

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, 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, INC.

(Exact name of registrant as specified in its charter)

Nebraska  
(State or other jurisdiction of incorporation or organization)

121 South 13th Street, Suite 100

Lincoln, Nebraska

(Address of principal executive offices)

84-0748903

(I.R.S. Employer Identification No.)

68508

(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 whether 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, 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 \$96.48 per share, was \$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, 2024, there were 26,378,391 and 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 2024 Annual Meeting of Shareholders, scheduled to be held 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

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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 related to the ability to successfully maintain and increase allocated volumes of student loans serviced by the Company under existing and 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, 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;
- 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 related to the ability of Nelnet Bank to 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 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 maintaining compliance with the extensive regulatory requirements applicable to the Company's 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 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.

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.

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, 2023, the Company had a \$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. 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 as part of this strategy launched Nelnet Bank in 2020. In addition, the Company has been servicing federally owned student loans for the Department since 2009.

#### Operating Segments

The Company has four reportable operating segments as summarized below.

##### Loan Servicing and Systems (LSS)

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

##### Education Technology Services and Payments (ETSP)

- Referred to as Nelnet Business Services (NBS)
- NBS provides education and payment technology and 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, and Nelnet International

##### Asset Generation and Management (AGM)

- 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

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 NFS division are combined and included in "Corporate and Other Activities." A more detailed description of each of the 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
- Servicing private education and consumer loans
- 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, 2023, the Company serviced \$532.6 billion of loans for 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.

### **Servicing federally owned student loans for the Department**

Nelnet Servicing, LLC (Nelnet Servicing), a subsidiary of the Company, is one of the current 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, 2023, the Company was servicing \$494.7 billion of student loans for 14.5 million borrowers for the Department. Nelnet Servicing earns a monthly fee from the Department for each unique borrower 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 2023.

The Company's current student loan servicing contract with the Department was scheduled to expire on December 14, 2023. In April 2023, Nelnet Servicing 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 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 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. Until servicing under the New Government Servicing 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.

Incremental revenue components earned currently by Nelnet Servicing from the Department under its existing contract (in addition to loan servicing 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 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's FFELP 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.

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 94 third-party servicing customers as of 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.

#### *Servicing private education and consumer loans*

NDS conducts 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. 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 servicing systems. The Company believes improvements in systems will allow for diversified products to be 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, 2023, NDS serviced private education and consumer loans on behalf of 28 third-party servicing customers.

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 FFELP, private education, and consumer loans that leverages existing servicing systems and full service experience.

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

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

NDS provides student loan servicing software for servicing federal and private education 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, 2023 and 2022, 0.1 million and 6.1 million borrowers, respectively, were hosted on the Company's hosted servicing software solution platforms.

During 2023, the Company's two Department remote hosted servicing borrowers, representing 6.0 million borrowers as of December 31, 2022, were transferred to other servicers. These transfer decisions were not based on the Company's performance. The Company has executed an agreement with a third-party servicer awarded a USDS contract with the Department to license its servicing software to such entity and the Company will earn remote hosted servicing revenue from this new customer when USDS goes live, which is anticipated to be in the second quarter of 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. 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 families, the 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 Payments***

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

- FACTS
- Nelnet Campus Commerce
- Nelnet Payment Services
- 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 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 services revenue, see the MD&A – “Education Technology Services and Payments Operating Segment – Results of Operations – Summary and Comparison of Operating Results – Education technology services and payments revenue.” In the discussion below, revenues from the described products and services are included in education technology 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 products:

- Financial Management
- School Management
- Learning Management

The combination of the Company's financial, school, and 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 nearly 12,000 K-12 schools and serves over 4.5 million students and families. FACTS generated \$298 million and \$248 million in revenue for the years ended December 31, 2023 and 2022, respectively.

*Financial Management* - FACTS is the market leader in education financial management with services in the following categories:

- Tuition Management
- Grant & Aid
- Advanced Accounting
- Incidental Billing
- Payment Forms
- 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 when families make tuition payments. The 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.

*School Management* - The Company's school management solutions include the following products:

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

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. Family App provides families with mobile access to the information they need and Parent Alert allows for instant communication with families when needed. The Company's SIS, Family App, and Parent Alert are sold as a subscription service to 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.

*Learning Management* - The Company's learning management solutions include the following products:

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

The Company's learning management system uses innovations such as extended enterprise, social collaborations, and gamification to expand capabilities and engage and motivate learners. In-person and online training and certification is managed with simplified reporting, tracking, and record maintenance. FACTS' technologies allow customers to update certificate programs or create new custom learning programs to meet emerging needs. The Company earns subscription and content creation fees for these services. Additionally, a fee may be earned from learners completing course offerings.

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 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



spike in schools asking for services in these areas. 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 services revenue in future periods.

#### Nelnet Campus Commerce

NBS uses the Nelnet Campus Commerce brand to offer payment technologies to higher education institutions. Nelnet Campus Commerce offers the following products:

- Tuition Management
- Integrated Commerce

Nelnet Campus Commerce provides service for over 1,000 colleges and universities worldwide and serves over 8 million students and families. Nelnet Campus Commerce generated \$129 million and \$113 million in revenue for the years ended December 31, 2023 and 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, per transaction, 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 campuses including in-person payments, online shopping experiences, and a mobile app. Nelnet Storefront provides online stores for departments across 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, per transaction, 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 \$55 million and \$50 million in revenue for the years ended December 31, 2023 and 2022, respectively.

#### Nelnet International

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

- Integrated Commerce
- Financial Management
- 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.

*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 School Management products described under the FACTS division. The Company earns subscription fees and per transaction revenues for providing these services.

### 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 casualty 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, including investment interests therein. As of December 31, 2023, AGM's loan portfolio was \$12.0 billion.

Substantially all of AGM's loan portfolio (97.0% as of December 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 - “Nelnet Financial Services Division - Results of Operations - Asset Generation and Management Operating Segment - 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.

AGM’s private education, consumer, and other 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, which increases the 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 - “Nelnet Financial Services Division - Results of Operations - Asset Generation and Management Operating Segment - 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

Nelnet Bank operates as an internet industrial bank franchise 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. 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 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. Unsecured consumer loans consist of home improvement loans and refinance loans for consumers to consolidate credit card and other general-purpose debt. Nelnet Bank extends consumer loans to borrowers in all 50 states plus the District of Columbia. As of December 31, 2023, Nelnet Bank’s loan portfolio was \$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. The intercompany deposits are deposits from Nelnet, Inc. (parent company) and its subsidiaries and include a pledged deposit of \$40.0 million from Nelnet, Inc., as required under a Capital and Liquidity Maintenance Agreement with the 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, 2023, Nelnet Bank had \$847.6 million of deposits, of which \$104.0 million were intercompany deposits. All intercompany deposits held at Nelnet Bank are eliminated for consolidated financial reporting purposes.

### *NFS Other 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, 2023, WRCM had \$3.3 billion in assets under management for third-party customers, consisting of student loan asset-backed securities (\$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 2023, WRCM earned \$6.2 million and \$0.5 million in management 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, 2023, the Company has invested a total of \$271.9 million (which excludes \$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 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 at least 10% 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 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 \$94.5 million during 2023 on behalf of its co-investors. 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.

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 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 construct, finance, own, and 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"). GRNE is a solar construction company 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 and contracts to build solar on a fixed fee basis. The development company 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.

### 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 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 carrying amount of the Company's 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 separate equity investment. The non-voting preferred membership interests of 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.

#### *Venture capital investments*

The Company has invested in early-stage and emerging growth companies and various funds. As of December 31, 2023, the Company has investments in 91 entities and funds and the carrying value of such investments was \$285.5 million. The largest investment in the Company's venture capital portfolio is Agile Sports Technologies, Inc. (doing business as "Hudl.") As of December 31, 2023, the carrying value of the Company's investment in Hudl was \$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 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 of Directors, is a co-founder, the chief executive officer, and a director of Hudl.

### **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 California Consumer Privacy Act (CCPA) and California Privacy Rights Act (CPRA), which enhances the privacy rights and consumer protection for residents of California
- 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.

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 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.

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 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 risk management procedures to govern the use of the ACH Network. These rules are designed to make the ACH Network 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.

On September 14, 2023, the CFPB issued an industry and markets report specific to tuition payment plans in higher education. This report builds on other recent work by the 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 CFPB's focus, the higher education industry may be required to make changes to their product offerings and disclosures. These changes may impact the products and services provided by NBS.

### ***Nelnet Financial Services***

#### **Nelnet Bank**

Nelnet Bank is a Utah industrial bank that is regulated by the FDIC and the Utah Department of Financial Institutions (UDFI). As an originator of private education and consumer 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 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. 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 Company does business, including California, Virginia, Colorado, Connecticut, and Utah have adopted comprehensive data privacy 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 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 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, 2023, the Company 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. 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.

### 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 of 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, 2023, follows:

	Number	Percent of total
NDS	3,955	52.5 %
NBS	2,736	36.2
Nelnet Bank	56	0.7
AGM	15	0.2
Corporate and other	788	10.4
	<u>7,550</u>	<u>100.0 %</u>

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 2023, the Company conducted an associate culture survey using a leading outside firm that specializes in employee engagement. Eighty-eight percent of the Company's associates participated in the 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 74 out of 100, which was 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 2023, associate voluntary turnover was 24%, a decrease from 25% in 2022 and 28% in 2021. The average associate has nearly 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, 2023, the Company's workforce was approximately 66% 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 33% of the Company's workforce (based on associate self-identification), an increase from 29%, 27%, and 20% as of 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, 2023, women held 52% of leadership positions in the Company, and people of color held 11% of leadership positions in the Company, an increase from 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 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.

#### ***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 60% of open management positions filled internally during 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 2023, the Company paid almost \$540,000 in tuition assistance for its associates.

#### ***Competitive pay, benefits, and 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 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.

#### ***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](http://www.nelnet.com), and the Company's investor relations website address is [www.nelnetinvestors.com](http://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, 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 FFELP 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 Secured Overnight Financing Rate (SOFR) indexed floating rate securities. Meanwhile, the interest earned on our FFELP student loan

assets is indexed to 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, 2023, our AGM segment had \$10.9 billion, \$0.4 billion, and \$0.4 billion of FFELP loans indexed to the 30-day average SOFR, three-month commercial paper, and three-month Treasury bill rate, respectively, all of which reset daily, and \$2.8 billion of debt indexed to 90-day SOFR, which resets quarterly, and \$6.8 billion of debt indexed to 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 years ended December 31, 2023, 2022, and 2021, we earned \$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 earned by us was due to an increase in interest rates. Absent the use of derivative instruments, a rise in interest rates reduces the amount of floor income received and 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 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. 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 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 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 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 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 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 variation margin to our 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 June 30, 2023, the interest earned on a principal amount of \$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 \$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 were indexed to LIBOR.

We relied on fallback provisions to transition financial contracts from LIBOR to SOFR. The SAP formula for our 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 our 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 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 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 those assets. We are still uncertain as to the long-term relationship between overnight SOFR and Term SOFR as they are new indices, and our 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 our FFELP student loan portfolio.

#### ***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 4 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. Our amortized cost and the fair value of these investments was \$982.9 million and \$955.9 million, respectively, as of December 31, 2023. The majority of our asset-backed securities earn floating interest rates with expected returns of approximately 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 repay the repurchase 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 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 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, 2023, the fair value of these bonds was \$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, 2023, \$208.2 million was outstanding on our repurchase agreement, of which \$117.8 million was borrowed to fund the private education loan securitization bonds subject to our risk retention requirements. The agreement, as of December 31, 2023, has various maturity dates through December 20, 2024, but 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 agreement becomes less than the original purchase price of the securities.

The current maturity of the repurchase 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 maturity of the agreement, find alternative funding for the related investment securities collateral prior to the agreement's expiration, and/or repay the outstanding balance. If we are unable to extend the maturity of the agreement and/or find alternative funding, it could have a material adverse impact on our business, financial condition, liquidity, or results of operations.

## Operations

***Our largest fee-based customer, the Department of Education, represented 32% of our revenue in 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, 2023, Nelnet Servicing was servicing \$494.7 billion of government owned student loans for 14.5 million borrowers. For the year ended December 31, 2023, our LSS segment recognized \$412.5 million in revenue from the Department, which represented 32% of our revenue.

In April 2023, Nelnet Servicing 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 Unified Servicing and Data Solution contract which will replace the 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 for servicing borrowers under our current legacy servicing contract with the Department. Assuming borrower volume remains consistent under the New Government Servicing Contract, we expect revenue earned on a per borrower blended basis will decrease under the New Government Servicing Contract versus the current legacy contract.

New loan volume is 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 2023, the Department transferred one million borrowers serviced by us to another servicer. In addition, due to 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, 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 our existing Department contract to broaden servicing operations with the Department, other federal and state agencies, and commercial clients. The size and importance of this contract provides us the scale and infrastructure needed to profitably expand into new business opportunities. 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.

***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, 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 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 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 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 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 systems, networks, software, datacenters, cloud services providers, telecommunications systems, and the rest of our 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.

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 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 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 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 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 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, 2023, we serviced \$17.5 billion of FFELP loans that maintained a federal guarantee, of which \$10.2 billion and \$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 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 discussion under the caption "Loan Portfolio - Prepayment risk" 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.

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 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 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 objectives and effectively deploy loan and deposit strategies in accordance with regulatory 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 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 acquired businesses and assets, as well as other investments, including venture capital and 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, 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, 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. If we 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. 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 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 or interpretations of regulations, or otherwise modifies regulatory guidance, our compliance costs and litigation exposure could increase.

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 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 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 of 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 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 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 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, and 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, 2023, Union Bank was deemed to beneficially own 7.0% of the voting rights of our shareholders, and Mr. Dunlap and Ms. Muhleisen beneficially owned 81.4% and 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, 2023, 2022, and 2021 related to the transactions with Union Bank was income (before income taxes) of \$9.4 million, \$8.9 million, and \$11.0 million, respectively. See note 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 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.**

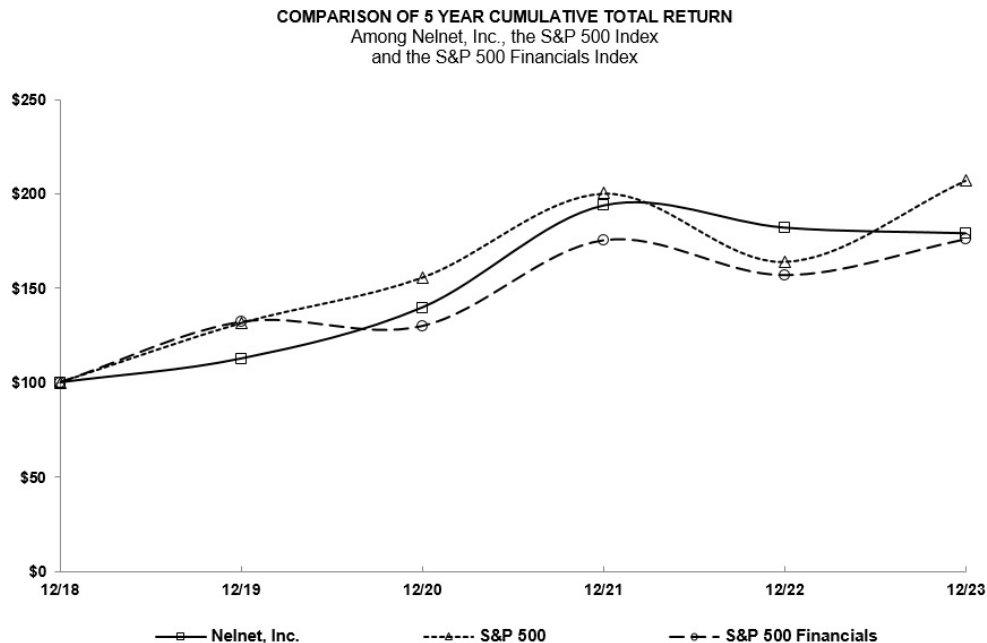
## **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

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, 2024 was 1,742 and 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, 2023 and 2022 and in amounts totaling \$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, 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.



<u>Company/Index</u>	<u>12/31/2018</u>		<u>12/31/2019</u>		<u>12/31/2020</u>		<u>12/31/2021</u>		<u>12/31/2022</u>		<u>12/31/2023</u>
Nelnet, Inc.	\$	100.00	\$	112.64	\$	139.72	\$	193.78	\$	182.08	\$ 179.09
S&P 500		100.00		131.49		155.68		200.37		164.08	207.21
S&P 500 Financials		100.00		132.13		129.89		175.40		156.92	175.99

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 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 (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 (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 47 shares and 3,854 shares in October and December 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, 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.

### 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 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 in 2010, and requires all new federal student loan originations be made directly by the Department through the Federal Direct Loan Program. 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. 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 as part of this strategy launched Nelnet 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,		
	2023	2022	2021
GAAP net income attributable to Nelnet, Inc.	\$ 91,532	407,347	393,286
Realized and unrealized derivative market value adjustments	41,773	(231,691)	(92,813)
Tax effect (a)	(10,026)	55,606	22,275
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	\$ 123,279	231,262	322,748
Earnings per share:			
GAAP net income attributable to Nelnet, Inc.	\$ 2.45	10.83	10.20
Realized and unrealized derivative market value adjustments	1.12	(6.16)	(2.41)
Tax effect (a)	(0.28)	1.48	0.58
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	\$ 3.29	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 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)
- Education Technology Services and Payments (ETSP) - referred to as Nelnet Business Services (NBS)
- Asset Generation and Management (AGM), part of the Nelnet Financial Services (NFS) division
- Nelnet Bank, 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. 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.

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 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 casualty 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

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 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 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 \$7.7 million in 2023, 2022, and 2021, respectively.

### 2023 Operating and Liquidity Highlights

See below for a summary of (i) certain highlights of the Company's 2023 operating results; (ii) a description of significant and/or unusual events and 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.

#### 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 years ended 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 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,			Additional information
	2023	2022	2021	
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.

Net interest income after provision for loan losses	199,259	266,228	360,028	
<b>Other income (expense):</b>				
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	
<b>Cost of services:</b>				
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	
<b>Operating expenses:</b>				
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	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%.
Income tax expense	19,753	113,224	115,822	
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,			Additional information
	2023	2022	2021	
Reinsurance premiums	\$ 20,067	157	—	See NFS division - results of operations - NFS other operating segments.
ALLO preferred return	9,120	8,584	8,427	See Corporate - results of operations.
Borrower late fee income	8,997	10,809	3,444	See NFS division - results of operations - AGM operating segment.
Administration/sponsor fee income	6,793	7,898	3,656	See NFS division - results of operations - AGM operating segment.
Investment advisory services (WRCM)	6,760	6,026	7,773	See NFS division - results of operations - NFS other operating segments.
Management fee revenue	2,587	2,543	3,307	See LSS operating segment - results of operations.
Loss from ALLO voting membership interest investment	(65,277)	(67,966)	(42,148)	See Corporate - results of operations.
Loss from solar investments	(46,702)	(9,479)	(10,132)	See Corporate - results of operations.
Investment activity, net	(8,586)	51,493	91,593	See note (a) below for additional information.
Other	17,454	15,421	12,761	
Other, net	\$ (48,787)	25,486	78,681	

(a) The Company anticipates fluctuations in future periodic earnings resulting from investment sales and valuation 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, 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
<b>Servicing volume (dollars in millions):</b>									
Government	\$ 494,691	500,554	519,308	537,291	545,373	545,546	542,398	507,653	478,402
FFELP	17,462	18,400	19,021	19,815	20,226	22,412	24,224	25,646	26,916
Private and consumer	20,493	20,394	20,805	21,484	21,866	22,461	22,838	23,433	23,702
<b>Total</b>	<b>\$ 532,646</b>	<b>539,348</b>	<b>559,134</b>	<b>578,590</b>	<b>587,465</b>	<b>590,419</b>	<b>589,460</b>	<b>556,732</b>	<b>529,020</b>
<b>Number of servicing borrowers:</b>									
Government	14,503,057	14,543,382	14,898,901	15,518,751	15,777,328	15,657,942	15,426,607	14,727,860	14,196,520
FFELP	725,866	764,660	788,686	819,791	829,939	910,188	977,785	1,034,913	1,092,066
Private and consumer	894,703	896,613	899,095	925,861	951,866	979,816	998,454	1,030,863	1,065,439
<b>Total</b>	<b>16,123,626</b>	<b>16,204,655</b>	<b>16,586,682</b>	<b>17,264,403</b>	<b>17,559,133</b>	<b>17,547,946</b>	<b>17,402,846</b>	<b>16,793,636</b>	<b>16,354,025</b>
Number of remote hosted borrowers:	70,580	103,396	716,908	5,048,324	6,135,760	6,025,377	5,738,381	5,487,943	4,799,368

### Government Loan Servicing

Nelnet Servicing is one of the current 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 FFELP 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. As of December 31, 2021 and 2022, approximately 603,000 and 1,910,000 PHEAA borrowers, respectively, were transferred from PHEAA to the Company's platform. In addition, over this same time period, PHEAA borrowers were transferred to other servicers to which the Company 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 transfer decision was not based on the Company's performance. These transfers began in the second quarter of 2023 and were completed in July 2023.

In addition, the Company completed the transfer of active borrowers of Great Lakes direct loan servicing 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 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 2024.

#### Loan Volume Transfers - Remote Hosted Servicing Borrowers

Edfinancial Services, LLC ("Edfinancial"), a current servicer for the Department, utilized Nelnet Servicing's platform to service their loans for the Department (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 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 Company's other remote hosted servicing customer notified the Company the Department intended to move that customer's servicing borrowers to a different third-party servicing platform. This transfer decision was 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 platform. The majority of this volume was transferred to another third-party servicing platform during the second quarter of 2023, and the remaining borrowers were transferred off of the Company's platform in July 2023.

As a result of the transfers discussed above, the Company currently has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. However, the 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 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 the current version of the Department's forgiveness plan has 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 any future potential student loan forgiveness programs as a result of the rulemaking process. Revenue earned under the current Department servicing contract will decrease in future periods if the Department successfully implements broad based loan 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 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. After multiple extensions of the student loans payment pause under the CARES Act, the payment and interest accrual suspension ended August 31, 2023, and borrowers returned to repayment on September 1, 2023. The Company anticipates revenue per borrower from the Department will increase with borrowers transitioned back to repayment under the legacy government contract from the CARES Act levels.

During the fourth quarter of 2021 and first quarter of 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. 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 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 in February 2023 of its intention to transfer up to one million of the 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 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,			Additional information
	2023	2022	2021	
Net interest income	\$ 4,845	2,678	43	Increases due to higher interest rates and average funds held.
Loan servicing and systems revenue	517,954	535,459	486,363	See table below for additional information.
Intersegment servicing revenue	28,911	33,170	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.
Other income	2,587	2,543	3,307	Represents revenue earned from providing administrative support services.
Impairment expense	(296)	(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. 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.
Total other income, net	549,156	565,661	510,383	
Salaries and benefits	317,885	344,809	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.
Depreciation and amortization	19,257	24,255	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.
Other expenses	60,517	59,674	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.
Intersegment expenses	78,628	75,145	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.
Total operating expenses	476,287	503,883	447,981	
Income before income taxes	77,714	64,456	62,445	
Income tax expense	(18,651)	(15,470)	(14,987)	Reflects income tax expense at an effective tax rate of 24%.
Net income	\$ 59,063	48,986	47,458	
				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 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.
GAAP before tax operating margin	14.1 %	11.3 %	11.9 %	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.
Impairment expense	0.1	0.9	2.5	
Amortization expense	—	0.8	2.4	
Non-GAAP before tax operating margin, excluding impairment and amortization expense	14.2 %	13.0 %	16.8 %	

Loan servicing and systems revenue

	Year ended December 31,			Additional information
	2023	2022	2021	
Government loan servicing	\$ 412,478	423,066	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 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.
Private education and consumer loan servicing	48,984	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 (an amortizing portfolio); and (ii) revenue earned on new backup servicing agreements.
FFELP loan servicing	13,704	16,016	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.
Software services	29,208	33,409	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 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	13,580	13,758	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.
Loan servicing and systems revenue	<u>\$ 517,954</u>	<u>535,459</u>	<u>486,363</u>	

## EDUCATION TECHNOLOGY SERVICES AND 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 before tax operating margin are higher in the first quarter compared with the remainder of the year.

### Summary and Comparison of Operating Results

	Year ended December 31,			Additional information
	2023	2022	2021	
Net interest income	\$ 26,962	9,377	1,075	Represents interest income on tuition funds held in custody for schools. Increases due to higher interest rates and average funds held.
Education technology services and payments revenue	463,311	408,543	338,234	See table below for additional information.
Intersegment revenue	253	81	12	
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	459,254	406,385	338,246	
Cost of services	171,183	148,403	108,660	See table below for additional information.
Salaries and benefits	155,296	133,428	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.
Depreciation and amortization	11,319	10,184	11,404	Represents primarily amortization of intangible assets from prior business acquisitions and depreciation of capitalized software development costs.
Other expenses	34,133	30,104	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.
Intersegment expenses, net	23,184	19,538	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.
Total operating expenses	223,932	193,254	157,948	
Income before income taxes	91,101	74,105	72,713	
Income tax expense	(21,891)	(17,785)	(17,451)	Represents income tax expense at an effective tax rate of 24%.
Net income	69,210	56,320	55,262	
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	\$ 69,319	56,317	55,262	

Education technology services and payments revenue

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

	Year ended December 31,			Additional information
	2023	2022	2021	
Tuition payment plan services	\$ 125,326	110,802	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	163,859	148,212	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 services	170,754	146,679	105,975	Increases due to an increase in revenues from the Company's school information system software, application and enrollment services, the NextGen acquisition completed in April 2022, and FACTS learning management services. Learning management instructional services revenue was the largest component of this increase, driven by the Emergency Assistance to Non-Public Schools (EANS) program. EANS revenue was \$46.9 million, \$37.8 million, and \$8.7 million in 2023, 2022, and 2021, respectively. EANS provides funds to non-public schools to address the impact COVID-19 has had or continues to have on students and teachers. The EANS I program funding ended on September 30, 2023 and EANS II program funding ends on September 30, 2024, which will result in a decrease of future instructional services revenue compared with recent historical periods.
Other	3,372	2,850	1,209	
Education technology services and payments revenue	463,311	408,543	338,234	
Cost of services	171,183	148,403	108,660	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.
Net revenue	\$ 292,128	260,140	229,574	
GAAP before tax operating margin	31.2 %	28.5 %	31.7 %	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.
Net interest income	(9.2)	(3.6)	(0.5)	
Non-GAAP before tax operating margin, excluding net interest income	22.0 %	24.9 %	31.2 %	Before tax operating margin, excluding net interest income, decreased 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.

## NELNET FINANCIAL SERVICES DIVISION - RESULTS OF OPERATIONS

### Asset Generation and Management Operating Segment

#### Loan Portfolio

As of December 31, 2023, the AGM operating segment had a \$12.0 billion loan portfolio, consisting primarily of federally insured 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 of loans in the AGM operating segment:

	Year ended December 31,		
	2023	2022	2021
Beginning balance	\$ 14,169,771	17,441,790	19,559,108
Loan acquisitions:			
Federally insured student loans	576,224	721,853	904,088
Private education loans	77,401	8,244	89,308
Consumer and other loans	478,666	516,215	81,923
Total loan acquisitions	1,132,291	1,246,312	1,075,319
Repayments, claims, capitalized interest, participations, and other, net	(1,461,803)	(1,694,742)	(2,126,708)
Loans lost to external parties	(1,062,662)	(2,656,639)	(964,822)
Loans sold	(728,135)	(166,950)	(101,107)
Ending balance	\$ 12,049,462	14,169,771	17,441,790

The Company has partial ownership in certain consumer, private education, and 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, 2023, the Company's ownership correlates to approximately \$1.76 billion of loans 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, 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 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,		
	2023	2022	2021
Variable loan yield, gross	7.56 %	4.39 %	2.64 %
Consolidation rebate fees	(0.80)	(0.84)	(0.85)
Discount accretion, net of premium and deferred origination costs amortization (a)	0.06	0.04	0.02
Variable loan yield, net	6.82	3.59	1.81
Loan cost of funds - interest expense (b) (c) (d)	(5.99)	(2.58)	(1.04)
Loan cost of funds - derivative settlements (e) (f)	0.01	(0.00 )	(0.01)
Variable loan spread	0.84	1.01	0.76
Fixed rate floor income, gross	0.02	0.36	0.76
Fixed rate floor income - derivative settlements (e) (g)	0.18	0.21	(0.11)
Fixed rate floor income, net of settlements on derivatives	0.20	0.57	0.65
Core loan spread	1.04 %	1.58 %	1.41 %
Average balance of AGM's loans	\$ 13,316,525	15,969,435	18,900,038
Average balance of AGM's debt outstanding	12,720,097	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 increase and a \$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, 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 expense was excluded from the table above.
- (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.
- (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 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" 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,		
	2023	2022	2021
Core loan spread	1.04 %	1.58 %	1.41 %
Derivative settlements (1:3 basis swaps)	(0.01)	0.00	0.01
Derivative settlements (fixed rate floor income)	(0.18)	(0.21)	0.11
Loan spread	0.85 %	1.37 %	1.53 %

- (f) Derivative settlements consist of net settlements received (paid) related to the Company's 1:3 basis swaps.
- (g) Derivative settlements consist of net settlements received (paid) related to the Company's floor income interest rate swaps.



The relationship between the indices in which AGM earns interest on its loans and funds such loans has a significant impact on loan spread. 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,		
	2023	2022	2021
Fixed rate floor income, gross	\$ 2,169	57,380	142,606
Derivative settlements (a)	23,044	33,149	(19,729)
Fixed rate floor income, net	\$ 25,213	90,529	122,877
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.

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 (\$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.

# Summary and Comparison of Operating Results

	Year ended December 31,			Additional information
	2023	2022	2021	
Net interest income after provision for loan losses	\$ 97,099	220,056	347,203	See table below for additional analysis.
				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 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.
Other income, net	11,269	21,170	34,306	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.
Gain on sale of loans, net	39,673	2,903	18,715	
				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	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	(21,367)	
				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.
Derivative market value adjustments, net	(40,250)	231,691	92,813	Increase in 2023 due to additional headcount as the Company actively expands into new asset loan classes.
Total other income, net	35,280	288,707	126,903	
Salaries and benefits	4,191	2,524	2,135	Represents primarily servicing fees paid to third parties. Also includes certain professional and legal fees. See "Total operating expenses" below.
Other expenses	14,728	16,835	13,487	
				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.
Intersegment expenses	32,824	34,679	34,868	

				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.
Total operating expenses	51,743	54,038	50,490	
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	<u>\$ 61,283</u>	<u>345,591</u>	<u>321,948</u>	
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	<u>\$ 91,873</u>	<u>169,506</u>	<u>251,410</u>	

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,			Additional information
	2023	2022	2021	
Variable interest income, gross	\$ 1,007,424	701,816	499,698	Increases due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans.
Consolidation rebate fees	(106,756)	(134,578)	(160,228)	Decreases due to a decrease in the average consolidation loan balance.
Discount accretion, net of premium and deferred origination costs amortization	7,302	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 during 2023, 2022, and 2021 was due to the Company's purchase of loans at a net discount over the last several years.
Variable interest income, net	907,970	581,248	336,123	
Interest on bonds and notes payable	(788,251)	(399,806)	(171,320)	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.
Derivative settlements, net (a)	1,544	(206)	(1,638)	Represents net derivative settlements received (paid) related to the Company's 1:3 basis swaps.
Variable loan interest margin, net of settlements on derivatives	121,263	181,236	163,165	
Fixed rate floor income, gross	2,169	57,380	142,606	Decreases due to higher interest rates.
Derivative settlements, net (a)	23,044	33,149	(19,729)	Represents net derivative settlements received (paid) related to the Company's floor income interest rate swaps.
Fixed rate floor income, net of settlements on derivatives	25,213	90,529	122,877	
Core loan interest income (a)	146,476	271,765	286,042	
Investment interest	67,019	37,929	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	(34,833)	(12,094)	(1,598)	Increases due to an increase in the balance of borrowings and higher interest rates.
(Provision) negative provision for loan losses - federally insured loans	(4,303)	(3,731)	7,343	
(Provision) negative provision for loan losses - private education loans	(2,865)	(2,487)	1,333	See note 3 of the notes to consolidated financial statements included in this report for the factors impacting provision for loan losses for the periods presented.
(Provision) negative provision for loan losses - consumer and other loans	(49,807)	(38,383)	4,544	
Net interest income after provision for loan losses (net of settlements on derivatives) (a)	\$ 121,687	252,999	325,836	

(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 (c) to the table immediately under the caption "Loan Spread Analysis" above. See note 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" and in this table.

## ***Nelnet Bank Operating Segment***

### ***Loan Portfolio***

As of December 31, 2023, Nelnet Bank had a \$432.9 million loan portfolio, consisting of \$360.5 million of private education loans and \$72.4 million of 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, 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 in 2023, 2022, and 2021, see note 3 of the notes to consolidated financial statements included in this report.

### ***Deposits***

As of December 31, 2023, Nelnet Bank had \$847.6 million of deposits. All of 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 Trust (STFIT), and commercial and institutional CDs. Union Bank, a related party, is the program manager for the Educational 529 College Savings plans and trustee for the STFIT.

As of December 31, 2023, Nelnet Bank's deposits included \$104.0 million from Nelnet, Inc. (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 deposits, and NBS custodial deposits consisting of 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)					
	2023		2022		2021	
	Balance	Rate	Balance	Rate	Balance	Rate
<b>Average assets</b>						
Federally insured student loans	\$ 59,389	6.43 %	\$ 77,465	3.01 %	\$ 64,873	1.36 %
Private education loans	356,201	3.82	317,016	3.23	86,285	3.16
Consumer and other loans	33,829	12.96	—	—	—	—
Cash and investments	563,199	6.40	383,250	3.50	220,735	1.86
Total interest-earning assets	1,012,618	5.71 %	777,731	3.34 %	371,893	2.08 %
Non-interest-earning assets	9,339		11,948		10,195	
Total assets	\$ 1,021,957		\$ 789,679		\$ 382,088	
<b>Average liabilities and equity</b>						
Brokered deposits	\$ 204,410	1.38 %	\$ 248,808	1.50 %	\$ 61,208	0.84 %
Intercompany deposits	179,740	4.84	121,566	1.90	81,064	0.25
Retail and other deposits	502,177	4.52	304,077	1.65	132,010	0.60
Federal funds purchased and other borrowed money	132	6.07	—	—	—	—
Total interest-bearing liabilities	886,459	3.86 %	674,451	1.64 %	274,282	0.55 %
Non-interest-bearing liabilities	5,433		4,964		4,705	
Equity	130,065		110,264		103,101	
Total liabilities and equity	\$ 1,021,957		\$ 789,679		\$ 382,088	

(a) Calculated using average daily balances.

Summary and Comparison of Operating Results

	Year ended December 31,			Additional information
	2023	2022	2021	
Total interest income	\$ 57,859	25,973	7,721	Represents interest earned on loans, cash, and investments. Increases due to an increase of these balances and interest rates.
Interest expense	34,704	11,055	1,507	Represents interest expense on deposits. Increases due to an increase of deposits and interest rates.
Net interest income	23,155	14,918	6,214	
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	14,680	13,078	5,420	
Other income	1,095	2,625	713	Represents primarily net gains and income from investments.
Impairment expense	—	(214)	—	
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	(1,523)	—	—	
Total other income, net	56	2,411	713	
Salaries and benefits	9,074	6,948	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.
Depreciation	574	15	—	
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	462	244	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.
Total operating expenses	15,104	11,132	6,925	
(Loss) income before income taxes	(368)	4,357	(792)	
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	\$ (215)	3,344	(617)	
Additional information:				
Net (loss) income	\$ (215)	3,344	(617)	
Derivative market value adjustments, net	1,523	—	—	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	(366)	—	—	
Net income (loss), excluding derivative market value adjustments	\$ 942	3,344	(617)	

## 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
<b>Year ended December 31, 2023</b>					
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
<b>Year ended December 31, 2022</b>					
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
<b>Year ended December 31, 2021</b>					
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

	Nelnet Renewable Energy (b)						Total
	Shared services (a)	Tax equity investments / syndication / administration	GRNE Solar	ALLO investment (c)	Venture capital investments (d)	Other	
Year ended December 31, 2023							
Net interest income (expense)	\$ —	—	(846)	—	—	11,409	10,563
Solar construction revenue	—	—	31,669	—	—	—	31,669
Other, net	2,754	(44,095)	159	(55,763)	(2,878)	9,438	(90,385)
Impairment expense	(4,678)	—	(20,581)	—	(2,060)	—	(27,319)
Cost to provide solar construction services	—	—	(48,576)	—	—	—	(48,576)
Salaries and benefits	(90,558)	(3,658)	(4,439)	(30)	(783)	(6,063)	(105,531)
Depreciation and amortization	(38,301)	—	(9,252)	—	—	(416)	(47,969)
Other expenses	(44,012)	(1,422)	(3,064)	(2,177)	(229)	(5,403)	(56,307)
Intersegment expenses, net	111,572	(5,125)	239	(2)	(58)	1,463	108,089
Income (loss) before income taxes	(63,223)	(54,300)	(54,691)	(57,972)	(6,008)	10,428	(225,766)
Income tax (expense) benefit	15,173	6,337	10,807	13,913	1,442	4,389	52,061
Net (income) loss attributable to noncontrolling interests	—	27,894	9,662	—	—	—	37,556
Net income (loss)	\$ (48,050)	(20,069)	(34,222)	(44,059)	(4,566)	14,817	(136,149)
Year ended December 31, 2022							
Net interest income (expense)	\$ —	—	(120)	—	20	2,735	2,635
Solar construction revenue	—	—	24,543	—	—	—	24,543
Other, net	2,575	(9,088)	15	(58,781)	19,809	9,358	(36,112)
Impairment expense	(998)	—	—	—	(6,561)	—	(7,559)
Cost to provide solar construction services	—	—	(19,971)	—	—	—	(19,971)
Salaries and benefits	(90,259)	(1,386)	(2,143)	(972)	(741)	(5,489)	(100,990)
Depreciation and amortization	(37,852)	—	(1,489)	—	—	(282)	(39,623)
Other expenses	(42,289)	(593)	(934)	(5,489)	(78)	(8,405)	(57,788)
Intersegment expenses, net	96,640	(103)	(370)	(3)	—	(982)	95,182
Income (loss) before income taxes	(72,183)	(11,170)	(469)	(65,245)	12,449	(3,065)	(139,683)
Income tax (expense) benefit	17,324	(123)	126	15,659	(2,988)	12,417	42,415
Net (income) loss attributable to noncontrolling interests	—	11,682	(57)	—	—	—	11,625
Net income (loss)	\$ (54,859)	389	(400)	(49,586)	9,461	9,352	(85,643)
Year ended December 31, 2021							
Net interest income (expense)	\$ —	—	—	—	8	(432)	(424)
Solar construction revenue	—	—	—	—	—	—	—
Other, net	3,604	(10,238)	—	(33,722)	28,800	13,463	1,907
Impairment expense	(916)	—	—	—	(4,637)	—	(5,553)
Cost to provide solar construction services	—	—	—	—	—	—	—
Salaries and benefits	(83,401)	(1,212)	—	(505)	(872)	(3,683)	(89,673)
Depreciation and amortization	(36,297)	—	—	—	—	(385)	(36,682)
Other expenses	(44,040)	(119)	—	(896)	(42)	(10,492)	(55,589)
Intersegment expenses, net	88,377	(460)	—	—	(1)	(902)	87,014
Income (loss) before income taxes	(72,673)	(12,029)	—	(35,123)	23,256	(2,431)	(99,000)
Income tax (expense) benefit	17,442	1,032	—	8,430	(5,581)	6,961	28,284
Net (income) loss attributable to noncontrolling interests	—	7,729	—	—	—	—	7,729
Net income (loss)	\$ (55,231)	(3,268)	—	(26,693)	17,675	4,530	(62,987)

- (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. 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) 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. As of December 31, 2023, the Company has invested a total of \$470.7 million (which includes \$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, 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. Nelnet Renewable Energy recognized losses on its tax equity 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 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 \$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. As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest of GRNE Solar for total consideration of \$33.9 million. The operating results for 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 11 of the notes to consolidated financial statements included in this report for additional information.

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

The Company accounts for its approximately 45% voting membership interests in ALLO under the HLBV method of accounting. The Company recognized losses under the HLBV method of accounting on its ALLO voting membership interests 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.

As of December 31, 2023, the outstanding preferred membership interests of ALLO held by the Company was \$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% 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.

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 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 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.

- (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 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 \$19.8 million in net income and gains on venture capital investments, including a \$15.2 million gain 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.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's Loan Servicing and Systems, and Education Technology Services and 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 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, 2023, the Company's sources of liquidity included:

Cash and cash equivalents	\$	168,112
Less: Cash and cash equivalents held at Nelnet Bank (1)		(11,599)
Net cash and cash equivalents		156,513
Available-for-sale (AFS) debt securities (investments) - at fair value		955,903
Less: AFS debt securities held at Nelnet Bank - at fair value (1)		(371,610)
AFS private education loan debt securities - held as risk retention - at fair value (2)		(252,917)
Restricted investments		(17,969)
Unencumbered AFS debt securities (investments) - at fair value		313,407
Unencumbered private, consumer, and other loans (Non-Nelnet Bank) - at par		77,036
Repurchased Nelnet issued asset-backed debt securities - at par (not included on consolidated financial statements) (3)		312,016
Less: Repurchased Nelnet issued asset-backed debt securities serving as collateral on repurchase agreement - at par (4)		(118,925)
Unencumbered repurchased Nelnet issued asset-backed debt securities - at par		193,091
Unused capacity on unsecured line of credit (5)		495,000
Sources of liquidity as of December 31, 2023	\$	1,235,047

- (1) Cash and investments held at Nelnet Bank are generally not available for Company activities outside of Nelnet Bank.
- (2) 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 "Repurchase Agreements" below.
- (3) 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, 2023, there was no amount outstanding on the unsecured line of credit and \$495.0 million was available for future use.

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, 2023, the Company generated \$433.0 million from operating activities, compared with \$684.1 million for the same period in 2022. The decrease in such cash flows from operating activities was due to:

- 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, and gain on sale of loans;
- A decrease in proceeds from the sale of equity securities; and
- The impact of changes to accrued interest payable in 2023 compared with 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;
- 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 2023 compared with 2022.

The primary items included in the statement of cash flows for investing activities are the purchase, origination, repayment, and sale of loans, the purchase and sale of available-for-sale 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 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. 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, 2023	
	Carrying amount	Final maturity
Bonds and notes issued in asset-backed securitizations	\$ 10,271,977	8/26/30 - 9/25/69
FFELP, private education, and consumer loan warehouse facilities	1,422,176	4/22/25 - 11/14/25
	<u>\$ 11,694,153</u>	

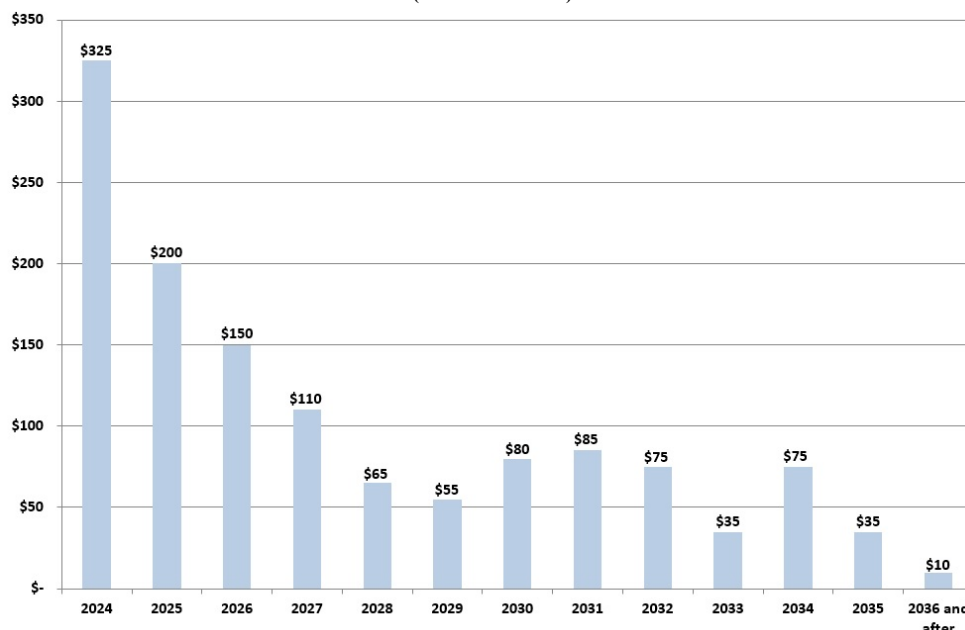
#### ***Bonds and Notes Issued in Asset-backed Securitizations***

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, 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 \$1.30 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, 2023. As of December 31, 2023, AGM had \$10.5 billion of loans included in asset-backed securitizations, which represented 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, 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**  
**\$1.30 billion**  
(dollars in millions)



The forecasted future undiscounted cash flows of approximately \$1.30 billion include approximately \$0.82 billion (as of 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, net" and "restricted cash." The difference between the total estimated future undiscounted cash flows and the overcollateralization of approximately \$0.48 billion, or approximately \$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 balance of consolidated shareholders' 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.

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. 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 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	\$1.23 billion
4x	\$0.25 billion	\$1.05 billion
10x	\$0.45 billion	\$0.85 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 \$0.82 billion (as of December 31, 2023); however, the Company would not receive the \$0.48 billion (\$0.36 billion after tax) of estimated future earnings from the portfolio.

**Interest rates:** 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 portion of its student loans with floating rate 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 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, for the life of the portfolio, a relationship between the various SOFR indices that is implied by the current forward SOFR curves. If the forecast is computed assuming a spread of an additional 12 basis points between Term SOFR and 30-day average SOFR for the life of the portfolio, the cash flow forecast would be reduced by approximately \$15 million to \$20 million.

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. 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.

#### ***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 funds a portion of its FFELP loan acquisitions using its FFELP warehouse facilities. As of December 31, 2023, the Company had two FFELP warehouse facilities with an aggregate maximum financing amount available of \$1.7 billion, of which \$1.4 billion was outstanding and \$0.3 billion was available for additional funding. One warehouse facility has a static advance rate until the expiration date of the liquidity provisions (May 22, 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, 2025). The other warehouse facility has a maximum advance rate of 92%. As of December 31, 2023, the Company had \$102.7 million advanced as equity support on these facilities. For further discussion of the Company's FFELP warehouse facilities outstanding as of December 31, 2023, see note 4 of the notes to consolidated financial statements included in this report.

The Company also has a consumer loan warehouse facility that, as of December 31, 2023, had an aggregate maximum financing amount available of \$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, 2023, \$23.7 million was outstanding under this facility, \$176.3 million was available for future funding, and the Company had \$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 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, 2023, the fair value of these bonds was \$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, 2023, \$208.2 million was outstanding on the Company's remaining repurchase agreement, of which \$117.8 million was borrowed to fund private education loan securitization bonds subject to the Company's risk retention requirement and \$90.4 million was borrowed to fund repurchased FFELP loan asset-backed securities. 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 on this facility vary from November 27, 2024 through December 20, 2024, and the facility is subject to early termination upon 180 days' prior written notice provided by the Company or the counterparty prior to the maturity dates. The Company is subject to cash margin deficit payment requirements in the event the fair value of the securities subject to the repurchase agreement becomes less than the original purchase price of such securities.

Upon termination or maturity of the repurchase 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, consider the sale of unencumbered investments, or borrow on its unsecured line of credit to satisfy any 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, 2023, \$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.

### ***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 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 note 6 of the notes to consolidated financial statements included in this report.

The Company's partial ownership percentage in each loan securitization grants the 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 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, 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, 2023 with a leverage ratio of 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, 2023, the Company has invested a total of \$470.7 million (which 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 30% to 40% of the eligible project 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. 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, 2023, the outstanding preferred membership interests of ALLO held by the Company was \$155.0 million that earns a preferred annual return of 6.25%. Accrued and unpaid preferred returns are converted to additional preferred membership interests 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 debt financing to fund a large portion of its growth plans, the Company contributed \$8.4 million of additional equity to ALLO in 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, 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 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 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 and/or collateral payments to its 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 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, 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.

On December 21, 2023, the Company entered into a \$10.0 million participation agreement with a 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 by the Company as a secured borrowing. This participation agreement will amortize as the consumer loans subject to the participation pay down.

For further discussion of these debt facilities described above, see note 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, 2023, 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	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.

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

The Company's Board of Directors declared a first quarter 2024 cash dividend on the Company's Class A and Class B common stock of \$0.28 per share. The dividend will be paid on March 15, 2024, to shareholders of record at the close of business on 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 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” on the Company’s consolidated balance sheets. For additional information regarding the Company’s allowance for loan losses, see notes 2 and 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, 2023, 2022, and 2021, see the caption “Activity in the Allowance for Loan Losses” in note 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 \$14 million (13%) or higher by \$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, 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**

In November 2023, the FASB issued accounting guidance which improves reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit (referred to as the “significant expense principle”). This guidance will be effective for the Company for the year ending December 31, 2024 annual financial statements, with early adoption permitted. The guidance will be applied retrospectively for all prior periods presented in the financial statements. The Company intends to adopt the standard when it becomes effective for 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 the consolidated financial 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 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, 2023		As of December 31, 2022	
	Dollars	Percent	Dollars	Percent
Fixed-rate loan assets	\$ 510,666	4.2 %	\$ 1,339,900	9.5 %
Variable-rate loan assets	11,538,796	95.8	12,829,871	90.5
Total	<u>\$ 12,049,462</u>	<u>100.0 %</u>	<u>\$ 14,169,771</u>	<u>100.0 %</u>
Fixed-rate debt instruments	\$ 561,557	4.8 %	\$ 617,083	4.5 %
Variable-rate debt instruments	11,142,596	95.2	13,199,327	95.5
Total	<u>\$ 11,704,153</u>	<u>100.0 %</u>	<u>\$ 13,816,410</u>	<u>100.0 %</u>

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 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,		
	2023	2022	2021
Fixed rate floor income, gross	\$ 2,169	57,380	142,606
Derivative settlements (a)	23,044	33,149	(19,729)
Fixed rate floor income, net	\$ 25,213	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 each year compared with the preceding year due to higher interest rates each year compared with 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 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 (\$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 table shows AGM's federally insured student loan assets that were earning fixed rate floor income as of December 31, 2023:

Fixed interest rate range	Borrower/lender weighted average yield	Estimated variable conversion rate (a)	Loan balance
8.0 - 8.99%	8.25%	5.61%	\$ 185,062
> 9.0%	9.05%	6.41%	122,649
			\$ 307,711

(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, 2023, the weighted average estimated variable conversion rate was 8.57% and the short-term interest rate was 554 basis points.

During the last half of 2023, the Company entered into multiple derivatives with notional amounts totaling \$400 million with maturity dates through 2030, to hedge a portion of loans remaining that earn fixed rate floor income and other loans and investments in which the Company receives a fixed rate. Based on the terms of these derivatives, the Company pays a weighted average fixed rate of 3.71% and receives payments based on SOFR that resets quarterly. For further details of the Company's derivatives used to hedge fixed rate loans and investments, see note 5 of the notes to consolidated financial statements included in this report.



AGM is also exposed to interest rate risk in the form of repricing risk and 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, 2023.

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
		<u>\$ 12,879,304</u>	<u>12,879,304</u>

(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 received three-month LIBOR set discretely in advance and 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, 2023.

Maturity	Notional amount (i)
2024	\$ 1,750,000
2026	1,150,000
2027	250,000
	<u>\$ 3,150,000</u>

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

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

(d) As of December 31, 2023, the Company was sponsor for \$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 SOFR or Treasury Securities, or the Net Loan Rate as defined in the financing documents.

(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 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.

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	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 Company terminated its existing derivative portfolio hedging loans earning fixed rate floor income. The table above excludes the impact of these derivatives for the 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						
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 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, 2023		As of December 31, 2022	
	Dollars	Percent	Dollars	Percent
Fixed-rate loan assets	\$ 424,284		\$ 341,776	
Fixed-rate investments	34,644		123,809	
Total fixed-rate assets	458,928	47.7 %	465,585	52.2 %
Variable-rate loan assets	8,588		78,019	
Variable-rate investments	495,004		347,559	
Total variable rate assets	503,592	52.3	425,578	47.8
Total assets	\$ 962,520	100.0 %	\$ 891,163	100.0 %
Fixed-rate deposits	\$ 280,736	33.1 %	\$ 336,040	42.6 %
Variable-rate deposits (a)	566,828	66.9	453,604	57.4
Total deposits	\$ 847,564	100.0 %	\$ 789,644	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 securities (investments) held by Nelnet Bank.

	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
<b>Investments:</b>									
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 %
<b>Debt funding asset-backed securities available-for-sale:</b>									
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 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 SOFR + 100 to 350 basis points to maturity. As of December 31, 2023, \$226.7 million (par value) of the Company's asset-backed securities earn a weighted average fixed rate of 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, 2023, the gross unrealized loss on the Company's available-for-sale debt securities was \$39.6 million, and the aggregate fair value of available-for-sale debt securities with unrealized losses was \$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 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, 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, 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, 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, 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, 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, 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, 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, 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, 2023 and 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, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated 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 27, 2024

ITEM 9B. OTHER INFORMATION

During the fourth quarter of 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 2024 Annual Meeting of Shareholders scheduled to be held on 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

Plan category	As of December 31, 2023		
	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	—	—	1,228,406 (1)
Equity compensation plans not approved by shareholders	—	—	—
Total	—	—	1,228,406

(1) Includes 701,527, 210,739, and 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:

	Page
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2023 and 2022</a>	F-4
<a href="#">Consolidated Statements of Income for the years ended December 31, 2023, 2022, and 2021</a>	F-5
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022, and 2021</a>	F-6
<a href="#">Consolidated Statements of Shareholders' Equity for the years ended December 31, 2023, 2022, and 2021</a>	F-7
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021</a>	F-8
<a href="#">Notes to Consolidated Financial Statements</a>	F-10

#### 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	<a href="#">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.</a>
3.2	<a href="#">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.</a>
4.1	<a href="#">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.</a>
4.2	<a href="#">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.</a>
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	<a href="#">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.</a>

- 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+ [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.](#)
- 10.12+ [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.](#)
- 10.13+ [Nelnet, Inc. Directors Stock Compensation Plan, as amended and restated as of May 18, 2023, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 22, 2023 and incorporated herein by reference.](#)
- 10.14+ [Nelnet, Inc. Executive Officers Incentive Compensation Plan, as amended and restated as of May 18, 2023, filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on May 22, 2023 and incorporated herein by reference.](#)
- 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.](#)



- 10.16 [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.](#)
- 10.17 [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.](#)
- 10.18 [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.](#)
- 10.19 [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.](#)
- 10.20 [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.](#)
- 10.21 [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.](#)
- 10.22 [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.](#)
- 10.23 [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.](#)
- 10.24 [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 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by 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.](#)
- 10.26++ [Student Loan Servicing Contract between the United States Department of Education and Nelnet Diversified Solutions, LLC, filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on April 25, 2023 and incorporated herein by reference.](#)
- 10.27 [Form of Modification of Contract dated effective as of October 10, 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 and incorporated herein by reference.](#)
- 10.28 [Form of Modification of Contract dated effective as of October 11, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC, filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 and incorporated herein by reference.](#)
- 10.29\*## [Form of Modification of Contract dated effective as of December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC.](#)
- 10.30\*## [Form of Modification of Contract dated effective as of December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC.](#)
- 10.31\*## [Form of Modification of Contract dated effective as of December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC.](#)
- 10.32\*## [Form of Modification of Contract dated effective as of December 15, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC.](#)
- 10.33 [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.](#)

- 10.34 [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.](#)
- 10.35 [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.](#)
- 10.36# [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.](#)
- 10.37 [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.](#)
- 10.38 [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.](#)
- 10.39 [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.](#)
- 10.40# [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.](#)
- 10.41# [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.](#)
- 10.42 [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.](#)
- 10.43 [Investment Management Agreement, dated effective as of February 14, 2013, by and among Whitetail Rock 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.](#)
- 10.44 [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.](#)
- 10.46 [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.](#)
- 10.47 [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.](#)
- 10.48# [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.](#)
- 10.50 [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.](#)
- 10.51 [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.](#)
- 10.52 [Guarantor Consent and Reaffirmation dated as of June 22, 2023, by each of the subsidiaries of Nelnet, Inc. signatories thereto, in favor of U.S. Bank National Association, as Administrative Agent, filed as Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 and incorporated herein by reference.](#)
- 10.53 [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.](#)
- 10.54 [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.](#)
- 10.55± [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.](#)
- 10.56± [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.](#)
- 10.57±± [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.](#)
- 10.58 [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.](#)
- 10.59 [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.](#)
- 10.60 [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.](#)
- 10.61 [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.](#)
- 10.62 [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.](#)
- 10.63 [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.](#)
- 10.64 [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.](#)

10.65	<a href="#"><u>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.</u></a>
10.66++	<a href="#"><u>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.</u></a>
10.67++	<a href="#"><u>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.</u></a>
10.68	<a href="#"><u>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.</u></a>
10.69	<a href="#"><u>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 Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference.</u></a>
10.70	<a href="#"><u>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.</u></a>
10.71	<a href="#"><u>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.</u></a>
10.72++	<a href="#"><u>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.</u></a>
10.73++	<a href="#"><u>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.</u></a>
10.74	<a href="#"><u>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.</u></a>
10.75++	<a href="#"><u>Form of Amended &amp; 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 Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference.</u></a>
10.76++	<a href="#"><u>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 Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference.</u></a>
21.1*	<a href="#"><u>Subsidiaries of Nelnet, Inc.</u></a>
23.1*	<a href="#"><u>Consent of KPMG LLP, Independent Registered Public Accounting Firm.</u></a>
31.1*	<a href="#"><u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer Jeffrey R. Noordhoek.</u></a>
31.2*	<a href="#"><u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer James D. Kruger.</u></a>
32**	<a href="#"><u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
97*	<a href="#"><u>Nelnet, Inc. Incentive Compensation Clawback Policy dated November 9, 2023.</u></a>

101.INS*	<a href="#"><u>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.</u></a>
101.SCH*	<a href="#"><u>Inline XBRL Taxonomy Extension Schema Document</u></a>
101.CAL*	<a href="#"><u>Inline XBRL Taxonomy Extension Calculation Linkbase Document</u></a>
101.DEF*	<a href="#"><u>Inline XBRL Taxonomy Extension Definition Linkbase Document</u></a>
101.LAB*	<a href="#"><u>Inline XBRL Taxonomy Extension Label Linkbase Document</u></a>
101.PRE*	<a href="#"><u>Inline XBRL Taxonomy Extension Presentation Linkbase Document</u></a>
104*	<a href="#"><u>Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).</u></a>

*	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 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JEFFREY R. NOORDHOEK</u> Jeffrey R. Noordhoek	Chief Executive Officer (Principal Executive Officer)	February 27, 2024
<u>/s/ JAMES D. KRUGER</u> James D. Kruger	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 27, 2024
<u>/s/ MICHAEL S. DUNLAP</u> Michael S. Dunlap	Executive Chairman	February 27, 2024
<u>/s/ PREETA D. BANSAL</u> Preeta D. Bansal	Director	February 27, 2024
<u>/s/ MATTHEW W. DUNLAP</u> Matthew W. Dunlap	Director	February 27, 2024
<u>/s/ KATHLEEN A. FARRELL</u> Kathleen A. Farrell	Director	February 27, 2024
<u>/s/ DAVID S. GRAFF</u> David S. Graff	Director	February 27, 2024
<u>/s/ THOMAS E. HENNING</u> Thomas E. Henning	Director	February 27, 2024
<u>/s/ ADAM K. PETERSON</u> Adam K. Peterson	Director	February 27, 2024
<u>/s/ KIMBERLY K. RATH</u> Kimberly K. Rath	Director	February 27, 2024
<u>/s/ JONA M. VAN DEUN</u> Jona M. Van Deun	Director	February 27, 2024

NELNET, INC. AND SUBSIDIARIES

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## 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, 2023 and 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, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended 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, 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 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 for loan losses*

As discussed in Note 3 to the consolidated financial statements, the Company's allowance for loan losses as of December 31, 2023, was \$104.6 million, of which \$68.5 million related to the Company's allowance for loan losses on federally insured loans and \$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 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

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 27, 2024

**NELNET, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**As of December 31, 2023 and 2022**

	2023	2022
	(Dollars in thousands, except share data)	
<b>Assets:</b>		
Loans and accrued interest receivable (net of allowance for loan losses of \$104,643 and \$131,827, respectively)	\$ 13,108,204	15,243,889
<b>Cash and cash equivalents:</b>		
Cash and cash equivalents - not held at a related party	34,912	24,584
Cash and cash equivalents - held at a related party	133,200	93,562
Total cash and cash equivalents	168,112	118,146
Investments and notes receivable	1,870,968	2,111,917
Restricted cash	488,723	945,159
Restricted cash - due to customers	368,656	294,311
Restricted investments	17,969	—
Accounts receivable (net of allowance for doubtful accounts of \$4,304 and \$3,079, respectively)	196,200	194,851
Goodwill	158,029	176,902
Intangible assets, net	44,819	63,501
Property and equipment, net	127,008	122,526
Other assets	187,957	102,842
Total assets	\$ 16,736,645	19,374,044
<b>Liabilities:</b>		
Bonds and notes payable	\$ 11,828,393	14,637,195
Accrued interest payable	35,391	36,049
Bank deposits	743,599	691,322
Other liabilities	481,840	461,259
Due to customers	425,507	348,317
Total liabilities	13,514,730	16,174,142
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
Nelnet, Inc. shareholders' equity:		
Preferred stock, \$0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding	—	—
Common stock:		
Class A, \$0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,400,630 shares and 26,461,651 shares, respectively	264	265
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	107	107
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	(40,706)	943
Total equity	3,221,915	3,199,902
Total liabilities and equity	\$ 16,736,645	19,374,044
<b>Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:</b>		
Loans and accrued interest receivable	\$ 12,676,932	14,585,491
Restricted cash	451,932	867,961
Bonds and notes payable	(12,006,170)	(14,233,586)
Accrued interest payable and other liabilities	(135,748)	(145,309)
Net assets of consolidated education and other lending variable interest entities	\$ 986,946	1,074,557

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**Years ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(Dollars in thousands, except share data)		
Interest income:			
Loan interest	\$ 931,945	651,205	482,337
Investment interest	177,855	91,601	41,498
Total interest income	1,109,800	742,806	523,835
Interest expense on bonds and notes payable and bank deposits	845,091	430,137	176,233
Net interest income	264,709	312,669	347,602
Less provision (negative provision) for loan losses	65,450	46,441	(12,426)
Net interest income after provision for loan losses	199,259	266,228	360,028
Other income (expense):			
Loan servicing and systems revenue	517,954	535,459	486,363
Education technology services and payments revenue	463,311	408,543	338,234
Solar construction revenue	31,669	24,543	—
Other, net	(48,787)	25,486	78,681
Gain on sale of loans, net	39,673	2,903	18,715
Impairment expense	(31,925)	(15,523)	(16,360)
Derivative market value adjustments and derivative settlements, net	(16,701)	264,634	71,446
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
Cost to provide solar construction services	48,576	19,971	—
Total cost of services	219,759	168,374	108,660
Operating expenses:			
Salaries and benefits	591,537	589,579	507,132
Depreciation and amortization	79,118	74,077	73,741
Other expenses	189,851	170,778	145,469
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
Net income	54,435	396,241	386,283
Net loss attributable to noncontrolling interests	37,097	11,106	7,003
Net income attributable to Nelnet, Inc.	\$ 91,532	407,347	393,286
Earnings per common share:			
Net income attributable to Nelnet, Inc. shareholders - basic and diluted	\$ 2.45	10.83	10.20
Weighted average common shares outstanding - basic and diluted	37,416,621	37,603,033	38,572,801

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**Years ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(Dollars in thousands)		
Net income	\$ 54,435	396,241	386,283
Other comprehensive income (loss):			
Net changes related to foreign currency translation adjustments	\$ (10)	(9)	(10)
Net changes related to available-for-sale debt securities:			
Unrealized holding gains (losses) arising during period, net	18,379	(58,946)	6,921
Reclassification of losses (gains) recognized in net income, net	3,504	(5,902)	(2,695)
Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity	202	—	—
Income tax effect	(5,301)	15,564	(1,014)
Net changes related to equity method investee's other comprehensive income:	16,784	(49,284)	3,212
Gain on cash flow hedges	622	3,452	—
Income tax effect	(149)	(829)	—
Other comprehensive income (loss)	17,247	(46,670)	3,202
Comprehensive income	71,682	349,571	389,485
Comprehensive loss attributable to noncontrolling interests	37,097	11,106	7,003
Comprehensive income attributable to Nelnet, Inc.	\$ 108,779	360,677	396,488

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES  
Consolidated Statements of Shareholders' Equity  
Years ended December 31, 2023, 2022, and 2021  
Nelnet, Inc. Shareholders

	Preferred stock shares	Common stock shares		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
		Class A	Class B								
(Dollars in thousands, except share data)											
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)	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	67,003	67,003
Net income (loss)	—	—	—	—	—	—	—	407,347	—	(11,106)	396,241
Other comprehensive loss	—	—	—	—	—	—	—	—	(46,670)	—	(46,670)
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(56,586)	(56,586)
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	—	376,348	—	—	4	—	7,477	—	—	—	7,481
Compensation expense for stock based awards	—	—	—	—	—	—	13,888	—	—	—	13,888
Repurchase of common stock	—	(1,162,533)	—	—	(11)	—	(21,256)	(76,418)	—	—	(97,685)
Conversion of common stock	—	8,182	(8,182)	—	—	—	—	—	—	—	—
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
Issuance of noncontrolling interests	—	—	—	—	—	—	—	—	—	101,237	101,237
Net income (loss)	—	—	—	—	—	—	—	91,532	—	(37,097)	54,435
Other comprehensive income	—	—	—	—	—	—	—	—	17,247	—	17,247
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(105,789)	(105,789)
Cash dividends on Class A and Class B common stock - \$1.06 per share	—	—	—	—	—	—	—	(39,419)	—	—	(39,419)
Issuance of common stock, net of forfeitures	—	270,550	—	—	3	—	6,165	—	—	—	6,168
Compensation expense for stock based awards	—	—	—	—	—	—	16,162	—	—	—	16,162
Repurchase of common stock	—	(336,943)	—	—	(4)	—	(20,340)	(7,684)	—	—	(28,028)
Conversion of common stock	—	5,372	(5,372)	—	—	—	—	—	—	—	—
Balance as of December 31, 2023	—	26,400,630	10,663,088	\$ —	264	107	3,096	3,279,273	(20,119)	(40,706)	3,221,915

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(Dollars in thousands)		
Net income attributable to Nelnet, Inc.	\$ 91,532	407,347	393,286
Net loss attributable to noncontrolling interests	(37,097)	(11,106)	(7,003)
Net income	54,435	396,241	386,283
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	145,393	176,248	132,325
Loan discount accretion	(30,813)	(67,480)	(7,990)
Provision (negative provision) for loan losses	65,450	46,441	(12,426)
Derivative market value adjustments	41,773	(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
Gain on sale of loans, net	(39,673)	(2,903)	(18,715)
Loss (gain) on investments, net	117,968	24,643	(3,811)
Proceeds from sale of equity securities, net of purchases	75	42,841	(42,916)
Deferred income tax (benefit) expense	(51,963)	34,640	55,622
Non-cash compensation expense	16,476	14,176	10,673
Impairment expense	29,539	15,523	16,360
Decrease (increase) in loan and investment accrued interest receivable	47,217	(38,500)	1,378
Increase in accounts receivable	(1,356)	(26,358)	(86,982)
Decrease (increase) in other assets, net	3,890	(11,783)	46,214
Decrease in the carrying amount of ROU asset, net	4,881	5,702	7,170
(Decrease) increase in accrued interest payable	(658)	31,483	(24,135)
Increase in other liabilities	85,537	40,001	29,775
Decrease in the carrying amount of lease liability	(5,352)	(5,642)	(6,978)
Net cash provided by operating activities	432,975	684,059	480,328
Cash flows from investing activities, net of business acquisitions:			
Purchases and originations of loans	(735,003)	(1,452,018)	(1,318,605)
Purchases of loans from a related party	(467,554)	(8,310)	(22,678)
Net proceeds from loan repayments, claims, and capitalized interest	2,559,384	4,394,183	3,103,776
Proceeds from sale of loans	553,018	123,129	85,906
Purchases of available-for-sale securities	(581,522)	(1,029,438)	(734,817)
Proceeds from sales of available-for-sale securities	963,117	511,124	160,976
Proceeds from and sale of beneficial interest in loan securitizations	32,149	21,531	40,602
Purchases of other investments and issuance of notes receivable	(344,918)	(263,346)	(253,894)
Proceeds from other investments and repayments of notes receivable	41,309	65,369	191,821
Purchases of held-to-maturity debt securities	(12,425)	(240)	(8,200)
Redemption of held-to-maturity debt securities	4,579	3,500	—
Purchases of property and equipment	(74,052)	(59,421)	(58,952)
Business acquisitions, net of cash and restricted cash acquired	—	(34,036)	—
Net cash provided by investing activities	\$ 1,938,082	2,272,027	1,185,935

**NELNET, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**

	2023	2022	2021
	(Dollars in thousands)		
Cash flows from financing activities, net of business acquisitions:			
Payments on bonds and notes payable	\$ (3,606,160)	(4,339,164)	(3,683,770)
Proceeds from issuance of bonds and notes payable	761,182	1,301,554	1,947,559
Payments of debt issuance costs	(5,744)	(3,795)	(7,093)
Increase in bank deposits, net	52,277	347,007	289,682
Increase (decrease) in due to customers	77,182	(17,670)	64,539
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 interests	88,389	55,777	50,716
Distribution to noncontrolling interests	(4,657)	(3,548)	(878)
Net cash used in financing activities	(2,703,198)	(2,792,499)	(1,430,348)
Effect of exchange rate changes on cash	16	(160)	(121)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(332,125)	163,427	235,794
Cash, cash equivalents, and restricted cash, beginning of period	1,357,616	1,194,189	958,395
Cash, cash equivalents, and restricted cash, end of period	\$ 1,025,491	1,357,616	1,194,189
<b>Supplemental disclosures of cash flow information:</b>			
Cash disbursements made for interest	\$ 781,307	350,662	152,173
Cash disbursements made for income taxes, net of refunds and credits received (a)	\$ 47,589	57,705	18,659
Cash disbursements made for operating leases	\$ 6,550	6,797	7,970
<b>Non-cash operating, investing, and financing activity:</b>			
ROU assets obtained in exchange for lease obligations	\$ 18,860	7,728	4,228
Business acquisition deferred purchase price	\$ —	5,000	—
Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans	\$ 89,130	19,069	23,506
Receipt of asset-backed investment securities as consideration from sale of loans	\$ 66,546	13,806	—
Asset-backed investment securities held as collateral for reinsurance treaties	\$ 17,969	—	—
Distribution to noncontrolling interests	\$ 101,132	53,038	47,881
Issuance of noncontrolling interests	\$ 12,848	11,226	10,371

(a) For 2023, 2022, and 2021 the Company utilized \$53.8 million, \$11.2 million, and \$34.1 million of federal and state tax credits, respectively, related primarily to renewable energy.

Supplemental disclosures of non-cash activities regarding the Company's business acquisitions are contained in note 7.

The following table 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, 2023	As of December 31, 2022	As of December 31, 2021	As of December 31, 2020
Total cash and cash equivalents	\$ 168,112	118,146	125,563	121,249
Restricted cash	488,723	945,159	741,981	553,175
Restricted cash - due to customers	368,656	294,311	326,645	283,971
Cash, cash equivalents, and restricted cash	\$ 1,025,491	1,357,616	1,194,189	958,395

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

**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 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. 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. 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 as part of this strategy launched Nelnet Bank 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 Payments (ETSP)
- Asset Generation and Management (AGM), part of the Nelnet Financial Services (NFS) division
- Nelnet Bank, part of the NFS division

A description of each reportable operating segments is included below. See note 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
- Servicing private education and consumer loans
- 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, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

Nelnet Servicing, LLC (Nelnet Servicing), a subsidiary of the Company, is one of the current 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.

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 Payments***

The Education Technology Services and Payments reportable operating segment (known as Nelnet Business Services (NBS)) provides education and payment technology and services for K-12 schools, higher education institutions, churches, and businesses in the United States and internationally. NBS provides service and technology under four divisions as 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, incidental billing, payment forms, advanced accounting, financial needs assessments (grant and aid), and a donation platform; (ii) school management, including a school management platform and application and enrollment services; and (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 transfers, to the other divisions of NBS and Nelnet in addition to other industries and software platforms across the United States.

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 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, 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.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

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**

Nelnet Bank operates as an internet Utah-chartered industrial bank franchise with a home office in Salt Lake City, Utah. Nelnet Bank is focused on the private education and consumer loan marketplace.

**NFS Other Operating Segments**

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 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 casualty 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 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 (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

**2. 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.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

***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, 2023, the Company owned 45% of the economic rights of ALLO, 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 6 for the Company's carrying value of its voting 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. As of December 31, 2023, the Company has funded a total of \$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 when the solar project is placed-in-service.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
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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.

The following table presents a summary of solar investment VIEs that the Company has not consolidated:

	As of December 31,	
	2023	2022
Investment carrying amount, excluding third-party investors	\$ (65,266)	(36,863)
Tax credits subject to recapture	153,699	88,692
Unfunded capital and other commitments	82,046	33,456
Company's maximum exposure to loss	\$ 170,479	85,285

As of December 31, 2023, the Company 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 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 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 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% were maintained by prior interest holders. See note 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% were maintained by prior interest holders. See note 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

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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, 2023 and 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 and repayment 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***

The Company accounts for the evaluation and estimate of probable losses on 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 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

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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.

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 3 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.

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**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.

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**

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 \$7.0 million and \$5.2 million as of December 31, 2023 and 2022, 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 as 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 classification is adjusted for amortization of premiums and accretion of discounts, which are amortized using the effective interest rate method. 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 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.

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 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 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.

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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 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***

Notes receivable 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 records an allowance for expected credit losses, if any, to present the net amount expected to be collected on 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. As part of the Company's Education Technology Services and Payments operating segment, the Company collects tuition payments and subsequently remits these payments to the appropriate schools. In addition, Nelnet



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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 consolidated balance sheets.

A portion of cash collected for customers in the Company's Education Technology Services and 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, 2023 and 2022, \$57.5 million and \$55.0 million, respectively, of cash collected for customers 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.

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. 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, and 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 that the fair value was less than its carrying amount, the Company performed a quantitative impairment test and concluded there was 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 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.

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

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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 and 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.

Additional information related to revenue earned in its Asset Generation and Management, Nelnet Bank, and Nelnet Insurance Services operating segments is provided below. See note 17 for additional information related to the Company's fee-based operating segments.

**Loan interest income** - 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

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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, the daily fiscal quarter average of the three-month financial commercial paper rate, or the daily fiscal quarter average of the 30-day Average Secured Overnight Financing Rate (SOFR), 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.

Reinsurance premiums earned and related expenses - Premiums are recognized as income, net of applicable retrocessional coverage, over the terms of the related contracts and policies. Unearned premiums represent the portion of premiums written that relate to the unexpired terms of contracts and policies in force.

Acquisition costs are incurred when a contract or policy is issued and only the costs directly related to 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.

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 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 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 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. 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.

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***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 are cleared post-execution at the Chicago Mercantile Exchange (CME), 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.

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 ("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, 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 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 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 consolidated statements of shareholders' equity.

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**3. Loans and Accrued Interest Receivable and Allowance for Loan Losses**

Loans and accrued interest receivable consisted of the following:

	As of December 31, 2023	As of December 31, 2022
<b>Non-Nelnet Bank:</b>		
Federally insured loans:		
Stafford and other	\$ 2,936,174	3,389,178
Consolidation	8,750,033	10,177,295
Total	11,686,207	13,566,473
Private education loans	277,320	252,383
Consumer and other loans	85,935	350,915
Non-Nelnet Bank loans	12,049,462	14,169,771
<b>Nelnet Bank:</b>		
Federally insured loans (a)	—	65,913
Private education loans	360,520	353,882
Consumer and other loans	72,352	—
Nelnet Bank loans	432,872	419,795
Accrued interest receivable	764,385	816,864
Loan discount, net of unamortized loan premiums and deferred origination costs	(33,872)	(30,714)
Allowance for loan losses:		
<b>Non-Nelnet Bank:</b>		
Federally insured loans	(68,453)	(83,593)
Private education loans	(15,750)	(15,411)
Consumer and other loans	(11,742)	(30,263)
Non-Nelnet Bank allowance for loan losses	(95,945)	(129,267)
<b>Nelnet Bank:</b>		
Federally insured loans (a)	—	(170)
Private education loans	(3,347)	(2,390)
Consumer and other loans	(5,351)	—
Nelnet Bank allowance for loan losses	(8,698)	(2,560)
	<u>\$ 13,108,204</u>	<u>15,243,889</u>

(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, 2023	As of December 31, 2022
<b>Non-Nelnet Bank:</b>		
Federally insured loans (a)	0.59 %	0.62 %
Private education loans	5.68 %	6.11 %
Consumer and other loans	13.66 %	8.62 %
<b>Nelnet Bank:</b>		
Federally insured loans (a)	—	0.26 %
Private education loans	0.93 %	0.68 %
Consumer and other loans	7.40 %	—

(a) As of December 31, 2023 and 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 21.8% and 22.4%, respectively, and for Nelnet Bank was 10.3% as of December 31, 2022.

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**Loan Sales**

During 2023, 2022, and 2021, the Company sold \$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 non-affiliated third parties who securitized such loans. As partial consideration received for the 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.

**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	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
<b>Year ended December 31, 2023</b>							
<b>Non-Nelnet Bank:</b>							
Federally insured loans	\$ 83,593	4,303	(19,593)	—	6	144	68,453
Private education loans	15,411	2,865	(3,306)	780	—	—	15,750
Consumer and other loans	30,263	49,807	(12,467)	1,474	—	(57,335)	11,742
<b>Nelnet Bank:</b>							
Federally insured loans	170	(14)	(12)	—	—	(144)	—
Private education loans	2,390	2,171	(1,214)	—	—	—	3,347
Consumer and other loans	—	6,245	(1,775)	881	—	—	5,351
	<u>\$ 131,827</u>	<u>65,377</u>	<u>(38,367)</u>	<u>3,135</u>	<u>6</u>	<u>(57,335)</u>	<u>104,643</u>
<b>Year ended December 31, 2022</b>							
<b>Non-Nelnet Bank:</b>							
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
Consumer and other loans	6,481	38,383	(3,725)	592	—	(11,468)	30,263
<b>Nelnet Bank:</b>							
Federally insured loans	268	(93)	(5)	—	—	—	170
Private education loans	840	1,860	(306)	—	—	(4)	2,390
	<u>\$ 127,113</u>	<u>46,368</u>	<u>(32,096)</u>	<u>1,248</u>	<u>662</u>	<u>(11,468)</u>	<u>131,827</u>
<b>Year ended December 31, 2021</b>							
<b>Non-Nelnet Bank:</b>							
Federally insured loans	\$ 128,590	(7,343)	(21,139)	—	3,273	—	103,381
Private education loans	19,529	(1,333)	(2,476)	721	—	(298)	16,143
Consumer and other loans	27,256	(4,544)	(5,123)	824	—	(11,932)	6,481
<b>Nelnet Bank:</b>							
Federally insured loans	—	268	—	—	—	—	268
Private education loans	323	526	(4)	—	—	(5)	840
	<u>\$ 175,698</u>	<u>(12,426)</u>	<u>(28,742)</u>	<u>1,545</u>	<u>3,273</u>	<u>(12,235)</u>	<u>127,113</u>

(a) During the years ended December 31, 2023, 2022, and 2021 the Company acquired \$3.3 million (par value), \$12.0 million (par value), and \$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.



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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,		
	2023	2022	2021
<b>Non-Nelnet Bank:</b>			
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 %
<b>Nelnet Bank:</b>			
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.

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 Loan Commitments***

As of December 31, 2023, Nelnet Bank has a liability of approximately \$158,000 related to \$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 both years ended December 31, 2023 and 2022, Nelnet Bank recognized provision for loan losses of approximately \$73,000 related to unfunded loan commitments.

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**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 presents the Company's loan status and delinquency amounts.

	As of December 31,								
	2023			2022			2021		
<b>Federally insured loans - Non-Nelnet Bank:</b>									
Loans in-school/grace/deferment (a)	\$	522,304	4.5 %	\$	637,919	4.7 %	\$	829,624	4.9 %
Loans in forbearance (b)		979,588	8.4		1,103,181	8.1		1,118,667	6.5
Loans in repayment status:									
Loans current		8,416,624	82.6 %		10,173,859	86.0 %		12,847,685	84.9 %
Loans delinquent 31-60 days (c)		377,108	3.7		415,305	3.5		895,656	5.9
Loans delinquent 61-90 days (c)		254,553	2.5		253,565	2.2		352,449	2.3
Loans delinquent 91-120 days (c)		187,145	1.9		180,029	1.5		251,075	1.7
Loans delinquent 121-270 days (c)		685,829	6.7		534,410	4.5		592,449	3.9
Loans delinquent 271 days or greater (c)(d)		263,056	2.6		268,205	2.3		203,442	1.3
Total loans in repayment		10,184,315	87.1		11,825,373	87.2		15,142,756	88.6
Total federally insured loans		11,686,207	100.0 %		13,566,473	100.0 %		17,091,047	100.0 %
Accrued interest receivable		757,713			808,150			784,716	
Loan discount, net of unamortized premiums and deferred origination costs		(28,963)			(35,468)			(28,309)	
Allowance for loan losses		(68,453)			(83,593)			(103,381)	
Total federally insured loans and accrued interest receivable, net of allowance for loan losses	\$	12,346,504		\$	14,255,562		\$	17,744,073	
<b>Private education loans - Non-Nelnet Bank:</b>									
Loans in-school/grace/deferment (a)	\$	9,475	3.4 %	\$	12,756	5.1 %	\$	9,661	3.2 %
Loans in forbearance (b)		2,529	0.9		2,017	0.8		3,601	1.2
Loans in repayment status:									
Loans current		257,639	97.1 %		232,539	97.9 %		280,457	98.0 %
Loans delinquent 31-60 days (c)		3,395	1.3		2,410	1.0		2,403	0.8
Loans delinquent 61-90 days (c)		1,855	0.7		767	0.3		976	0.3
Loans delinquent 91 days or greater (c)		2,427	0.9		1,894	0.8		2,344	0.9
Total loans in repayment		265,316	95.7		237,610	94.1		286,180	95.6
Total private education loans		277,320	100.0 %		252,383	100.0 %		299,442	100.0 %
Accrued interest receivable		2,653			2,146			1,960	
Loan discount, net of unamortized premiums		(8,037)			(38)			(1,123)	
Allowance for loan losses		(15,750)			(15,411)			(16,143)	
Total private education loans and accrued interest receivable, net of allowance for loan losses	\$	256,186		\$	239,080		\$	284,136	
<b>Consumer and other loans - Non-Nelnet Bank:</b>									
Loans in deferment	\$	146	0.2 %	\$	109	0.0 %	\$	43	0.1 %
Loans in repayment status:									
Loans current		81,195	94.6 %		346,812	98.9 %		49,697	97.0 %
Loans delinquent 31-60 days (c)		2,035	2.4		1,906	0.5		414	0.8
Loans delinquent 61-90 days (c)		1,189	1.4		764	0.2		322	0.6
Loans delinquent 91 days or greater (c)		1,370	1.6		1,324	0.4		825	1.6
Total loans in repayment		85,789	99.8		350,806	100.0		51,258	99.9
Total consumer and other loans		85,935	100.0 %		350,915	100.0 %		51,301	100.0 %
Accrued interest receivable		861			3,658			396	
Loan discount, net of unamortized premiums		(2,474)			(588)			913	
Allowance for loan losses		(11,742)			(30,263)			(6,481)	
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses	\$	72,580		\$	323,722		\$	46,129	

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	As of December 31,					
	2023		2022		2021	
<b>Federally insured loans - Nelnet Bank (e):</b>						
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)(d)			159	0.2	—	—
Total loans in repayment			64,691	98.1	86,624	98.4
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	
<b>Private education loans - Nelnet Bank (e):</b>						
Loans in-school/grace/deferment (a)	\$ 25,957	7.2 %	\$ 11,580	3.3 %	\$ 150	0.1 %
Loans in forbearance (b)	1,285	0.4	864	0.2	460	0.3
Loans in repayment status:						
Loans current	331,580	99.4 %	340,830	99.8 %	169,157	99.9 %
Loans delinquent 30-59 days (c)	839	0.3	167	0.1	51	0.0
Loans delinquent 60-89 days (c)	253	0.1	32	0.0	—	—
Loans delinquent 90 days or greater (c)	606	0.2	409	0.1	72	0.1
Total loans in repayment	333,278	92.4	341,438	96.5	169,280	99.6
Total private education loans	360,520	100.0 %	353,882	100.0 %	169,890	100.0 %
Accrued interest receivable	2,023		1,152		264	
Deferred origination costs, net of unaccreted discount	5,608		5,360		2,560	
Allowance for loan losses	(3,347)		(2,390)		(840)	
Total private education loans and accrued interest receivable, net of allowance for loan losses	\$ 364,804		\$ 358,004		\$ 171,874	
<b>Consumer and other loans - Nelnet Bank (e):</b>						
Loans in deferment	\$ 103	0.1 %				
Loans in repayment status:						
Loans current	69,584	96.3 %				
Loans delinquent 30-59 days (c)	1,075	1.5				
Loans delinquent 60-89 days (c)	941	1.3				
Loans delinquent 90 days or greater (c)	649	0.9				
Total loans in repayment	72,249	99.9				
Total consumer and other loans	72,352	100.0 %				
Accrued interest receivable	575					
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					

- (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 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.

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*FICO Scores*

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 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
<b>FICO at origination:</b>					
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
	<u>\$ 46,907</u>	<u>190,466</u>	<u>114,278</u>	<u>8,869</u>	<u>360,520</u>

	Loan balance as of December 31, 2022			
	2022	2021	2020	Total
<b>FICO at origination:</b>				
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
	<u>\$ 209,846</u>	<u>133,788</u>	<u>10,248</u>	<u>353,882</u>

*Nelnet Bank Consumer and Other Loans*

	Loan balance as of December 31, 2023			
	2023	2022	2021	Total
<b>FICO at origination:</b>				
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
	<u>\$ 71,853</u>	<u>444</u>	<u>55</u>	<u>72,352</u>

- (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, 2023, 2022, and 2021 was not material.

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**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, 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.

	2023	2022	2021	2020	2019	Prior years	Total
<b>Private education loans - Non-Nelnet Bank:</b>							
Loans in-school/grace/deferment	\$ —	832	4,029	779	1,279	2,556	9,475
Loans in forbearance	—	83	26	603	324	1,493	2,529
Loans in repayment status:							
Loans current	211	4,450	4,928	45,341	38,213	164,496	257,639
Loans delinquent 31-60 days	—	6	102	424	232	2,631	3,395
Loans delinquent 61-90 days	—	7	57	218	113	1,460	1,855
Loans delinquent 91 days or greater	—	—	23	70	—	2,334	2,427
Total loans in repayment	211	4,463	5,110	46,053	38,558	170,921	265,316
Total private education loans	\$ 211	5,378	9,165	47,435	40,161	174,970	277,320
Accrued interest receivable							2,653
Loan discount, net of unamortized premiums							(8,037)
Allowance for loan losses							(15,750)
Total private education loans and accrued interest receivable, net of allowance for loan losses							\$ 256,186
Gross charge-offs - year ended December 31, 2023	\$ —	39	10	297	615	2,345	3,306
<b>Consumer and other loans - Non-Nelnet Bank:</b>							
Loans in deferment	\$ 146	—	—	—	—	—	146
Loans in repayment status:							
Loans current	74,677	5,170	590	330	386	42	81,195
Loans delinquent 31-60 days	764	973	291	—	5	2	2,035
Loans delinquent 61-90 days	329	759	73	25	3	—	1,189
Loans delinquent 91 days or greater	424	841	79	6	18	2	1,370
Total loans in repayment	76,194	7,743	1,033	361	412	46	85,789
Total consumer and other loans	\$ 76,340	7,743	1,033	361	412	46	85,935
Accrued interest receivable							861
Loan discount, net of unamortized premiums							(2,474)
Allowance for loan losses							(11,742)
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses							\$ 72,580
Gross charge-offs - year ended December 31, 2023	\$ 3,995	6,850	830	36	292	464	12,467
<b>Private education loans - Nelnet Bank (a):</b>							
Loans in-school/grace/deferment	\$ 14,410	10,315	708	524	—	—	25,957
Loans in forbearance	230	786	269	—	—	—	1,285
Loans in repayment status:							
Loans current	31,940	178,700	112,619	8,321	—	—	331,580
Loans delinquent 30-59 days	147	248	420	24	—	—	839
Loans delinquent 60-89 days	49	131	73	—	—	—	253
Loans delinquent 90 days or greater	131	286	189	—	—	—	606
Total loans in repayment	32,267	179,365	113,301	8,345	—	—	333,278
Total private education loans	\$ 46,907	190,466	114,278	8,869	—	—	360,520
Accrued interest receivable							2,023
Deferred origination costs, net of unaccreted discount							5,608
Allowance for loan losses							(3,347)
Total private education loans and accrued interest receivable, net of allowance for loan losses							\$ 364,804
Gross charge-offs - year ended December 31, 2023	\$ 23	869	285	37	—	—	1,214

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	2023	2022	2021	2020	2019	Prior years	Total
<b>Consumer and other loans - Nelnet Bank (a):</b>							
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
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.

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**4. Bonds and Notes Payable**

The following tables summarize the Company's outstanding debt obligations by type of instrument:

	As of December 31, 2023		
	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	\$ 9,552,667	5.45% - 7.47%	8/26/30 - 9/25/69
Bonds and notes based on auction	87,360	0.00% - 6.45%	3/22/32 - 11/26/46
Total FFELP variable-rate bonds and notes	9,640,027		
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations	471,427	1.42% - 3.45%	10/25/67 - 8/27/68
FFELP loan warehouse facilities	1,398,485	5.41% - 5.70%	4/2/25 / 5/22/25
Consumer loan warehouse facility	23,691	5.70%	11/14/25
Variable-rate bonds and notes issued in private education loan asset-backed securitizations	80,393	6.90% / 7.57%	6/25/49 / 11/25/53
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	—	—	9/22/26
Participation agreements	10,063	5.58% - 6.08%	3/12/24 / 5/4/24
Repurchase agreement	208,164	6.35% - 6.81%	1/22/24 - 12/20/24
Other - due to related party	5,778	5.00% - 6.05%	3/1/24 - 11/15/30
	11,918,158		
Discount on bonds and notes payable and debt issuance costs	(89,765)		
Total	\$ 11,828,393		

	As of December 31, 2022		
	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
Bonds and notes based on auction	178,960	0.00% - 4.02%	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
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
Consumer loan warehouse facility	89,000	4.73%	11/14/25
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
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	—	—	9/22/26
Participation agreement	395,432	5.02%	5/4/23
Repurchase agreements	567,254	0.97% - 5.60%	1/4/23 - 11/27/24
Other - due to related party	6,187	3.55% / 6.05%	3/1/24 - 11/15/30
	14,785,283		
Discount on bonds and notes payable and debt issuance costs	(148,088)		
Total	\$ 14,637,195		

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***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.

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
	<u>\$ 1,682,000</u>	<u>1,398,485</u>	<u>283,515</u>				<u>\$ 102,694</u>
Consumer	200,000	23,691	176,309	11/14/2024	11/14/2025	70 %	10,352

- (a) This facility has a static advance rate until the expiration date of the liquidity provisions. The maximum advance rates for this facility are 90% to 96%, and the minimum advance rates are 84% to 90%. 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.

***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.

On November 16, 2023, the Company completed a \$189.6 million (par value) private education loan asset-backed securitization. The notes issued have a final maturity date of November 25, 2053. Upon completion of this securitization, the Company terminated its private education loan warehouse facility.

***Unsecured Line of Credit***

The Company has a \$495.0 million unsecured line of credit that has a maturity date of September 22, 2026. As of December 31, 2023, no amount was outstanding on the line of credit and \$495.0 million was available for future use.

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, 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.



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***Participation 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, 2023 and 2022, \$63,000 (par value) and \$395.4 million (par value), 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.

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 by the Company as a secured borrowing. This participation agreement will amortize as the consumer loans subject to the participation pay down.

***Repurchase Agreements***

On May 3, 2021, the Company entered into a repurchase agreement with a non-affiliated third party, the proceeds of which are collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The agreement has various maturity dates through December 20, 2024 or earlier if either party provides 180 days' prior written notice, and 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. Included in "bonds and notes payable" in the consolidated balance sheets as of December 31, 2023 and 2022 was \$208.2 million and \$299.8 million, respectively, subject to this agreement. See note 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 this repurchase 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 \$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, 2023 and 2022, Nelnet Bank had no amounts drawn on 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, 2023.

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***Maturity Schedule***

Bonds and notes outstanding as of December 31, 2023 are due in varying amounts as shown below.

2024	\$ 218,505
2025	1,422,176
2026	—
2027	275
2028	3,754
2029 and thereafter	10,273,448
	<u>\$ 11,918,158</u>

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,		
	2023	2022	2021
Purchase price	\$ (5,112)	(67,081)	(407,487)
Par value	5,941	69,133	406,875
Remaining unamortized cost of issuance	(14)	(821)	(6,163)
Gain (loss), net	<u>\$ 815</u>	<u>1,231</u>	<u>(6,775)</u>

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, 2023, the Company holds \$312.0 million (par value) of its own FFELP asset-backed securities. As of December 31, 2023, \$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 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.

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**5. Derivative Financial Instruments**

***Non-Nelnet Bank Derivatives***

The Company uses settled-to-market derivative financial instruments 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. 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 was indexed to the one-month LIBOR rate. Meanwhile, the Company 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, 2023, the Company's AGM operating segment had \$10.9 billion, \$0.4 billion, and \$0.4 billion of FFELP loans indexed to the 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 \$2.8 billion of debt indexed to 90-day average SOFR and 3-month CME term SOFR, the indices for which reset quarterly, and \$6.8 billion of debt indexed to 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 received three-month LIBOR set discretely in advance and 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 to LIBOR).

The following table summarizes the Company's 1:3 Basis Swaps outstanding:

Maturity	As of December 31,	
	2023	2022
	Notional amount	Notional amount
2023	\$ —	750,000
2024	1,750,000	1,750,000
2026	1,150,000	1,150,000
2027	250,000	250,000
	<u>\$ 3,150,000</u>	<u>3,900,000</u>

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

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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 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, 2023, 2022, and 2021, the Company had \$0.3 billion, \$0.9 billion, and \$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.

As of December 31, 2023			As of December 31, 2022 (a)		
Maturity	Notional amount	Weighted average fixed rate paid by the Company (b)	Notional amount	Weighted average fixed rate paid by the Company (b)	
2024	\$ —	— %	\$ 2,000,000	0.35 %	
2026	200,000	3.92	500,000	1.02	
2028	50,000	3.56	—	—	
2029 (c)	50,000	3.17	—	—	
2030 (d)	100,000	3.63	—	—	
2031	—	—	100,000	1.53	
2032	—	—	200,000	2.92	
	<u>\$ 400,000</u>	<u>3.71 %</u>	<u>\$ 2,800,000</u>	<u>0.70 %</u>	

- (a) 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) 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 interest rate derivatives, the Company receives payments based on SOFR, the majority of which reset quarterly.
- (c) This \$50 million notional amount derivative has a forward effective start date in January 2026.
- (d) A \$50 million notional amount derivative maturing in 2030 has a forward effective start date in November 2025.

### **Nelnet Bank Derivatives**

#### **Interest Rate Swaps**

Non-centrally cleared derivative instruments are used by Nelnet Bank to hedge the exposure to variability in 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 so that each is economically effective; however, because these derivatives are hedging intercompany deposits, the derivative instruments are not eligible for hedge accounting in the consolidated financial statements. As a result, the change in market value of these derivative instruments is reported in current

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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.

Maturity	As of December 31, 2023	
	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
	<u>\$ 140,000</u>	<u>3.46 %</u>

- (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,		
	2023	2022	2021
Settlements:			
1:3 basis swaps	\$ 1,544	(206)	(1,638)
Interest rate swaps - floor income hedges	23,044	33,149	(19,729)
Interest rate swaps - Nelnet Bank	484	—	—
Total settlements - income (expense)	<u>25,072</u>	<u>32,943</u>	<u>(21,367)</u>
Change in fair value:			
1:3 basis swaps	(567)	2,262	5,027
Interest rate swaps - floor income hedges	(39,683)	229,429	87,786
Interest rate swaps - Nelnet Bank	(1,523)	—	—
Total change in fair value - (expense) income	<u>(41,773)</u>	<u>231,691</u>	<u>92,813</u>
Derivative market value adjustments and derivative settlements, net - (expense) income	<u>\$ (16,701)</u>	<u>264,634</u>	<u>71,446</u>

**Derivative Instruments - 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 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, Board of Directors' Risk and Finance 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 and collateral payments.

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**6. Investments and Notes Receivable**

A summary of the Company's "restricted investments" and "investments and notes receivable" follows:

	As of December 31, 2023				As of December 31, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<b>Restricted investments (at fair value):</b>								
FFELP loan asset-backed securities	\$ 16,993	1,069	(93)	17,969	—	—	—	—
<b>Investments (at fair value):</b>								
<b>Available-for-sale asset-backed securities</b>								
<b>Non-Nelnet Bank:</b>								
FFELP loan	\$ 271,479	4,883	(5,393)	270,969	463,861	3,498	(11,105)	456,254
Private education loan (a)	281,791	—	(28,874)	252,917	335,903	—	(29,438)	306,465
Other debt securities	41,693	2,020	(1,275)	42,438	158,589	151	(3,790)	154,950
Total Non-Nelnet Bank	594,963	6,903	(35,542)	566,324	958,353	3,649	(44,333)	917,669
<b>Nelnet Bank:</b>								
FFELP loan (b)	321,638	4,508	(2,296)	323,850	349,855	955	(8,853)	341,957
Other debt securities	49,284	117	(1,641)	47,760	133,422	18	(4,029)	129,411
Total Nelnet Bank	370,922	4,625	(3,937)	371,610	483,277	973	(12,882)	471,368
Total available-for-sale asset-backed securities	\$ 965,885	11,528	(39,479)	937,934	1,441,630	4,622	(57,215)	1,389,037
Equity securities				50,907				39,082
Total investments at fair value				988,841				1,428,119
<b>Other Investments and Notes Receivable (not measured at fair value):</b>								
<b>Held to maturity investments</b>								
<b>Non-Nelnet Bank:</b>								
Debt securities (c)				4,700				18,554
<b>Nelnet Bank:</b>								
FFELP loan asset-backed securities (b)				158,038				—
Other debt securities				—				220
Total Nelnet Bank				158,038				220
Total held to maturity investments				162,738				18,774
Venture capital and funds:								
Measurement alternative (d)				194,084				160,052
Equity method				91,464				89,332
Total venture capital and funds				285,548				249,384
Real estate:								
Equity method				103,811				80,364
Investment in ALLO:								
Voting interest/equity method (e)				10,693				67,538
Preferred membership interest (f)				155,047				145,926
Total investment in ALLO				165,740				213,464
Beneficial interest in loan securitizations (g):								
Consumer loans				134,113				39,249
Private education loans				68,372				75,261
Federally insured student loans				22,594				24,228
Total beneficial interest in loan securitizations				225,079				138,738
Solar (h)				(121,779)				(55,448)
Notes receivable				53,747				31,106
Tax liens, affordable housing, and other				7,243				7,416
Total investments (not measured at fair value)				882,127				683,798
Total investments and notes receivable				\$ 1,870,968				\$ 2,111,917

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- (a) In December 2020, Wells Fargo announced the sale of its approximately \$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 the above table and as of December 31, 2023, the par value and fair value of these securities was \$282.2 million and \$252.9 million, respectively. 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.
- A portion of the private education loan asset-backed securities were subject to a repurchase agreement with third parties, as 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.
- (b) On March 31, 2023, securities at Nelnet Bank with a fair value of \$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 such transfer represented a non-cash transaction. Accumulated other comprehensive income as of 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 transferred from held to maturity to available-for-sale.
- (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. 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. 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.
- The Company's equity ownership interests in 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 is accounting for its equity investment in Hudl using the measurement alternative method.
- (e) During the first quarter of 2023, the Company contributed \$8.4 million of additional equity in ALLO. As a result of this equity contribution, the Company's voting membership interests percentage in ALLO did not materially change.
- The Company recognized losses under the HLBV method of accounting on its ALLO voting membership interests 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.
- (f) As of December 31, 2023, the outstanding preferred membership interests of ALLO held by the Company was \$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 currently earn a preferred annual return of 6.25% 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 the years ended December 31, 2023, 2022, and 2021, respectively. This income is included in "other, net" in "other income (expense)" on the consolidated statements of income.
- (g) The Company has partial ownership in certain consumer, private education, and federally insured student loan securitizations. 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 \$910 million, \$515 million, and \$335 million of consumer, private education, and federally insured student loans, respectively, included in these securitizations.
- (h) The solar investment balance as of December 31, 2023 represents the sum of total tax credits earned on solar projects placed-in-service through December 31, 2023 and the calculated HLBV net losses being larger than the total investment contributions made by the Company on such projects.

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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
<b>Available-for-sale asset-backed securities</b>					
<b>Restricted Investments:</b>					
FFELP loan	\$ —	—	—	16,993	16,993
Fair value	—	—	—	17,969	17,969
<b>Non-Nelnet Bank:</b>					
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
<b>Nelnet Bank:</b>					
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
<b>Held to maturity investments</b>					
<b>Non-Nelnet Bank:</b>					
Debt securities	\$ 4,700	—	—	—	4,700
Fair value	4,700	—	—	—	4,700
<b>Nelnet Bank:</b>					
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



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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
<b>Available-for-sale asset-backed securities</b>						
<b>Restricted Investments:</b>						
FFELP loan	\$ (93)	2,392	—	—	(93)	2,392
<b>Non-Nelnet Bank:</b>						
FFELP loan	(966)	28,912	(4,427)	146,613	(5,393)	175,525
Private education loan	—	—	(28,874)	252,916	(28,874)	252,916
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
<b>Nelnet Bank:</b>						
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 Payments reportable operating segment.

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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).

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 and 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 was to be paid by the Company directly to the minority interest members. On the acquisition date, the Company recorded a liability and increased goodwill by \$5.0 million as a result of the future capital contribution commitment. The future capital contribution commitment had been fully satisfied as of December 31, 2023.

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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 separately identified intangibles of \$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.

## 8. Intangible Assets

Intangible assets consisted of the following:

	Weighted average remaining useful life as of December 31, 2023 (months)	As of December 31,	
		2023	2022
Amortizable intangible assets, net:			
Customer relationships (net of accumulated amortization of \$46,573 and \$55,116, respectively)	104	\$ 43,031	51,738
Trade names (net of accumulated amortization of \$8,268 and \$617, respectively)	100	642	8,293
Computer software (net of accumulated amortization of \$574 and \$6,400, respectively)	40	1,146	1,520
Other (net of accumulated amortization of \$490)	—	—	1,950
Total - amortizable intangible assets, net	102	\$ 44,819	63,501

The Company recorded amortization expense on its intangible assets of \$17.0 million, \$15.0 million, and \$23.0 million during the years ended December 31, 2023, 2022, and 2021, respectively. The Company will continue to amortize intangible assets over their remaining useful lives. As of December 31, 2023, the Company estimates it will record amortization expense as follows:

2024	\$	8,491
2025		6,099
2026		6,012
2027		5,714
2028		5,354
2029 and thereafter		13,149
	\$	44,819

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**9. Goodwill**

The change in the carrying amount of goodwill by reportable operating segment was as follows:

			Nelnet Financial Services				Total
			Loan Servicing and Systems	Education Technology Services and Payments	Asset Generation and Management (a)	NFS Other Operating Segments	
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 FFELP loan originations will not have an adverse impact on the fair value of the Company's other reporting units.

**10. Property and Equipment**

Property and equipment consisted of the following:

	Useful life	As of December 31,	
		2023	2022
Computer equipment and software	1-5 years	\$ 260,224	237,487
Building and building improvements	5-48 years	50,747	50,475
Office furniture and equipment	1-10 years	17,197	22,386
Solar facilities	5-35 years	12,850	3,547
Transportation equipment	5-10 years	7,101	6,207
Leasehold improvements	1-15 years	6,149	10,410
Land	—	3,279	3,181
Construction in progress	—	23,245	22,987
		380,792	356,680
Accumulated depreciation		(253,784)	(234,154)
Total property and equipment, net		\$ 127,008	122,526

The Company recorded depreciation expense on its property and equipment of \$62.1 million, \$59.1 million, and \$50.7 million during the years ended December 31, 2023, 2022, and 2021, respectively.

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**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

- (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.

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**12. Bank Deposits**

The following table summarizes Nelnet Bank's interest-bearing deposits, excluding intercompany 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,	
	2023	2022
Brokered CDs, net of brokered deposit fees	\$ 203,522	254,817
Commercial	2,057	—
Retail and other savings (529, STFIT, and HSA)	517,960	410,556
Retail and other CDs (commercial and institutional)	20,060	25,949
Total interest-bearing deposits	\$ 743,599	691,322

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, 2023, 2022, and 2021, respectively. 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. There were no fees paid to third-party brokers for the year ended December 31, 2023.

The following table presents certificates of deposit remaining maturities as of December 31, 2023:

One year or less	\$ —
After one year to two years	2,740
After two years to three years	146,424
After three years to four years	74,071
After four years to five years	347
After five years	—
Total	\$ 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, 2023 and 2022. Accrued interest on deposits was \$0.7 million as of each December 31, 2023 and 2022, respectively, which is included in "accrued interest payable" on the consolidated balance sheets.

**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, 2023, 4.2 million shares may still be purchased under the Company's stock repurchase program. Shares repurchased by the Company during 2023, 2022, and 2021 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.

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	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,								
	2023			2022			2021		
	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.	\$ 89,606	1,926	91,532	399,564	7,783	407,347	386,865	6,421	393,286
Denominator:									
Weighted-average common shares outstanding - basic and diluted	36,629,437	787,184	37,416,621	36,884,548	718,485	37,603,033	37,943,032	629,769	38,572,801
Earnings per share - basic and diluted	\$ 2.45	2.45	2.45	10.83	10.83	10.83	10.20	10.20	10.20

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, 2023, a cumulative amount of 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.

#### 15. Income Taxes

The Company is subject to income taxes in the United States and 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, 2023, the total amount of gross unrecognized tax benefits (excluding the federal benefit received from state positions) was \$17.1 million, which is included in "other liabilities" on the consolidated balance sheet. Of this total, \$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 \$2.7 million prior to 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 \$2.7 million decrease, \$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:

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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

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, 2023 and 2022, \$4.8 million and \$4.0 million in accrued interest and penalties, respectively, were included in "other liabilities" on the consolidated balance sheets. The Company recognized interest expense of \$0.8 million, and interest benefits of \$1.1 million and \$0.3 million related to uncertain tax positions for the years ended December 31, 2023, 2022, and 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, and 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 2020. The Company is no longer subject to U.S. state and local income tax examinations by tax authorities prior to 2018.

The provision for income taxes consists of the following components:

	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,		
	2023	2022	2021
Tax expense at federal rate	21.0 %	21.0 %	21.0 %
Increase (decrease) resulting from:			
State tax, net of federal income tax benefit	(0.6)	2.8	3.0
Tax credits	(4.1)	(0.6)	(0.8)
Change in valuation allowance	0.4	(0.5)	—
Other	1.1	(0.9)	(0.4)
Effective tax rate	17.8 %	21.8 %	22.8 %



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The tax effect of temporary differences that give rise to deferred tax assets and liabilities include the following:

	As of December 31,	
	2023	2022
Deferred tax assets:		
Deferred revenue	\$ 17,399	27,410
Student loans	16,489	20,569
State tax credit carryforwards	12,190	9,431
Accrued expenses	9,623	10,824
Stock compensation	6,584	5,345
Net operating losses	4,563	2,613
Lease liability	2,929	3,432
Intangible assets	987	—
Debt and equity investments	—	1,430
Total gross deferred tax assets	70,764	81,054
Less state tax valuation allowance	(562)	(161)
Net deferred tax assets	70,202	80,893
Deferred tax liabilities:		
Partnership basis	73,876	99,184
Basis in certain derivative contracts	26,139	65,224
Depreciation	9,526	11,306
Debt and equity investments	4,711	—
Lease right of use asset	2,770	3,073
Loan origination services	2,635	3,264
Securitization	267	363
Intangible assets	—	1,474
Other	3,784	2,679
Total gross deferred tax liabilities	123,708	186,567
Net deferred tax asset (liability)	\$ (53,506)	(105,674)

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, 2023 and 2022, net deferred tax liabilities of \$75.3 million and \$140.1 million, respectively, and net deferred tax assets of \$21.8 million and \$34.4 million, respectively, were included in "other liabilities" and "other assets," respectively, on the consolidated balance sheets.

As of December 31, 2023 and 2022, the Company had a current income tax receivable of \$67.4 million and payable of \$5.2 million, respectively, that is included in "other assets" and "other liabilities," respectively, on the consolidated balance sheets.

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**16. Segment Reporting**

The Company's reportable operating segments include:

- Loan Servicing and Systems
- Education Technology Services and Payments
- Asset Generation and Management, part of the NFS division as described below
- Nelnet Bank, 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 Payments operating segments; and earns interest income on its loan portfolio in its Asset Generation and Management and Nelnet Bank operating segments.

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 casualty 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.

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***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

***Segment Results***

The following tables present the results of each of the Company's reportable operating segments reconciled to the consolidated financial statements.

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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

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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
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

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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)	—
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

## 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 presents disaggregated revenue by service offering:

	Year ended December 31,		
	2023	2022	2021
Government loan servicing	\$ 412,478	423,066	360,793
Private education and consumer loan servicing	48,984	49,210	47,302
FFELP loan servicing	13,704	16,016	18,281
Software services	29,208	33,409	34,600
Outsourced services	13,580	13,758	25,387
Loan servicing and systems revenue	<u>\$ 517,954</u>	<u>535,459</u>	<u>486,363</u>

### *Education Technology Services and Payments Revenue*

Education technology services and 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

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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 payments" in the consolidated statements of income.

- *Education technology services* - Education technology 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 presents disaggregated revenue by service offering:

	Year ended December 31,		
	2023	2022	2021
Tuition payment plan services	\$ 125,326	110,802	103,970
Payment processing	163,859	148,212	127,080
Education technology services	170,754	146,679	105,975
Other	3,372	2,850	1,209
Education technology services and payments revenue	\$ 463,311	408,543	338,234

Cost to provide education technology services and 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 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 with the amount billed to date.



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The following table 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.

	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	<u>\$ 31,669</u>	<u>24,543</u>
Commercial revenue	\$ 18,541	16,891
Residential revenue	11,830	7,495
Other	1,298	157
Solar construction revenue	<u>\$ 31,669</u>	<u>24,543</u>

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. In addition, if the Company estimates that a project will have costs in excess of revenue, the Company will recognize the total loss in the period it is identified.

**Other Income/Expense**

The following table presents the components of "other, net" in "other income (expense)" on the consolidated statements of income:

	Year ended December 31,		
	2023	2022	2021
Reinsurance premiums	\$ 20,067	157	—
ALLO preferred return	9,120	8,584	8,427
Borrower late fee income	8,997	10,809	3,444
Administration/sponsor fee income	6,793	7,898	3,656
Investment advisory services (WRCM)	6,760	6,026	7,773
Management fee revenue	2,587	2,543	3,307
Loss from ALLO voting membership interest investment	(65,277)	(67,966)	(42,148)
Loss from solar investments	(46,702)	(9,479)	(10,132)
Investment activity, net	(8,586)	51,493	91,593
Other	17,454	15,421	12,761
Other, net	<u>\$ (48,787)</u>	<u>25,486</u>	<u>78,681</u>

- *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. Revenue is allocated to the distinct service period, based on when each transaction is completed.

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**Deferred Revenue**

Activity in the deferred revenue balance, which is included in "other liabilities" on the consolidated balance sheets, is shown below:

	<b>Loan Servicing and Systems</b>	<b>Education Technology Services and Payments</b>	<b>Corporate and Other Activities</b>	<b>Total</b>
Balance as of December 31, 2020	\$ 1,378	33,267	1,551	36,196
Deferral of revenue	5,882	109,278	5,775	120,935
Recognition of revenue	(4,844)	(105,801)	(5,316)	(115,961)
Balance as of December 31, 2021	2,416	36,744	2,010	41,170
Deferral of revenue	2,607	138,086	13,963	154,656
Recognition of revenue	(2,713)	(129,433)	(12,940)	(145,086)
Business acquisitions	—	3,917	1,997	5,914
Balance as of December 31, 2022	2,310	49,314	5,030	56,654
Deferral of revenue	3,954	149,815	53,019	206,788
Recognition of revenue	(2,808)	(147,405)	(40,676)	(190,889)
Balance as of December 31, 2023	\$ 3,456	51,724	17,373	72,553

**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.

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**19. Leases**

The following table presents supplemental balance sheet information related to leases:

	As of December 31,	
	2023	2022
Operating lease ROU assets, which is included in "other assets" on the consolidated balance sheets	\$ 13,565	14,852
Operating lease liabilities, which is included in "other liabilities" on the consolidated balance sheets	\$ 14,291	16,414

The following table presents components of lease expense:

	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,	
	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:

2024	\$ 4,503
2025	3,268
2026	2,130
2027	2,040
2028	1,030
2029 and thereafter	3,297
Total lease payments	16,268
Imputed interest	(1,977)
Total	\$ 14,291

**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 \$14.2 million, \$12.9 million, and \$11.2 million during the years ended December 31, 2023, 2022, and 2021, respectively.

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**21. Stock Based Compensation Plans**

***Restricted Stock Plan***

The following table summarizes restricted stock activity:

	Year ended December 31,		
	2023	2022	2021
Non-vested shares at beginning of year	752,622	660,166	552,456
Granted	239,041	272,212	249,096
Vested	(156,569)	(136,076)	(116,842)
Canceled	(48,332)	(43,680)	(24,544)
Non-vested shares at end of year	786,762	752,622	660,166

As of December 31, 2023, there was \$31.5 million of unrecognized compensation cost included in equity on the consolidated balance sheet related to restricted stock, which is expected to be recognized as compensation expense in future periods as shown in the table below.

2024	\$	12,586
2025		7,485
2026		4,621
2027		2,765
2028		1,642
2029 and thereafter		2,389
	\$	31,488

For the years ended December 31, 2023, 2022, and 2021, the Company recognized compensation expense of \$16.2 million, \$13.9 million, and \$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, 2023, 2022, and 2021, the Company recognized compensation expense of \$0.1 million, \$0.1 million, and \$0.2 million, respectively, in connection with issuing 26,585 shares, 26,011 shares, and 24,205 shares, respectively, under this plan, which is included in "salaries and benefits" on the consolidated statements of income.

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***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, 2023, 2022, and 2021, the Company recognized \$1.6 million, \$1.7 million, and \$1.4 million, respectively, of expense related to this plan, which is included in "other expenses" on the consolidated statements of income. The following table presents the number of shares awarded under this plan for the years ended December 31, 2023, 2022, and 2021.

	Shares issued - not deferred	Shares issued- deferred	Total
Year ended December 31, 2023	6,782	10,022	16,804
Year ended December 31, 2022	11,861	12,937	24,798
Year ended December 31, 2021	9,958	12,072	22,030

As of December 31, 2023, a cumulative amount of 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.

**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 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, and 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) of private education loans in 2022, and 2021, respectively, from Union Bank. The net premiums paid by the Company on these loan acquisitions was \$0.2 million and \$0.4 million in 2022 and 2021, 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 in marketing fees to the Company in both 2022 and 2021 under this agreement. The amount paid to Union Bank for these services in 2023 was insignificant.

***Loan Servicing***

The Company serviced \$173.8 million, \$203.4 million, and \$262.6 million of FFELP and private education loans for Union Bank as of December 31, 2023, 2022, and 2021, respectively. Servicing and origination fee revenue earned by the Company from servicing loans for Union Bank was \$0.3 million, \$0.4 million, and \$0.5 million in 2023, 2022, and 2021, respectively.

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**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 Company uses this facility as a source to fund FFELP student loans. As of December 31, 2023 and 2022, \$295.1 million and \$734.7 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 (and investments). As of December 31, 2023 and 2022, \$0.1 million and \$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 FFELP loan asset-backed securities under this agreement have been accounted for by the Company as a secured borrowing.

**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.

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 consolidated balance sheets. As of December 31, 2023 and 2022, the Company had \$459.1 million and \$362.0 million, respectively, invested in the STFIT or deposited at Union Bank in operating accounts, of which \$325.9 million and \$268.4 million as of December 31, 2023 and 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, was \$4.7 million, \$1.2 million, and \$0.2 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, 2023, 2022, and 2021, the Company has received fees of \$2.5 million, \$2.1 million, and \$3.5 million, respectively, from Union Bank related to the administration services provided to the College Savings Plans.

During 2021, 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 from Union Bank. The Company did not provide these services to Union Bank in 2023 and 2022.

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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, 2023 and 2022, Nelnet Bank had \$413.2 million and \$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 leased approximately 4,100 square feet in the Company's corporate headquarters building. Union Bank paid the Company approximately \$55,000, \$82,000, and \$81,000 for commercial rent and storage income during 2023, 2022, and 2021, respectively.

During 2023, the Company entered into a lease agreement 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, 2023, 2022, and 2021, the Company paid Union Bank approximately \$592,000, \$177,000, and \$280,000, respectively, in cash and flexible spending accounts management, trustee and health savings account maintenance fees, and investment custodial and correspondent services for Nelnet Bank.

**Other Fees Received from Union Bank**

During the years ended December 31, 2023, 2022, and 2021, Union Bank paid the Company approximately \$351,000, \$342,000, and \$342,000, respectively, under certain employee sharing arrangements.

**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, and \$766,000 during the years ended December 31, 2023, 2022, and 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, 2023, the outstanding balance of investments in the trusts was \$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, 2023, 2022, and 2021, the Company earned \$5.5 million, \$4.9 million, and \$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, 2023, WRCM was the investment advisor with respect to a total 501,786 shares and 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, 2023, 2022, and 2021, the Company earned approximately \$249,000, \$216,000, and \$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

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Union Bank as custodian. As of December 31, 2023, the outstanding balance of investments in these funds was \$131.7 million. The Company paid Union Bank \$0.3 million in each of 2023, 2022, and 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. As of December 31, 2023, the Company and Mr. Dunlap, along with his children, held a combined direct and indirect equity ownership interests in Hudl of approximately 21% and 4%, respectively. In May 2020 and May 2021, the Company made additional investments in Hudl of approximately \$26 million and approximately \$5 million, 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. See note 6 for additional information on the 2023 transaction and the Company's accounting for its investment in 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.

***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	Investment amount			Revenue recognized by the Company from management and performance fees		
	2023	2022	2021	2023	2022	2021
Union Bank	\$ 18,456,829	4,881,063	—	152,757	66,568	—
F&M	—	3,487,000	7,913,000	123,077	123,077	29,491
North Central Bancorp, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	2,212,394	—	2,466,667	42,769	30,769	14,958
Infovisa, Inc. (directly and indirectly owned by F&M, Mr. Dunlap, and Ms. Muhleisen)	737,465	507,781	562,600	12,234	8,369	1,923
Farm and Home Insurance Agency, Inc. (indirectly owned by Mr. Dunlap and Ms. Muhleisen)	737,465	—	116,667	7,846	3,846	962

***Funding - Solar***

Union Bank has provided funding for the following Nelnet Renewable Energy properties and solar fields.

Building/solar field	Original loan amount	Loan amount outstanding as of December 31, 2023	Fixed interest rate	Maturity date
Office space - Palatine, Illinois	\$ 287,000	\$ 274,860	6.05 %	12/30/2027
Warehouse - Elk Grove Village, Illinois	332,000	278,403	5.35	3/1/2024
Solarfield - Round Lake, Illinois	900,000	882,449	5.00	11/15/2030
Solarfield - Round Lake, Illinois	1,700,000	1,659,076	5.00	11/15/2028
Solarfield - St. Charles, Illinois	2,300,000	2,094,575	5.00	11/15/2028
Solarfield - St. Charles, Illinois	600,000	588,359	5.00	11/15/2030



**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

**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, 2023 and 2022.

	As of December 31, 2023			As of December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Assets:</b>						
Investments (a):						
Asset-backed debt securities - available-for-sale	\$ 99	955,804	955,903	100	1,388,937	1,389,037
Equity securities	73	—	73	6,719	—	6,719
Equity securities measured at net asset value (b)			50,834			32,363
Total investments	172	955,804	1,006,810	6,819	1,388,937	1,428,119
Derivative instruments (c)	—	452	452	—	—	—
Total assets	\$ 172	956,256	1,007,262	6,819	1,388,937	1,428,119
<b>Liabilities:</b>						
Derivative instruments (c)	\$ —	1,976	1,976	—	—	—
Total liabilities	\$ —	1,976	1,976	—	—	—

- (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, 2023 and 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.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

The following table summarizes the fair values of all of the Company's financial instruments on the consolidated balance sheets:

<b>As of December 31, 2023</b>					
	<b>Fair value</b>	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets:</b>					
Loans receivable	\$ 12,800,638	12,343,819	—	—	12,800,638
Accrued loan interest receivable	764,385	764,385	—	764,385	—
Cash and cash equivalents	168,112	168,112	168,112	—	—
Investments (at fair value)	1,006,810	1,006,810	172	955,804	—
Investments - held to maturity	163,622	162,738	—	163,622	—
Notes receivable	53,747	53,747	—	53,747	—
Beneficial interest in loan securitizations	262,093	225,079	—	—	262,093
Restricted cash	488,723	488,723	488,723	—	—
Restricted cash – due to customers	368,656	368,656	368,656	—	—
Derivative instruments	452	452	—	452	—
<b>Financial liabilities:</b>					
Bonds and notes payable	11,629,359	11,828,393	—	11,629,359	—
Accrued interest payable	35,391	35,391	—	35,391	—
Bank deposits	722,973	743,599	467,420	255,553	—
Due to customers	425,507	425,507	425,507	—	—
Derivative instruments	1,976	1,976	—	1,976	—

<b>As of December 31, 2022</b>					
	<b>Fair value</b>	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets:</b>					
Loans receivable	\$ 14,586,794	14,427,025	—	—	14,586,794
Accrued loan interest receivable	816,864	816,864	—	816,864	—
Cash and cash equivalents	118,146	118,146	118,146	—	—
Investments (at fair value)	1,428,119	1,428,119	6,819	1,388,937	—
Investments - held to maturity	18,996	18,774	—	18,996	—
Notes receivable	31,106	31,106	—	31,106	—
Beneficial interest in loan securitizations	162,360	138,738	—	—	162,360
Restricted cash	945,159	945,159	945,159	—	—
Restricted cash – due to customers	294,311	294,311	294,311	—	—
<b>Financial liabilities:</b>					
Bonds and notes payable	14,088,666	14,637,195	—	14,088,666	—
Accrued interest payable	36,049	36,049	—	36,049	—
Bank deposits	664,573	691,322	355,282	309,291	—
Due to customers	348,317	348,317	348,317	—	—

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.

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

***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.

**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

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

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.

**25. Condensed Parent Company Financial Statements**

The following represents the condensed balance sheets as of December 31, 2023 and 2022 and condensed statements of income, comprehensive income, and cash flows for each of the years in the three-year period ended 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, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Assets:</b>		
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	<u>\$ 3,633,902</u>	<u>4,393,134</u>
<b>Liabilities:</b>		
Notes payable, net of debt issuance costs	\$ 206,520	960,358
Other liabilities	161,890	233,536
Total liabilities	<u>368,410</u>	<u>1,193,894</u>
<b>Equity:</b>		
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	<u>3,262,621</u>	<u>3,198,959</u>
Noncontrolling interests	2,871	281
Total equity	<u>3,265,492</u>	<u>3,199,240</u>
Total liabilities and shareholders' equity	<u>\$ 3,633,902</u>	<u>4,393,134</u>

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

**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)	11,205	1,102
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

**NELNET, INC. AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
(Dollars in thousands, except share amounts, unless otherwise noted)

**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	—	—

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>				1. CONTRACT ID CODE	PAGE 1 OF 3 PAGES
2. AMENDMENT/MODIFICATION NUMBER  91003120F0312P00154	3. EFFECTIVE DATE  DEC 15, 2023	4. REQUISITION/PURCHASE REQUISITION NUMBER  EDOFSA-24-000182	5. PROJECT NUMBER (If applicable)		
6. ISSUED BY US Department of Education FSA - Acquisitions, 830 First St NE - Suite 91F3 Washington DC 20202 Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov	CODE FSA-ACQ	7. ADMINISTERED BY (If other than Item 6) United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202		CODE FSA-FS2	
8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code) NELNET SERVICING LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508		UEI: MNXKQ62J7AE8 Cage Code: 5JZQ5	(X)	9A. AMENDMENT OF SOLICITATION NUMBER	
		<input type="checkbox"/>	9B. DATED (SEE ITEM 11)		
		<input checked="" type="checkbox"/>	10A. MODIFICATION OF CONTRACT/ORDER NUMBER ED-FSA-09-D-0013/91003120F0312		
		<input checked="" type="checkbox"/>	10B. DATED (SEE ITEM 13)  NOV 26, 2019		
CODE 00030812	FACILITY CODE				

**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.  
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the 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 a 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 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)  
 See Schedule  
 Modification Amount: \$1,721,712.19  
 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.
<input type="checkbox"/>	
<input type="checkbox"/>	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).
<input checked="" type="checkbox"/>	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
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

**E. IMPORTANT:** Contractor ☐ is not ☒ is required to sign this document and return 1 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 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)  Joe Popevis Executive Director	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eddie Lowe, Contracting Officer (202) 377-3714 Eddie.Lowe@ed.gov
15B. CONTRACTOR/OFFEROR   (Signature of person authorized to sign)	15C. DATE SIGNED  12/14/2023
16B. UNITED STATES OF AMERICA Digitally signed by EDDIE LOWE Date: 2023.12.14 16:12:35 -05'00' (Signature of Contracting Officer)	16C. DATE SIGNED  DEC 14, 2023

Previous edition unusable

**STANDARD FORM 30** (REV. 11/2016)  
Prescribed by GSA FAR (48 CFR) 53.243





**Attachment Page**

The purpose of this 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 a Period of Performance from December 15, 2023, through February 29, 2024.
2. Add funding in the amount of \$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.



**SCHEDULE Continued**

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
6002	<p>Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov</p> <p>Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov</p> <p>Property Administrator Point of Contact: None</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point(s) of Contact: None</p> <p>(New Line Item) Budget Initiative: Servicing Operations</p> <p>Option Period VI - Image Repository</p> <p>To provide funding for Image Repository servicing.</p> <p>Period of Performance (12/15/2023 - 2/29/2024)</p> <p>Accounting and Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.AAG.000.0000.000000 \$276,959.30 PR NUMBER: EDOFSA-24-000179</p>	1.00	SE	276,959.30	276,959.30
6003	<p>(New Line Item) Budget Initiative: Servicing Operations</p> <p>Option Period VI - GA Rehabilitation</p> <p>To provide funding for Guaranty Agency Rehabilitation servicing.</p> <p>Period of Performance (12/15/2023 - 2/29/2024)</p> <p>Accounting and Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.AAG.000.0000.000000 \$1,674.75 PR NUMBER: EDOFSA-24-000181</p>	1.00	SE	1,674.75	1,674.75
6004	<p>(New Line Item) Budget Initiative: Servicing</p> <p>Option Period VI - Loan Consolidation</p> <p>To provide funding for Direct Loan Consolidation System (DLCS) servicing.</p> <p>Period of Performance (12/15/2023 - 2/29/2024)</p> <p>Accounting and Appropriation Data: 4253XNOYR.B.2024.EN400000.A16.2521A.LLX.000.0000.000000 \$1,443,078.14 PR NUMBER: EDOFSA-24-000182</p>	1.00	SE	1,443,078.14	1,443,078.14





<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>				1. CONTRACT ID CODE		PAGE OF PAGES	
						1 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		7. ADMINISTERED BY (If other than Item 6)		CODE	
US Department of Education		FSA-ACQ		United States Department of Education		FSA-FS2	
FSA - Acquisitions, 830 First St NE - Suite 91F3				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 Code)				(X)		9A. AMENDMENT OF SOLICITATION NUMBER	
NELNET SERVICING, LLC							
121 S. 13TH STREET						9B. DATED (SEE ITEM 11)	
SUITE 201							
LINCOLN NE 68508						10A. MODIFICATION OF CONTRACT/ORDER NUMBER	
						ED-FSA-09-D-0013/91003120F0325	
				X		10B. DATED (SEE ITEM 13)	
CODE 00030812				FACILITY CODE		DEC 16, 2019	

# 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the 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 a 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 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)

See Schedule

Modification Amount: \$1,458,691.52

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.
<input type="checkbox"/>	
<input type="checkbox"/>	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).
<input checked="" type="checkbox"/>	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
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

**E. IMPORTANT:** Contractor ☐ is not ☒ is required to sign this document and return 1 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 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)	
Joe Popevis Executive Director		Eddie Lowe, Contracting Officer (202) 377-3714 Eddie.Lowe@ed.gov	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
 (Signature of person authorized to sign)	12/14/2023	EDDIE LOWE Digitally signed by EDDIE LOWE Date: 2023.12.14 16:14:28 -05'00' (Signature of Contracting Officer)	DEC 14, 2023

Previous edition unusable

**STANDARD FORM 30** (REV. 11/2016)  
Prescribed by GSA FAR (48 CFR) 53.243



**Attachment Page**

The purpose of this modification is to do the following:

1. Add CLIN 5000 – which incorporates Option Period V with a Period of 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 \$10,120,680.11.

All other terms and conditions remain unchanged.





**SCHEDULE Continued**

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
5000	<p>Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov</p> <p>Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov</p> <p>Property Administrator Point of Contact: None</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point(s) of Contact: None</p> <p>(New Line Item) Budget Initiative: Servicing Operations Option Period V - Loan Consolidation To provide funding for Loan Consolidation (LC) Servicing O&amp;M.</p> <p>Period of performance (12/15/2023 - 2/29/2024)</p> <p>Accounting and Appropriation Data: 4253XNOYR.B.2024.EN400000.A16.2521A.LLX.000. 0000.000000 \$1,458,691.52 PR NUMBER: EDOFSA-24-000184 Pricing Option: Firm-Fixed-Price</p>	1.00	SE	1,458,691.52	1,458,691.52





<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>				1. CONTRACT ID CODE	PAGE 1 OF 3 PAGES
2. AMENDMENT/MODIFICATION NUMBER  91003120F0326P00020	3. EFFECTIVE DATE  DEC 15, 2023	4. REQUISITION/PURCHASE REQUISITION NUMBER  EDOFSA-24-000185	5. PROJECT NUMBER (If applicable)		
6. ISSUED BY US Department of Education FSA - Acquisitions, 830 First St NE - Suite 91F3 Washington DC 20202 Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov	CODE FSA-ACQ	7. ADMINISTERED BY (If other than Item 6) United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202		CODE FSA-FS2	
8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code) NELNET SERVICING, LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508		UEI: MNXKQ62J7AE8 Cage Code: 5JZQ5	(X) 9A. AMENDMENT OF SOLICITATION NUMBER		
			9B. DATED (SEE ITEM 11)		
		X	10A. MODIFICATION OF CONTRACT/ORDER NUMBER ED-FSA-09-D-0013/91003120F0326		
CODE 00030812		FACILITY CODE	10B. DATED (SEE ITEM 13) DEC 16, 2019		

**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the 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 a 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 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: \$16,800.90  
Modification Obligated Amount: \$16,800.90

See Schedule

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14.**

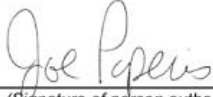
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER IN ITEM 10A.
<input type="checkbox"/>	
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	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
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

**E. IMPORTANT:** Contractor ☐ is not ☒ is required to sign this document and return 1 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 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)  Joe Popevis Executive Director	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eddie Lowe, Contracting Officer (202) 377-3714 Eddie.Lowe@ed.gov
15B. CONTRACTOR/OFFEROR   (Signature of person authorized to sign)	15C. DATE SIGNED  12/14/2023
16B. UNITED STATES OF AMERICA Digitally signed by EDDIE LOWE Date: 2023.12.14 16:15:39 -05'00' (Signature of Contracting Officer)	16C. DATE SIGNED  DEC 14, 2023

Previous edition unusable

**STANDARD FORM 30** (REV. 11/2016)  
Prescribed by GSA FAR (48 CFR) 53.243



**Attachment Page**

The purpose of this modification is to do the following:

1. Add CLIN 5000 – which incorporates Option Period V with a Period of Performance from December 15, 2023, through February 29, 2024.
2. Add funding in the amount of \$16,800.90 and exercise Option Period V accordingly.

This contract value has increased by \$16,800.90 from \$192,171.31 to \$208,972.21.

All other terms and conditions remain unchanged.





**SCHEDULE Continued**

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
5000	<p>Contracting Officer: Eddie Lowe, (202) 377-3714, Eddie.Lowe@ed.gov</p> <p>Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov</p> <p>Property Administrator Point of Contact: None</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point(s) of Contact: None</p> <p>(New Line Item)</p> <p>Budget Initiative: Servicing Operations</p> <p>Option Period V - Payment Support</p> <p>To provide funding for Payment Support Servicing.</p> <p>Period of Performance (12/15/2023 - 2/29/2024)</p> <p>Accounting and Appropriation Data: 0202M2024.B.2024.EN400000.6V4.2521A.AAG.000.0000.000000 \$16,800.90 PR NUMBER: EDOFSA-24-000185 Pricing Option: Firm-Fixed-Price</p>	1.00	SE	16,800.90	16,800.90





# AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES

1 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 FSA-FS2

7. ADMINISTERED BY (If other than Item 6)

CODE FSA-FS2

US Department of Education  
FSA - Acquisitions, 830 First St NE - Suite 91F3  
Washington DC 20202  
Eddie Lowe (202) 377-3714 Eddie.Lowe@ed.gov

United States Department of Education  
Federal Student Aid/Mission Support Group  
830 First St NE - Suite 91F3  
Washington DC 20202

8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code)

UEI: MNXKQ62J7AE8

(X) 9A. AMENDMENT OF SOLICITATION NUMBER

NELNET SERVICING, LLC  
121 S. 13TH STREET  
SUITE 201  
LINCOLN NE 68508

Cage Code: 5JZQ5

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NUMBER  
ED-FSA-09-D-0013/91003120F0328

10B. DATED (SEE ITEM 13)

DEC 16, 2019

CODE 00030812

FACILITY CODE

## 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the 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 a 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 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: \$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 ☐ 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 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)

Joe Popevis Executive Director

Eddie Lowe, Contracting Officer  
(202) 377-3714 Eddie.Lowe@ed.gov

15B. CONTRACTOR/OFFEROR

15C. DATE SIGNED

16B. UNITED STATES OF AMERICA

16C. DATE SIGNED

  
(Signature of person authorized to sign)

12/14/2023

EDDIE LOWE

(Signature of Contracting Officer)

Digitally signed by EDDIE  
LOWE  
Date: 2023.12.14 16:16:31  
-05'00'

DEC 14, 2023

Previous edition unusable

STANDARD FORM 30 (REV. 11/2016)  
Prescribed by GSA FAR (48 CFR) 53.243



**Attachment Page**

The purpose of this modification is to do the following:

1. Add CLIN 5000 – which incorporates Option Period V with a Period of Performance from December 15, 2023, through February 29, 2024.
2. Add funding in the amount of \$3,092,661.00 and exercise Option Period V accordingly.

The obligated value has increased by \$3,092,661.00 from \$73,152,998.62 to \$76,245,659.62.

All other terms and conditions remain unchanged.



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**SCHEDULE Continued**

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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				
5000	Option Period V - Total and Permanent Disability (TPD) To provide funding for Total Permanent Disability (TPD) servicing.	1.00	SE	3,092,661.00	3,092,661.00
	Period of Performance (12/15/23 - 2/29/24)				
	Accounting and 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				







## List of Direct and Indirect Subsidiaries of Nelnet, Inc. as of December 31, 2023

	Name	Organized in	Relationship to Nelnet Inc.	Percentage Ownership
1	1867 - AGATE20, LLC	Nebraska	Indirect	100.00
2	1867 - CC23, LLC	Nebraska	Indirect	100.00
3	1867 - Excelsior, LLC	Nebraska	Indirect	100.00
4	1867 - GRNE23, LLC	Nebraska	Indirect	100.00
5	1867 - GS20, LLC	Nebraska	Indirect	100.00
6	1867 - NelGun Fund 2, LLC	Nebraska	Indirect	100.00
7	1867 - NelRock24, LLC	Delaware	Indirect	100.00
8	1867 - NelStar23, LLC	Delaware	Indirect	100.00
9	1867 - NelStar24, LLC	Delaware	Indirect	100.00
10	1867 - NUG21, LLC	Nebraska	Indirect	100.00
11	1867 - NY1, LLC	Nebraska	Indirect	100.00
12	1867 - REV24, LLC	Delaware	Indirect	100.00
13	1867 - RH23, LLC	Delaware	Indirect	100.00
14	1867 - RP, LLC	Nebraska	Indirect	100.00
15	1867 - RP20, LLC	Nebraska	Indirect	100.00
16	1867 - RP23, LLC	Nebraska	Indirect	100.00
17	1867 - SOL21, LLC	Nebraska	Indirect	100.00
18	1867 - SOL22, LLC	Nebraska	Indirect	100.00
19	1867 - SR, LLC	Nebraska	Indirect	100.00
20	1867 Capital-1, LLC	Nebraska	Direct	100.00
21	1867-C2, LLC	Nebraska	Indirect	100.00
22	1867-C2-NY, LLC	Nebraska	Indirect	100.00
23	1867-NelShare23, LLC	Delaware	Indirect	100.00
24	1867-SeaNet23, LLC	Delaware	Indirect	100.00
25	1867-SRiver24, LLC	Delaware	Indirect	100.00
26	ACM F Acquisition, LLC	Nebraska	Indirect	100.00
27	Braxton School of Puerto Rico, Inc.	Pennsylvania	Indirect	100.00
28	CampusGuard, LLC	Nebraska	Indirect	100.00
29	CampusGuard Pty Ltd	Australia	Indirect	100.00
30	Community Development Opportunity Fund III, LLC	Nebraska	Indirect	100.00
31	Community Development Opportunity Fund V, LLC	Nebraska	Indirect	100.00
32	Community Development Opportunity Fund VI, LLC	Nebraska	Direct	100.00
33	Community Development Opportunity Fund VII, LLC	Nebraska	Direct	100.00
34	Community Development Opportunity Fund VIII, LLC	Nebraska	Indirect	100.00
35	EFS Finance Co., LLC	Nebraska	Indirect	100.00
36	FACTS Education Corporation	Nebraska	Indirect	100.00
37	FACTS Education Solutions, LLC	Arizona	Indirect	100.00
38	FACTS Management AUS Pty Ltd	Australia	Indirect	100.00
39	First National Life Insurance Company of the USA, Inc.	Nebraska	Indirect	100.00
40	FM Systems, LLC	Delaware	Indirect	100.00
41	Great Lakes Educational Loan Services, Inc.	Wisconsin	Indirect	100.00
42	HigherSchool Publishing Company	Illinois	Indirect	100.00

43	Municipal Tax Investment, LLC	Nebraska	Direct	100.00
44	Municipal Tax Property, LLC	Nebraska	Indirect	100.00
45	National Education Loan Network, Inc.	Nebraska	Direct	100.00
46	Nelnet Academic Services, LLC	Nebraska	Direct	100.00
47	Nelnet Accident Captive Insurance, LLC	Utah	Indirect	100.00
48	Nelnet Bank, Inc.	Utah	Direct	100.00
49	Nelnet Business Solutions - Canada Inc.	Ontario	Indirect	100.00
50	Nelnet Business Solutions, Inc.	Nebraska	Indirect	100.00
51	Nelnet Captive Insurance Company, LLC	Utah	Indirect	100.00
52	Nelnet Community Engagement, LLC	Nebraska	Indirect	100.00
53	Nelnet Core Assurance, LLC	Utah	Indirect	100.00
54	Nelnet Devco, LLC	Nebraska	Indirect	100.00
55	Nelnet Diversified Solutions, LLC	Nebraska	Direct	100.00
56	Nelnet Education Loan Funding, Inc.	Nebraska	Indirect	100.00
57	Nelnet FFELP Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00
58	Nelnet Finance Corp.	Nebraska	Indirect	100.00
59	Nelnet Fund Management, LLC	Nebraska	Direct	100.00
60	Nelnet Government Services, LLC	Nebraska	Indirect	100.00
61	Nelnet Harmony Captive Insurance, LLC	Utah	Indirect	100.00
62	Nelnet Insurance Services, LLC	Nebraska	Indirect	100.00
63	Nelnet International Pty Ltd	Australia	Indirect	100.00
64	Nelnet Loan Acquisition Corporation	Nebraska	Indirect	100.00
65	Nelnet Management Corporation -1	Nevada	Indirect	100.00
66	Nelnet Payment Services, LLC	Nebraska	Indirect	100.00
67	Nelnet Philippines, Inc.	Philippines	Indirect	100.00
68	Nelnet Private Education Loan Funding, LLC	Delaware	Indirect	100.00
69	Nelnet Private Student Loan Financing Corporation	Nebraska	Indirect	100.00
70	Nelnet Private Student Loan Warehouse-2, LLC	Delaware	Indirect	100.00
71	Nelnet Private Student Loan Warehouse-I, LLC	Delaware	Indirect	100.00
72	Nelnet Real Estate Ventures, LLC	Nebraska	Indirect	100.00
73	Nelnet Servicing, LLC	Nebraska	Indirect	100.00
74	Nelnet Solar Holdings, LLC	Nebraska	Indirect	100.00
75	Nelnet Solar, LLC	Nebraska	Direct	100.00
76	Nelnet Student Loan Depositor, LLC	Nebraska	Indirect	100.00
77	Nelnet Student Loan Funding II Management Corporation	Nebraska	Indirect	100.00
78	Nelnet Student Loan Funding II, LLC	Delaware	Indirect	100.00
79	Nelnet Student Loan Funding III, LLC	Delaware	Indirect	100.00
80	Nelnet Student Loan Funding Management Corporation	Nevada	Indirect	100.00
81	Nelnet Student Loan Funding, LLC	Delaware	Indirect	100.00
82	Nelnet Sustainable Ventures, LLC	Nebraska	Indirect	100.00
83	Nelnet Tenant Insurance Company, LLC	Utah	Indirect	100.00
84	Nelnet UNL Alliance, LLC	Nebraska	Direct	100.00
85	NHELP – II, LLC	Delaware	Indirect	100.00
86	NHELP – III, LLC	Delaware	Indirect	100.00
87	NNI-SP Holdings I, LLC	Delaware	Indirect	100.00
88	Wachovia Education Loan Funding, LLC	Delaware	Indirect	100.00
89	Community Development Opportunity Fund I, LLC	Nebraska	Direct	99.91

90	Whitetail Rock Capital Management, LLC	Nebraska	Indirect	90.00
91	Whitetail Rock Fund Management, LLC	Nebraska	Indirect	90.00
92	Excellence 23, LLC	Nebraska	Indirect	88.00
93	Defenders CS, LLC	Illinois	Indirect	80.00
94	ENRG Farms Building 01, LLC	Nebraska	Indirect	80.00
95	ENRG Farms Building 02, LLC	Nebraska	Indirect	80.00
96	ENRG Farms Building 03, LLC	Nebraska	Indirect	80.00
97	ENRG-Nelnet, LLC	Nebraska	Indirect	80.00
98	GRNE Solarfield 05, LLC	Illinois	Indirect	80.00
99	GRNE Solarfield 06, LLC	Illinois	Indirect	80.00
100	GRNE Solarfield 07, LLC	Illinois	Indirect	80.00
101	GRNE Solarfield 08, LLC	Illinois	Indirect	80.00
102	GRNE Solarfield 09, LLC	Illinois	Indirect	80.00
103	GRNE Solarfield 10, LLC	Illinois	Indirect	80.00
104	GRNE Solarfield 11, LLC	Illinois	Indirect	80.00
105	GRNE Solarfield 12, LLC	Illinois	Indirect	80.00
106	GRNE Solarfield 13, LLC	Illinois	Indirect	80.00
107	GRNE Solarfield 14, LLC	Illinois	Indirect	80.00
108	GRNE Solarfield 16, LLC	Illinois	Indirect	80.00
109	GRNE Solarfield 17, LLC	Illinois	Indirect	80.00
110	GRNE-Nelnet Holdco 2023, LLC	Nebraska	Indirect	80.00
111	GRNE-Nelnet, LLC	Nebraska	Indirect	80.00
112	GSD, LLC	Nebraska	Indirect	80.00
113	Residential Solar Holdings, LLC	Nebraska	Indirect	80.00
114	SF MPU WI, LLC	Wisconsin	Indirect	80.00
115	Community Development Opportunity Fund II, LLC	Nebraska	Direct	78.11
116	1867 - NelKSI, LLC	Nebraska	Indirect	65.00
117	1867 - SRiver23, LLC	Delaware	Indirect	59.00
118	Community Development Opportunity Fund IV, LLC	Nebraska	Direct	50.00
119	1867 - Kear21, LLC	Nebraska	Indirect	46.00
120	1867 - REV22, LLC	Nebraska	Indirect	37.00
121	1867 - NELKSI21, LLC	Nebraska	Indirect	27.00
122	1867 - CC22, LLC	Nebraska	Indirect	20.00
123	1867 - GS21, LLC	Nebraska	Indirect	19.00
124	1867 - NelSun21, LLC	Nebraska	Indirect	19.00
125	1867 - Riley Road, LLC	Nebraska	Indirect	14.00
126	1867 - SSI21, LLC	Nebraska	Indirect	12.62
127	1867 - GS20A, LLC	Nebraska	Indirect	11.00
128	1867 - GS22CA, LLC	Delaware	Indirect	10.00
129	1867 - Nexcel22, LLC	Delaware	Indirect	10.00
130	1867 - REV23, LLC	Nebraska	Indirect	10.00
131	1867 - RP21, LLC	Nebraska	Indirect	10.00
132	1867 - SOL21A, LLC	Nebraska	Indirect	10.00
133	1867 - SOL23, LLC	Nebraska	Indirect	10.00
134	1867 - SSI22, LLC	Nebraska	Indirect	10.00
135	1867 - SSI22A, LLC	Delaware	Indirect	10.00
136	1867 - SSI23, LLC	Delaware	Indirect	10.00

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.

**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 333-275367 on Form S-8 and No. 333-144789 on Form S-3) of our reports dated 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 27, 2024

**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 27, 2024

/s/ JEFFREY R. NOORDHOEK

Jeffrey R. Noordhoek Chief Executive Officer  
Principal Executive Officer



**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 27, 2024

/s/ JAMES D. KRUGER

James D. Kruger  
Chief Financial Officer  
Principal Financial Officer and Principal Accounting Officer

**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, 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 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

# Incentive Compensation Clawback Policy

**Business Segment** Nelnet, Inc.

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## 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.



### Pursue Opportunities for Diversification and Growth

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*.

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.



## 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;





- 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





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.



## 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](mailto: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](mailto: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.	





## 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 <a href="#">clawback period</a> .
Clawback Period	With respect to any accounting restatement, the three completed fiscal years of Nelnet immediately preceding the <a href="#">restatement date</a> , 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 <a href="#">clawback-eligible incentive compensation</a> 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.



Term	Definition
Misconduct	<p>With respect to a covered executive, the occurrence of any of the following events, as reasonably determined by the Board in its discretion.</p> <ul style="list-style-type: none"> <li>• The covered executive's conviction of, or plea of nolo contendere to, any felony (other than a vehicular-related felony).</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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).</li> <li>• 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.</li> </ul>
Received	<p>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.</p> <p><b>Example:</b> 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.</p>
Recoverable Amounts	<p>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 <a href="#">Mandatory Recovery as Required by the SEC and NYSE</a> section of this policy.</p>
Restatement Date	<p>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.</p>
Section 16 Officers	<p>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.</p>

## Supporting Documentation

Title (Document ID)	Location	Audience
Code of Ethics and Conduct	The Nelnet Source	Nelnet, Inc.; Nelnet Bank





