29	CampusGuard Pty Ltd	Australia	Indirect	100.00
30	30	Nelnet Accident Captive Insurance, LLC	Utah	Indirect	100.00	30	Community Development Opportunity Fund III, LLC	Nebraska	Indirect	100.00
31	31	FM Systems LLC	Delaware	Indirect	100.00	31	Community Development Opportunity Fund V, LLC	Nebraska	Indirect	100.00
32	32	Great Lakes Educational Loan Services, Inc.	Wisconsin	Indirect	100.00	32	Community Development Opportunity Fund VI, LLC	Nebraska	Direct	100.00
33	33	HigherSchool Publishing Company	Illinois	Indirect	100.00	33	Community Development Opportunity Fund VII, LLC	Nebraska	Direct	100.00
34	34	Municipal Tax Investment, LLC	Nebraska	Direct	100.00	34	Community Development Opportunity Fund VIII, LLC	Nebraska	Indirect	100.00
35	35	Municipal Tax Property, LLC	Nebraska	Indirect	100.00	35	EFS Finance Co., LLC	Nebraska	Indirect	100.00
36	36	National Education Loan Network, Inc.	Nebraska	Direct	100.00	36	FACTS Education Corporation	Nebraska	Indirect	100.00
37	37	Nelnet Academic Services, LLC	Nebraska	Indirect	100.00	37	FACTS Education Solutions, LLC	Arizona	Indirect	100.00

38	38	Nelnet Bank, Inc	Utah	Direct	100.00	38	FACTS Management AUS Pty Ltd	Australia	Indirect	100.00
39	39	Nelnet Business Solutions - Canada Inc.	Ontario	Indirect	100.00	39	First National Life Insurance Company of the USA, Inc.	Nebraska	Indirect	100.00
40	40	Nelnet Business Solutions, Inc.	Nebraska	Indirect	100.00	40	FM Systems, LLC	Delaware	Indirect	100.00
41	41	Nelnet Core Assurance LLC	Utah	Indirect	100.00	41	Great Lakes Educational Loan Services, Inc.	Wisconsin	Indirect	100.00
42	42	Nelnet Captive Insurance Company LLC	Utah	Indirect	100.00	42	HigherSchool Publishing Company	Illinois	Indirect	100.00

43	43	Nelnet Harmony Captive Insurance, LLC	Utah	Indirect	100.00	43	Municipal Tax Investment, LLC	Nebraska	Direct	100.00
44	44	Nelnet Tenant Insurance Company LLC	Utah	Indirect	100.00	44	Municipal Tax Property, LLC	Nebraska	Indirect	100.00
45	45	Nelnet Community Engagement, LLC	Nebraska	Indirect	100.00	45	National Education Loan Network, Inc.	Nebraska	Direct	100.00
46	46	Nelnet Diversified Solutions, LLC	Nebraska	Direct	100.00	46	Nelnet Academic Services, LLC	Nebraska	Direct	100.00
47	47	Nelnet Education Loan Funding, Inc.	Nebraska	Indirect	100.00	47	Nelnet Accident Captive Insurance, LLC	Utah	Indirect	100.00
48	48	Nelnet FFELP Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00	48	Nelnet Bank, Inc.	Utah	Direct	100.00
49	49	Nelnet Finance Corp.	Nebraska	Indirect	100.00	49	Nelnet Business Solutions - Canada Inc.	Ontario	Indirect	100.00
50	50	Nelnet Fund Management, LLC	Nebraska	Direct	100.00	50	Nelnet Business Solutions, Inc.	Nebraska	Indirect	100.00
51	51	Nelnet Government Services, LLC	Nebraska	Indirect	100.00	51	Nelnet Captive Insurance Company, LLC	Utah	Indirect	100.00
52	52	Nelnet Insurance Services, LLC	Nebraska	Indirect	100.00	52	Nelnet Community Engagement, LLC	Nebraska	Indirect	100.00
53	53	Nelnet International Pty Ltd	Australia	Indirect	100.00	53	Nelnet Core Assurance, LLC	Utah	Indirect	100.00
54	54	Nelnet Loan Acquisition Corporation	Lincoln	Indirect	100.00	54	Nelnet Devco, LLC	Nebraska	Indirect	100.00
55	55	Nelnet Management Corporation -1	Nevada	Indirect	100.00	55	Nelnet Diversified Solutions, LLC	Nebraska	Direct	100.00
56	56	Nelnet Philippines, Inc	Philippines	Indirect	100.00	56	Nelnet Education Loan Funding, Inc.	Nebraska	Indirect	100.00
57	57	Nelnet Private Education Loan Funding, LLC	Delaware	Indirect	100.00	57	Nelnet FFELP Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00

58	58	Nelnet Private Student Loan Financing Corporation	Nebraska	Indirect	100.00	58	Nelnet Finance Corp.	Nebraska	Indirect	100.00
59	59	Nelnet Private Student Loan Warehouse-2, LLC	Delaware	Indirect	100.00	59	Nelnet Fund Management, LLC	Nebraska	Direct	100.00
60	60	Nelnet Private Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00	60	Nelnet Government Services, LLC	Nebraska	Indirect	100.00
61	61	Nelnet Real Estate Ventures, LLC	Nebraska	Indirect	100.00	61	Nelnet Harmony Captive Insurance, LLC	Utah	Indirect	100.00
62	62	Nelnet Servicing, LLC	Nebraska	Indirect	100.00	62	Nelnet Insurance Services, LLC	Nebraska	Indirect	100.00
63	63	Nelnet Solar, LLC	Nebraska	Direct	100.00	63	Nelnet International Pty Ltd	Australia	Indirect	100.00
64	64	Nelnet Student Loan Depositor, LLC	Nebraska	Indirect	100.00	64	Nelnet Loan Acquisition Corporation	Nebraska	Indirect	100.00
65	65	Nelnet Student Loan Funding II Management Corporation	Nebraska	Indirect	100.00	65	Nelnet Management Corporation -1	Nevada	Indirect	100.00
66	66	Nelnet Student Loan Funding II, LLC	Delaware	Indirect	100.00	66	Nelnet Payment Services, LLC	Nebraska	Indirect	100.00
67	67	Nelnet Student Loan Funding III, LLC	Delaware	Indirect	100.00	67	Nelnet Philippines, Inc.	Philippines	Indirect	100.00
68	68	Nelnet Student Loan Funding Management Corporation	Nevada	Indirect	100.00	68	Nelnet Private Education Loan Funding, LLC	Delaware	Indirect	100.00
69	69	Nelnet Student Loan Funding, LLC	Delaware	Indirect	100.00	69	Nelnet Private Student Loan Financing Corporation	Nebraska	Indirect	100.00
70	70	Nelnet Sustainable Ventures, LLC	Nebraska	Indirect	100.00	70	Nelnet Private Student Loan Warehouse-2, LLC	Delaware	Indirect	100.00
71	71	Nelnet UNL Alliance, LLC	Nebraska	Direct	100.00	71	Nelnet Private Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00
72	72	NHELP – II, LLC	Delaware	Indirect	100.00	72	Nelnet Real Estate Ventures, LLC	Nebraska	Indirect	100.00
73	73	NHELP – III, LLC	Delaware	Indirect	100.00	73	Nelnet Servicing, LLC	Nebraska	Indirect	100.00
74	74	Nelnet Payment Services, LLC	Nebraska	Indirect	100.00	74	Nelnet Solar Holdings, LLC	Nebraska	Indirect	100.00
75	75	Wachovia Education Loan Funding LLC	Delaware	Indirect	100.00	75	Nelnet Solar, LLC	Nebraska	Direct	100.00
76	76	CampusGuard Pty Ltd	Australia	Indirect	100.00	76	Nelnet Student Loan Depositor, LLC	Nebraska	Indirect	100.00
77	77	Community Development Opportunity Fund III, LLC	Nebraska	Indirect	100.00	77	Nelnet Student Loan Funding II Management Corporation	Nebraska	Indirect	100.00

78	78	Community Development Opportunity Fund I, LLC	Nebraska	Direct	99.91	78	Nelnet Student Loan Funding II, LLC	Delaware	Indirect	100.00
79	79	Bodega Avenue Solar LLC	California	Indirect	99.00	79	Nelnet Student Loan Funding III, LLC	Delaware	Indirect	100.00
80	80	Briggs Solar Lessee, LLC	Rhode Island	Indirect	99.00	80	Nelnet Student Loan Funding Management Corporation	Nevada	Indirect	100.00
81	81	C2 CT Fund 1 Holdings, LLC	Delaware	Indirect	99.00	81	Nelnet Student Loan Funding, LLC	Delaware	Indirect	100.00
82	82	CZ Solar Tenant, LLC	Delaware	Indirect	99.00	82	Nelnet Sustainable Ventures, LLC	Nebraska	Indirect	100.00
83	83	GSPP NN Fund II, LLC	New York	Indirect	99.00	83	Nelnet Tenant Insurance Company, LLC	Utah	Indirect	100.00
84	84	KE-TE Holdco Series 2022-1, LLC	Delaware	Indirect	99.00	84	Nelnet UNL Alliance, LLC	Nebraska	Direct	100.00
85	85	Kearsarge NYMA MT, LLC	Massachusetts	Direct	99.00	85	NHELP – II, LLC	Delaware	Indirect	100.00
86	86	RenewProp Lessee 1, LLC	Delaware	Indirect	99.00	86	NHELP – III, LLC	Delaware	Indirect	100.00
87	87	RenewProp Lessee 2, LLC	Delaware	Indirect	99.00	87	NNI-SP Holdings I, LLC	Delaware	Indirect	100.00
88	88	Solar Projectco 12 Tenant, LLC	Delaware	Indirect	99.00	88	Wachovia Education Loan Funding, LLC	Delaware	Indirect	100.00
89	89	Virgo Charlestown NY Holdco, LLC	Delaware	Direct	99.00	89	Community Development Opportunity Fund I, LLC	Nebraska	Direct	99.91

90	90	Virgo Skipjack Holdco, LLC	Delaware	Direct	99.00	90	Whitetail Rock Capital Management, LLC	Nebraska	Indirect	90.00
91	91	Iris 3 TenantCo, LLC	Delaware	Indirect	99.00	91	Whitetail Rock Fund Management, LLC	Nebraska	Indirect	90.00
92	92	NY CSG 2 Holdings, LLC	Delaware	Indirect	99.00	92	Excellence 23, LLC	Nebraska	Indirect	88.00
93	93	Hope Solar Farm, LLC	Delaware	Indirect	99.00	93	Defenders CS, LLC	Illinois	Indirect	80.00
94	94	Catlin Solar 1 LLC	New York	Indirect	99.00	94	ENRG Farms Building 01, LLC	Nebraska	Indirect	80.00
95	95	Saratoga Solar, LLC	New York	Indirect	99.00	95	ENRG Farms Building 02, LLC	Nebraska	Indirect	80.00
96	96	Cortland-Virgil Road, LLC	Delaware	Indirect	99.00	96	ENRG Farms Building 03, LLC	Nebraska	Indirect	80.00
97	97	East River Solar, LLC	Delaware	Indirect	99.00	97	ENRG-Nelnet, LLC	Nebraska	Indirect	80.00
98	98	Lime Hollow Solar, LLC	Delaware	Indirect	99.00	98	GRNE Solarfield 05, LLC	Illinois	Indirect	80.00
99	99	McLean Solar 1, LLC	Delaware	Indirect	99.00	99	GRNE Solarfield 06, LLC	Illinois	Indirect	80.00

100	100	McLean Solar 2, LLC	Delaware	Indirect	99.00	100	GRNE Solarfield 07, LLC	Illinois	Indirect	80.00
101	101	Route 13 Solar, LLC	Delaware	Indirect	99.00	101	GRNE Solarfield 08, LLC	Illinois	Indirect	80.00
102	102	C2 WM New Jersey 1, LLC	Delaware	Indirect	99.00	102	GRNE Solarfield 09, LLC	Illinois	Indirect	80.00
103	103	C2 WM Arizona 1, LLC	Delaware	Indirect	99.00	103	GRNE Solarfield 10, LLC	Illinois	Indirect	80.00
104	104	C2 WM Arizona 2 Solar, LLC	Delaware	Indirect	99.00	104	GRNE Solarfield 11, LLC	Illinois	Indirect	80.00
105	105	C2 WM Arizona 3 Solar, LLC	Delaware	Indirect	99.00	105	GRNE Solarfield 12, LLC	Illinois	Indirect	80.00
106	106	C2 WM Arizona 4 Solar, LLC	Delaware	Indirect	99.00	106	GRNE Solarfield 13, LLC	Illinois	Indirect	80.00
107	107	C2 WM Arizona 5 Solar, LLC	Delaware	Indirect	99.00	107	GRNE Solarfield 14, LLC	Illinois	Indirect	80.00
108	108	C2 WM Arizona 6 Solar, LLC	Delaware	Indirect	99.00	108	GRNE Solarfield 16, LLC	Illinois	Indirect	80.00
109	109	C2 WM Arizona 7 Solar, LLC	Delaware	Indirect	99.00	109	GRNE Solarfield 17, LLC	Illinois	Indirect	80.00
110	110	C2 WM Arizona 8 Solar, LLC	Delaware	Indirect	99.00	110	GRNE-Nelnet Holdco 2023, LLC	Nebraska	Indirect	80.00
111	111	C2 WM Arizona 9 Solar, LLC	Delaware	Indirect	99.00	111	GRNE-Nelnet, LLC	Nebraska	Indirect	80.00
112	112	C2 WM Arizona 10 Solar, LLC	Delaware	Indirect	99.00	112	GSD, LLC	Nebraska	Indirect	80.00
113	113	C2 Woodbury Solar, LLC	Delaware	Indirect	99.00	113	Residential Solar Holdings, LLC	Nebraska	Indirect	80.00
114	114	C2 RI Hopkinton, LLC	Delaware	Indirect	99.00	114	SF MPU WI, LLC	Wisconsin	Indirect	80.00
115	115	Route 149 LLC	Vermont	Indirect	99.00	115	Community Development Opportunity Fund II, LLC	Nebraska	Direct	78.11
116	116	Shields Drive LLC	Vermont	Indirect	99.00	116	1867 - NelKSI, LLC	Nebraska	Indirect	65.00
117	117	Blissville Road LLC	Vermont	Indirect	99.00	117	1867 - SRiver23, LLC	Delaware	Indirect	59.00
118	118	Upper Road LLC	Vermont	Indirect	99.00	118	Community Development Opportunity Fund IV, LLC	Nebraska	Direct	50.00
119	119	C2 WM Laurens Leasing, LLC	Delaware	Indirect	99.00	119	1867 - Kear21, LLC	Nebraska	Indirect	46.00
120	120	KE-21005, LLC	California	Indirect	99.00	120	1867 - REV22, LLC	Nebraska	Indirect	37.00
121	121	SynerGen Panorama, LLC	Maryland	Indirect	99.00	121	1867 - NELKSI21, LLC	Nebraska	Indirect	27.00
122	122	Chester NY1, LLC	Delaware	Indirect	99.00	122	1867 - CC22, LLC	Nebraska	Indirect	20.00
123	123	Greenville NY1, LLC	Delaware	Indirect	99.00	123	1867 - GS21, LLC	Nebraska	Indirect	19.00
124	124	Westtown NY1, LLC	Delaware	Indirect	99.00	124	1867 - NelSun21, LLC	Nebraska	Indirect	19.00
125	125	1st Source Solar 2, LLC	Delaware	Direct	90.00	125	1867 - Riley Road, LLC	Nebraska	Indirect	14.00
126	126	1st Source Solar 3, LLC	Delaware	Direct	90.00	126	1867 - SSI21, LLC	Nebraska	Indirect	12.62
127	127	1st Source Solar 5, LLC	Delaware	Direct	90.00	127	1867 - GS20A, LLC	Nebraska	Indirect	11.00
128	128	1st Source Solar 6, LLC	Delaware	Indirect	90.00	128	1867 - GS22CA, LLC	Delaware	Indirect	10.00

129	129	Whitetail Rock Capital Management, LLC	Nebraska	Indirect	90.00	129	1867 - Nexcel22, LLC	Delaware	Indirect	10.00
130	130	Whitetail Rock Fund Management, LLC	Nebraska	Indirect	90.00	130	1867 - REV23, LLC	Nebraska	Indirect	10.00
131	131	Linn Station Partners, LLC	Kentucky	Indirect	90.00	131	1867 - RP21, LLC	Nebraska	Indirect	10.00
132	132	SRC Partnership 2, LLC	Delaware	Indirect	89.10	132	1867 - SOL21A, LLC	Nebraska	Indirect	10.00
133	133	SSI MN Tranche 1, LLC	Delaware	Indirect	89.10	133	1867 - SOL23, LLC	Nebraska	Indirect	10.00
134	134	Virgo KAM Holdco, LLC	Delaware	Indirect	89.10	134	1867 - SSI22, LLC	Nebraska	Indirect	10.00
135	135	Wenonah Holdings LLC	Delaware	Indirect	89.10	135	1867 - SSI22A, LLC	Delaware	Indirect	10.00
136	136	Illinois PV Fulton 1, LLC	Illinois	Indirect	89.10	136	1867 - SSI23, LLC	Delaware	Indirect	10.00

137	Clinton Solar 4 LLC	Illinois	Indirect	89.10
138	Vermilion Solar 1 LLC	Illinois	Indirect	89.10
139	Tower Road Solar, LLC	Delaware	Indirect	89.10
140	Pine Road Solar, LLC	Delaware	Indirect	89.10
141	Lindstrom Solar LLC	Minnesota	Indirect	89.10
142	Saint Cloud Solar LLC	Minnesota	Indirect	89.10
143	Winsted Solar LLC	Minnesota	Indirect	89.10
144	USS East Hauer Watt Solar LLC	Delaware	Indirect	89.10
145	USS Kost Trail Solar LLC	Delaware	Indirect	89.10
146	USS King 2 LLC	Delawaare	Indirect	89.10
147	USS Eggo Solar LLC	Delaware	Indirect	89.10
148	USS Webster Solar LLC	Delaware	Indirect	89.10
149	USS Lake Patterson Solar LLC	Delaware	Indirect	89.10
150	USS DVL Solar LLC	Delaware	Indirect	89.10
151	Minnesota Solar CSG 5, LLC	Delaware	Indirect	89.10
152	Straight Garden LLC	Minnesota	Indirect	89.10
153	Falls Creek Garden LLC	Minnesota	Indirect	89.10
154	Chub Garden LLC	Minnesota	Indirect	89.10
155	Strandness Garden LLC	Minnesota	Indirect	89.10
156	Star Garden LLC	Minnesota	Indirect	89.10
157	Maston Garden LLC	Minnesota	Indirect	89.10
158	Loon Garden LLC	Minnesota	Indirect	89.10
159	Buffalo Garden LLC	Minnesota	Indirect	89.10
160	Leven Garden LLC	Minnesota	Indirect	89.10
161	Zumbro Garden LLC	Minnesota	Indirect	89.10
162	Erin Garden LLC	Minnesota	Indirect	89.10
163	Mud Garden LLC	Minnesota	Indirect	89.10
164	WSD-NN 59th Avenue and Elliot Storage, LLC	Delaware	Indirect	88.00
165	44 Trade Center, LLC	Missouri	Indirect	85.00
166	TC Westport, LLC	Missouri	Indirect	85.00
167	Owen Ridge Campus, LLC	Missouri	Indirect	85.00
168	Hanley Plaza, LLC	Missouri	Indirect	85.00
169	ENRG-Nelnet, LLC	Nebraska	Indirect	80.00
170	ENRG Farms Building 01, LLC	Nebraska	Indirect	80.00

171	ENRG Farms Building 02, LLC	Nebraska	Indirect	80.00
172	ENRG Farms Building 03, LLC	Nebraska	Indirect	80.00
173	GRNE Solarfield 05, LLC	Illinois	Indirect	80.00
174	GRNE Solarfield 06, LLC	Illinois	Indirect	80.00
175	GRNE Solarfield 07, LLC	Illinois	Indirect	80.00
176	GRNE Solarfield 08, LLC	Illinois	Indirect	80.00
177	GRNE Solarfield 09, LLC	Illinois	Indirect	80.00
178	GRNE Solarfield 10, LLC	Illinois	Indirect	80.00
179	GRNE Solarfield 11, LLC	Illinois	Indirect	80.00
180	GRNE Solarfield 12, LLC	Illinois	Indirect	80.00
181	GRNE Solarfield 13, LLC	Illinois	Indirect	80.00
182	GRNE Solarfield 14, LLC	Illinois	Indirect	80.00
183	GRNE Solarfield 15, LLC	Illinois	Indirect	80.00
184	GRNE Solarfield 16, LLC	Illinois	Indirect	80.00
185	Defenders CS, LLC	Illinois	Indirect	80.00
186	GRNE-Nelnet, LLC	Nebraska	Indirect	80.00
187	Residential Solar Holdings, LLC	Nebraska	Indirect	80.00
188	GSD, LLC	Nebraska	Indirect	80.00
189	NGWeb Solutions, LLC	Nebraska	Indirect	80.00
190	Community Development Opportunity Fund II, LLC	Nebraska	Direct	68.93
191	Nanocapital I, LLC	Nebraska	Indirect	65.83
192	1867 - NelKSI, LLC	Nebraska	Indirect	65.00
193	PI Timberline, LLC	Missouri	Direct	56.67
194	330-333 Building Acquisition Corporation	Nebraska	Indirect	50.00
195	330-333 Building, LLC	Nebraska	Indirect	50.00
196	401 Building Acquisition Corporation	Nebraska	Indirect	50.00
197	401 Building, LLC	Nebraska	Indirect	50.00
198	4600 Innovation Drive, LLC	Nebraska	Indirect	50.00
199	7200 WorldCom, LLC	Nebraska	Indirect	50.00
200	BenefitEd, LLC	Nebraska	Indirect	50.00
201	Community Development Opportunity Fund IV, LLC	Nebraska	Direct	50.00
202	EADO, LLC	Nebraska	Indirect	50.00
203	Invite Education, LLC	Delaware	Direct	50.00
204	LT&T Collection, LLC	Nebraska	Indirect	50.00
205	Lumberworks Lofts Acquisition Corporation	Nebraska	Indirect	50.00
206	Lumberworks Lofts, LLC	Nebraska	Indirect	50.00
207	Telegraph Lofts West, LLC	Nebraska	Indirect	50.00
208	West Haymarket Holding Company, LLC	Nebraska	Indirect	50.00
209	Canopy Park, LLC	Nebraska	Indirect	50.00
210	Lincoln Lodging, LLC	Nebraska	Indirect	50.00
211	Telgraph Lofts East, LLC	Nebraska	Indirect	50.00
212	Telegraph Flats, LLC	Nebraska	Indirect	49.96
213	CZ Solar Landlord, LLC	Delaware	Indirect	48.51
214	RenewProp Lessor 1, LLC	Delaware	Indirect	48.51
215	RenewProp Lessor 2, LLC	Delaware	Indirect	48.51
216	Solar Projectco 12 Landlord, LLC	Delaware	Indirect	48.51
217	Iris 3 Landlord, LLC	Delaware	Indirect	48.51
218	1867 - Kear21, LLC	Nebraska	Indirect	46.00
219	Kearsarge NN Fund II MT LLC	Massachusetts	Indirect	45.54
220	ALLO Holdings, LLC	Nebraska	Direct	45.23

221	KSI II Holdco D, LLC	Delaware	Indirect	43.55
222	DU Vista GP LLC	Delaware	Indirect	43.28
223	Brookhollow Business Park, LLC	Nevada	Indirect	37.50
224	Kearsarge NYMA LLC	Massachusetts	Direct	34.65
225	Atrium Building, LLC	Nebraska	Indirect	34.47
226	Florence Business Center, LLC	Kentucky	Indirect	33.33
227	12100.5 West Center, LLC	Nebraska	Indirect	33.33
228	Reach Receivables, LLC	Delaware	Indirect	29.90
228	Iris 1 TenantCo, LLC	Delaware	Indirect	27.90
229	1867 - NELKSI21, LLC	Nebraska	Indirect	27.00
230	KSI II Holdco E, LLC	Delaware	Indirect	26.73
231	TDP Phase Three, LLC	Nebraska	Indirect	25.00
232	Portsmouth Distribution Center, LLC	Virginia	Indirect	25.00
137	Filecoin NNI Renewable Energy Fund, LLC	Delaware	Indirect	10.00
138	IBKR NNI Renewable Energy Fund, LLC	Delaware	Indirect	10.00
139	Ripple Nelnet Renewable Energy Fund, LLC	Delaware	Indirect	10.00
140	GRNE Solarfield 04, LLC	Illinois	Indirect	3.77
141	1867 - GS23CO, LLC	Nebraska	Indirect	3.00
142	Carbonvert NNI Renewable Energy Fund, LLC	Nebraska	Indirect	3.00

Note: This list does not include Nelnet Student Loan Trusts utilized in asset backed security financings.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-112374, 333-144790, 333-151991, 333-161814, 333-230130, and 333-230130 333-275367 on Form S-8 and No. 333-144789 on Form S-3) of our reports dated February 28, 2023 February 27, 2024, with respect to the consolidated financial statements of Nelnet, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Lincoln, Nebraska
February 28, 2023 27, 2024

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey R. Noordhoek, certify that:

1. I have reviewed this annual report on Form 10-K of Nelnet, Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023 27, 2024

/s/ JEFFREY R. NOORDHOEK

Jeffrey R. Noordhoek Chief Executive Officer
Principal Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James D. Kruger, certify that:

1. I have reviewed this annual report on Form 10-K of Nelnet, Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023 27, 2024

/s/ JAMES D. KRUGER
James D. Kruger
Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

Exhibit 32

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Nelnet, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023 27, 2024

By: /s/ JEFFREY R. NOORDHOEK
Name: Jeffrey R. Noordhoek
Title: Chief Executive Officer
Principal Executive Officer

By: /s/ JAMES D. KRUGER
Name: James D. Kruger
Title: Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

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11/09/2023 Business Confidential Information 1 2022-7.008 At Nelnet, we are committed to our Core Values and Guiding Principles. This document directly supports our Core Value to pursue opportunities for diversification and growth and our Guiding Principles to: Avoid insider trading. Separate personal interests from business decisions. Reject bribery and corruption. To learn more, check out our Code of Ethics and Conduct. Incentive Compensation Clawback Policy Business Segment Nelnet, Inc. Table of Contents

About This Document .... 5 Introduction Incentive clawbacks are contractual provisions where money or other compensation already paid to employees as incentive-based rewards must be returned to employers. As an issuer of securities listed on the New York Stock Exchange (NYSE), Nelnet Inc. (Nelnet) must: • Recover any excess incentive compensation paid to executive officers in the event Nelnet is required to prepare an accounting restatement due to material non-compliance with any financial reporting requirements under securities laws. • Disclose our policy for such compensation recovery to comply with NYSE listing requirements and applicable securities laws. It is also our policy to recover incentive compensation paid to executive officers if we determine the officers engaged in fraud or intentional misconduct. As emphasized in our Code of Ethics and Conduct, at Nelnet, we're committed to competing fairly and acting ethically to preserve our reputation and position us for continued growth. This policy, as amended and restated effective as of 12/01/2023 (the effective date), helps you understand how we handle incentive clawbacks to ensure we pursue opportunities for diversification and growth while doing the right thing.

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 2 2022-7.008 Purpose and Scope Nelnet has established this document to appropriately align the interests of the executives of Nelnet, who have been designated as covered executives, with those of Nelnet and to provide for the recovery of (i) erroneously awarded compensation from Section 16 Officers and (ii) recoverable amounts from covered executives. This document is designed to comply with the applicable rules of The New York Stock Exchange Listed Company Manual (the NYSE Rules) and with Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (Exchange Act) (Rule 10D-1). Tip: Refer to the Definitions section for definitions of terms used in this document. Policy Mandatory Recovery as Required by the SEC and NYSE Recovery of Erroneously Awarded Compensation Due to an Accounting Restatement In the event of an accounting restatement, the Nelnet Board of Directors (Board) reasonably promptly recovers the erroneously awarded compensation in accordance with the NYSE Rules and Rule 10D-1 as follows: • Upon the occurrence of an accounting restatement, the People Development and Compensation Committee of the Board (Committee), which is required to be composed entirely of independent directors, shall determine the amount of any erroneously awarded compensation and shall promptly deliver a written notice to each Section 16 Officer containing the amount of any erroneously awarded compensation and a demand for repayment or return of such compensation, as applicable. For the avoidance of doubt, recovery of erroneously awarded compensation is on a "no fault" basis, meaning it occurs regardless of whether the Section 16 Officer engaged in misconduct or was otherwise directly or indirectly responsible, in whole or in part, for the accounting restatement. • To determine the amount of any erroneously awarded compensation for incentive-based compensation that is based on a financial reporting measure other than stock price or total shareholder return (TSR), after an accounting restatement: • Nelnet shall recalculate the applicable financial reporting measure and the amount of incentive-based compensation that would have been received based on such financial reporting measure; and • Nelnet shall determine whether the Section 16 officers received a greater amount of incentive-based compensation than would have been received applying the recalculated financial reporting measure, based on (i) the originally calculated financial reporting measure and (ii) taking into consideration any discretion that the Committee applied to reduce the amount originally received. • To determine the amount of any erroneously awarded compensation for incentive-based compensation that is based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the applicable accounting restatement: • The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the accounting restatement on Nelnet's stock price or TSR upon which the incentive-based compensation was received; and • Nelnet shall maintain documentation of the determination of such reasonable estimate and provide the relevant documentation as required to the NYSE. • The Committee shall have discretion to determine the appropriate means of recouping erroneously awarded compensation hereunder based on the particular facts and circumstances which may include, without limitation: • Requiring reimbursement of cash incentive-based compensation previously paid;

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 3 2022-7.008 • Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; • Offsetting the recouped amount from any compensation otherwise owed by Nelnet to the Section 16 officer; • Canceling outstanding vested or unvested equity awards; and/or • Taking any other remedial and recovery action permitted by law, as determined by the Committee, in its sole discretion. • Notwithstanding the foregoing in the previous bullet, except as set forth in the following paragraph, in no event may Nelnet accept an amount that is less than the amount of erroneously awarded compensation in satisfaction of a Section 16 Officer's obligations hereunder. • To the extent that a Section 16 Officer fails to repay all erroneously awarded compensation to Nelnet when due, Nelnet shall take all actions reasonable and appropriate to recover such erroneously awarded compensation from the applicable Section 16 Officer. The applicable Section 16 Officer shall be required to reimburse Nelnet for any and all expenses reasonably incurred (including legal fees) by Nelnet in recovering such erroneously awarded compensation in accordance with the immediately preceding sentence. Notwithstanding anything herein to the contrary, Nelnet shall not be required to take the actions mentioned previously if the Committee determines that recovery would be impracticable and either of the following two conditions are met. • The Committee has determined that the direct expenses, such as reasonable legal expenses and consulting fees, paid to a third party to assist in enforcing the policy exceeds the amount to be recovered. For the Committee to make this determination, Nelnet must make a reasonable attempt to recover the erroneously awarded compensation, document such attempt(s) to recover, and provide such documentation to the NYSE; or • Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Nelnet associates, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder (Code). Mandatory Disclosure Nelnet shall file this policy and, in the event of an accounting restatement, disclose information related to such accounting restatement in accordance with applicable law, including, for the avoidance of doubt, Rule 10D-1 and the NYSE Rules. Prohibition of Indemnification Nelnet shall not be permitted to insure or indemnify any Section 16 Officer against (i) the loss of any erroneously awarded compensation that is repaid, returned, or recovered pursuant to the terms of this policy or (ii) any claims relating to Nelnet's enforcement of its rights under this policy. While Section 16 Officers subject to this policy may purchase insurance to cover their potential recovery obligations, Nelnet shall not be permitted to pay or reimburse the Section 16 Officer for premiums for such an insurance policy. Further, Nelnet shall not enter into any agreement that exempts any incentive-based compensation that is granted, paid, or awarded to a Section 16 Officer from the application of this policy or that waives Nelnet's right to recovery of any erroneously awarded compensation, and this policy shall supersede any such agreement (whether entered into before, on, or after this policy's effective date). Other Recoupment Rights. This policy shall be binding and enforceable against all Section 16 Officers and, to the extent required by applicable law or guidance from the SEC or NYSE, their beneficiaries, heirs, executors, administrators, or other legal representatives. The administrator intends that this policy be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan, or any other agreement or arrangement with a Section 16 Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Section 16 Officer to abide by the terms of this policy. Any right of recovery under this policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to Nelnet under applicable law, regulation, or rule pursuant to

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 4 2022-7.008 the terms of any policy of Nelnet or any provision in any employment agreement, equity award agreement, compensatory plan, agreement, or other arrangement. Recovery of Compensation at the Discretion of the Board Clawback Events If (i) Nelnet is required to undertake an accounting restatement due to Nelnet's material noncompliance, as a result of misconduct by a covered executive, with any financial reporting requirement under the U.S. federal securities laws, (ii) a covered executive engages in misconduct, or (iii) a covered executive breaches in any material respect a restrictive covenant set forth in any agreement between the covered executive and Nelnet, including but not limited to, a breach in any material respect of a confidentiality provision (any such event under clause (i), (ii), or (iii), i.e., a clawback event), then the Board may, in its sole discretion, to the extent permitted by applicable law, seek to recover all or any portion of the recoverable amounts awarded to any such covered executive. Determination by the Board In determining the appropriate action to take, the Board may consider such factors as it deems appropriate, including: • The associated costs and benefits of seeking the recoverable amounts; • The requirements of applicable law; • The extent to which the covered executive participated or otherwise bore responsibility for the clawback event; and • The extent to which the covered executive's current compensation may or may not have been impacted had the Board or the Committee known about the clawback event. In addition, the Board may, in its sole discretion, determine whether and to what extent additional action is appropriate to address the circumstances surrounding the clawback event so as to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate. Application and Recovery Method Nothing in this policy limits, in any respect, (i) Nelnet's right to take or not take any action with respect to any covered executive's or any other person's employment or (ii) the obligation of the Chief Executive Officer or Chief Financial Officer to reimburse Nelnet in accordance with Section 304 of the Sarbanes-Oxley Act of 2002, as amended. Any determination made pursuant to the Recovery of Compensation at the Discretion of the Board section of this policy and any application and implementation thereof need not be uniform with respect to each covered executive, or payment recovered or forfeited under this policy. To the extent permitted by applicable law, the Board may seek to recoup recoverable amounts by all legal means available, including but not limited to, by requiring any affected covered executive to repay such amount to Nelnet by set- off, by reducing future compensation of the affected covered executive, or by such other means or combination of means as the Board, in its sole discretion, determines to be appropriate. Disclosure of Clawback Events If the Board determines that a clawback event has occurred that is subsequently disclosed by Nelnet in a public filing required under the Exchange Act (i.e., a disclosed event), Nelnet discloses in the proxy statement relating to the year in which such determination is made (i) if any amount was clawed back from a covered executive and the aggregate amount clawed back or (ii) if no amount was clawed back from the covered executive as a result of the disclosed event, the fact that no amount was clawed back.

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 5 2022-7.008 Miscellaneous Administration and Interpretation This policy shall be administered by the Committee or by the Board acting as the Committee (either of these, as applicable, the Administrator), which shall have authority to: (i) exercise all of the powers granted to it under the policy; (ii) construe, interpret, and implement this policy; (iii) make all determinations necessary or advisable in administering this policy and for Nelnet's compliance with NYSE Rules, Section 10D, Rule 10D-1, and any other applicable law, regulation, rule, or interpretation of the SEC or NYSE Rules promulgated or issued in connection therewith; and (iv) amend this policy, including to reflect changes in applicable law or stock exchange regulation. Any determinations made by the Administrator shall be final and binding on all affected individuals. Amendments and Termination The Administrator may amend this policy from time to time in its discretion and shall amend this policy as it deems necessary. Notwithstanding anything in this section to the contrary, no amendment or termination of this policy shall be effective if such amendment or termination would (after taking into account any actions taken by Nelnet contemporaneously with such amendment or termination) cause Nelnet to violate any federal securities laws, Rule 10D-1, or any NYSE Rules. Exceptions If management has a business reason for not following a requirement, they should contact AskCompliance@Nelnet.net and describe the circumstances and justification for the exception. The General Counsel must approve the exception request prior to implementation. Validations and Violations At a minimum, this policy is reviewed and updated (if needed) annually. Business segments, business units, and associates should understand and report any actual or suspected non-compliance with this document and seek help from General Counsel with any questions they may have. Legal and Audit Services periodically determine adherence to this policy. Note: The Board reserves the right to revise or restate this policy to any extent necessary to comply with applicable regulations. This policy may be applied on a retroactive basis, if necessary, to comply with NYSE listing requirements or SEC regulations regarding clawback policies on executive compensation. Report any actual or suspected violations of this policy to management and AskCompliance@Nelnet.net or Anonymous Incident Reporting via the Nelnet Portal. The Corporate Risk and Compliance Committee reviews any reported material violations. Failure to follow Nelnet's policies, standards, and procedures may result in disciplinary action, up to and including termination. About This Document Related Laws/Regulations Compliance Focus Area Corresponding Documents None identified.

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 6 2022-7.008 Reference • Section 10D of the Securities Exchange Act of 1934 • Section 304 of Sarbanes-Oxley • Section 954 of Dodd-Frank • Item 402(b) of SEC Regulation S-K Responsibilities Position Responsibility None identified. Definitions Term Definition Accounting Restatement An accounting restatement due to the material noncompliance of Nelnet with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that corrects an error that is not material to previously issued financial statements but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Clawback-Eligible Incentive Compensation All incentive-based compensation received by a Section 16 Officer: (i) on or after 10/02/2023; (ii) after beginning service as a Section 16 Officer; (iii) who served as a Section 16 Officer at any time during the applicable performance period relating to any incentive-based compensation (whether or not such Section 16 Officer is serving at the time any erroneously awarded compensation is required to be repaid to Nelnet); (iv) while Nelnet has a class of securities listed on a national securities exchange or a national securities association; and (v) during the applicable clawback period. Clawback Period With respect to any accounting restatement, the three completed fiscal years of Nelnet immediately preceding the restatement date, and if Nelnet changes its fiscal year, any transition period of less than nine months within or immediately following those three completed fiscal years. Covered Executive Each Section 16 Officer and any other senior executive as designated by the Committee or the Board. Erroneously Awarded Compensation With respect to each Section 16 Officer in connection with an accounting restatement, the amount of clawback-eligible incentive compensation received that exceeds the amount of incentive-based compensation that would have been received had it been determined based on the restated amounts in the accounting restatement, computed without regard to any taxes paid. Financial Reporting Measures Measures that are determined and presented in accordance with the accounting principles used in preparing Nelnet's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and TSR (and any measures that are derived wholly or in part from stock price or TSR) shall, for purposes of this policy, be considered financial reporting measures. For the avoidance of doubt, a financial reporting measure need not be presented in Nelnet's financial statements or included in a filing with the SEC. Incentive-Based Compensation Any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

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Incentive Compensation Clawback Policy 11/09/2023 Business Confidential Information 7 2022-7.008 Term Definition Misconduct With respect to a covered executive, the occurrence of any of the following events, as reasonably determined by the Board in its discretion. • The covered executive's conviction of, or plea of nolo contendere to, any felony (other than a vehicular-related felony). • The covered executive's commission of, or participation in, intentional acts of fraud or dishonesty that in either case results in material harm to the reputation or business of Nelnet. • The covered executive's intentional, material violation of any term of the covered executive's employment agreement with Nelnet or any other contract or agreement between the covered executive and Nelnet or any statutory duty the covered executive owes to Nelnet that in either case results in material harm to the business of Nelnet. • The covered executive's conduct that constitutes gross insubordination or habitual neglect of duties and that in either case results in material harm to the business of Nelnet. • The covered executive's intentional, material refusal to follow the lawful directions of the Board, Nelnet's Chief Executive Officer, or their direct manager (other than as a result of physical or mental illness). • The covered executive's intentional, material failure to follow, or intentional conduct that violates (or would have violated, if such conduct occurred within ten (10) years prior to the effective date and has not been previously disclosed to Nelnet), Nelnet's written policies that are generally applicable to all associates or all officers of Nelnet and that results in material harm to the reputation or business of Nelnet; provided, however, that willful bad faith disregard is deemed to constitute intentionality for purposes of this definition. Received With respect to any incentive-based compensation, actual or deemed receipt, incentive-based compensation shall be deemed received in Nelnet's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained even if the payment or grant of the incentive-based compensation to the Section 16 Officer occurs after the end of that period. For the avoidance of doubt, incentive-based compensation shall only be treated as received during one (and only one) fiscal year, even if such incentive-based compensation is deemed received in one fiscal year and is actually received in a later fiscal year. Example: If an amount is deemed received in 2024, but is actually received in 2025, such amount shall be treated as received under this definition only in 2024. Recoverable Amounts Any equity compensation (including stock options, restricted stock, time-based restricted stock units, performance-based restricted stock units, and any other equity awards), severance compensation or cash incentive-based compensation (other than base salary), in any case to the extent permitted under applicable law. Recoverable amounts shall not include erroneously awarded compensation that has been recouped pursuant to the Mandatory Recovery as Required by the SEC and NYSE section of this policy. Restatement Date The earlier to occur of (i) the date the Board, a committee of the Board, or officers of Nelnet authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that Nelnet is required to prepare an accounting restatement, or (ii) the date a court, regulator, or other legally authorized body directs Nelnet to prepare an accounting restatement. Section 16 Officers Each individual who is currently or was previously designated as a Nelnet officer, within the meaning of Rule 16a-1(f) of the Exchange Act. Supporting Documentation Title (Document ID) Location Audience Code of Ethics and Conduct The Nelnet Source Nelnet, Inc.; Nelnet Bank

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