UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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	**84-0748903**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
121 South 13th Street, Suite 100 **Lincoln, Nebraska**	**68508**
(Address of principal executive offices)	(Zip Code)

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

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

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.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2023, there were 26,650,991 and 10,668,460 shares of Class A Common Stock and Class B Common Stock, par value $0.01 per share, outstanding, respectively (excluding a total of 11,305,731 shares of Class A Common Stock held by wholly owned subsidiaries).

NELNET, INC.
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June 30, 2023

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(unaudited)

	As of June 30, 2023	As of December 31, 2022
Assets:		
Loans and accrued interest receivable (net of allowance for loan losses of $114,263 and $131,827, respectively)	$ 14,360,612	15,243,889
Cash and cash equivalents:		
Cash and cash equivalents - not held at a related party	24,834	24,584
Cash and cash equivalents - held at a related party	96,935	93,562
Total cash and cash equivalents	121,769	118,146
Investments and notes receivable	2,006,306	2,111,917
Restricted cash	484,223	945,159
Restricted cash - due to customers	208,033	294,311
Accounts receivable (net of allowance for doubtful accounts of $4,855 and $3,079, respectively)	135,690	194,851
Goodwill	176,902	176,902
Intangible assets, net	57,293	63,501
Property and equipment, net	130,451	122,526
Other assets	126,353	102,842
Total assets	$ 17,807,632	19,374,044
Liabilities:		
Bonds and notes payable	$ 13,070,140	14,637,195
Accrued interest payable	35,926	36,049
Bank deposits	731,046	691,322
Other liabilities	423,454	461,259
Due to customers	299,552	348,317
Total liabilities	14,560,118	16,174,142
Commitments and contingencies		
Equity:		
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 26,646,490 shares and 26,461,651 shares, respectively	266	265
Class B, convertible, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 10,668,460 shares	107	107
Additional paid-in capital	10,114	1,109
Retained earnings	3,270,250	3,234,844
Accumulated other comprehensive loss, net	(21,458)	(37,366)
Total Nelnet, Inc. shareholders' equity	3,259,279	3,198,959
Noncontrolling interests	(11,765)	943
Total equity	3,247,514	3,199,902
Total liabilities and equity	$ 17,807,632	19,374,044
Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities:		
Loans and accrued interest receivable	$ 13,756,107	14,585,491
Restricted cash	451,792	867,961
Bonds and notes payable	(12,999,867)	(14,233,586)
Accrued interest payable and other liabilities	(192,978)	(145,309)
Net assets of consolidated education and other lending variable interest entities	$ 1,015,054	1,074,557

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Interest income:				
Loan interest	$ 243,045	134,706	468,288	246,083
Investment interest	40,982	16,881	81,707	30,700
Total interest income	284,027	151,587	549,995	276,783
Interest expense on bonds and notes payable and bank deposits	233,148	73,642	432,597	121,721
Net interest income	50,879	77,945	117,398	155,062
Less provision for loan losses	9,592	9,409	43,867	8,974
Net interest income after provision for loan losses	41,287	68,536	73,531	146,088
Other income (expense):				
Loan servicing and systems revenue	122,020	124,873	261,247	261,241
Education technology, services, and payment processing revenue	109,858	91,031	243,462	203,317
Solar construction revenue	4,735	—	13,386	—
Other, net	(7,011)	12,647	(21,083)	22,524
Gain on sale of loans, net	15,511	—	27,323	2,989
Impairment expense	—	(6,284)	—	(6,284)
Derivative market value adjustments and derivative settlements, net	2,070	45,024	(12,005)	187,949
Total other income (expense), net	247,183	267,291	512,330	671,736
Cost of services:				
Cost to provide education technology, services, and payment processing services	40,407	30,852	88,110	66,397
Cost to provide solar construction services	9,122	—	17,422	—
Total cost of services	49,529	30,852	105,532	66,397
Operating expenses:				
Salaries and benefits	144,706	141,398	297,416	290,813
Depreciation and amortization	18,652	18,250	35,279	35,206
Other expenses	45,997	36,940	86,781	76,439
Total operating expenses	209,355	196,588	419,476	402,458
Income before income taxes	29,586	108,387	60,853	348,969
Income tax expense	10,491	25,483	18,741	81,180
Net income	19,095	82,904	42,112	267,789
Net loss attributable to noncontrolling interests	9,172	2,225	12,642	3,987
Net income attributable to Nelnet, Inc.	$ 28,267	85,129	54,754	271,776
Earnings per common share:				
Net income attributable to Nelnet, Inc. shareholders - basic and diluted	$ 0.75	2.26	1.46	7.18
Weighted average common shares outstanding - basic and diluted	37,468,397	37,710,214	37,406,843	37,875,108

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(unaudited)

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
Net income		$ 19,095		82,904		42,112		267,789
Other comprehensive income (loss):								
Net changes related to foreign currency translation adjustments	$	—		(8)		(3)		1
Net changes related to available-for-sale debt securities:								
Unrealized holding gains (losses) arising during period, net	8,649		(33,822)		17,300		(50,520)	
Reclassification of (gains) losses recognized in net income, net	(918)		(849)		4,064		(3,642)	
Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity	70		—		70		—	
Income tax effect	(1,872)	5,929	8,321	(26,350)	(5,144)	16,290	12,999	(41,163)
Net changes related to equity method investee's other comprehensive income:								
Loss on cash flow hedges	(501)		—		(499)		—	
Income tax effect	120	(381)	—	—	120	(379)	—	—
Other comprehensive income (loss)		5,548		(26,358)		15,908		(41,162)
Comprehensive income		24,643		56,546		58,020		226,627
Comprehensive loss attributable to noncontrolling interests		9,172		2,225		12,642		3,987
Comprehensive income attributable to Nelnet, Inc.		$ 33,815		58,771		70,662		230,614

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in thousands, except share data)
(unaudited)

	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 loss	Noncontrolling interests	Total equity
		Class A	Class B								
Balance as of March 31, 2022	—	27,151,270	10,674,892	$ —	272	107	1,208	3,092,226	(5,500)	(3,250)	3,085,063
Issuance of noncontrolling interests	—	—	—	—	—	—	—	—	—	9,275	9,275
Net income (loss)	—	—	—	—	—	—	—	85,129	—	(2,225)	82,904
Other comprehensive loss	—	—	—	—	—	—	—	—	(26,358)	—	(26,358)
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(10,037)	(10,037)
Cash dividends on Class A and Class B common stock - $0.24 per share	—	—	—	—	—	—	—	(8,973)	—	—	(8,973)
Issuance of common stock, net of forfeitures	—	20,720	—	—	—	—	2,116	—	—	—	2,116
Compensation expense for stock based awards	—	—	—	—	—	—	3,187	—	—	—	3,187
Repurchase of common stock	—	(558,257)	—	—	(6)	—	(5,331)	(40,695)	—	—	(46,032)
Balance as of June 30, 2022	—	26,613,733	10,674,892	$ —	266	107	1,180	3,127,687	(31,858)	(6,237)	3,091,145
Balance as of March 31, 2023	—	26,623,662	10,668,460	$ —	266	107	4,639	3,251,677	(27,006)	(6,354)	3,223,329
Issuance of noncontrolling interests	—	—	—	—	—	—	—	—	—	11,703	11,703
Net income (loss)	—	—	—	—	—	—	—	28,267	—	(9,172)	19,095
Other comprehensive income	—	—	—	—	—	—	—	—	5,548	—	5,548
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(7,942)	(7,942)
Cash dividends on Class A and Class B common stock - $0.26 per share	—	—	—	—	—	—	—	(9,694)	—	—	(9,694)
Issuance of common stock, net of forfeitures	—	27,562	—	—	—	—	2,056	—	—	—	2,056
Compensation expense for stock based awards	—	—	—	—	—	—	3,884	—	—	—	3,884
Repurchase of common stock	—	(4,734)	—	—	—	—	(465)	—	—	—	(465)
Balance as of June 30, 2023	—	26,646,490	10,668,460	$ —	266	107	10,114	3,270,250	(21,458)	(11,765)	3,247,514

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in thousands, except share data)
(unaudited)

	Nelnet, Inc. Shareholders										
		Common stock shares									
	Preferred stock shares	Class A	Class B	Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	Total equity
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	—	—	—	—	—	—	—	—	—	11,279	11,279
Net income (loss)	—	—	—	—	—	—	—	271,776	—	(3,987)	267,789
Other comprehensive loss	—	—	—	—	—	—	—	—	(41,162)	—	(41,162)
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(15,161)	(15,161)
Cash dividends on Class A and Class B common stock - $0.48 per share	—	—	—	—	—	—	—	(18,035)	—	—	(18,035)
Issuance of common stock, net of forfeitures	—	310,639	—	—	3	—	6,498	—	—	—	6,501
Compensation expense for stock based awards	—	—	—	—	—	—	6,027	—	—	—	6,027
Repurchase of common stock	—	(938,310)	—	—	(9)	—	(12,345)	(66,577)	—	—	(78,931)
Conversion of common stock	—	1,750	(1,750)	—	—	—	—	—	—	—	—
Balance as of June 30, 2022	—	26,613,733	10,674,892	$ —	266	107	1,180	3,127,687	(31,858)	(6,237)	3,091,145
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	—	—	—	—	—	—	—	—	—	12,904	12,904
Net income (loss)	—	—	—	—	—	—	—	54,754	—	(12,642)	42,112
Other comprehensive income	—	—	—	—	—	—	—	—	15,908	—	15,908
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	—	(12,970)	(12,970)
Cash dividends on Class A and Class B common stock - $0.52 per share	—	—	—	—	—	—	—	(19,348)	—	—	(19,348)
Issuance of common stock, net of forfeitures	—	226,086	—	—	1	—	5,119	—	—	—	5,120
Compensation expense for stock based awards	—	—	—	—	—	—	7,653	—	—	—	7,653
Repurchase of common stock	—	(41,247)	—	—	—	—	(3,767)	—	—	—	(3,767)
Balance as of June 30, 2023	—	26,646,490	10,668,460	$ —	266	107	10,114	3,270,250	(21,458)	(11,765)	3,247,514

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Six months ended June 30,	
	2023	**2022**
Net income attributable to Nelnet, Inc.	$ 54,754	271,776
Net loss attributable to noncontrolling interests	(12,642)	(3,987)
Net income	42,112	267,789
Adjustments to reconcile net income to net cash provided by operating activities, net of business acquisition:		
Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs	93,573	74,080
Loan discount accretion	(15,412)	(19,554)
Provision for loan losses	43,867	8,974
Derivative market value adjustments	35,407	(186,135)
Proceeds from termination of derivative instruments	164,079	68,021
(Payments to) proceeds from clearinghouse - initial and variation margin, net	(209,886)	133,622
Gain on sale of loans, net	(27,323)	(2,989)
Loss on investments, net	47,260	3,207
Proceeds from sale of equity securities, net	75	42,398
Deferred income tax (benefit) expense	(16,144)	49,890
Non-cash compensation expense	7,810	6,171
Impairment expense	—	6,284
(Increase) decrease in loan and investment accrued interest receivable	(4,884)	184
Decrease in accounts receivable	59,142	44,786
Increase in other assets, net	(11,480)	(9,086)
Decrease in the carrying amount of ROU asset, net	2,390	2,735
(Decrease) increase in accrued interest payable	(123)	8,397
Decrease in other liabilities	(8,916)	(12,200)
Decrease in the carrying amount of lease liability	(2,568)	(2,860)
Net cash provided by operating activities	198,979	483,714
Cash flows from investing activities:		
Purchases and originations of loans	(411,868)	(396,486)
Purchases of loans from a related party	(467,519)	(7,675)
Net proceeds from loan repayments, claims, and capitalized interest	1,348,827	1,792,930
Proceeds from sale of loans	290,957	15,278
Purchases of available-for-sale securities	(296,468)	(735,140)
Proceeds from sales of available-for-sale securities	577,548	319,752
Proceeds from beneficial interest in loan securitizations	13,237	13,212
Purchases of other investments and issuance of notes receivable	(140,129)	(147,400)
Proceeds from other investments	14,403	23,955
Purchases of held-to-maturity debt securities	(2,889)	—
Redemption of held-to-maturity debt securities	1,487	—
Purchases of property and equipment	(37,253)	(34,152)
Business acquisition, net of cash acquired	—	(7,320)
Net cash provided by investing activities	890,333	836,954

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from financing activities:		
Payments on bonds and notes payable	$ (2,417,622)	(1,695,697)
Proceeds from issuance of bonds and notes payable	806,148	159,931
Payments of debt issuance costs	(2,214)	(851)
Increase in bank deposits, net	39,724	244,159
(Decrease) increase in due to customers	(48,728)	43,544
Dividends paid	(19,348)	(18,035)
Repurchases of common stock	(3,767)	(78,931)
Proceeds from issuance of common stock	890	801
Issuance of noncontrolling interests	14,018	5,142
Distribution to noncontrolling interests	(1,920)	(699)
Net cash used in financing activities	(1,632,819)	(1,340,636)
Effect of exchange rate changes on cash	(84)	(179)
Net decrease in cash, cash equivalents, and restricted cash	(543,591)	(20,147)
Cash, cash equivalents, and restricted cash, beginning of period	1,357,616	1,194,189
Cash, cash equivalents, and restricted cash, end of period	$ 814,025	1,174,042
Supplemental disclosures of cash flow information:		
Cash disbursements made for interest	$ 386,686	89,281
Cash disbursements made for income taxes, net of refunds and credits received (a)	$ 43,510	21,137
Cash disbursements made for operating leases	$ 3,476	3,538
Noncash operating, investing, and financing activity:		
ROU assets obtained in exchange for lease obligations	$ 18,485	746
Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans	$ 53,896	3,660
Receipt of asset-backed investment securities as consideration from sale of loans	$ 58,182	—
Distribution to noncontrolling interests	$ 11,050	14,462
Issuance of noncontrolling interests	$ 1,114	6,137

(a) The Company utilized $13.9 million and $4.1 million of federal and state tax credits related primarily to renewable energy during the six months ended June 30, 2023 and 2022, respectively.

The following table provides 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 June 30, 2023	As of December 31, 2022	As of June 30, 2022	As of December 31, 2021
Total cash and cash equivalents	$ 121,769	118,146	128,499	125,563
Restricted cash	484,223	945,159	754,693	741,981
Restricted cash - due to customers	208,033	294,311	290,850	326,645
Cash, cash equivalents, and restricted cash	$ 814,025	1,357,616	1,174,042	1,194,189

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts, unless otherwise noted)
(unaudited)

1. Basis of Financial Reporting

The accompanying unaudited consolidated financial statements of Nelnet, Inc. and subsidiaries (the "Company") as of June 30, 2023 and for the three and six months ended June 30, 2023 and 2022 have been prepared on the same basis as the audited consolidated financial statements for the year ended December 31, 2022 and, in the opinion of the Company's management, the unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results of operations for the interim periods presented. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results for the year ending December 31, 2023. The unaudited consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report").

2. Loans and Accrued Interest Receivable and Allowance for Loan Losses

Loans and accrued interest receivable consisted of the following:

	As of June 30, 2023	As of December 31, 2022
Non-Nelnet Bank:		
Federally insured loans:		
Stafford and other	$ 3,245,540	3,389,178
Consolidation	9,574,202	10,177,295
Total	12,819,742	13,566,473
Private education loans	230,056	252,383
Consumer and other loans	189,327	350,915
Non-Nelnet Bank loans	13,239,125	14,169,771
Nelnet Bank:		
Federally insured loans	61,501	65,913
Private education loans	352,319	353,882
Consumer and other loans	30,668	—
Nelnet Bank loans	444,488	419,795
Accrued interest receivable	818,709	816,864
Loan discount, net of unamortized loan premiums and deferred origination costs	(27,447)	(30,714)
Allowance for loan losses:		
Non-Nelnet Bank:		
Federally insured loans	(74,061)	(83,593)
Private education loans	(14,322)	(15,411)
Consumer and other loans	(20,005)	(30,263)
Non-Nelnet Bank allowance for loan losses	(108,388)	(129,267)
Nelnet Bank:		
Federally insured loans	(154)	(170)
Private education loans	(2,905)	(2,390)
Consumer and other loans	(2,816)	—
Nelnet Bank allowance for loan losses	(5,875)	(2,560)
	$ 14,360,612	15,243,889

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 June 30, 2023	As of December 31, 2022
Non-Nelnet Bank:		
Federally insured loans (a)	0.58 %	0.62 %
Private education loans	6.23 %	6.11 %
Consumer and other loans	10.57 %	8.62 %
Nelnet Bank:		
Federally insured loans (a)	0.25 %	0.26 %
Private education loans	0.82 %	0.68 %
Consumer and other loans	9.18 %	—

(a) As of June 30, 2023 and December 31, 2022, the allowance for loan losses as a percent of the risk sharing component of federally insured student loans not covered by the federal guaranty for non-Nelnet Bank was 21.7% and 22.4%, respectively, and for Nelnet Bank was 10.0% and 10.3%, respectively.

Loan Sales

The Company has sold portfolios of loans to unrelated third parties who securitized such loans. As partial consideration received for the loans sold, the Company received residual interest in the loan securitizations that are included in "investments and notes receivable" on the Company's consolidated balance sheets. The following table summarizes the loans sold and gains/losses recognized by the Company during the six months ended June 30, 2023 and 2022.

	Loans sold (par value)	Gain (loss)	Loan type	Residual interest received in securitization	
	Six months ended June 30, 2023				
January 31	$ 97,350	(1,441)	Home equity	64.8 %	(a)
January 31	42,275	4,350	Consumer	13.3	
March 2	122,277	8,903	Consumer	24.6	(a)
April 4	5,633	659	Consumer	—	
April 13	24,980	3,123	Consumer	11.3	
May 2	127,663	11,729	Consumer	26.5	
	$ 420,178	27,323			
	Six months ended June 30, 2022				
January 26	$ 18,125	2,989	Consumer	6.6 %	
June 30	114	—	Home equity	—	
	$ 18,239	2,989			

(a) In addition to receiving a residual interest in the securitizations, the Company also received $14.5 million and $43.7 million of asset-backed investment securities as part of the January 31 and March 2, 2023 transactions, respectively, that are included in "investments and notes receivable" on the Company's consolidated balance sheet.

Activity in the Allowance for Loan Losses

The following table presents the activity in the allowance for loan losses by portfolio segment.

	Balance at beginning of period	Provision (negative provision) for loan losses	Charge-offs	Recoveries	Initial allowance on loans purchased with credit deterioration	Loan sales	Balance at end of period
				Three months ended June 30, 2023			
Non-Nelnet Bank:							
Federally insured loans	$ 79,331	—	(5,270)	—	—	—	74,061
Private education loans	15,175	—	(1,069)	216	—	—	14,322
Consumer and other loans	35,317	8,099	(2,881)	441	—	(20,971)	20,005
Nelnet Bank:							
Federally insured loans	160	(4)	(2)	—	—	—	154
Private education loans	2,894	517	(506)	—	—	—	2,905
Consumer and other loans	1,827	989	—	—	—	—	2,816
	$ 134,704	9,601	(9,728)	657	—	(20,971)	114,263
				Three months ended June 30, 2022			
Non-Nelnet Bank:							
Federally insured loans	$ 95,995	2,365	(5,788)	—	21	—	92,593
Private education loans	14,622	1,217	(707)	118	—	3	15,253
Consumer and other loans	5,710	5,245	(531)	152	—	—	10,576
Nelnet Bank:							
Federally insured loans	247	13	(2)	—	—	—	258
Private education loans	1,251	569	(73)	—	—	(3)	1,744
	$ 117,825	9,409	(7,101)	270	21	—	120,424
				Six months ended June 30, 2023			
Non-Nelnet Bank:							
Federally insured loans	$ 83,593	2,411	(11,949)	—	6	—	74,061
Private education loans	15,411	240	(1,709)	380	—	—	14,322
Consumer and other loans	30,263	37,306	(5,148)	661	—	(43,077)	20,005
Nelnet Bank:							
Federally insured loans	170	(12)	(4)	—	—	—	154
Private education loans	2,390	1,129	(614)	—	—	—	2,905
Consumer and other loans	—	2,816	—	—	—	—	2,816
	$ 131,827	43,890	(19,424)	1,041	6	(43,077)	114,263
				Six months ended June 30, 2022			
Non-Nelnet Bank:							
Federally insured loans	$ 103,381	(383)	(10,549)	—	144	—	92,593
Private education loans	16,143	817	(2,006)	295	—	4	15,253
Consumer and other loans	6,481	7,529	(1,469)	319	—	(2,284)	10,576
Nelnet Bank:							
Federally insured loans	268	(8)	(2)	—	—	—	258
Private education loans	840	995	(87)	—	—	(4)	1,744
	$ 127,113	8,950	(14,113)	614	144	(2,284)	120,424

The primary item impacting provision for loan losses was the establishment of an initial allowance for consumer loans originated and acquired during the periods presented above.

The following table summarizes annualized net charge-offs as a percentage of average loans for each of the Company's loan portfolios.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Non-Nelnet Bank:				
Federally insured loans	0.16 %	0.14 %	0.18 %	0.13 %
Private education loans	1.45 %	0.85 %	1.11 %	1.22 %
Consumer and other loans	4.07 %	1.51 %	3.22 %	3.24 %
Nelnet Bank:				
Federally insured loans	0.01 %	0.01 %	0.01 %	0.00 %
Private education loans	0.57 %	0.09 %	0.35 %	0.06 %
Consumer and other loans	—	—	—	—

Unfunded Loan Commitments

As of June 30, 2023, Nelnet Bank has a liability of approximately $62,000 related to $4.1 million of unfunded private education and consumer loan commitments. The liability for unfunded loan commitments is included in "other liabilities" on the consolidated balance sheets. During the six months ended June 30, 2023 and 2022, Nelnet Bank recognized negative provision for loan losses of approximately $23,000 and provision for loan losses of approximately $24,000, respectively, related to unfunded loan commitments.

Loan Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, the Company adopted ASU No. 2022-02, *Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosures,* which eliminates the troubled debt restructurings recognition and measurement guidance and instead requires an entity to evaluate whether the modification represents a new loan or a continuation of an existing loan. The guidance also enhances the disclosure requirements for certain modifications of receivables made to borrowers experiencing financial difficulty and vintage disclosures reflecting gross charge-offs by year of origination.

Under the Higher Education Act, FFELP loan borrowers may be granted a deferment or forbearance for a period of time based on need. In addition, eligible borrowers may qualify for income-driven repayment plans offered by the Department. Because FFELP 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.

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 June 30, 2023			As of December 31, 2022			As of June 30, 2022		
Federally insured loans - Non-Nelnet Bank:									
Loans in-school/grace/deferment	$ 612,357	4.8 %		$ 637,919	4.7 %		$ 763,957	4.9 %	
Loans in forbearance	930,629	7.3		1,103,181	8.1		1,246,882	8.1	
Loans in repayment status:									
Loans current	9,609,634		85.2 %	10,173,859		86.0 %	11,551,817		86.1 %
Loans delinquent 31-60 days	496,953		4.4	415,305		3.5	464,234		3.5
Loans delinquent 61-90 days	360,728		3.2	253,565		2.2	309,252		2.3
Loans delinquent 91-120 days	157,685		1.4	180,029		1.5	187,452		1.4
Loans delinquent 121-270 days	457,100		4.1	534,410		4.5	638,189		4.7
Loans delinquent 271 days or greater	194,656		1.7	268,205		2.3	267,828		2.0
Total loans in repayment	11,276,756	87.9	100.0 %	11,825,373	87.2	100.0 %	13,418,772	87.0	100.0 %
Total federally insured loans	12,819,742	100.0 %		13,566,473	100.0 %		15,429,611	100.0 %	
Accrued interest receivable	810,489			808,150			775,337		
Loan discount, net of unamortized premiums and deferred origination costs	(33,764)			(35,468)			(26,674)		
Allowance for loan losses	(74,061)			(83,593)			(92,593)		
Total federally insured loans and accrued interest receivable, net of allowance for loan losses	$ 13,522,406			$ 14,255,562			$ 16,085,681		
Private education loans - Non-Nelnet Bank:									
Loans in-school/grace/deferment	$ 10,440	4.6 %		$ 12,756	5.1 %		$ 15,403	5.6 %	
Loans in forbearance	1,874	0.8		2,017	0.8		2,447	0.9	
Loans in repayment status:									
Loans current	212,522		97.6 %	232,539		97.9 %	250,268		98.1 %
Loans delinquent 31-60 days	1,643		0.7	2,410		1.0	1,980		0.8
Loans delinquent 61-90 days	1,253		0.6	767		0.3	782		0.3
Loans delinquent 91 days or greater	2,324		1.1	1,894		0.8	2,063		0.8
Total loans in repayment	217,742	94.6	100.0 %	237,610	94.1	100.0 %	255,093	93.5	100.0 %
Total private education loans	230,056	100.0 %		252,383	100.0 %		272,943	100.0 %	
Accrued interest receivable	2,196			2,146			2,058		
Loan premium, net of unaccreted discount	183			(38)			94		
Allowance for loan losses	(14,322)			(15,411)			(15,253)		
Total private education loans and accrued interest receivable, net of allowance for loan losses	$ 218,113			$ 239,080			$ 259,842		
Consumer and other loans - Non-Nelnet Bank:									
Loans in deferment	$ 102	0.1 %		$ 109	0.0 %		$ 64	0.0 %	
Loans in repayment status:									
Loans current	181,864		96.1 %	346,812		98.9 %	150,812		98.9 %
Loans delinquent 31-60 days	2,794		1.5	1,906		0.5	515		0.3
Loans delinquent 61-90 days	2,533		1.3	764		0.2	435		0.3
Loans delinquent 91 days or greater	2,034		1.1	1,324		0.4	757		0.5
Total loans in repayment	189,225	99.9	100.0 %	350,806	100.0	100.0 %	152,519	100.0	100.0 %
Total consumer and other loans	189,327	100.0 %		350,915	100.0 %		152,583	100.0 %	
Accrued interest receivable	2,246			3,658			1,376		
Loan premium, net of unaccreted discount	750			(588)			(1,965)		
Allowance for loan losses	(20,005)			(30,263)			(10,576)		
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses	$ 172,318			$ 323,722			$ 141,418		

	As of June 30, 2023				As of December 31, 2022				As of June 30, 2022		
Federally insured loans - Nelnet Bank (a):											
Loans in-school/grace/deferment	$	239	0.4 %		$	241	0.4 %		$	283	0.4 %	
Loans in forbearance		665	1.1			981	1.5			1,029	1.3	
Loans in repayment status:												
Loans current		59,041		97.5 %		63,225		97.8 %		74,883		98.4 %
Loans delinquent 30-59 days		320		0.5		436		0.7		587		0.8
Loans delinquent 60-89 days		301		0.5		466		0.7		165		0.2
Loans delinquent 90-119 days		372		0.6		222		0.3		245		0.3
Loans delinquent 120-270 days		448		0.7		183		0.3		236		0.3
Loans delinquent 271 days or greater		115		0.2		159		0.2		—		—
Total loans in repayment		60,597	98.5	100.0 %		64,691	98.1	100.0 %		76,116	98.3	100.0 %
Total federally insured loans		61,501	100.0 %			65,913	100.0 %			77,428	100.0 %	
Accrued interest receivable		1,973				1,758				1,381		
Loan premium		18				20				23		
Allowance for loan losses		(154)				(170)				(258)		
Total federally insured loans and accrued interest receivable, net of allowance for loan losses	$	63,338			$	67,521			$	78,574		
Private education loans - Nelnet Bank (a):												
Loans in-school/grace/deferment	$	16,996	4.8 %		$	11,580	3.3 %		$	1,160	0.3 %	
Loans in forbearance		1,797	0.5			864	0.2			1,236	0.4	
Loans in repayment status:												
Loans current		332,205		99.6 %		340,830		99.8 %		343,148		99.8 %
Loans delinquent 30-59 days		691		0.2		167		0.1		169		0.1
Loans delinquent 60-89 days		241		0.1		32		0.0		412		0.1
Loans delinquent 90 days or greater		389		0.1		409		0.1		—		—
Total loans in repayment		333,526	94.7	100.0 %		341,438	96.5	100.0 %		343,729	99.3	100.0 %
Total private education loans		352,319	100.0 %			353,882	100.0 %			346,125	100.0 %	
Accrued interest receivable		1,591				1,152				539		
Deferred origination costs, net of unaccreted discount		5,366				5,360				5,909		
Allowance for loan losses		(2,905)				(2,390)				(1,744)		
Total private education loans and accrued interest receivable, net of allowance for loan losses	$	356,371			$	358,004			$	350,829		
Consumer and other loans - Nelnet Bank (a):												
Loans in deferment	$	6	— %									
Loans in repayment status:												
Loans current		30,120		98.2 %								
Loans delinquent 30-59 days		277		0.9								
Loans delinquent 60-89 days		205		0.7								
Loans delinquent 90 days or greater		60		0.2								
Total loans in repayment		30,662	100.0	100.0 %								
Total consumer and other loans		30,668	100.0 %									
Accrued interest receivable		214										
Loan premium		—										
Allowance for loan losses		(2,816)										
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses	$	28,066										

(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.

FICO Scores - Nelnet Bank Private Education Loans

An additional key credit quality indicator for Nelnet Bank private education loans is FICO scores at the time of origination. The following tables highlight the gross principal balance of Nelnet Bank's private education loan portfolio, by year of origination, stratified by FICO score at the time of origination.

	Loan balance as of June 30, 2023				
	Six months ended June 30, 2023	2022	2021	2020	Total
FICO at origination:					
Less than 705	$ 1,731	5,869	5,100	342	13,042
705 - 734	3,936	22,881	9,776	506	37,099
735 - 764	4,109	34,497	15,794	1,401	55,801
765 - 794	1,938	54,989	29,021	1,531	87,479
Greater than 794	5,896	82,963	64,415	5,624	158,898
	$ 17,610	201,199	124,106	9,404	352,319

	Loan balance as of December 31, 2022			
	2022	2021	2020	Total
FICO at origination:				
Less than 705	$ 5,898	5,389	348	11,635
705 - 734	23,392	10,543	542	34,477
735 - 764	35,456	16,686	1,473	53,615
765 - 794	57,141	31,035	1,622	89,798
Greater than 794	87,959	70,135	6,263	164,357
	$ 209,846	133,788	10,248	353,882

Nonaccrual Status

The Company does not place federally insured loans on nonaccrual status due to the government guaranty. The amortized cost of private education, consumer, and other loans on nonaccrual status, as well as the allowance for loan losses related to such loans, as of December 31, 2022 and June 30, 2023, was not material.

Amortized Cost Basis by Origination Year

The following table presents the amortized cost of the Company's private education, consumer, and other loans by loan status and delinquency amount as of June 30, 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.

	Six months ended June 30, 2023	2022	2021	2020	2019	Prior years	Total
Private education loans - Non-Nelnet Bank:							
Loans in-school/grace/deferment	$ —	1,390	4,831	1,122	1,907	1,190	10,440
Loans in forbearance	—	—	62	311	451	1,050	1,874
Loans in repayment status:							
Loans current	115	4,270	4,610	49,726	39,948	113,853	212,522
Loans delinquent 31-60 days	—	12	3	221	95	1,312	1,643
Loans delinquent 61-90 days	—	—	—	311	71	871	1,253
Loans delinquent 91 days or greater	—	29	5	100	110	2,080	2,324
Total loans in repayment	115	4,311	4,618	50,358	40,224	118,116	217,742
Total private education loans	$ 115	5,701	9,511	51,791	42,582	120,356	230,056
Accrued interest receivable							2,196
Loan premium, net of unaccreted discount							183
Allowance for loan losses							(14,322)
Total private education loans and accrued interest receivable, net of allowance for loan losses							$ 218,113
Gross charge-offs - six months ended June 30, 2023	$ —	—	5	2	381	1,321	1,709

	Six months ended June 30, 2023	2022	2021	2020	2019	Prior years	Total
Consumer and other loans - Non-Nelnet Bank:							
Loans in deferment	$ 43	40	19	—	—	—	102
Loans in repayment status:							
Loans current	120,588	53,714	5,662	457	956	487	181,864
Loans delinquent 31-60 days	1,040	1,565	153	24	8	4	2,794
Loans delinquent 61-90 days	1,458	770	227	20	50	8	2,533
Loans delinquent 91 days or greater	337	970	131	61	199	336	2,034
Total loans in repayment	123,423	57,019	6,173	562	1,213	835	189,225
Total consumer and other loans	$ 123,466	57,059	6,192	562	1,213	835	189,327
Accrued interest receivable							2,246
Loan premium, net of unaccreted discount							750
Allowance for loan losses							(20,005)
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses							$ 172,318
Gross charge-offs - six months ended June 30, 2023	$ 265	4,272	439	27	55	90	5,148
Private education loans - Nelnet Bank (a):							
Loans in-school/grace/deferment	$ 2,787	11,980	1,168	1,061	—	—	16,996
Loans in forbearance	—	969	828	—	—	—	1,797
Loans in repayment status:							
Loans current	14,772	187,799	121,291	8,343	—	—	332,205
Loans delinquent 30-59 days	—	391	300	—	—	—	691
Loans delinquent 60-89 days	31	48	162	—	—	—	241
Loans delinquent 90 days or greater	20	12	357	—	—	—	389
Total loans in repayment	14,823	188,250	122,110	8,343	—	—	333,526
Total private education loans	$ 17,610	201,199	124,106	9,404	—	—	352,319
Accrued interest receivable							1,591
Deferred origination costs, net of unaccreted discount							5,366
Allowance for loan losses							(2,905)
Total private education loans and accrued interest receivable, net of allowance for loan losses							$ 356,371
Gross charge-offs - six months ended June 30, 2023	$ —	614	—	—	—	—	614
Consumer and other loans - Nelnet Bank (a):							
Loans in deferment	$ 6	—	—	—	—	—	6
Loans in repayment status:							
Loans current	29,547	518	55	—	—	—	30,120
Loans delinquent 30-59 days	277	—	—	—	—	—	277
Loans delinquent 60-89 days	205	—	—	—	—	—	205
Loans delinquent 90 days or greater	60	—	—	—	—	—	60
Total loans in repayment	30,089	518	55	—	—	—	30,662
Total consumer and other loans	$ 30,095	518	55	—	—	—	30,668
Accrued interest receivable							214
Loan premium							—
Allowance for loan losses							(2,816)
Total consumer and other loans and accrued interest receivable, net of allowance for loan losses							$ 28,066
Gross charge-offs - six months ended June 30, 2023	$ —	—	—	—	—	—	—

(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.

3. Bonds and Notes Payable

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

	As of June 30, 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	$ 10,494,458	5.37% - 7.15%	8/26/30 - 9/25/69
Bonds and notes based on auction	91,335	0.00% - 6.18%	3/22/32 - 11/26/46
Total FFELP variable-rate bonds and notes	10,585,793		
Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations	519,156	1.42% - 3.45%	10/25/67 - 8/27/68
FFELP loan warehouse facilities	1,530,429	5.15% - 5.42%	11/22/24 / 4/2/25
Private education loan warehouse facility	42,200	5.37%	12/31/23
Consumer loan warehouse facility	32,324	5.44%	11/14/25
Variable-rate bonds and notes issued in private education loan asset-backed securitizations	16,628	6.65%	6/25/49
Fixed-rate bonds and notes issued in private education loan asset-backed securitization	19,606	5.35%	12/28/43
Unsecured line of credit	—	—	9/22/26
Participation agreement	6,781	5.84%	5/4/24
Repurchase agreements	415,514	5.81% - 6.47%	7/26/23 - 11/27/24
Other - due to related party	6,174	3.55% - 6.05%	3/1/24 - 11/15/30
	13,174,605		
Discount on bonds and notes payable and debt issuance costs	(104,465)		
Total	$ 13,070,140		

	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 securitization	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		

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 June 30, 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 (a)	$ 1,250,000	1,119,030	130,970	11/22/2023	11/22/2024	note (b)	$ 99,220
FFELP (c)	432,000	411,399	20,601	4/2/2024	4/2/2025	92 %	34,497
	$ 1,682,000	1,530,429	151,571				$ 133,717
Private (d)	42,200	42,200	—	8/31/2023	12/31/2023	—	18,720
Consumer	250,000	32,324	217,676	11/14/2024	11/14/2025	70 %	13,901

(a) On March 31, 2023, this facility was amended to increase the aggregate maximum financing amount available from $1.20 billion to $1.25 billion. On May 22, 2023, this facility was amended to extend the expiration of liquidity provisions and final maturity date to November 22, 2023 and November 22, 2024, respectively.

(b) 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.

(c) On April 3, 2023, the Company closed on this $250.0 million FFELP facility. On May 25, 2023, this facility was amended to increase the maximum financing amount from $250.0 million to $432.0 million.

(d) On June 30, 2023, this facility was amended to extend the expiration of liquidity provisions to August 31, 2023. No additional amounts can be borrowed under this 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 June 30, 2023, no amount was outstanding on the line of credit and $495.0 million was available for future use.

Participation Agreement

The Company has an agreement with Union Bank and Trust Company ("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 June 30, 2023, $6.8 million (par value) 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. On May 4, 2023, the agreement automatically renewed for another year through May 4, 2024. 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.

See note 5 for additional information about the FFELP loan asset-backed securities investments serving as collateral under this participation agreement.

Repurchase Agreements

On May 3, 2021 and June 23, 2021, the Company entered into repurchase agreements with non-affiliated third parties, the proceeds of which are collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The first agreement has various maturity dates through November 27, 2024 or earlier if either party provides 180 days' prior written notice, and the maturity date of the second agreement (as of June 30, 2023) was July 26, 2023. Subsequent to June 30, 2023, the remaining outstanding balance of this facility was paid in full. Under the first agreement, the Company is subject to margin deficit payment requirements if the fair value of the securities subject to the agreement is less than the original purchase price of such securities on any scheduled reset date, and under the second agreement, the Company was subject to margin deficit payment requirements if the fair value of the securities subject to the agreement was less than the original purchase price of such securities and the counter-party provided notice requiring such payment. Included in “bonds and notes payable” in the consolidated balance sheets as of June 30, 2023 was $347.6 million subject to the first agreement and $67.9 million subject to the second agreement.

See note 5 and below under "Debt Repurchases" for additional information about the private education and FFELP loan asset-backed securities investments, respectively, serving as collateral for these repurchase agreements.

Nelnet Bank

Nelnet Bank has unsecured Federal Funds lines of credit with correspondent banks totaling $30.0 million at a stated interest rate at the time of borrowing. Nelnet Bank has also established an account at the Federal Reserve Bank (FRB), the Federal Home Loan Bank (FHLB), and an additional $10.0 million Federal Funds line of credit with a correspondent bank which must be fully collateralized. The FRB, FHLB, and secured Federal Funds line of credit accepts pledges of eligible securities. In addition, FFELP and private education loans are accepted as collateral for FRB borrowings. As of June 30, 2023 and December 31, 2022, Nelnet Bank had no amounts drawn on their Federal Funds, FRB, or FHLB lines of credit. As of June 30, 2023, the Bank has $20.0 million of collateral pledged with the FRB that it may borrow against.

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.

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Purchase price	$ —	(35,643)	(828)	(54,096)
Par value	—	36,700	908	55,229
Remaining unamortized cost of issuance	—	(17)	(2)	(62)
Gain	$ —	1,040	78	1,071

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 June 30, 2023, the Company holds $253.7 million (par value) of its own FFELP loan asset-backed securities. As of June 30, 2023, $197.5 million (par value) of the Company's repurchased FFELP loan asset-backed securities were serving as collateral on amounts outstanding under the Company's repurchase agreements (as discussed above).

In April 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 April 2023. This expense is included in "interest expense on bonds and notes payable and bank deposits" on the consolidated statements of income.

4. Derivative Financial Instruments

The Company uses derivative financial instruments primarily to manage interest rate risk. Derivative instruments used as part of the Company's interest rate risk management strategy are further described in note 6 of the notes to consolidated financial statements included in the 2022 Annual Report. A tabular presentation of such derivatives outstanding as of June 30, 2023 and December 31, 2022 is presented below.

Non-Nelnet Bank Derivatives

Basis Swaps

The following table summarizes the Company's outstanding basis swaps, in which the Company receives three-month LIBOR set discretely in advance and pays one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps").

Maturity	Notional amount	
	As of June 30, 2023	As of December 31, 2022
2023	$ —	750,000
2024	1,750,000	1,750,000
2026	1,150,000	1,150,000
2027	250,000	250,000
	$ 3,150,000	3,900,000

The weighted average rate paid by the Company on the 1:3 Basis Swaps as of June 30, 2023 and December 31, 2022 was one-month LIBOR plus 10.1 basis points and 9.7 basis points, respectively.

Interest Rate Swaps – Floor Income Hedges

The following table summarizes the outstanding derivative instruments used by the Company to economically hedge loans earning fixed rate floor income.

	As of June 30, 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	—	—	500,000	1.02
2030 (c)	50,000	3.44	—	—
2031	—	—	100,000	1.53
2032	—	—	200,000	2.92
	$ 50,000	3.44 %	$ 2,800,000	0.70 %

(a) On March 15, 2023, to minimize the Company's exposure to market volatility, 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 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.

(b) For the interest rate derivative maturing in 2030, the Company receives payments based on Secured Overnight Financing Rate (SOFR) that resets quarterly. For the interest rate derivative maturing in 2032, the Company was to receive payments based on SOFR that reset quarterly. For all other interest rate derivatives, the Company received payments based on three-month LIBOR that reset quarterly.

(c) The Company entered into this derivative in June 2023.

Nelnet Bank Derivatives

Interest Rate Swaps

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 period earnings and presented in "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

The following table summarizes the outstanding derivative instruments used by Nelnet Bank to hedge exposure to variability in cash flows related to variable rate intercompany deposits as of June 30, 2023.

	As of June 30, 2023	
Maturity	Notional amount	Weighted average fixed rate paid by the Company (a)
2028	$ 40,000	3.33 %
2030 (b)	25,000	2.97
	$ 65,000	3.19 %

(a) For all interest rate derivatives, the Company receives payments based on SOFR that reset quarterly.

(b) This derivative with a $25 million notional amount has a forward effective start date in April 2026.

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 June 30, 2023, the gross fair value of Nelnet Bank's interest rate swap derivatives was $1.1 million (an asset) that is included in "other assets" on the consolidated balance sheet.

Consolidated Financial Statement Impact Related to Derivatives

The following table summarizes the components of "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Settlements:				
1:3 basis swaps	$ (65)	931	794	1,327
Interest rate swaps - floor income hedges	47	3,692	22,525	487
Interest rate swaps - Nelnet Bank	83	—	83	—
Total settlements - income	65	4,623	23,402	1,814
Change in fair value:				
1:3 basis swaps	235	(148)	211	741
Interest rate swaps - floor income hedges	662	40,549	(36,726)	185,394
Interest rate swaps - Nelnet Bank	1,108	—	1,108	—
Total change in fair value - income (expense)	2,005	40,401	(35,407)	186,135
Derivative market value adjustments and derivative settlements, net - income (expense)	$ 2,070	45,024	(12,005)	187,949

5. Investments and Notes Receivable

Investments and notes receivable consisted of the following:

	As of June 30, 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
Investments (at fair value):								
Available-for-sale asset-backed securities								
Non-Nelnet Bank:								
FFELP loan (a)	$ 329,256	5,064	(6,372)	327,948	463,861	3,498	(11,105)	456,254
Private education loan (b)	307,084	—	(25,238)	281,846	335,903	—	(29,438)	306,465
Other debt securities	59,631	3,050	(670)	62,011	158,589	151	(3,790)	154,950
Total Non-Nelnet Bank	695,971	8,114	(32,280)	671,805	958,353	3,649	(44,333)	917,669
Nelnet Bank:								
FFELP loan (c)	257,418	1,378	(2,430)	256,366	349,855	955	(8,853)	341,957
Private education loan	1,707	—	(92)	1,615	1,941	—	(122)	1,819
Other debt securities	120,471	161	(2,344)	118,288	131,481	18	(3,907)	127,592
Total Nelnet Bank	379,596	1,539	(4,866)	376,269	483,277	973	(12,882)	471,368
Total available-for-sale asset-backed securities	$ 1,075,567	9,653	(37,146)	1,048,074	1,441,630	4,622	(57,215)	1,389,037
Equity securities				39,576				39,082
Total investments at fair value				1,087,650				1,428,119
Other Investments and Notes Receivable (not measured at fair value):								
Held to maturity investments								
Non-Nelnet Bank:								
Debt securities (d)				4,700				18,554
Nelnet Bank:								
FFELP loan asset-backed securities (c)				150,840				—
Other debt securities				241				220
Total Nelnet Bank				151,081				220
Total held to maturity investments				155,781				18,774
Venture capital and funds:								
Measurement alternative (e) (f)				193,001				160,052
Equity method				109,988				89,332
Total venture capital and funds				302,989				249,384
Real estate:								
Equity method				85,284				80,364
Investment in ALLO:								
Voting interest/equity method (g)				43,588				67,538
Preferred membership interest and accrued and unpaid preferred return (h)				150,449				145,926
Total investment in ALLO				194,037				213,464
Beneficial interest in loan securitizations (i):								
Consumer loans and other				96,635				39,249
Private education loans				71,322				75,261
Federally insured student loans				23,017				24,228
Total beneficial interest in loan securitizations				190,974				138,738
Solar (j)				(72,455)				(55,448)
Notes receivable				54,931				31,106
Tax liens, affordable housing, and other				7,115				7,416
Total investments (not measured at fair value)				918,656				683,798
Total investments and notes receivable				$ 2,006,306				$ 2,111,917

(a) A portion of FFELP loan asset-backed securities were subject to participation interests held by Union Bank, as discussed in note 3 under "Participation Agreement." As of June 30, 2023, the par value and fair value of these securities was $6.8 million and $6.3 million, respectively.

(b) A portion of private education loan asset-backed securities were subject to a repurchase agreement with a third party, as discussed in note 3 under "Repurchase Agreements." As of June 30, 2023, the par value and fair value of these securities was $307.6 million and $281.8 million, respectively.

(c) 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.

(d) On March 31, 2023, certain Non-Nelnet Bank debt securities were transferred from held to maturity to available-for-sale.

(e) 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. On February 6, 2023, the Company acquired additional ownership interests in Hudl for $31.5 million. Such ownership interests were purchased by the Company from certain existing Hudl investors. The Company accounts for its investment in Hudl using the measurement alternative method, which requires it to adjust its carrying value of the investment for changes resulting from observable market transactions. The February 6, 2023 transaction was not considered an observable market transaction (not orderly) because it was not subject to customary marketing activities, and the price was privately negotiated between the Company and the selling parties. Accordingly, the Company did not adjust its carrying value of its Hudl investment to the February 2023 transaction value. As of June 30, 2023, the carrying amount of the Company's investment in Hudl is $165.5 million, and the Company's equity ownership interests did not materially change as a result of the February 6, 2023 transaction. 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.

(f) During the second quarter of 2022, the Company recorded an impairment charge of $5.4 million related primarily to one of its venture capital investments accounted for under the measurement alternative method. The impairment expense is included in "impairment expense" on the consolidated statements of income.

(g) During the first quarter of 2023, the Company contributed $8.4 million of additional equity to ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO"). As a result of this equity contribution, the Company's voting membership interests percentage in ALLO did not materially change.

The Company accounts for its voting membership interests in ALLO under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. During the three months ended June 30, 2023 and 2022, the Company recognized losses of $12.2 million and $16.9 million, respectively, under the HLBV method of accounting on its ALLO voting membership interests investment, and during the six months ended June 30, 2023 and 2022, the Company recognized losses of $32.4 million and $30.1 million, respectively. Income and losses from the Company's investment in ALLO are included in "other, net" in "other income (expense)" on the consolidated statements of income.

(h) As of June 30, 2023, the outstanding preferred membership interests and accrued and unpaid preferred return of ALLO held by the Company was $145.9 million and $4.5 million, respectively. The preferred membership interests of ALLO held by the Company earn a preferred annual return of 6.25%. The Company recognized income on its ALLO preferred membership interests of $2.3 million and $2.1 million during the three months ended June 30, 2023 and 2022, respectively, and $4.5 million and $4.3 million during the six months ended June 30, 2023 and 2022, respectively. This income is included in "other, net" in "other income (expense)" on the consolidated statements of income.

(i) 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 June 30, 2023, the Company's ownership correlates to approximately $680 million, $560 million, and $360 million of consumer, private education, and federally insured student loans, respectively, included in these securitizations.

(j) As of June 30, 2023, the Company has funded a total of $312.9 million in solar investments, which includes $120.0 million funded by syndication partners. The carrying value of the Company’s investment in a solar project is reduced by tax credits earned when the solar project is placed-in-service. The solar investment balance as of June 30, 2023 represents the sum of total tax credits earned on solar projects placed-in-service through June 30, 2023 and the calculated HLBV net losses being larger than the total investment contributions made by the Company on such projects. As of June 30, 2023, the Company is committed to fund an additional $319.2 million on tax equity investments, of which $120.5 million is expected to be provided by syndication partners.

The Company accounts for its solar investments using the HLBV method of accounting. For the majority of the Company’s solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. The Company recognized losses on its solar investments of $7.9 million and $1.9 million during the three months ended June 30, 2023 and 2022, respectively, and $9.9 million and $2.9 million during the six months ended June 30, 2023 and 2022, 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 $7.4 million and $2.0 million for the three months ended June 30, 2023 and 2022, respectively, and $10.1 million and $3.9 million during the six months ended June 30, 2023 and 2022, respectively, and is reflected in “net loss attributable to noncontrolling interests” in the consolidated statements of income.

The following table presents, by remaining contractual maturity, the amortized cost and fair value of debt securities at June 30, 2023:

	As of June 30, 2023				
	1 year or less	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total
Available-for-sale asset-backed securities					
Non-Nelnet Bank:					
FFELP loan	$ 24,742	11,841	48,079	244,594	329,256
Private education loan	—	—	—	307,084	307,084
Other debt securities	—	99	—	59,532	59,631
Total Non-Nelnet Bank	24,742	11,940	48,079	611,210	695,971
Fair value	24,735	11,915	46,921	588,234	671,805
Nelnet Bank:					
FFELP loan	37,270	—	44,458	175,690	257,418
Private education loan	—	—	—	1,707	1,707
Other debt securities	2,112	19,490	50,919	47,950	120,471
Total Nelnet Bank	39,382	19,490	95,377	225,347	379,596
Fair value	38,911	19,370	93,795	224,193	376,269
Total available-for-sale asset-backed securities at amortized cost	$ 64,124	31,430	143,456	836,557	1,075,567
Total available-for-sale asset-backed securities at fair value	$ 63,646	31,285	140,716	812,427	1,048,074
Held to maturity investments					
Non-Nelnet Bank:					
Debt securities	$ 4,700	—	—	—	4,700
Fair value	4,700	—	—	—	4,700
Nelnet Bank:					
FFELP loan asset-backed securities	—	3,678	—	147,162	150,840
Other debt securities	241	—	—	—	241
Total Nelnet Bank	241	3,678	—	147,162	151,081
Fair value	241	3,743	—	147,853	151,837
Total held-to-maturity investments at amortized cost	$ 4,941	3,678	—	147,162	155,781
Total held-to-maturity investments at fair value	$ 4,941	3,743	—	147,853	156,537

The following table presents securities classified as available-for-sale that have gross unrealized losses at June 30, 2023 and the fair value of such securities as of June 30, 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 June 30, 2023					
	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
Available-for-sale asset-backed securities	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value
Non-Nelnet Bank:						
FFELP loan	$ (6,349)	208,144	(23)	532	(6,372)	208,676
Private education loan	(4,304)	71,534	(20,934)	210,312	(25,238)	281,846
Other debt securities	(670)	24,304	—	—	(670)	24,304
Total Non-Nelnet Bank	(11,323)	303,982	(20,957)	210,844	(32,280)	514,826
Nelnet Bank:						
FFELP loan	(827)	89,190	(1,603)	88,972	(2,430)	178,162
Private education loan	(92)	1,616	—	—	(92)	1,616
Other debt securities	(293)	30,671	(2,051)	57,692	(2,344)	88,363
Total Nelnet Bank	(1,212)	121,477	(3,654)	146,664	(4,866)	268,141
Total available-for-sale asset-backed securities	$ (12,535)	425,459	(24,611)	357,508	(37,146)	782,967

The following table summarizes the gross proceeds received and gross realized gains and losses related to sales of available-for-sale asset-backed securities.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Gross proceeds from sales	$ 85,375	205,772	577,548	319,752
Gross realized gains	$ 920	909	2,194	3,874
Gross realized losses	(2)	(60)	(6,258)	(232)
Net gains (losses)	$ 918	849	(4,064)	3,642

6. Intangible Assets

Intangible assets consisted of the following:

	Weighted average remaining useful life as of June 30, 2023 (months)	As of June 30, 2023	As of December 31, 2022
Amortizable intangible assets, net:			
Customer relationships (net of accumulated amortization of $43,178 and $55,116, respectively)	107	$ 47,529	51,738
Trade names (net of accumulated amortization of $2,085 and $617, respectively)	16	6,825	8,293
Computer software (net of accumulated amortization of $400 and $6,400, respectively)	46	1,320	1,520
Other (net of accumulated amortization of $821 and $490, respectively)	48	1,619	1,950
Total - amortizable intangible assets, net	93	$ 57,293	63,501

The Company recorded amortization expense on its intangible assets of $3.5 million and $2.9 million for the three months ended June 30, 2023 and 2022, respectively, and $6.2 million and $5.3 million during the six months ended June 30, 2023 and 2022, respectively. The Company will continue to amortize intangible assets over their remaining useful lives. As of June 30, 2023, the Company estimates it will record amortization expense as follows:

2023 (July 1 - December 31)	$ 10,765
2024	8,775
2025	7,141
2026	6,294
2027	5,814
2028 and thereafter	18,504
	$ 57,293

7. Goodwill

The following table presents the carrying amount of goodwill as of June 30, 2023 and December 31, 2022 by reportable operating segment:

	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Total
Goodwill balance	$ 23,639	92,507	41,883	—	18,873	176,902

8. Bank Deposits

Deposits are interest-bearing deposits and consist of brokered certificates of deposit (CDs) and retail and other savings deposits and CDs. Retail and other deposits include savings deposits from Educational 529 College Savings and Health Savings plans, Short Term Federal Investment Trusts (STFIT), and commercial and institutional CDs. Union Bank, a related party, is the program manager for the College Savings plans and trustee for the STFIT Trust. 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 totaling $140.4 million, 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.

The following table summarizes Nelnet Bank's interest-bearing deposits, excluding intercompany deposits:

	As of June 30, 2023	As of December 31, 2022
Brokered CDs, net of brokered deposit fees	$ 203,418	254,817
Retail and other savings (529, STFIT, and HSA)	504,858	410,556
Retail and other CDs (commercial and institutional)	22,770	25,949
Total interest-bearing deposits	$ 731,046	691,322

The following table presents certificates of deposit remaining maturities as of June 30, 2023:

After two years to three years	$ 151,559
After three years to four years	74,282
After four years to five years	347
Total	$ 226,188

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 pledged deposit from Nelnet, Inc. and an earmarked deposit required for intercompany transactions, there were no deposits exceeding the FDIC insurance limits as of June 30, 2023 and December 31, 2022.

9. Earnings per Common Share

The following table presents 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.

	Three months ended June 30,					
	2023			2022		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:						
Net income attributable to Nelnet, Inc.	$ 27,665	602	28,267	83,485	1,644	85,129
Denominator:						
Weighted-average common shares outstanding - basic and diluted	36,670,933	797,464	37,468,397	36,981,990	728,224	37,710,214
Earnings per share - basic and diluted	$ 0.75	0.75	0.75	2.26	2.26	2.26

	Six months ended June 30,					
	2023			2022		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:						
Net income attributable to Nelnet, Inc.	$ 53,611	1,143	54,754	266,735	5,041	271,776
Denominator:						
Weighted-average common shares outstanding - basic and diluted	36,625,819	781,024	37,406,843	37,172,606	702,502	37,875,108
Earnings per share - basic and diluted	$ 1.46	1.46	1.46	7.18	7.18	7.18

10. Segment Reporting

See note 17 of the notes to consolidated financial statements included in the 2022 Annual Report for a description of the Company's operating segments. The following tables present the results of each of the Company's reportable operating segments reconciled to the consolidated financial statements.

	Three months ended June 30, 2023						
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 1,058	5,268	253,763	13,661	25,855	(15,578)	284,027
Interest expense	—	—	232,313	8,171	8,242	(15,578)	233,148
Net interest income	1,058	5,268	21,450	5,490	17,613	—	50,879
Less provision for loan losses	—	—	8,099	1,493	—	—	9,592
Net interest income after provision for loan losses	1,058	5,268	13,351	3,997	17,613	—	41,287
Other income (expense):							
Loan servicing and systems revenue	122,020	—	—	—	—	—	122,020
Intersegment revenue	7,246	65	—	—	—	(7,311)	—
Education technology, services, and payment processing revenue	—	109,858	—	—	—	—	109,858
Solar construction revenue	—	—	—	—	4,735	—	4,735
Other, net	605	—	1,319	620	(9,553)	—	(7,011)
Gain on sale of loans, net	—	—	15,511	—	—	—	15,511
Impairment expense	—	—	—	—	—	—	—
Derivative settlements, net	—	—	(18)	83	—	—	65
Derivative market value adjustments, net	—	—	897	1,108	—	—	2,005
Total other income (expense), net	129,871	109,923	17,709	1,811	(4,818)	(7,311)	247,183
Cost of services:							
Cost to provide education technology, services, and payment processing services	—	40,407	—	—	—	—	40,407
Cost to provide solar construction services	—	—	—	—	9,122	—	9,122
Total cost of services	—	40,407	—	—	9,122	—	49,529
Operating expenses:							
Salaries and benefits	76,141	38,351	1,096	2,297	26,965	(145)	144,706
Depreciation and amortization	4,863	2,815	—	51	10,923	—	18,652
Other expenses	13,818	9,692	4,115	1,624	16,747	—	45,997
Intersegment expenses, net	19,079	5,884	8,145	92	(26,034)	(7,166)	—
Total operating expenses	113,901	56,742	13,356	4,064	28,601	(7,311)	209,355
Income (loss) before income taxes	17,028	18,042	17,704	1,744	(24,928)	—	29,586
Income tax (expense) benefit	(4,086)	(4,327)	(4,249)	(396)	2,567	—	(10,491)
Net income (loss)	12,942	13,715	13,455	1,348	(22,361)	—	19,095
Net (income) loss attributable to noncontrolling interests	—	(19)	—	—	9,191	—	9,172
Net income (loss) attributable to Nelnet, Inc.	$ 12,942	13,696	13,455	1,348	(13,170)	—	28,267
Total assets as of June 30, 2023	$ 173,926	482,922	14,667,357	1,005,043	2,091,500	(613,116)	17,807,632

	Three months ended June 30, 2022						
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 246	874	140,396	5,212	6,235	(1,376)	151,587
Interest expense	20	—	69,708	1,639	3,652	(1,376)	73,642
Net interest income	226	874	70,688	3,573	2,583	—	77,945
Less provision for loan losses	—	—	8,827	582	—	—	9,409
Net interest income after provision for loan losses	226	874	61,861	2,991	2,583	—	68,536
Other income (expense):							
Loan servicing and systems revenue	124,873	—	—	—	—	—	124,873
Intersegment revenue	8,381	7	—	—	—	(8,388)	—
Education technology, services, and payment processing revenue	—	91,031	—	—	—	—	91,031
Solar construction revenue	—	—	—	—	—	—	—
Other, net	611	—	5,133	157	6,747	—	12,647
Gain on sale of loans, net	—	—	—	—	—	—	—
Impairment expense	—	—	—	—	(6,284)	—	(6,284)
Derivative settlements, net	—	—	4,623	—	—	—	4,623
Derivative market value adjustments, net	—	—	40,401	—	—	—	40,401
Total other income (expense), net	133,865	91,038	50,157	157	463	(8,388)	267,291
Cost of services:							
Cost to provide education technology, services, and payment processing services	—	30,852	—	—	—	—	30,852
Cost to provide solar construction services	—	—	—	—	—	—	—
Total cost of services	—	30,852	—	—	—	—	30,852
Operating expenses:							
Salaries and benefits	83,220	32,120	614	1,714	23,729	—	141,398
Depreciation and amortization	5,318	2,698	—	4	10,230	—	18,250
Other expenses	13,507	6,750	3,543	899	12,241	—	36,940
Intersegment expenses, net	18,558	4,805	8,513	57	(23,545)	(8,388)	—
Total operating expenses	120,603	46,373	12,670	2,674	22,655	(8,388)	196,588
Income (loss) before income taxes	13,488	14,687	99,348	474	(19,609)	—	108,387
Income tax (expense) benefit	(3,237)	(3,525)	(23,844)	(106)	5,228	—	(25,483)
Net income (loss)	10,251	11,162	75,504	368	(14,381)	—	82,904
Net (income) loss attributable to noncontrolling interests	—	53	—	—	2,172	—	2,225
Net income (loss) attributable to Nelnet, Inc.	$ 10,251	11,215	75,504	368	(12,209)	—	85,129
Total assets as of June 30, 2022	$ 240,437	546,235	17,388,228	864,659	2,273,216	(688,762)	20,624,013

	Six months ended June 30, 2023							
	Loan Servicing and Systems		Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total
Total interest income	$	2,095	11,304	488,482	25,920	47,054	(24,860)	549,995
Interest expense		—	—	421,511	15,385	20,560	(24,860)	432,597
Net interest income		2,095	11,304	66,971	10,535	26,494	—	117,398
Less provision for loan losses		—	—	39,957	3,910	—	—	43,867
Net interest income after provision for loan losses		2,095	11,304	27,014	6,625	26,494	—	73,531
Other income (expense):								
Loan servicing and systems revenue		261,247	—	—	—	—	—	261,247
Intersegment revenue		15,036	121	—	—	—	(15,157)	—
Education technology, services, and payment processing revenue		—	243,462	—	—	—	—	243,462
Solar construction revenue		—	—	—	—	13,386	—	13,386
Other, net		1,213	—	4,164	830	(27,287)	—	(21,083)
Gain on sale of loans, net		—	—	27,323	—	—	—	27,323
Impairment expense		—	—	—	—	—	—	—
Derivative settlements, net		—	—	23,319	83	—	—	23,402
Derivative market value adjustments, net		—	—	(36,515)	1,108	—	—	(35,407)
Total other income (expense), net		277,496	243,583	18,291	2,021	(13,901)	(15,157)	512,330
Cost of services:								
Cost to provide education technology, services, and payment processing services		—	88,110	—	—	—	—	88,110
Cost to provide solar construction services		—	—	—	—	17,422	—	17,422
Total cost of services		—	88,110	—	—	17,422	—	105,532
Operating expenses:								
Salaries and benefits		160,701	76,264	1,851	4,361	54,384	(145)	297,416
Depreciation and amortization		9,377	5,393	—	56	20,454	—	35,279
Other expenses		27,131	17,755	9,131	2,406	30,358	—	86,781
Intersegment expenses, net		40,136	11,684	16,841	173	(53,822)	(15,012)	—
Total operating expenses		237,345	111,096	27,823	6,996	51,374	(15,157)	419,476
Income (loss) before income taxes		42,246	55,681	17,482	1,650	(56,203)	—	60,853
Income tax (expense) benefit		(10,139)	(13,393)	(4,196)	(362)	9,348	—	(18,741)
Net income (loss)		32,107	42,288	13,286	1,288	(46,855)	—	42,112
Net (income) loss attributable to noncontrolling interests		—	119	—	—	12,523	—	12,642
Net income (loss) attributable to Nelnet, Inc.	$	32,107	42,407	13,286	1,288	(34,332)	—	54,754
Total assets as of June 30, 2023	$	173,926	482,922	14,667,357	1,005,043	2,091,500	(613,116)	17,807,632

	Six months ended June 30, 2022						
	Loan Servicing and Systems	Education Technology, Services, and Payment Processing	Asset Generation and Management	Nelnet Bank	Corporate and Other Activities	Eliminations	Total
Total interest income	$ 313	1,213	258,994	8,241	10,227	(2,205)	276,783
Interest expense	44	—	115,711	2,494	5,678	(2,205)	121,721
Net interest income	269	1,213	143,283	5,747	4,549	—	155,062
Less provision for loan losses	—	—	7,963	1,011	—	—	8,974
Net interest income after provision for loan losses	269	1,213	135,320	4,736	4,549	—	146,088
Other income (expense):							
Loan servicing and systems revenue	261,241	—	—	—	—	—	261,241
Intersegment revenue	16,860	10	—	—	—	(16,870)	—
Education technology, services, and payment processing revenue	—	203,317	—	—	—	—	203,317
Solar construction revenue	—	—	—	—	—	—	—
Other, net	1,350	—	11,644	1,659	7,872	—	22,524
Gain on sale of loans, net	—	—	2,989	—	—	—	2,989
Impairment expense	—	—	—	—	(6,284)	—	(6,284)
Derivative settlements, net	—	—	1,814	—	—	—	1,814
Derivative market value adjustments, net	—	—	186,135	—	—	—	186,135
Total other income (expense), net	279,451	203,327	202,582	1,659	1,588	(16,870)	671,736
Cost of services:							
Cost to provide education technology, services, and payment processing services	—	66,397	—	—	—	—	66,397
Cost to provide solar construction services	—	—	—	—	—	—	—
Total cost of services	—	66,397	—	—	—	—	66,397
Operating expenses:							
Salaries and benefits	175,192	63,406	1,205	3,268	47,742	—	290,813
Depreciation and amortization	10,272	5,013	—	7	19,914	—	35,206
Other expenses	29,721	12,514	6,576	1,584	26,045	—	76,439
Intersegment expenses, net	38,955	9,410	17,344	102	(48,941)	(16,870)	—
Total operating expenses	254,140	90,343	25,125	4,961	44,760	(16,870)	402,458
Income (loss) before income taxes	25,580	47,800	312,777	1,434	(38,623)	—	348,969
Income tax (expense) benefit	(6,139)	(11,472)	(75,066)	(328)	11,826	—	(81,180)
Net income (loss)	19,441	36,328	237,711	1,106	(26,797)	—	267,789
Net (income) loss attributable to noncontrolling interests	—	53	—	—	3,934	—	3,987
Net income (loss) attributable to Nelnet, Inc.	$ 19,441	36,381	237,711	1,106	(22,863)	—	271,776
Total assets as of June 30, 2022	$ 240,437	546,235	17,388,228	864,659	2,273,216	(688,762)	20,624,013

11. Disaggregated Revenue

The following tables present disaggregated revenue by service offering or customer type for the Company's fee-based operating segments.

Loan Servicing and Systems

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Government loan servicing	$ 95,736	98,815	204,618	207,940
Private education and consumer loan servicing	12,063	12,122	24,225	24,995
FFELP loan servicing	3,554	4,011	6,921	8,259
Software services	5,962	7,907	15,660	15,308
Outsourced services	4,705	2,018	9,823	4,739
Loan servicing and systems revenue	$ 122,020	124,873	261,247	261,241

Education Technology, Services, and Payment Processing

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Tuition payment plan services	$ 30,825	27,637	65,012	58,352
Payment processing	31,827	27,968	75,868	66,039
Education technology and services	46,216	34,956	101,004	78,207
Other	990	470	1,578	719
Education technology, services, and payment processing revenue	$ 109,858	91,031	243,462	203,317

Solar Construction

GRNE Solar was acquired on July 1, 2022; accordingly, there are no results for the three and six months ended June 30, 2022.

	Three months ended June 30, 2023	Six months ended June 30, 2023
Commercial revenue	$ 2,004	8,238
Residential revenue	2,406	5,181
Other	325	(33)
Solar construction revenue	$ 4,735	13,386

Other Income (Expense)

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
ALLO preferred return	$ 2,274	2,140	4,523	4,257
Borrower late fee income	2,168	2,436	4,414	4,867
Administration/sponsor fee income	1,697	2,012	3,468	4,134
Investment advisory services	1,639	1,482	3,251	2,764
Loss from ALLO voting membership interest investment	(12,169)	(16,941)	(32,382)	(30,071)
Loss from solar investments	(7,929)	(1,854)	(9,876)	(2,884)
Investment activity, net	(3,574)	18,091	(7,154)	29,924
Other	8,883	5,281	12,673	9,533
Other, net	$ (7,011)	12,647	(21,083)	22,524

12. Major Customer

Government Loan Servicing

Nelnet Servicing, LLC (Nelnet Servicing) and Great Lakes Educational Loan Services, Inc. (Great Lakes), both subsidiaries of the Company, are two of the current six private sector entities that have student loan servicing contracts with the Department. Revenue earned by the Company related to these contracts was $95.7 million and $98.8 million for the three months ended June 30, 2023 and 2022, respectively, and $204.6 million and $207.9 million for the six months ended June 30, 2023 and 2022, respectively. The Company also licensed its hosted servicing software to two of the six servicers for the Department.

Contract Modifications and Award

Effective April 1, 2023, the Department modified the student loan servicing contracts between the Department and each of Nelnet Servicing and Great Lakes (the “servicing contracts”) to reduce the monthly fee under the servicing contracts by $0.19 per borrower on certain borrower statuses.

The Company's current student loan servicing contracts with the Department were scheduled to expire on December 14, 2023. In April 2023, Nelnet Diversified Solutions, LLC (NDS), a subsidiary of the Company, received a contract award from the Department, pursuant to which NDS 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 contracts.

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 37 million existing borrowers will be allocated by the Department to NDS and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, NDS will begin immediately to make required servicing platform enhancements, for which NDS will be compensated from the Department on certain of these investments. In April 2023, the Department indicated that servicing under the USDS contracts will go live in 2024 and it will extend the current legacy servicing contracts from December 14, 2023 to December 2024. Until servicing under the USDS contracts goes live, the Company will continue to earn revenue for servicing borrowers under its current legacy servicing contracts with the Department.

The new USDS servicing contracts have multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contracts 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 contracts. However, consistent with the current legacy contracts, the Company expects to earn additional revenue from the Department under the USDS servicing contract for change requests, consolidations, 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 will 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 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 Company anticipates the decommissioning of the Great Lakes' platform to be completed by the end of 2023. Therefore, potential associated cost savings as a result of transferring direct loan servicing volume to one platform will not be recognized in operating results until 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 has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods.

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 contracts will decrease in future periods if the Department successfully implements broad based loan forgiveness.

13. Fair Value

The following tables present the Company’s financial assets and liabilities that are measured at fair value on a recurring basis.

	As of June 30, 2023			As of December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Investments:						
Asset-backed debt securities - available-for-sale	$ 99	1,047,975	1,048,074	100	1,388,937	1,389,037
Equity securities	105	—	105	6,719	—	6,719
Equity securities measured at net asset value (a)			39,471			32,363
Total investments	204	1,047,975	1,087,650	6,819	1,388,937	1,428,119
Derivative instruments (b)	—	1,108	1,108	—	—	—
Total assets	$ 204	1,049,083	1,088,758	6,819	1,388,937	1,428,119

(a) 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.

(b) Nelnet Bank derivatives are accounted for at fair value on a recurring basis. The fair value of derivative financial instruments is determined using a market approach in which derivative pricing models use the stated terms of the contracts and observable yield curves and volatilities from active markets. When determining the fair value of derivatives, Nelnet Bank takes into account counterparty credit risk for positions where it is exposed to the counterparty on a net basis by assessing exposure net of collateral held. The net exposures for each counterparty are adjusted based on market information available for the specific counterparty.

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

	As of June 30, 2023				
	Fair value	Carrying value	Level 1	Level 2	Level 3
Financial assets:					
Loans receivable	$ 13,809,016	13,541,903	—	—	13,809,016
Accrued loan interest receivable	818,709	818,709	—	818,709	—
Cash and cash equivalents	121,769	121,769	121,769	—	—
Investments (at fair value)	1,087,650	1,087,650	204	1,047,975	—
Investments - held to maturity	156,537	155,781	—	156,537	—
Notes receivable	54,931	54,931	—	54,931	—
Beneficial interest in loan securitizations	228,603	190,974	—	—	228,603
Restricted cash	484,223	484,223	484,223	—	—
Restricted cash – due to customers	208,033	208,033	208,033	—	—
Derivative instruments	1,108	1,108	—	1,108	—
Financial liabilities:					
Bonds and notes payable	12,724,618	13,070,140	—	12,724,618	—
Accrued interest payable	35,926	35,926	—	35,926	—
Bank deposits	704,116	731,046	449,297	254,819	—
Due to customers	299,552	299,552	299,552	—	—

	As of December 31, 2022				
	Fair value	Carrying value	Level 1	Level 2	Level 3
Financial assets:					
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	—	—
Financial liabilities:					
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 are described in note 24 of the notes to consolidated financial statements included in the 2022 Annual Report.

ITEM 2. 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 three and six months ended June 30, 2023 and 2022. All dollars are in thousands, except per share amounts, 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 should be read in conjunction with the Company's consolidated financial statements included in the 2022 Annual Report.

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 the “Risk Factors” section of the 2022 Annual 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") 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 interest rate basis and repricing risk, the risk of loss of floor income on certain student loans originated under the FFEL Program, risks related to the use of derivatives to manage exposure to interest rate fluctuations, uncertainties regarding the expected benefits from purchased securitized and unsecuritized FFELP, private education, consumer, and other loans, or investment interests therein, and initiatives to purchase additional FFELP, private education, consumer, and other loans, and risks from changes in levels of loan prepayment or default rates;
- 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;
- uncertainties inherent in forecasting future cash flows from student loan assets and related asset-backed securitizations;
- risks and uncertainties of the expected benefits from the November 2020 launch of Nelnet Bank operations, including the ability to successfully conduct banking operations 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;
- risks and uncertainties related to other initiatives to pursue additional strategic investments (and anticipated income therefrom), acquisitions, and other activities, including activities that are intended to diversify the Company both within and outside of its historical core education-related businesses;
- risks and uncertainties associated with climate change; and
- risks and uncertainties associated with litigation matters and with maintaining compliance with the extensive regulatory requirements applicable to the Company's businesses.

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.

OVERVIEW

The Company is a diverse, innovative company with a purpose to serve others and a vision to make dreams possible. The largest operating businesses engage in loan servicing and education technology, services, and payment processing, and the Company also has a significant investment in communications. 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 early-stage and emerging growth companies, real estate, and renewable energy (solar). The Company is also actively expanding its private education, consumer, and other loan portfolios, and in November 2020 launched Nelnet Bank.

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.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
GAAP net income attributable to Nelnet, Inc.	$ 28,267	85,129	54,754	271,776
Realized and unrealized derivative market value adjustments	(2,005)	(40,401)	35,407	(186,135)
Tax effect (a)	481	9,696	(8,498)	44,672
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	$ 26,743	54,424	81,663	130,313
Earnings per share:				
GAAP net income attributable to Nelnet, Inc.	$ 0.75	2.26	1.46	7.18
Realized and unrealized derivative market value adjustments	(0.05)	(1.07)	0.95	(4.91)
Tax effect (a)	0.01	0.25	(0.23)	1.17
Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b)	$ 0.71	1.44	2.18	3.44

(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 the 2022 Annual Report. They include:

- Loan Servicing and Systems (LSS) - referred to as Nelnet Diversified Services (NDS)
- Education Technology, Services, and Payment Processing (ETS&PP) - referred to as Nelnet Business Services (NBS)
- Asset Generation and Management (AGM)
- Nelnet Bank

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.

Other business activities and operating segments that are not reportable are combined and included in Corporate and Other Activities ("Corporate"). Corporate also includes income earned on the majority of the Company's investments, interest expense incurred on unsecured and other corporate related debt transactions, and certain shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These shared services are allocated to each operating segment based on estimated use of such activities and services. In addition, Corporate includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs.

The information below presents the operating results (net income (loss) before taxes) for each reportable operating segment and Corporate and Other Activities for the three and six months ended June 30, 2023 and 2022. See "Results of Operations" for each reportable operating segment and Corporate and Other Activities under this Item 2 for additional detail.

	Three months ended June 30,		Six months ended June 30,		Certain Items Impacting Comparability (All dollar amounts below are pre-tax)
	2023	**2022**	**2023**	**2022**	
NDS	$ 17,028	13,488	42,246	25,580	• An increase in before tax operating margin in 2023 compared with 2022 due to a decrease in operating expenses, primarily salaries and benefits. In 2022, the Company was fully staffed in preparation for the resumption of federal student loan payments once the CARES Act suspension was to expire. The expiration of the CARES Act was extended multiple times throughout 2022. The Company reduced staff in the first and second quarters of 2023 to manage expenses due to the delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for the Company's Department servicing contracts.
NBS	18,042	14,687	55,681	47,800	• The recognition of \$5.3 million and \$11.3 million of interest income for the three and six months ended June 30, 2023, respectively, compared with \$0.9 million and \$1.2 million for the same periods in 2022, due to higher interest rates. • A decrease in before tax operating margin, excluding net interest income, in 2023 compared with 2022 due to additional investments in the development of new services and technologies and superior customer experiences to align with the Company's strategies to grow, retain, and diversify revenue. Additionally, the Company has had significant growth in FACTS Education Solutions instructional services revenue which has a lower before tax operating margin compared to the rest of the Company's services.

AGM	17,704	99,348	17,482	312,777	• A net gain of $0.9 million and net loss of $36.5 million related to changes in the fair values of derivative instruments that do not qualify for hedge accounting for the three and six months ended June 30, 2023, respectively, compared with a net gain of $40.4 million and $186.1 million for the same periods in 2022. • The recognition of a $25.9 million non-cash expense in the second quarter of 2023 as the result of redeeming certain asset-backed debt securities prior to their maturity and writing off the remaining unamortized debt discount at the time of redemption. • A decrease of $18.7 million and $15.2 million in net interest income due to a decrease in core loan spread for the three and six months ended June 30, 2023, respectively, compared with the same periods in 2022. • A decrease of $7.5 million and $19.8 million in net interest income due to the decrease in the average balance of loans for the three and six months ended June 30, 2023, respectively, compared with the same periods in 2022. • The recognition of $15.5 million and $27.3 million in gains from the sale of loans for the three and six months ended June 30, 2023, respectively, compared with no gains and $3.0 million for the same periods in 2022. • The recognition of $8.1 million and $40.0 million in provision for loan losses for the three and six months ended June 30, 2023, respectively, compared with $8.8 million and $8.0 million for the same periods in 2022.
Nelnet Bank	1,744	474	1,650	1,434	
Corporate	(24,928)	(19,609)	(56,203)	(38,623)	• An increase of $14.5 million and $20.9 million in net interest income from the Company's cash and investment (bond) portfolio due to an increase in interest rates for the three and six months ended June 30, 2023, respectively, compared with the same periods in 2022. • The recognition of net investment losses of $1.6 million and $4.8 million for the three and six months ended June 30, 2023, respectively, compared with net investment income of $18.3 million and $26.7 million for the same periods in 2022. In the second quarter or 2022, the Company recognized a $15.2 million gain as a result of the revaluation of the Company's previously held 50% ownership interest in NGWeb Solutions, LLC ("NextGen") (previously accounted for under the equity method) as a result of the Company purchasing an additional 30% ownership interests. • The recognition of a net loss of $12.2 million and $32.4 million related to the Company's equity investment in ALLO for the three and six months ended June 30, 2023, respectively, compared with a net loss of $16.9 million and $30.1 million for the same periods in 2022. • The recognition of $8.2 million and $11.3 million of losses for the three and six months ended June 30, 2023, respectively, from the Company's acquisition of GRNE Solar on July 1, 2022. • The recognition of an impairment charge of $6.3 million in the second quarter of 2022 related primarily to a venture capital investment.
Income before income taxes	29,586	108,387	60,853	348,969	
Income tax expense	(10,491)	(25,483)	(18,741)	(81,180)	
Net loss attributable to noncontrolling interests	9,172	2,225	12,642	3,987	
Net income	$ 28,267	85,129	54,754	271,776	

CONSOLIDATED RESULTS OF OPERATIONS

An analysis of the Company's consolidated operating results for the three and six months ended June 30, 2023 compared with the same periods in 2022 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 10 of the notes to consolidated financial statements included under Part I, Item 1 of 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.

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Loan interest	$ 243,045	134,706	468,288	246,083	Increase was due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans and in gross fixed rate floor income.
Investment interest	40,982	16,881	81,707	30,700	Includes income from interest-earning deposits and investments and restricted cash in asset-backed securitizations. Increase was due to an increase in interest earning investments and an increase in interest rates.
Total interest income	284,027	151,587	549,995	276,783	
Interest expense	233,148	73,642	432,597	121,721	Increase was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the second quarter of 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.
Net interest income	50,879	77,945	117,398	155,062	
Less provision for loan losses	9,592	9,409	43,867	8,974	Represents the current period provision to reflect the lifetime expected credit losses related to the Company's loan portfolio. The primary item impacting provision for loan losses was the establishment of an initial allowance for consumer loans originated and acquired during the periods presented.
Net interest income after provision for loan losses	41,287	68,536	73,531	146,088	
Other income (expense):					
LSS revenue	122,020	124,873	261,247	261,241	See LSS operating segment - results of operations.
ETS&PP revenue	109,858	91,031	243,462	203,317	See ETS&PP operating segment - results of operations.
Solar construction revenue	4,735	—	13,386	—	On July 1, 2022, the Company acquired 80% of the ownership interests of GRNE Solar. GRNE Solar designs and installs residential, commercial, and utility-scale solar systems. The acquisition diversifies the Company's position in the renewable energy space to include solar construction.
Other, net	(7,011)	12,647	(21,083)	22,524	See table below for the components of "other, net."
Gain on sale of loans, net	15,511	—	27,323	2,989	The Company sold $261.9 million (par value) and $158.3 million (par value) of consumer and other loans in the first and second quarter of 2023, respectively and recognized net gains of $11.8 million and $15.5 million, respectively. The Company also sold $18.1 million (par value) of consumer loans in the first quarter of 2022 and recognized a gain of $3.0 million.
Impairment expense	—	(6,284)	—	(6,284)	During the second quarter of 2022, the Company recorded impairment expense of $6.3 million related primarily to a venture capital investment.
Derivative settlements, net	65	4,623	23,402	1,814	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 by the Company was from the Company's derivatives used to hedge loans earning fixed rate floor income. To minimize the Company's exposure to market volatility, the Company terminated this derivative portfolio on March 15, 2023.
Derivative market value adjustments, net	2,005	40,401	(35,407)	186,135	Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments were related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. To minimize the Company's exposure to market volatility, 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	247,183	267,291	512,330	671,736	
Cost of services:					
Cost to provide education technology, services, and payment processing services	40,407	30,852	88,110	66,397	Represents direct costs to provide payment processing and instructional services in ETS&PP. Increase was primarily due to additional instructional services costs. See ETS&PP operating segment - results of operations.
Cost to provide solar construction services	9,122	—	17,422	—	As noted above, the Company acquired GRNE Solar on July 1, 2022. These amounts represent direct costs related to GRNE providing solar construction services.
Total cost of services	49,529	30,852	105,532	66,397	
Operating expenses:					
Salaries and benefits	144,706	141,398	297,416	290,813	Increase was due to an increase in headcount in ETS&PP to support the growth of its customer base and the investment in the development of new technologies. This increase was partially offset by staff reductions in LSS in the first and second 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 LSS's Department servicing contracts. In addition, increase was due to the acquisition of GRNE Solar on July 1, 2022.
Depreciation and amortization	18,652	18,250	35,279	35,206	Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions.
Other expenses	45,997	36,940	86,781	76,439	Includes expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, and certain information technology-related costs. Increase was due to an increase in expenses in ETS&PP 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.
Total operating expenses	209,355	196,588	419,476	402,458	
Income before income taxes	29,586	108,387	60,853	348,969	
Income tax expense	10,491	25,483	18,741	81,180	The effective tax rate was 27.1% and 23.0% for the three months ended June 30, 2023 and 2022, respectively, and 25.5% and 23.0% for the six months ended June 30, 2023 and 2022, respectively. The increase in the effective tax rate in 2023 compared with 2022 was due to an increase in the Company's state effective tax rate due to the composition of income earned in certain states. The Company expects its effective tax rate will range between 24% and 25% for the remainder of 2023.
Net income	19,095	82,904	42,112	267,789	
Net loss attributable to noncontrolling interests	9,172	2,225	12,642	3,987	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.	$ 28,267	85,129	54,754	271,776	
Additional information:					
Net income attributable to Nelnet, Inc.	$ 28,267	85,129	54,754	271,776	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	(2,005)	(40,401)	35,407	(186,135)	
Tax effect	481	9,696	(8,498)	44,672	
Net income attributable to Nelnet, Inc., excluding derivative market value adjustments	$ 26,743	54,424	81,663	130,313	

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022	Additional information
ALLO preferred return	$ 2,274	2,140	4,523	4,257	See Corporate - results of operations.
Borrower late fee income	2,168	2,436	4,414	4,867	See AGM operating segment - results of operations.
Administration/sponsor fee income	1,697	2,012	3,468	4,134	See AGM operating segment - results of operations.
Investment advisory services	1,639	1,482	3,251	2,764	See Corporate - results of operations.
Loss from ALLO voting membership interest investment	(12,169)	(16,941)	(32,382)	(30,071)	See Corporate - results of operations.
Loss from solar investments	(7,929)	(1,854)	(9,876)	(2,884)	See Corporate - results of operations.
Investment activity, net	(3,574)	18,091	(7,154)	29,924	See Corporate - results of operations and note (a) below for additional information.
Other	8,883	5,281	12,673	9,533	
Other, net	$ (7,011)	12,647	(21,083)	22,524	

(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	Equity / Bonds	Total	Real Estate	Venture Capital	Equity / Bonds	Total
	Three months ended June 30,							
	2023				2022			
Corporate	$ (1,090)	(956)	406	(1,640)	3,629	17,318	(2,649)	18,298
AGM	—	(2,545)	—	(2,545)	—	(352)	—	(352)
Nelnet Bank	—	(10)	621	611	—	(15)	160	145
	$ (1,090)	(3,511)	1,027	(3,574)	3,629	16,951	(2,489)	18,091
	Six months ended June 30,							
	2023				2022			
Corporate	$ (314)	(892)	(3,636)	(4,842)	7,980	22,194	(3,465)	26,709
AGM	—	(2,649)	(476)	(3,125)	—	1,575	—	1,575
Nelnet Bank	—	(272)	1,085	813	—	372	1,268	1,640
	$ (314)	(3,813)	(3,027)	(7,154)	7,980	24,141	(2,197)	29,924

LOAN SERVICING AND SYSTEMS OPERATING SEGMENT – RESULTS OF OPERATIONS

Loan Servicing Volumes

	As of						
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Servicing volume (dollars in millions):							
Government	$ 478,402	507,653	542,398	545,546	545,373	537,291	519,308
FFELP	26,916	25,646	24,224	22,412	20,226	19,815	19,021
Private and consumer	23,702	23,433	22,838	22,461	21,866	21,484	20,805
Total	$ 529,020	556,732	589,460	590,419	587,465	578,590	559,134
Number of servicing borrowers:							
Government	14,196,520	14,727,860	15,426,607	15,657,942	15,777,328	15,518,751	14,898,901
FFELP	1,092,066	1,034,913	977,785	910,188	829,939	819,791	788,686
Private and consumer	1,065,439	1,030,863	998,454	979,816	951,866	925,861	899,095
Total	16,354,025	16,793,636	17,402,846	17,547,946	17,559,133	17,264,403	16,586,682
Number of remote hosted borrowers:	4,799,368	5,487,943	5,738,381	6,025,377	6,135,760	5,048,324	716,908

Government Loan Servicing

Nelnet Servicing, LLC (Nelnet Servicing) and Great Lakes Educational Loan Services, Inc. (Great Lakes), both subsidiaries of the Company, are two of the current six private sector entities that have student loan servicing contracts with the Department to service loans that include Federal Direct Loan Program loans originated directly by the Department and FFEL Program loans purchased by the Department. The Company currently licenses its hosted servicing software to two of the six servicers for the Department.

Contract Modifications and Award

Effective April 1, 2023, the Department modified the student loan servicing contracts between the Department and each of Nelnet Servicing and Great Lakes (the “servicing contracts”) to reduce the monthly fee under the servicing contracts by $0.19 per borrower on certain borrower statuses.

The Company's current student loan servicing contracts with the Department were scheduled to expire on December 14, 2023. In April 2023, Nelnet Diversified Solutions, LLC (NDS), a subsidiary of the Company, received a contract award from the Department, pursuant to which NDS 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 contracts.

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 37 million existing borrowers will be allocated by the Department to NDS and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, NDS will begin immediately to make required servicing platform enhancements, for which NDS will be compensated from the Department on certain of these investments. In April 2023, the Department indicated that servicing under the USDS contracts will go live in 2024 and it will extend the current legacy servicing contracts from December 14, 2023 to December 2024. Until servicing under the USDS contracts goes live, the Company will continue to earn revenue for servicing borrowers under its current legacy servicing contracts with the Department.

The new USDS servicing contracts have multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contracts 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 contracts. However, consistent with the current legacy contracts, the Company expects to earn additional revenue from the Department under the USDS servicing contract for change requests, consolidations, 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 will 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, have been 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 Company anticipates the decommissioning of the Great Lakes' platform to be completed by the end of 2023. Therefore, potential associated cost savings as a result of transferring direct loan servicing volume to one platform will not be recognized in operating results until 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 has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods.

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 contracts 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 receives 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 will end August 31, 2023, and borrowers are scheduled to return to repayment on September 1, 2023. Once borrowers transition back to repayment under the legacy government contracts, the Company anticipates revenue per borrower from the Department will increase from the current 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 March 2023 government servicing contract price modifications (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 estimates incurring a charge of $4.3 million related to the staff reductions, of which $2.7 million was recognized in the first quarter of 2023. The remaining expense was incurred primarily during the second quarter of 2023.

Summary and Comparison of Operating Results

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Net interest income	$ 1,058	226	2,095	269	Increase in 2023 compared with 2022 was due to higher interest rates.
Loan servicing and systems revenue	122,020	124,873	261,247	261,241	See table below for additional information.
Intersegment servicing revenue	7,246	8,381	15,036	16,860	Represents revenue earned by LSS from servicing loans for AGM and Nelnet Bank. Decrease in 2023 compared with 2022 was due to the continued amortization of AGM's FFELP portfolio. FFELP intersegment servicing revenue will continue to decrease as AGM's FFELP portfolio pays off.
Other income	605	611	1,213	1,350	Represents revenue earned from providing administrative support and marketing services.
Total other income	129,871	133,865	277,496	279,451	
Salaries and benefits	76,141	83,220	160,701	175,192	Decrease in 2023 compared with 2022 was due to the Company being fully staffed with contact center operations and support associates in 2022 in preparation for the resumption of federal student loan payments and other activities after the CARES Act suspension. During the first and second quarters of 2023, the Company reduced staff 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 government servicing contracts. See "Reduction in Staff" above for additional details.
Depreciation and amortization	4,863	5,318	9,377	10,272	
Other expenses	13,818	13,507	27,131	29,721	Decrease in the first half of 2023 compared with 2022 was due to a decrease in professional fees and facility costs. Over the last year, the Company has reduced its office space as a large number of employees continue to work from home.
Intersegment expenses	19,079	18,558	40,136	38,955	Represent 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	113,901	120,603	237,345	254,140	
Income before income taxes	17,028	13,488	42,246	25,580	
Income tax expense	(4,086)	(3,237)	(10,139)	(6,139)	Represents income tax expense at an effective tax rate of 24%.
Net income	$ 12,942	10,251	32,107	19,441	
Before tax operating margin	13.1 %	10.1 %	15.2 %	9.2 %	Before tax operating margin represents before tax operating profitability as a percentage of revenue, and for LSS is calculated as income before income taxes divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods. Before tax operating margin increased in 2023 compared with 2022 due primarily to a decrease in salaries and benefits expense as described above.

Loan servicing and systems revenue

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Government loan servicing	$ 95,736	98,815	204,618	207,940	Represents revenue from the Company's Department servicing contracts. Decrease in the three and six months ended June 30, 2023 compared with the same periods in 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 in June 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. Decrease in the first half of 2023 compared with the same period in 2022 was also due to (i) the recognition of $6.7 million of revenue in the first quarter of 2022 for incremental work related primarily to CARES Act forbearance exit outreach activities to borrowers; and (ii) the recognition of $10.5 million of revenue in the first quarter of 2022 related to the discharge of borrowers under the Total and Permanent Disability (TPD) discharge program (the Company earns revenue per each borrower that satisfies the requirements for their loan to be discharged under the TPD discharge program). The decrease in revenue for the first half of 2023 compared with the same period in 2022 was partially offset by (i) an increase in borrowers serviced due to the PHEAA servicing volume transferred to the Company's platform in 2022; (ii) a per borrower CARES Act forbearance rate increase on May 1, 2022; and (iii) a per borrower rate increase on certain statuses on September 1, 2022 (5.0%) to reflect the increase in the cost of labor (Employment Cost Index) per the provisions of the contracts.
Private education and consumer loan servicing	12,063	12,122	24,225	24,995	Decrease in 2023 compared with 2022 was due to a decrease in servicing volume and client requested enhanced delinquency services.
FFELP loan servicing	3,554	4,011	6,921	8,259	Decrease in 2023 compared with 2022 was due to a decrease in the number of borrowers serviced. Over time, FFELP servicing revenue will continue to decrease as third-party customers' FFELP portfolios pay off. Since late 2021, the Company has experienced accelerated run-off of its FFELP servicing portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of borrower relief under the CARES Act and initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs.
Software services	5,962	7,907	15,660	15,308	Decrease in the three months ended June 30, 2023 compared with the same period in 2022 was due to the transfer of remote hosted borrowers to other third-party servicers. See “Government Loan Servicing - Loan Volume Transfers - Remote Hosted Servicing Borrowers” above for additional details. Increase in the six months ended June 30, 2023 compared with the same period in 2022 was due to annual rate increases on Department remote hosted servicing customers, contract programming associated with loan transfers and change requests, and growth in LSS's technology outsourcing opportunities. These increases were offset by the transfer of remote hosted borrowers to other third-party servicers. 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.
Outsourced services	4,705	2,018	9,823	4,739	Represents primarily revenue to provide contact center and back office operational outsourcing services. Increase in 2023 compared with 2022 was due to additional outsourced opportunities, including assisting existing Department servicers as operations transition from exiting servicers. Contracts for support provided to Department servicers expired at the end of July 2023.
Loan servicing and systems revenue	$ 122,020	124,873	261,247	261,241	

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

As discussed further in the Company's 2022 Annual Report, this segment of the Company's business is subject to seasonal fluctuations which correspond, or are related to, the traditional school year. 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

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Net interest income	$ 5,268	874	11,304	1,213	Represents interest income on tuition funds held in custody for schools. Increase in 2023 compared with 2022 was due to higher interest rates.
Education technology, services, and payment processing revenue	109,858	91,031	243,462	203,317	See table below for additional information.
Intersegment revenue	65	7	121	10	
Total other income	109,923	91,038	243,583	203,327	
Cost of services	40,407	30,852	88,110	66,397	See table below for additional information.
Salaries and benefits	38,351	32,120	76,264	63,406	Increase in 2023 compared with 2022 was 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	2,815	2,698	5,393	5,013	Represents primarily amortization of intangible assets from prior business acquisitions and depreciation of capitalized software development costs.
Other expenses	9,692	6,750	17,755	12,514	Increase in 2023 compared with 2022 was due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies. Increase was also due to an increase in costs for travel and in-person hosted conferences that previously subsided due to the COVID pandemic. In addition, during the second quarter of 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 Education Solutions instructional services revenue.
Intersegment expenses, net	5,884	4,805	11,684	9,410	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	56,742	46,373	111,096	90,343	
Income before income taxes	18,042	14,687	55,681	47,800	
Income tax expense	(4,327)	(3,525)	(13,393)	(11,472)	Represents income tax expense at an effective tax rate of 24%.
Net income	13,715	11,162	42,288	36,328	
Net (income) loss attributable to noncontrolling interests	(19)	53	119	53	Amounts for noncontrolling interests reflect the net (income) loss attributable to the holders of minority membership interests in NextGen, of which the Company became the majority owner on April 30, 2022.
Net income	$ 13,696	11,215	42,407	36,381	

Education technology, services, and payment processing revenue

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

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Tuition payment plan services	$ 30,825	27,637	65,012	58,352	Increase in 2023 compared with 2022 was due to a higher number of payment plans in the K-12 and higher education market for both new and existing customers.
Payment processing	31,827	27,968	75,868	66,039	Increase in 2023 compared with 2022 was due to increase in payment volumes for both the K-12 and higher education markets due to new customers and an increase in volume from existing customers.
Education technology and services	46,216	34,956	101,004	78,207	Increase in 2023 compared with 2022 was due to an increase in revenue from the Company's school information system software, enrollment and communication services, the NextGen acquisition completed in April 2022, and FACTS Education Solutions instructional and professional development services. FACTS Education Solutions instructional services revenue was the largest component of this increase, driven by the Emergency Assistance to Non-Public Schools (EANS) program which provides funds to non-public schools through September 2024 to address the impact COVID-19 has had or continues to have on students and teachers.
Other	990	470	1,578	719	
Education technology, services, and payment processing revenue	109,858	91,031	243,462	203,317	
Cost of services	40,407	30,852	88,110	66,397	Represents costs relating to payment processing revenue and such costs decrease/increase in relationship to payment volumes. Costs to provide instructional services are also a component of this expense and were the primary driver of the increase in 2023 compared with 2022 due to the increase in instructional services resulting from the EANS program as noted above. In addition, the cost of providing instructional services has increased as a percentage of revenue in 2023 compared with 2022.
Net revenue	$ 69,451	60,179	155,352	136,920	

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022	Additional information
GAAP before tax operating margin	26.0 %	24.4 %	35.8 %	34.9 %	Before tax operating margin, excluding net interest income, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the ETS&PP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.
Net interest income	(7.6)	(1.4)	(7.2)	(0.9)	Before tax operating margin, excluding net interest income, decreased in 2023 compared with 2022 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. Additionally, the Company has had significant growth in FACTS Education Solutions instructional services revenue which has a lower before tax operating margin compared to the rest of the Company's services. The Company anticipates before tax operating margin, excluding net interest income, will be impacted over the next several years as it continues to invest in the development of new services and customer experiences but could see some improvement when the EANS program ends in September 2024.
Non-GAAP before tax operating margin, excluding net interest income	18.4 %	23.0 %	28.6 %	34.0 %	

ASSET GENERATION AND MANAGEMENT OPERATING SEGMENT – RESULTS OF OPERATIONS

Loan Portfolio

As of June 30, 2023, the AGM operating segment had a $13.2 billion loan portfolio, consisting primarily of federally insured loans. For a summary of the Company's loan portfolio as of June 30, 2023 and December 31, 2022, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

Loan Activity

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Beginning balance	$ 13,482,620	16,618,627	14,169,771	17,441,790
Loan acquisitions:				
Federally insured student loans	512,611	43,747	515,591	53,949
Private education loans	—	6,484	—	7,510
Consumer and other loans	59,972	118,012	310,678	136,534
Total loan acquisitions	572,583	168,243	826,269	197,993
Repayments, claims, capitalized interest, participations, and other, net	(443,068)	(478,461)	(853,307)	(925,601)
Loans lost to external parties	(214,734)	(453,158)	(483,430)	(840,806)
Loans sold	(158,276)	(114)	(420,178)	(18,239)
Ending balance	$ 13,239,125	15,855,137	13,239,125	15,855,137

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 June 30, 2023, the Company's ownership correlates to approximately $680 million, $560 million, and $360 million of consumer, private education, and federally insured student loans, respectively, included in these securitizations. The loans held in these securitizations are not included in the above table.

Since late 2021, the Company has experienced accelerated run-off of its FFELP portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs.

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

For a summary of the allowance as a percentage of the ending balance and loan status and delinquency amounts for each of AGM's loan portfolios as of June 30, 2023 and December 31, 2022; and the activity in AGM's allowance for loan losses and net charge-offs as a percentage of average loans for the three and six months ended June 30, 2023 and 2022, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of 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.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Variable loan yield, gross	7.73 %	3.59 %	7.42 %	3.16 %
Consolidation rebate fees	(0.80)	(0.85)	(0.81)	(0.85)
Discount accretion, net of premium and deferred origination costs amortization	0.06	0.03	0.05	0.03
Variable loan yield, net	6.99	2.77	6.66	2.34
Loan cost of funds - interest expense (a)	(5.94)	(1.73)	(5.73)	(1.41)
Loan cost of funds - derivative settlements (b) (c)	(0.00)	0.02	0.01	0.02
Variable loan spread	1.05	1.06	0.94	0.95
Fixed rate floor income, gross	0.01	0.46	0.03	0.57
Fixed rate floor income - derivative settlements (b) (d)	0.00	0.09	0.34	0.01
Fixed rate floor income, net of settlements on derivatives	0.01	0.55	0.37	0.58
Core loan spread	1.06 %	1.61 %	1.31 %	1.53 %
Average balance of AGM's loans	$ 13,616,889	16,437,861	13,804,065	16,823,385
Average balance of AGM's debt outstanding	13,011,224	15,923,648	13,187,073	16,335,310

(a) 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.

(b) 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 4 of the notes to consolidated financial statements included under Part I, Item 1 of 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 and 2022 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 4 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.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Core loan spread	1.06 %	1.61 %	1.31 %	1.53 %
Derivative settlements (1:3 basis swaps)	0.00	(0.02)	(0.01)	(0.02)
Derivative settlements (fixed rate floor income)	(0.00)	(0.09)	(0.34)	(0.01)
Loan spread	1.06 %	1.50 %	0.96 %	1.50 %

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

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

The interest earned on a large portion of AGM's FFELP student loan assets is indexed to the one-month LIBOR rate. AGM funds a portion of its assets with three-month LIBOR indexed floating rate securities. The relationship between the indices in which AGM earns interest on its loans and funds such loans has a significant impact on loan spread. In addition, the Company 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. In an increasing interest rate environment, student loan spread on FFELP loans increases. See Item 3, "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.

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:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Fixed rate floor income, gross	$ 456	18,292	1,567	47,285
Derivative settlements (a)	47	3,692	22,525	487
Fixed rate floor income, net	$ 503	21,984	24,092	47,772
Fixed rate floor income contribution to spread, net	0.01 %	0.55 %	0.37 %	0.58 %

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

The decrease in gross fixed rate floor income for the three and six months ended June 30, 2023 compared with the same periods in 2022 was due to higher interest rates in 2023 compared with 2022.

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, 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. In June 2023, the Company entered into a derivative with a notional amount of $50.0 million to hedge a portion of loans remaining that earn fixed rate floor income.

The decrease in net derivative settlements received by the Company during the three months ended June 30, 2023, compared with the same period in 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 the six months ended June 30, 2023, compared with the same period in 2022, was due to an increase in settlements on the Company's derivatives outstanding during this period as a result of an increase in interest rates.

Summary and Comparison of Operating Results

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Net interest income after provision for loan losses	$ 13,351	61,861	27,014	135,320	See table below for additional analysis.
Other income, net	1,319	5,133	4,164	11,644	Represents primarily borrower late fees, income from providing administration activities for third parties, gain/losses from repurchases of debt, and income/losses from AGM's investment in joint ventures. AGM recognized joint venture losses of $2.5 million and $2.6 million for the three and six months ended June 30, 2023, respectively, compared with losses of $0.4 million and income of $1.6 million for the same periods in 2022.
Gain on sale of loans, net	15,511	—	27,323	2,989	The Company sold $261.9 million (par value) and $158.3 million (par value) of consumer and other loans in the first and second quarter of 2023, respectively, and recognized net gains of $11.8 million and $15.5 million, respectively. The Company also sold $18.1 million (par value) of consumer loans in the first quarter of 2022 and recognized a gain of $3.0 million.
Derivative settlements, net	(18)	4,623	23,319	1,814	The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below. The majority of derivative settlements received in 2023 was from the Company's derivative portfolio used to hedge loans earning fixed rate floor income. This derivative portfolio was terminated on March 15, 2023 to minimize the Company's exposure to market volatility.
Derivative market value adjustments, net	897	40,401	(36,515)	186,135	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 2023 and 2022 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. As such, the Company expects the derivative market value adjustments in future periods will be less substantial.
Total other income, net	17,709	50,157	18,291	202,582	
Salaries and benefits	1,096	614	1,851	1,205	Increase in 2023 compared with 2022 was due to additional headcount as the Company actively expands into new asset loan classes.
Other expenses	4,115	3,543	9,131	6,576	Represents primarily servicing fees paid to third parties. Also includes certain professional and legal fees. Increase in 2023 compared with 2022 was due to incurring additional professional fees as the Company actively expands into new asset loan classes.
Intersegment expenses	8,145	8,513	16,841	17,344	Represents fees paid to LSS for the servicing of AGM's loan portfolio. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services.
Total operating expenses	13,356	12,670	27,823	25,125	Total operating expenses were 39 basis points and 31 basis points of the average balance of loans for the three months ended June 30, 2023 and 2022, respectively, and 40 basis points and 30 basis points for the six months ended June 30, 2023 and 2022, respectively. The increase in operating expenses as a percent of the average balance of loans in 2023 compared with 2022 was due to an increase in costs as the Company actively expands into new asset loan classes.
Income before income taxes	17,704	99,348	17,482	312,777	
Income tax expense	(4,249)	(23,844)	(4,196)	(75,066)	Represents income tax expense at an effective tax rate of 24%.
Net income	$ 13,455	75,504	13,286	237,711	
Additional information:					
Net income	$ 13,455	75,504	13,286	237,711	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.
Derivative market value adjustments, net	(897)	(40,401)	36,515	(186,135)	
Tax effect	215	9,696	(8,764)	44,672	
Net income, excluding derivative market value adjustments	$ 12,773	44,799	41,037	96,248	

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."

	Three months ended June 30,		Six months ended June 30,		
	2023	2022	2023	2022	Additional information
Variable interest income, gross	$ 262,771	146,911	509,364	262,663	Increase in 2023 compared with 2022 was 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	(27,211)	(34,952)	(55,610)	(71,723)	Decrease in 2023 compared with 2022 was due to a decrease in the average consolidation loan balance.
Discount accretion, net of premium and deferred origination costs amortization	1,890	1,474	3,497	2,934	Net discount accretion is due to the Company's purchases of loans at a net discount over the last several years.
Variable interest income, net	237,450	113,433	457,251	193,874	
Interest on bonds and notes payable	(218,602)	(68,616)	(400,665)	(113,825)	Increase in 2023 compared with 2022 was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the second quarter of 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.
Derivative settlements, net (a)	(65)	931	794	1,327	Represents net derivative settlements (paid) received related to the Company’s 1:3 basis swaps.
Variable loan interest margin, net of settlements on derivatives	18,783	45,748	57,380	81,376	
Fixed rate floor income, gross	456	18,292	1,567	47,285	Decrease in 2023 compared with 2022 was due to higher interest rates.
Derivative settlements, net (a)	47	3,692	22,525	487	Represents net derivative settlements received related to the Company's floor income interest rate swaps. On March 15, 2023, to minimize the Company's exposure to market volatility, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income. The decrease in net derivative settlements received by the Company during the three months ended June 30, 2023, compared with the same period in 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 the six months ended June 30, 2023, compared with the same period in 2022, was due to an increase in settlements on the Company's derivatives outstanding during this period as a result of an increase in interest rates.
Fixed rate floor income, net of settlements on derivatives	503	21,984	24,092	47,772	
Core loan interest income (a)	19,286	67,732	81,472	129,148	
Investment interest	15,857	8,671	29,664	17,835	Increase in 2023 compared with 2022 was due to an increase of interest earned on restricted cash due to higher interest rates.
Intercompany interest	(13,711)	(1,092)	(20,846)	(1,886)	Increase in 2023 compared with 2022 was due to an increase in the balance of borrowings and higher rates.
(Provision) negative provision for loan losses - federally insured loans	—	(2,365)	(2,411)	383	The primary item impacting provision for loan losses was the establishment of an initial allowance for consumer loans acquired during the periods presented.
(Provision) for loan losses - private education loans	—	(1,217)	(240)	(817)	For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.
(Provision) for loan losses - consumer and other loans	(8,099)	(5,245)	(37,306)	(7,529)	
Net interest income after provision for loan losses (net of settlements on derivatives) (a)	$ 13,333	66,484	50,333	137,134	Decrease in 2023 compared with 2022 was due to (i) a decrease in the average balance of loans; (ii) a decrease in core loan spread, primarily related to the termination of floor interest rate swaps in March 2023; (iii) the recognition of a $25.9 million non-cash expense from the write-off of a debt discount associated with bonds redeemed prior to their maturity; and (iv) an increase in provision for loan losses related to an initial allowance for consumer loans acquired during the periods presented. These items were partially offset by an increase in investment interest income due to higher interest rates.

(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 (a) to the table immediately under the caption “Loan Spread Analysis” above. See note 4 of the notes to consolidated financial statements included under Part I, Item 1 of 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 and 2022 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 4 and in this table.

NELNET BANK OPERATING SEGMENT – RESULTS OF OPERATIONS

Loan Portfolio

As of June 30, 2023, Nelnet Bank had a $444.5 million loan portfolio, consisting of $352.3 million of private education loans, $61.5 million of FFELP loans, and $30.7 million of consumer and other loans.

For a summary of the allowance as a percentage of the ending balance and loan status, delinquency amounts, and other key credit quality indicators of each of Nelnet Bank's loan portfolios as of June 30, 2023 and December 31, 2022; and the activity in Nelnet Bank's allowance for loan losses and net charge-offs as a percentage of average loans for the three and six months ended June 30, 2023 and 2022, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Beginning balance	$ 439,007	368,257	419,795	257,901
Loan originations:				
Private education loans	7,359	75,204	21,585	205,546
Consumer and other loans	13,168	—	32,800	—
Total loan originations	20,527	75,204	54,385	205,546
Repayments	(15,046)	(17,373)	(29,575)	(35,767)
Loans sold to AGM	—	(2,535)	(117)	(4,127)
Ending balance	$ 444,488	423,553	444,488	423,553

Deposits

As of June 30, 2023, Nelnet Bank had $871.4 million of deposits. All of Nelnet Bank's deposits are interest-bearing deposits and consist of brokered certificates of deposit (CDs) and retail and other savings deposits and CDs. Retail and other saving 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.

Nelnet Bank's deposits include $140.4 million from Nelnet, Inc. (the parent company) and its subsidiaries (intercompany), and thus eliminated for consolidated financial reporting purposes. The intercompany deposits include a pledged deposit of $40.0 million from Nelnet, Inc. as required under the Capital and Liquidity Maintenance Agreement with the FDIC, deposits required for intercompany transactions, operating and savings deposits, and NBS custodial deposits consisting of collected tuition payments 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.

	Three months ended June 30, (a)				Six months ended June 30, (a)			
	2023		2022		2023		2022	
	Balance	Rate	Balance	Rate	Balance	Rate	Balance	Rate
Average assets								
Federally insured student loans	$ 62,476	6.38 %	$ 80,424	2.18 %	$ 63,559	6.15 %	$ 82,832	1.79 %
Private education loans	354,124	3.75	331,584	3.08	354,907	3.68	280,542	3.01
Consumer and other loans	25,530	13.11	—	—	16,469	12.93	—	—
Cash and investments	541,618	6.31	354,336	2.53	541,069	6.13	309,965	2.16
Total interest-earning assets	983,748	5.57 %	766,344	2.73 %	976,004	5.36 %	673,339	2.47 %
Non-interest-earning assets	7,992		17,144		8,654		16,214	
Total assets	$ 991,740		$ 783,488		$ 984,658		$ 689,553	
Average liabilities and equity								
Brokered deposits	$ 204,158	1.37 %	$ 249,830	1.31 %	$ 204,781	1.38 %	$ 197,783	1.27 %
Intercompany deposits	149,120	6.54	137,812	0.83	168,388	5.67	104,380	0.62
Retail and other deposits	507,701	3.98	287,656	0.75	480,009	3.89	278,393	0.68
Total interest-bearing liabilities	860,979	3.77 %	675,298	0.97 %	853,178	3.62 %	580,556	0.87 %
Non-interest-bearing liabilities	4,890		5,226		5,247		5,509	
Equity	125,871		102,964		126,233		103,488	
Total liabilities and equity	$ 991,740		$ 783,488		$ 984,658		$ 689,553	

(a) Calculated using average daily balances.

Summary and Comparison of Operating Results

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022	Additional information
Total interest income	$ 13,661	5,212	25,920	8,241	Represents interest earned on loans, cash, and investments. Increase in 2023 compared with 2022 was due to an increase of these balances and interest rates.
Interest expense	8,171	1,639	15,385	2,494	Represents interest expense on deposits. Increase in 2023 compared with 2022 was due to an increase of deposits and interest rates.
Net interest income	5,490	3,573	10,535	5,747	
Provision for loan losses	1,493	582	3,910	1,011	Increase in provision for loan losses was due to the mix of loans, including the mix of loans originated in 2023 compared with 2022. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.
Net interest income after provision for loan losses	3,997	2,991	6,625	4,736	
Other income	620	157	830	1,659	Represents primarily net gains and income from investments.
Derivative settlements, net	83	—	83	—	During the second quarter of 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	1,108	—	1,108	—	
Total other income/expense	1,811	157	2,021	1,659	
Salaries and benefits	2,297	1,714	4,361	3,268	Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increase in 2023 compared with 2022 was due to the overall growth of Nelnet Bank activities.
Depreciation	51	4	56	7	
Other expenses	1,624	899	2,406	1,584	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. Increase in 2023 compared with 2022 was due to the overall growth of Nelnet Bank activities.
Intersegment expenses	92	57	173	102	Represents primarily servicing costs paid to LSS. Certain shared service and support costs incurred by the Company to support Nelnet Bank are not and will not be reflected as part of Nelnet Bank through 2023 (when the bank's de novo period will end). The shared service and support costs incurred by the Company related to Nelnet Bank and not reflected in the bank's operating segment were $1.8 million and $1.5 million for the three months ended June 30, 2023 and 2022, respectively, and $3.5 million and $2.8 million for the six months ended June 30, 2023 and 2022, respectively.
Total operating expenses	4,064	2,674	6,996	4,961	
Income before income taxes	1,744	474	1,650	1,434	
Income tax expense	(396)	(106)	(362)	(328)	Represents income tax expense at an effective tax rate of 22.7% and 22.3% for the three months ended June 30, 2023 and 2022, respectively, and 21.9% and 22.9% for the six months ended June 30, 2023 and 2022, respectively.
Net income	$ 1,348	368	1,288	1,106	
Additional information:					
Net income	$ 1,348	368	1,288	1,106	
Derivative market value adjustments, net	(1,108)	—	(1,108)	—	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	266	—	266	—	
Net income, excluding derivative market value adjustments	$ 506	368	446	1,106	

CORPORATE AND OTHER ACTIVITIES – RESULTS OF OPERATIONS

Other business activities and operating segments that are not reportable 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 (c)							
	Shared services (a)	WRCM (b)	Tax equity investments / syndication / administration	GRNE Solar	ALLO investment (d)	Real estate investments (e)	Venture capital investments (f)	Interest income/expense, net (g)	Other	Total
	Three months ended June 30, 2023									
Interest income	$ —	3	—	59	—	141	1,214	24,459	(21)	25,855
Interest expense	—	—	—	(422)	—	—	—	(7,527)	(293)	(8,242)
Net interest income	—	3	—	(363)	—	141	1,214	16,932	(314)	17,613
Solar construction revenue	—	—	—	4,735	—	—	—	—	—	4,735
Other, net	921	1,638	(7,929)	58	(9,711)	(1,089)	(957)	192	7,324	(9,553)
Impairment expense	—	—	—	—	—	—	—	—	—	—
Cost to provide solar construction services	—	—	—	(9,122)	—	—	—	—	—	(9,122)
Salaries and benefits	(23,003)	(53)	(878)	(1,471)	—	(57)	(226)	—	(1,277)	(26,965)
Depreciation and amortization	(9,218)	—	—	(1,581)	—	(8)	—	—	(116)	(10,923)
Other expenses	(9,820)	(82)	(97)	47	(1,375)	(31)	(20)	(424)	(4,945)	(16,747)
Intersegment expenses, net	27,145	(3)	(754)	(539)	—	(93)	(12)	(97)	387	26,034
Income (loss) before income taxes	(13,975)	1,503	(9,658)	(8,236)	(11,086)	(1,137)	(1)	16,603	1,059	(24,928)
Income tax (expense) benefit	3,354	(324)	461	1,597	2,661	267	—	(3,985)	(1,464)	2,567
Net (income) loss attributable to noncontrolling interests	—	(151)	7,737	1,582	—	23	—	—	—	9,191
Net income (loss)	$ (10,621)	1,028	(1,460)	(5,057)	(8,425)	(847)	(1)	12,618	(405)	(13,170)
	Three months ended June 30, 2022									
Interest income	$ —	—	—	—	—	318	106	5,683	128	6,235
Interest expense	—	—	—	—	—	—	—	(3,220)	(432)	(3,652)
Net interest income	—	—	—	—	—	318	106	2,463	(304)	2,583
Solar construction revenue	—	—	—	—	—	—	—	—	—	—
Other, net	461	1,482	(1,854)	—	(14,801)	3,756	17,293	(2,568)	2,978	6,747
Impairment expense	(875)	—	—	—	—	—	(5,409)	—	—	(6,284)
Cost to provide solar construction services	—	—	—	—	—	—	—	—	—	—
Salaries and benefits	(21,547)	(56)	(308)	—	(71)	(55)	(153)	—	(1,539)	(23,729)
Depreciation and amortization	(10,159)	—	—	—	—	—	—	—	(71)	(10,230)
Other expenses	(9,262)	(82)	(258)	—	—	11	(23)	(692)	(1,935)	(12,241)
Intersegment expenses, net	24,147	(3)	(3)	—	—	(95)	—	(55)	(446)	23,545
Income (loss) before income taxes	(17,235)	1,341	(2,423)	—	(14,872)	3,935	11,814	(852)	(1,317)	(19,609)
Income tax (expense) benefit	4,136	(290)	28	—	3,569	(942)	(2,835)	204	1,358	5,228
Net (income) loss attributable to noncontrolling interests	—	(134)	2,305	—	—	(8)	—	—	9	2,172
Net income (loss)	$ (13,099)	917	(90)	—	(11,303)	2,985	8,979	(648)	50	(12,209)

	Shared services (a)	WRCM (b)	Nelnet Renewable Energy (c)		ALLO investment (d)	Real estate investments (e)	Venture capital investments (f)	Interest income/expense, net (g)	Other	Total
			Tax equity investments / syndication / administration	GRNE Solar						
					Six months ended June 30, 2023					
Interest income	$ —	5	—	100	—	282	1,884	44,696	87	47,054
Interest expense	—	—	—	(695)	—	—	—	(19,504)	(361)	(20,560)
Net interest income	—	5	—	(595)	—	282	1,884	25,192	(274)	26,494
Solar construction revenue	—	—	—	13,386	—	—	—	—	—	13,386
Other, net	1,547	3,250	(9,877)	102	(27,575)	(289)	(890)	(3,749)	10,194	(27,287)
Impairment expense	—	—	—	—	—	—	—	—	—	—
Cost to provide solar construction services	—	—	—	(17,422)	—	—	—	—	—	(17,422)
Salaries and benefits	(46,387)	(109)	(1,885)	(2,667)	(30)	(138)	(403)	—	(2,765)	(54,384)
Depreciation and amortization	(18,048)	—	—	(2,198)	—	(14)	—	—	(194)	(20,454)
Other expenses	(20,386)	(163)	(918)	(901)	(1,363)	(47)	(185)	(2,642)	(3,753)	(30,358)
Intersegment expenses, net	56,310	(6)	(739)	(1,051)	—	(188)	(22)	(194)	(288)	53,822
Income (loss) before income taxes	(26,964)	2,977	(13,419)	(11,346)	(28,968)	(394)	384	18,607	2,920	(56,203)
Income tax (expense) benefit	6,471	(643)	667	2,207	6,953	87	(92)	(4,466)	(1,836)	9,348
Net (income) loss attributable to noncontrolling interests	—	(297)	10,640	2,151	—	29	—	—	—	12,523
Net income (loss)	$ (20,493)	2,037	(2,112)	(6,988)	(22,015)	(278)	292	14,141	1,084	(34,332)
					Six months ended June 30, 2022					
Interest income	$ —	—	—	—	—	607	106	9,286	228	10,227
Interest expense	—	—	—	—	—	—	—	(4,965)	(713)	(5,678)
Net interest income	—	—	—	—	—	607	106	4,321	(485)	4,549
Solar construction revenue	—	—	—	—	—	—	—	—	—	—
Other, net	1,150	2,763	(2,723)	—	(25,815)	8,228	22,195	(3,432)	5,506	7,872
Impairment expense	(875)	—	—	—	—	—	(5,409)	—	—	(6,284)
Cost to provide solar construction services	—	—	—	—	—	—	—	—	—	—
Salaries and benefits	(43,415)	(111)	(566)	—	(155)	(165)	(392)	—	(2,938)	(47,742)
Depreciation and amortization	(19,774)	—	—	—	—	—	—	—	(140)	(19,914)
Other expenses	(21,523)	(182)	(360)	—	(24)	9	(46)	(1,141)	(2,778)	(26,045)
Intersegment expenses, net	49,902	(6)	(6)	—	—	(190)	—	(111)	(648)	48,941
Income (loss) before income taxes	(34,535)	2,464	(3,655)	—	(25,994)	8,489	16,454	(363)	(1,483)	(38,623)
Income tax (expense) benefit	8,288	(533)	(125)	—	6,238	(2,034)	(3,949)	87	3,854	11,826
Net (income) loss attributable to noncontrolling interests	—	(246)	4,174	—	—	(14)	—	—	20	3,934
Net income (loss)	$ (26,247)	1,685	394	—	(19,756)	6,441	12,505	(276)	2,391	(22,863)

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

(b) The Company provides investment advisory services through Whitetail Rock Capital Management, LLC (WRCM), the Company's SEC-registered investment advisor subsidiary, under various arrangements. WRCM earned management fees of $1.6 million and $1.5 million during the three months ended June 30, 2023 and 2022, respectively, and $3.2 million and $2.7 million during the six months ended June 30, 2023 and 2022, respectively. Fees earned by WRCM are included in "other, net" in the table above.

(c) Nelnet Renewable Energy, which includes solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar development. As of June 30, 2023, the Company has invested a total of $312.9 million (which includes $120.0 million syndicated to third-party investors) in solar tax equity investments. Due to the management and control of each of these investment partnerships, the 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 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 $7.9 million and $1.9 million during the three months ended June 30, 2023 and 2022, respectively, and $9.9 million and $2.9 million during the six months ended June 30, 2023 and 2022, 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 $7.4 million and $2.0 million for the three months ended June 30, 2023 and 2022, respectively, and $10.1 million and $3.9 million for the six months ended June 30, 2023 and 2022, respectively, and are reflected in “net (income) loss attributable to noncontrolling interests” in the table above.

Nelnet Renewable Energy syndicates tax equity investments to third parties and earns management and performance fees. Management fee income recognized by Nelnet Renewable Energy was $0.3 million and $0.2 million for the three months ended June 30, 2023 and 2022, respectively, and $0.6 million and $0.4 million for the six months ended June 30, 2023 and 2022, respectively, which is included in "other, net" in the table above.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets. As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest in two subsidiaries of GRNE Solutions, LLC named GRNE-Nelnet, LLC (GRNE) and ENRG-Nelnet, LLC (ENRG) (collectively referred to as “GRNE Solar”).

GRNE is a solar contracting 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. As existing contracts are completed and revenue from new projects grows as a percent of overall revenue, the Company expects margin to improve in future periods.

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

The Company accounts for its approximately 45% voting membership interests in ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO") under the HLBV method of accounting. The Company recognized losses under the HLBV method of accounting on its ALLO voting membership interests investment of $12.2 million and $16.9 million during the three months ended June 30, 2023 and 2022, respectively, and $32.4 million and $30.1 million during the six months ended June 30, 2023 and 2022, respectively. These amounts are reflected in “other, net” in the table above.

As of June 30, 2023, the outstanding preferred membership interests and accrued and unpaid preferred return of ALLO held by the Company was $145.9 million and $4.5 million, respectively. The preferred membership interests of ALLO held by the Company earn a preferred annual return of 6.25%. The Company recognized income on its ALLO preferred membership interests of $2.3 million and $2.1 million during the three months ended June 30, 2023 and 2022, respectively, and $4.5 million and $4.3 million during the six months ended June 30, 2023 and 2022, respectively. These amounts are reflected in “other, net” in the table above.

As part of the ALLO recapitalization transaction, the Company and SDC entered into an agreement, in which the Company has contingent payment obligation to pay SDC a contingent payment amount of $25.0 million to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. The Company recognized an expense of $1.4 million associated with this obligation for the three months ended June 30, 2023, which is included in “other expenses” in the table above.

(e) Represents the operating results of the Company’s real estate investments and the administrative costs to manage this portfolio.

(f) Represents the operating results of the Company’s venture capital investments and the administrative costs to manage this portfolio. In April 2022, the Company recognized a $15.2 million gain as a result of 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.

(g) Represents interest income earned on cash and investment debt securities (primarily student loan and other asset-backed securities), interest expense incurred on unsecured and certain other corporate related debt transactions, unrealized gains/losses on marketable equity securities, realized gains/losses on marketable equity securities and investment debt securities, and other costs to manage these investments and facilities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's Loan Servicing and Systems, and Education Technology, Services, and Payment Processing 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 to Nelnet Bank during 2022. 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.

Sources of Liquidity

As of June 30, 2023, the Company's sources of liquidity included:

Cash and cash equivalents	$	121,769
Less: Cash and cash equivalents held at Nelnet Bank (1)		(15,629)
Net cash and cash equivalents		106,140
Available-for-sale (AFS) debt securities (investments) - at fair value		1,048,074
Less: AFS debt securities held at Nelnet Bank - at fair value (1)		(376,269)
AFS debt securities serving as collateral on participation agreement - at fair value (2)		(6,303)
AFS debt securities serving as collateral on repurchase agreements - at fair value (3)		(281,846)
AFS restricted debt securities - at fair value		(15,956)
Unencumbered AFS debt securities (investments) - at fair value		367,700
Unencumbered private, consumer, and other loans (Non-Nelnet Bank) - at par		231,107
Repurchased Nelnet issued asset-backed debt securities - at par (not included on consolidated financial statements) (4)		253,731
Less: Repurchased Nelnet issued asset-backed debt securities serving as collateral on repurchase agreements - at par		(197,500)
Unencumbered repurchased Nelnet issued asset-backed debt securities - at par		56,231
Unused capacity on unsecured line of credit (5)		495,000
Sources of liquidity as of June 30, 2023	$	1,256,178

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

(2) See the caption "Other Debt Facilities" below.

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

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

(5) The Company has a $495.0 million unsecured line of credit that matures on September 22, 2026. As of June 30, 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 six months ended June 30, 2023 and 2022, the Company generated $199.0 million and $483.7 million, respectively, in cash from operating activities. The decrease in 2023 compared with 2022 was due to:

- A decrease in net income;
- Payments to the Company's clearinghouse for margin payments on derivatives for the six months ended June 30, 2023 compared with proceeds received in 2022;
- Adjustments to net income for the impact of the non-cash change in deferred income taxes and gain on sale of loans; and
- A decrease in net proceeds from the sale of equity securities in 2023 compared to 2022.

These factors were partially offset by:

- An increase in proceeds from termination of derivative instruments in 2023 compared with 2022;
- Adjustments to net income for derivative market value adjustments, the impact of provision for loan losses, and loss on investments;
- An increase of non-cash depreciation and amortization during the six months ended June 30, 2023 compared with the same period in 2022; and
- The impact of changes to accounts receivable during the six months ended June 30, 2023 compared with the same period in 2022.

The primary items included in the statement of cash flows for investing activities are the purchase, origination, and repayment of loans and the purchase and sale of available-for-sale securities. 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 six months ended June 30, 2023 was $890.3 million and $1.6 billion, respectively. Cash provided by investing activities and used in financing activities for the six months ended June 30, 2022 was $837.0 million and $1.3 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 June 30, 2023	
	Carrying amount	Final maturity
Bonds and notes issued in asset-backed securitizations	$ 11,141,183	8/26/30 - 9/25/69
FFELP, private education, and consumer loan warehouse facilities	1,604,953	12/31/23 - 11/14/25
	$ 12,746,136	

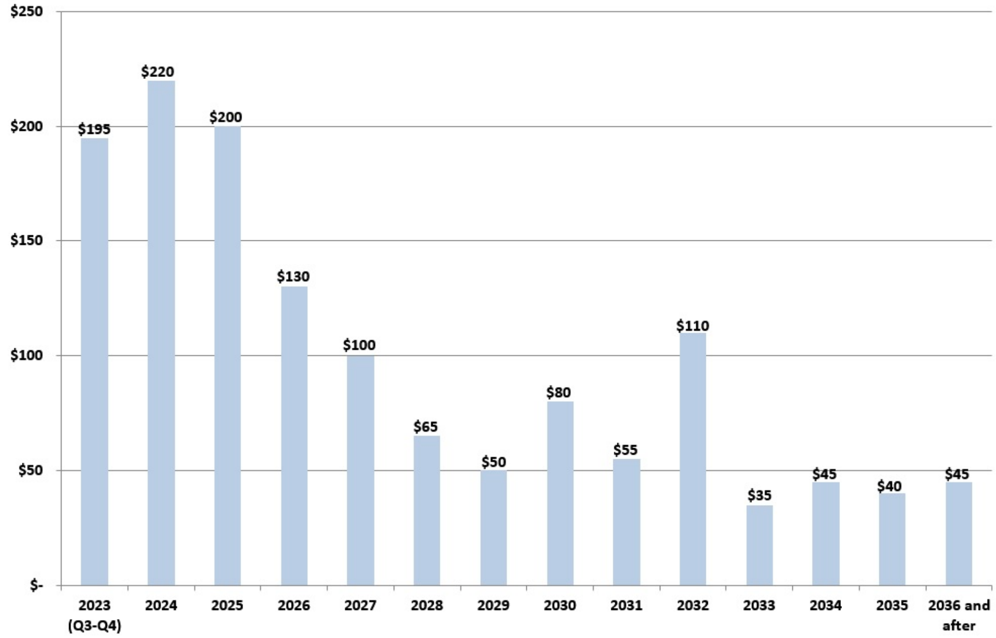
Bonds and Notes Issued in Asset-backed Securitizations

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 June 30, 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 $1.37 billion as detailed below.

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 June 30, 2023. As of June 30, 2023, AGM had $11.3 billion of loans included in asset-backed securitizations, which represented 85.6% 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 June 30, 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
$1.37 billion
(dollars in millions)



The forecasted future undiscounted cash flows of approximately $1.37 billion include approximately $0.84 billion (as of June 30, 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" and "restricted cash." The difference between the total estimated future undiscounted cash flows and the overcollateralization of approximately $0.53 billion, or approximately $0.40 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 June 30, 2023 balance of consolidated shareholders' equity.

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. If the federal government and the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, consolidation loan programs, or further extend the suspension of borrower payments under the CARES Act, such initiatives could significantly increase prepayments. See note 12 of the notes to the consolidated financial statements included in Part I, Item 1 of this report for additional details regarding the federal government's actions with respect to student loan forgiveness and cancellations.

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 July 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.

See Part I, Item 1A, "Risk Factors - Loan Portfolio - Prepayments risk" in the Company's 2022 Annual Report 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	$0.10 billion	$1.27 billion
4x	$0.26 billion	$1.11 billion
10x	$0.47 billion	$0.90 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 $0.84 billion (as of June 30, 2023); however, the Company would not receive the $0.53 billion ($0.40 billion after tax) of estimated future earnings from the portfolio.

Interest rates: The Company funds a large portion of its student loans with three-month LIBOR indexed floating rate securities. Meanwhile, the interest earned on the Company's student loan assets is indexed primarily to a one-month LIBOR rate. The different interest rate characteristics of the Company's loan assets and liabilities funding these assets result in basis risk. The Company's cash flow forecast assumes three-month LIBOR will exceed one-month LIBOR by 12 basis points for the life of the portfolio, which approximates the historical relationship between these indices. If the forecast is computed assuming a spread of 24 basis points between three-month and one-month LIBOR for the life of the portfolio, the cash flow forecast would be reduced by approximately $40 million to $65 million. The Company attempts to mitigate the impact of this basis risk by entering into certain derivative instruments.

The Company uses the current forward interest rate yield curve to forecast cash flows. A change in the forward interest rate curve would impact the future cash flows generated from the portfolio. See Item 3, "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.

On June 30, 2023, LIBOR was discontinued as a benchmark rate. See Item 3, "Quantitative and Qualitative Disclosures About Market Risk - LIBOR Transition" in this report and Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate" in the Company's 2022 Annual Report. The Company does not expect the replacement of LIBOR as a benchmark rate to significantly impact its asset-backed securitization cash flow forecast.

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. For a summary of the Company's warehouse facilities see note 3 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

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

Other Uses of Liquidity

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

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

Repurchase Agreements

In December 2020, Wells Fargo announced the sale of its approximately $10.0 billion 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 sheets as "investments and notes receivable" and as of June 30, 2023, the fair value of these bonds was $281.8 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.

As of June 30, 2023, $415.5 million was outstanding on the Company's two repurchase agreements, of which $257.2 million was borrowed to fund private education loan securitization bonds subject to the Company’s risk retention requirement and $158.3 million was borrowed to fund repurchased FFELP loan asset-backed securities. The repurchase agreements have various maturity dates (as of June 30, 2023) from July 26, 2023 through November 27, 2024. Subsequent to June 30, 2023, the Company paid down the outstanding balance of one of the facilities, and as of August 7, 2023, the maturity dates on the remaining facility vary from November 20, 2023 through November 27, 2024. The remaining facility is subject to early termination upon required notice provided by the Company or the applicable counterparty prior to the maturity dates. The Company is required to pay additional cash 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 expiration of the remaining repurchase agreement, the Company would use cash and/or cash proceeds from its unsecured line of credit, consider the sale of assets (subject to any restrictions described above), or transfer collateral to satisfy any outstanding obligations subject to the repurchase agreements.

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 June 30, 2023, $262.7 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

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

There were no asset-backed securitization transactions completed during the six months ended June 30, 2023.

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 to Nelnet Bank during 2022. 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 June 30, 2023 with a leverage ratio of 12.7%. 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.

Nelnet Bank has a portfolio of asset-backed securities investments that were accounted for and classified as available-for-sale. Accordingly, these securities were carried at fair value, with the changes in fair value, net of taxes, carried as a separate component of equity. To reduce Nelnet Bank's market exposure related to decreases in fair value on these investments, 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 the date of the transfer (March 31, 2023) included pre-tax unrealized losses of $3.7 million. These unrealized losses will be amortized, consistent with the amortization of any discounts on such securities, over the remaining lives of the respective securities as an adjustment of yield.

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 June 30, 2023, the Company has invested a total of $312.9 million (which includes $120.0 million syndicated to third-party investors) in tax equity investments in renewable energy solar partnerships. These investments provide a federal income tax credit under the Internal Revenue Code, equaling either 26% or 30% of the eligible project costs, 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 June 30, 2023, the Company is committed to fund an additional $319.2 million on tax equity investments, of which $120.5 million is expected to be provided by syndication partners.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. These assets provide long-term, predictable, and recurring cash flows. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets. 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 June 30, 2023, the outstanding preferred membership interests of ALLO held by the Company was $145.9 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. As of June 30, 2023 the accrued and unpaid preferred return was $4.5 million. 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 $25.0 million to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. As of June 30, 2023, the estimated fair value of the contingent payment is $9.0 million.

In June 2023, ALLO closed on an asset-backed securities transaction with an aggregate size of $576.0 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, 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 June 30, 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.

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 June 30, 2023, the unsecured line of credit had no amount outstanding and $495.0 million was available for future use. Upon the maturity date of this facility, there can be no assurance that the Company will be able to maintain this line of credit, increase or maintain the amount outstanding under the line, or find alternative funding if necessary.

During 2020, the Company entered into 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 federally insured student loan asset-backed securities. As of June 30, 2023, $6.8 million (par value) of student loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. This participation agreement has been accounted for by the Company as a secured borrowing. Upon termination or expiration of this agreement, the Company would expect to use operating cash, consider the sale of assets, or transfer collateral to satisfy any remaining obligations.

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. No shares were repurchased under this program during the first half of 2023. As of June 30, 2023, 4,467,021 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.

During the first half of 2023, the Company repurchased 41,247 shares owned and tendered by employees to satisfy tax withholding obligations upon the vesting of restricted shares. These repurchased shares are excluded from the Company's repurchase program. See "Stock Repurchases" under Part II, Item 2 of this report.

Dividends

On June 15, 2023, the Company paid a second quarter 2023 cash dividend on the Company's Class A and Class B common stock of $0.26 per share. In addition, the Company's Board of Directors has declared a third quarter 2023 cash dividend on the Company's outstanding shares of Class A and Class B common stock of $0.26 per share. The third quarter cash dividend will be paid on September 15, 2023 to shareholders of record at the close of business on September 1, 2023.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses the Company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. The Company bases its estimates and judgments on historical experience and on various other factors that the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions. Note 3 of the notes to consolidated financial statements included in the Company's 2022 Annual 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, as discussed further under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Allowance for Loan Losses" in the Company's 2022 Annual Report. For additional information regarding changes in the Company's allowance for loan losses for the three and six months ended June 30, 2023 and 2022, see the caption "Activity in the Allowance for Loan Losses" in note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. There have been no material changes to the Company's critical accounting policy and estimate since December 31, 2022.

RECENT ACCOUNTING PRONOUNCEMENTS

Investments - Proportional Amortization Method

In March 2023, the FASB issued accounting guidance which permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. A reporting entity may make an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than at the reporting entity level or for individual investments. This guidance will be effective for the Company beginning January 1, 2024 with early adoption permitted. Management believes this pronouncement will not have a material impact on the Company's consolidated financial statements upon adoption.

ITEM 3. 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. When possible, the Company relied on fallback provisions or negotiated with counterparties to transition financial contracts from LIBOR to SOFR. Due to certain noteholder consent requirements, it was not practicable to modify certain of the Company's asset-backed securities transactions. 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 are currently indexed to USD LIBOR have transitioned, or will transition, to SOFR after June 30, 2023. Specifically, after June 30, 2023, the SAP formula for FFELP loans will transition to 30-day Average SOFR and the Company's LIBOR-indexed FFELP asset-backed securities will also transition 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 Part I, Item 2, "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 will transition to the fallback rate (SOFR) as defined in the individual agreements and/or published industry guidelines, as applicable. 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" in the Company's 2022 Annual Report 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 June 30, 2023		As of December 31, 2022	
	Dollars	Percent	Dollars	Percent
Fixed-rate loan assets	$ 724,882	5.5 %	$ 1,339,900	9.5 %
Variable-rate loan assets	12,514,243	94.5	12,829,871	90.5
Total	$ 13,239,125	100.0 %	$ 14,169,771	100.0 %
Fixed-rate debt instruments	$ 538,762	4.2 %	$ 617,083	4.5 %
Variable-rate debt instruments	12,207,374	95.8	13,199,327	95.5
Total	$ 12,746,136	100.0 %	$ 13,816,410	100.0 %

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

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Fixed rate floor income, gross	$ 456	18,292	1,567	47,285
Derivative settlements (a)	47	3,692	22,525	487
Fixed rate floor income, net	$ 503	21,984	24,092	47,772

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

Gross fixed rate floor income decreased for the three and six months ended June 30, 2023 compared with the same periods in 2022 due to higher interest rates in 2023 compared with 2022.

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, 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 the three months ended June 30, 2023, compared with the same period in 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 the six months ended June 30, 2023, compared with the same period in 2022, was due to an increase in settlements on the Company's derivatives outstanding during this period as a result of an increase in interest rates.

The following table shows AGM's federally insured student loan assets that were earning fixed rate floor income as of June 30, 2023.

Fixed interest rate range	Borrower/lender weighted average yield	Estimated variable conversion rate (a)		Loan balance
7.5 - 7.99%	7.87%	5.23%	$	32,997
8.0 - 8.99%	8.20%	5.56%		256,171
≥ 9.0%	9.05%	6.41%		130,844
			$	420,012

(a) The estimated variable conversion rate is the estimated short-term interest rate at which loans would convert to a variable rate. As of June 30, 2023, the weighted average estimated variable conversion rate was 5.80% and the short-term interest rate was 518 basis points.

In June 2023, the Company entered into a derivative with a notional amount of $50.0 million and a maturity date in 2030 to hedge a portion of loans remaining that earn fixed rate floor income. Based on the terms of this derivative, the Company pays a weighted average fixed rate of 3.44% and receives payments based on SOFR that resets quarterly.

AGM is also exposed to interest rate risk in the form of basis risk and repricing 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 June 30, 2023.

Index	Frequency of variable resets		Assets	Funding of student loan assets
1 month LIBOR (a) (b)	Daily	$	12,002,100	—
3 month H15 financial commercial paper	Daily		414,602	—
3 month Treasury bill	Daily		403,040	—
1 month LIBOR (a)	Monthly		—	7,239,176
3 month LIBOR (a) (b)	Quarterly		—	3,255,282
Asset-backed commercial paper (c)	Varies		—	1,530,429
Fixed rate	—		—	519,156
Auction-rate (d)	Varies		—	91,335
Other (e)	—		1,248,304	1,432,668
		$	14,068,046	14,068,046

(a) Have transitioned, or will transition, to SOFR after June 30, 2023. See "LIBOR Transition" above.

(b) The Company has certain basis swaps outstanding in which the Company receives three-month LIBOR and pays one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps"). 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 June 30, 2023.

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

(i) The weighted average rate paid by the Company on the 1:3 Basis Swaps as of June 30, 2023 was one-month LIBOR plus 10.1 basis points.

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

(d) As of June 30, 2023, the Company was sponsor for $91.3 million of outstanding asset-backed securities that were set and provide for interest rates to be periodically reset via a "dutch auction" (the "Auction Rate Securities"). Since the auction feature has essentially been inoperable for substantially all auction rate securities since 2008, the Auction Rate Securities generally pay interest to the holder at a maximum rate as defined by the indenture. While these rates will vary, they will generally be based on a spread to LIBOR 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 facility.

LIBOR is in the process of being discontinued as a benchmark rate, and the market transition away from the current LIBOR framework could result in significant changes to the interest rate characteristics of the Company's LIBOR-indexed assets and funding for those assets. See "LIBOR Transition" above and Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate" in the Company's 2022 Annual Report for additional information.

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
	Three months ended June 30, 2023							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ 712	2.4 %	$ 3,029	10.2 %	$ 314	1.1 %	$ 3,762	12.7 %
Impact of derivative settlements (a)	33	0.1	99	0.3	(33)	(0.1)	(99)	(0.3)
Increase (decrease) in net income before taxes	$ 745	2.5 %	$ 3,128	10.5 %	$ 281	1.0 %	$ 3,663	12.4 %
Increase (decrease) in basic and diluted earnings per share	$ 0.02		$ 0.06		$ 0.01		$ 0.07	
	Three months ended June 30, 2022							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (5,927)	(5.4)%	$ (10,505)	(9.7)%				
Impact of derivative settlements	7,729	7.1	23,187	21.4				
Increase (decrease) in net income before taxes	$ 1,802	1.7 %	$ 12,682	11.7 %				
Increase (decrease) in basic and diluted earnings per share	$ 0.04		$ 0.26					
	Six months ended June 30, 2023							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ 1,484	2.4 %	$ 7,432	12.2 %	$ 390	0.6 %	$ 7,412	12.2 %
Impact of derivative settlements (a)	33	0.1	99	0.2	(33)	(0.1)	(99)	(0.2)
Increase (decrease) in net income before taxes	$ 1,517	2.5 %	$ 7,531	12.4 %	$ 357	0.5 %	$ 7,313	12.0 %
Increase (decrease) in basic and diluted earnings per share	$ 0.03		$ 0.15		$ 0.01		$ 0.15	
	Six months ended June 30, 2022							
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (16,068)	(4.6)%	$ (28,152)	(8.1)%				
Impact of derivative settlements	18,455	5.3	55,365	15.9				
Increase (decrease) in net income before taxes	$ 2,387	0.7 %	$ 27,213	7.8 %				
Increase (decrease) in basic and diluted earnings per share	$ 0.05		$ 0.55					

(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
	Three months ended June 30, 2023				Three months ended June 30, 2022			
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (1,182)	(4.0)%	$ (3,547)	(12.0)%	$ (1,199)	(1.1)%	$ (3,597)	(3.3)%
Impact of derivative settlements	785	2.7	2,356	8.0	1,222	1.1	3,664	3.4
Increase (decrease) in net income before taxes	$ (397)	(1.3)%	$ (1,191)	(4.0)%	$ 23	0.0 %	$ 67	0.1 %
Increase (decrease) in basic and diluted earnings per share	$ (0.01)		$ (0.02)		$ 0.00		$ 0.00	
	Six months ended June 30, 2023				Six months ended June 30, 2022			
Effect on earnings:								
Increase (decrease) in pre-tax net income before impact of derivative settlements	$ (2,295)	(3.8)%	$ (6,886)	(11.3)%	$ (2,461)	(0.7)%	$ (7,383)	(2.1)%
Impact of derivative settlements	1,562	2.6	4,686	7.7	2,677	0.8	8,028	2.3
Increase (decrease) in net income before taxes	$ (733)	(1.2)%	$ (2,200)	(3.6)%	$ 216	0.1 %	$ 645	0.2 %
Increase (decrease) in basic and diluted earnings per share	$ (0.01)		$ (0.04)		$ 0.00		$ 0.01	

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 June 30, 2023		As of December 31, 2022	
	Dollars	Percent	Dollars	Percent
Fixed-rate loan assets	$ 372,494		$ 341,776	
Fixed-rate investments	98,538		123,809	
Total fixed-rate assets	471,032	48.5 %	465,585	52.2 %
Variable-rate loan assets	71,994		78,019	
Variable-rate investments	428,571		347,559	
Total variable rate assets	500,565	51.5	425,578	47.8
Total assets	$ 971,597	100.0 %	$ 891,163	100.0 %
Fixed-rate deposits	$ 281,583	32.3 %	$ 336,040	42.6 %
Variable-rate deposits (a)	589,839	67.7	453,604	57.4
Total deposits	$ 871,422	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 4 of the notes to the consolidated financial statements included under Part I, Item 1 of this report for a summary of Nelnet Bank's derivatives outstanding as of June 30, 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.

	Average balance	Interest income/ expense	Average yields/ rates	Average balance	Interest income/ expense	Average yields/ rates
	Three months ended June 30,					
	2023			2022		
Investments:						
Asset-backed securities available-for-sale (a) (b)	$ 1,076,344	22,911	8.54 %	$ 1,258,770	5,104	1.63 %
Debt funding asset-backed securities available-for-sale:						
Participation agreement - variable rate (c)	$ 76,966	1,094	5.70 %	$ 352,804	1,384	1.57 %
Repurchase agreements - variable rate (d)	415,514	6,278	6.06	471,033	1,682	1.43
	$ 492,480	7,372	6.00	$ 823,837	3,066	1.49
	Six months ended June 30,					
	2023			2022		
Investments:						
Asset-backed securities available-for-sale (a) (b)	$ 1,194,475	41,699	7.04 %	$ 1,165,545	8,367	1.45 %
Debt funding asset-backed securities available-for-sale:						
Participation agreement - variable rate (c)	$ 230,889	6,153	5.37 %	$ 304,669	1,944	1.29 %
Repurchase agreements - variable rate (d)	463,637	13,046	5.67	437,537	2,713	1.25
	$ 694,526	19,199	5.57	$ 742,206	4,657	1.27

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

(b) The majority of the Company's asset-backed securities earn floating rates with expected returns of approximately LIBOR + 100 to 350 basis points to maturity. As of June 30, 2023, $258.1 million (par value) of the Company's asset-backed securities earn a weighted average fixed rate of 3.29%.

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

(d) Interest incurred by the Company on amounts borrowed under the repurchase agreements is at a variable rate of LIBOR + 70 to 90 basis points or SOFR + 75 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 June 30, 2023, the gross unrealized loss on the Company's available-for-sale debt securities was $37.1 million, and the aggregate fair value of available-for-sale debt securities with unrealized losses was $783.0 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 5 of the notes to consolidated financial statements included under Part I, Item 1 of this report for additional information.

ITEM 4. 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 June 30, 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 June 30, 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 June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes from the information referred to in the Legal Proceedings section of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 under Part I, Item 3 of such Form 10-K.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 in response to Part I, Item 1A of such Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Repurchases

The following table summarizes the repurchases of Class A common stock during the second 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.

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (b)	Maximum number of shares that may yet be purchased under the plans or programs (b)
April 1 - April 30, 2023	—	$ —	—	4,467,021
May 1 - May 31, 2023	260	91.89	—	4,467,021
June 1 - June 30, 2023	4,474	98.71	—	4,467,021
Total	4,734	$ 98.34	—	

(a) The total number of shares includes shares owned and tendered by employees to satisfy tax withholding obligations upon the vesting of restricted shares. 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) On May 9, 2022, the Company announced that its Board of Directors 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.

Working capital and dividend restrictions/limitations

The Company's $495.0 million unsecured line of credit, which is available through September 22, 2026, imposes restrictions on the payment of dividends through covenants requiring a minimum consolidated net worth and a minimum level of unencumbered cash, cash equivalent investments, and available borrowing capacity under the line of credit. In addition, trust indentures and other financing agreements governing debt issued by the Company's lending subsidiaries generally have limitations on the amounts of funds that can be transferred to the Company by its subsidiaries through cash dividends at certain times. Further, Nelnet Bank is subject to laws and regulations that restrict the ability of Nelnet Bank to pay dividends to the Company, and authorize regulatory authorities to prohibit or limit the payment of dividends by Nelnet Bank to the Company. These provisions do not currently materially limit the Company's ability to pay dividends, and, based on the Company's current financial condition and recent results of operations, the Company does not currently anticipate that these provisions will materially limit the future payment of dividends.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

The following table describes contracts, instructions, or written plans for the purchase or sale of the Company's securities adopted by the Company's directors or executive officers during the second quarter of 2023, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), referred to as Rule 10b5-1 trading plans.

Name and Title	Date of Adoption of Rule 10b5-1 Trading Plan	Scheduled Expiration Date of Rule 10b5-1 Trading Plan (a)	Aggregate Number of Securities to Be Purchased or Sold
Jona M. Van Deun *Director*	5/16/2023	9/15/2023	Sale of 785 shares of Class A common stock
William J. Munn *Corporate Secretary / Chief Governance Officer / General Counsel*	6/1/2023	6/1/2024	Sale of 2,500 shares of Class A common stock
Michael S. Dunlap *Executive Chairman*	6/7/2023	7/7/2024	Gift transfer of 40,000 shares of Class A common stock
Kathleen A. Farrell *Director*	6/16/2023	6/15/2024	Sale of 1,000 shares of Class A common stock

(a) In each case, a trading plan may also expire on such earlier date as all transactions under the trading plan are completed.

During the second quarter of 2023, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

10.1#	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.
10.2#	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.
10.3*+	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.
10.4*+	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.
10.5*	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.
31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer Jeffrey R. Noordhoek.
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer James D. Kruger.
32**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith
** Furnished herewith
\# Indicates a management contract or compensatory plan or arrangement.
\+ Filed herewith for purposes of providing a complete set of all amendment and restated documents to the Third Amended and Restated Credit Agreement among Nelnet, Inc., U.S. Bank National Association, as Administrative Agent, and the various lender parties thereto.

SIGNATURES

Pursuant to the requirements 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.

NELNET, INC.

Date:	August 7, 2023	By:	/s/ JEFFREY R. NOORDHOEK
		Name:	Jeffrey R. Noordhoek
		Title:	Chief Executive Officer Principal Executive Officer
Date:	August 7, 2023	By:	/s/ JAMES D. KRUGER
		Name:	James D. Kruger
		Title:	Chief Financial Officer Principal Financial Officer and Principal Accounting Officer

EXECUTION VERSION

AMENDMENT NO. 1

TO

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 1 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is entered into as of June 22, 2023, by and among NELNET, INC. (the "Borrower"), the Lenders (as defined in the Credit Agreement defined below) signatory hereto and U.S. BANK NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, the "Agent"). Capitalized terms used herein but not now defined herein shall have the meaning given such terms in the Credit Agreement (as defined below).

W I T N E S S E T H

WHEREAS, the Borrower, the Lenders and the Agent are party to that certain Third Amended and Restated Credit Agreement, dated as of September 22, 2021 (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "Credit Agreement"); and

WHEREAS, the Borrower, the Agent and the Lenders party hereto have agreed to make certain modifications to the Credit Agreement as more fully set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) The Credit Agreement, including the Pricing Schedule, Exhibit A and Exhibit C attached thereto, shall be amended as set forth in the marked terms on Annex I hereto. In Annex I hereto, deletions of text in the Credit Agreement are indicated by struck-through text (indicated in the same manner as the following example: ~~stricken text~~) and insertions of text are indicated by bold, underlined text (indicated in the same manner as the following example: **underlined text**). For the avoidance of doubt, none of the Schedules or Exhibits to the Credit Agreement not specifically identified in the first sentence of this paragraph shall be modified pursuant to this Amendment (but may be included in Annex I solely for reference).

(b) Notwithstanding anything to the contrary contained in this Amendment, the Credit Agreement or in any other Loan Document, all "Eurodollar Loans" outstanding as of the Amendment No. 1 Effective Date shall continue to accrue interest based on the "Adjusted LIBO Rate" applicable pursuant to the terms of the Credit Agreement as in effect immediately prior to giving effect to this Amendment solely until the expiration of the current "Interest Period" (as defined in the Credit Agreement as in effect immediately prior to giving effect to this Amendment) applicable thereto (at which time such Eurodollar Loans may be reborrowed as or converted to ABR Borrowings or Term SOFR Borrowings in accordance with Section 2.05 of the Credit Agreement, as amended by this Amendment); provided, however, that from and after the Amendment No. 1 Effective Date, the Applicable Margin to be applied to any such Eurodollar Loans shall be the Term SOFR Margin.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date hereof (the "Amendment No. 1 Effective Date") when, and only when, the Agent shall have received:

(a) an executed counterpart of this Amendment from the Borrower, each Lender and the Agent; and

(b) a fully executed copy of the Consent and Reaffirmation, dated as of the date hereof, by each Guarantor in the form of Annex II attached hereto; and

(c) payment by the Borrower of all fees and other amounts due and payable on or prior to the Amendment No. 1 Effective Date.

SECTION 3. Representations and Warranties. The Borrower hereby represents and warrants as follows as of the Amendment No. 1 Effective Date:

(a) This Amendment and the Credit Agreement, as amended by this Amendment, constitute legal, valid and binding obligations of such party enforceable against such party in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(b) As of the date hereof, and giving effect to the terms of this Amendment, there exists no Default or Event of Default and no Event of Fraud, and the representations and warranties contained in Article III of the Credit Agreement, as amended hereby, are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

SECTION 4. Reference to and the Effect on the Credit Agreement.

(a) On and after the Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement and each reference to the Credit Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Credit Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments or agreements executed and/or delivered in connection therewith.

(d) Neither the execution, delivery and acceptance of this Amendment nor any of the terms, covenants, conditions or other provisions set forth herein are intended, nor shall they be deemed or construed, to effect a novation of any liens or Obligations under the Credit Agreement or to pay, extinguish, release, satisfy or discharge (a) the Obligations under the Credit Agreement or (b) the liability of any Loan Party under the Credit Agreement or the other Loan Documents executed and delivered in connection therewith or any Obligations or other obligations evidenced thereby.

(e) This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

SECTION 5. Headings. Section headings in this Amendment are included herein for convenience only and shall not constitute a part of this Amendment for any other purpose.

SECTION 6. Execution in Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart to this Amendment by facsimile, electronic mail, portable document format (PDF) or similar means shall be effective as delivery of an original executed counterpart of this Amendment. The provisions set forth in Section 9.06 of the Credit Agreement are hereby incorporated, *mutatis mutandis*.

SECTION 7. Expenses. The Borrower shall pay all reasonable out-of-pocket expenses incurred by the Agent (including, without limitation, the reasonable fees, charges and disbursements of counsel to the Agent) incurred in connection with the preparation, negotiation and execution of this Amendment and any other document required to be furnished herewith.

SECTION 8. Severability. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9. Successors. The provisions of this Amendment shall be binding upon and inure to the benefit of the Borrower, the Agent and the Lenders and their respective successors and assigns.

SECTION 10. Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial. The provisions set forth in Sections 9.09 and 9.10 of the Credit Agreement are hereby incorporated, *mutatis mutandis*.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized signatories as of the date and year first above written.

NELNET, INC.

By: /s/ JIM KRUGER
Name: Jim Kruger
Title: Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Agent and a Lender

By: /s/ ROBERT BALFANY
Name: Robert Balfany
Title: Sr Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ PAUL J. JOHNSON
Name: Paul J. Johnson
Title: Director

ROYAL BANK OF CANADA,
as a Lender

By: /s/ SCOTT UMBS
Name: Scott Umbs
Title: Authorized Signatory

CITIBANK, N.A.
as a Lender

By: /s/ MARINA DONSKAYA
Name: Marina Donskaya
Title: Vice President

FIRST NATIONAL BANK OF OMAHA,
as a Lender

By: /s/ JOSH TRESEMER
Name: Josh Tresemer
Title: Sr. Director

BANK OF MONTREAL,
as a Lender

By: /s/ KAREN LOUIE
Name: Karen Louie
Title: Managing Director

BOKF, N.A., dba BOK Financial,
as a Lender

By: /s/ SARA E. LANCASTER
Name: Sara E. Lancaster
Title: Senior Vice President

ANNEX I

AMENDED CREDIT AGREEMENT

[Attached]

ANNEX I
~~EXECUTION VERSION~~

Deal CUSIP 64031YAC8
Revolving Loan CUSIP 64031YAD6

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF September 22, 2021
AND AMENDED AS OF June 22, 2023

AMONG

NELNET, INC.
THE LENDERS PARTY HERETO,

U.S. BANK NATIONAL ASSOCIATION
AS ADMINISTRATIVE AGENT,

WELLS FARGO BANK, NATIONAL ASSOCIATION
AS SYNDICATION AGENT,

ROYAL BANK OF CANADA
AS DOCUMENTATION AGENT,

AND

U.S. BANK NATIONAL ASSOCIATION AND
WELLS FARGO SECURITIES, LLC
AS JOINT LEAD ARRANGERS AND JOINT BOOK RUNNERS

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SCHEDULES:

EXHIBITS:

This THIRD AMENDED AND RESTATED CREDIT AGREEMENT (the "Agreement") dated as of September 22, 2021 and amended as of June 22, 2023, is among NELNET, INC., the LENDERS party hereto, U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent and U.S. BANK NATIONAL ASSOCIATION and WELLS FARGO SECURITIES, LLC, as Joint Lead Arrangers and Joint Book Runners.

The parties hereto agree as follows:

PRELIMINARY STATEMENT

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of December 16, 2019 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"); and

WHEREAS, the Borrower, the Lenders and the Administrative Agent have agreed to amend and restate the Existing Credit Agreement in its entirety.

NOW, THEREFORE, in consideration of the mutual covenants herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto acknowledge that the Existing Credit Agreement is hereby amended and restated in its entirety as of the date hereof as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"ABR Margin" has the meaning set forth in the Pricing Schedule.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going-concern business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Adjusted Daily Term SOFR Screen Rate" means, with respect to any Daily Term SOFR Loan, an interest rate per annum equal to the greater of (a) zero and (b) the sum of (i) the Daily Term SOFR Screen Rate plus (ii) the SOFR Adjustment.

"Adjusted EBITDA" means Consolidated Net Income *plus*, to the extent deducted from revenues in determining Consolidated Net Income and without duplication, (i) Corporate Debt Interest, (ii) expense for taxes paid in cash or accrued, (iii) depreciation, (iv) amortization (including loan premiums/discounts and deferred origination costs), (v) unusual and non-recurring non-cash expenses, charges or losses incurred other than in the ordinary course of business (including the write-off of goodwill), (vi) non-cash expenses related to stock based compensation, (vii) the unrealized derivatives market value adjustment for such period (if negative), ~~and~~ (viii) ~~the~~proceeds (if any) realized on termination of derivative instruments and (ix) the unrealized foreign currency transaction adjustment related to the remeasurement of foreign currency denominated debt for such period (if negative), *minus*, to the extent included in Consolidated Net Income, (1) unusual and non-recurring income or gains realized other than in the ordinary course of business, (2) income tax credits and refunds (to the extent not netted from tax expense), (3) any cash payments made during such period in respect of items described in clauses (v) or (vi) above subsequent to the fiscal quarter in which the relevant non-cash expenses, charges or losses were incurred, (4) the amount of variable-rate floor income during such period, (5) the unrealized derivatives market value adjustment for such period (if positive)~~ and~~, (6) payments (if any) for termination of derivative instruments and (7) the unrealized foreign currency translation adjustment related to the remeasurement of foreign currency denominated debt for such period (if positive). Notwithstanding the foregoing, the Chartered Bank Subsidiary shall be excluded from "Adjusted EBITDA" in all respects.

"Adjusted ~~LIBO~~Term SOFR Screen Rate" means, with respect to any ~~Eurodollar~~Term SOFR Borrowing for any Interest Period, an interest rate per annum equal to ~~(a) the LIBO~~ the greater of (a) zero and (b) the sum of (i) the Term SOFR Screen Rate for such Interest Period~~ multiplied by~~, plus (~~b~~ii) the ~~Statutory Reserve Rate~~SOFR Adjustment.

"Administrative Agent" means U.S. Bank National Association, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Agreement" means this Credit Agreement, including the Schedules and Exhibits thereto, as the same may be amended from time to time after the date hereof.

"Alternate Base Rate" means, for any day, a rate per annum equal to the highest of (a) 0.00%, (b) the Prime Rate in effect on such day, (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (d) the Adjusted ~~LIBO Rate~~Term SOFR Screen Rate (without giving effect to the Term SOFR Margin) for a one month Interest Period on such day (or if such day is not a Business Day or if the Term SOFR Screen Rate for such Business Day is not published due to a holiday or other circumstance that the Administrative Agent deems in its sole discretion to be temporary, the immediately preceding Business Day), plus 1% per annum~~); provided that the Adjusted LIBO Rate for such day shall be based on the rate reported by the applicable financial information service at approximately 11:00 a.m. London time on such day~~. Any change in the Alternate Base Rate due to a change in the Prime Rate ~~or~~, the Federal Funds Effective Rate or the Adjusted Term SOFR Screen Rate shall be effective from and including the effective date of such change in the Prime Rate ~~or~~, the Federal Funds Effective Rate or the Adjusted Term SOFR Screen Rate, respectively. If the Alternate Base Rate is being used when ~~Eurodollar~~Term SOFR Borrowings are unavailable pursuant to Section 2.05(e) or Section 2.11, then the Alternate Base Rate shall be the highest of clauses (a), (b) and (c) above, without reference to clause (d) above.

"Anti-Corruption Laws" means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Borrower and its Subsidiaries.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark ~~or~~ that is or may be used for determining the length of an Interest Period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, ~~that is or may be used for determining the length of an Interest Period~~ pursuant to this Agreement as of such date ~~and not including, for the avoidance of doubt, any tenor for such~~

~~Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (v) of Section 2.11(b)~~.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Benchmark” means, initially, in the ~~LIBO~~ case of Term SOFR Borrowings, the Term SOFR Screen Rate and in the case of Daily Term SOFR Loans, the Daily Term SOFR Screen Rate; provided that if a ~~Benchmark Transition Event, a Term SOFR Transition Event, or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the Eurocurrency Base Rate or the then-current Benchmark~~replacement of the Benchmark has occurred pursuant to Section 2.11(b), then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to Section 2.11(b).

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

~~(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;~~

(1) ~~(2)~~ the sum of: (a) Daily Simple SOFR and (b) ~~the related Benchmark Replacement Adjustment~~0.10%; or

(2) ~~(3)~~ the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment~~;~~.

~~provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided further that, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, upon the~~

~~occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the first proviso above)].~~ If the Benchmark Replacement as determined pursuant to clause (1)~~,~~ or (2~~) or (3~~) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement pursuant to clause (2) of the definition of "Benchmark Replacement" for any applicable Interest Period and Available Tenor ~~for any setting of such Unadjusted Benchmark Replacement:~~

~~(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent:~~

~~(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;~~

~~(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and~~

~~(2)~~ for ~~purposes of clause (3) of the definition of~~any setting of such "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities~~;~~.

~~provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.~~

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Borrowing"~~, "Eurodollar" and "Eurodollar~~ and "Term SOFR Borrowing," the definition of "Daily Term SOFR Borrowing", the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Daily Term SOFR Loan," the definition of "Term SOFR Loan", the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); and

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date ~~of the public~~ on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication ~~of information~~ referenced ~~therein;~~in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

~~(3) in the case of a Term SOFR Transition Event, the date that is 30 days after the date a Term SOFR Notice is provided to the Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such Term SOFR Notice from the Borrower; or~~

~~(4) in the case of an Early Opt-in Election, the sixth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.~~

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by ~~the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof)~~any of the entities referenced in clause (2) above announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark ~~for all purposes hereunder and under any Loan Document~~ in accordance with Section 2.11(b) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark ~~for all purposes hereunder and under any Loan Document~~ in accordance with Section 2.11(b).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Nelnet, Inc., a Nebraska corporation.

"Borrower's Line of Business" means any business conducted by the Borrower or any of its Subsidiaries on the Effective Date, and any business reasonably related or incidental thereto, including but not limited to, businesses reasonably related to education services, student loans (which, for the avoidance of doubt, shall include the Portfolio Transactions), consumer loans, payment processing, loan servicing, guarantee servicing, investment management, software development and advanced telecommunications, as well as any business approved by the Required Lenders; provided, that solely with respect to the Chartered Bank Subsidiary, "Borrower's Line of Business" shall also include all business, activities and operations permitted with respect to a financial institution under applicable law, regulation, rule, guideline or directive of Governmental Authority, including without limitation, the business of accepting and safeguarding monetary deposits and lending money.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of ~~Eurodollar~~Term SOFR Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with ~~a Eurodollar Loan~~SOFR, the Term SOFR Screen Rate or the Daily Term SOFR Screen Rate, the term "Business Day" ~~shall also exclude~~excludes any day on which ~~banks are not open for dealings in dollar deposits in the London interbank market.~~the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"CALMA" means a Capital and Liquidity Maintenance Agreement or similar agreement between the Borrower and certain regulators of the Chartered Bank Subsidiary.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or financing leases on a balance sheet of such Person under

GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP; provided, however, that those agreements identified on Schedule 1.01A hereto shall not constitute Capital Lease Obligations hereunder.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of $500,000,000, and (v) investments in the Short Term Federal Investment Trust for which Union Bank and Trust Company serves as trustee and invests in assets such as FFELP Loans; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Existing Control Persons, of Equity Interests representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower, but only if at the time the Existing Control Persons do not beneficially own Equity Interests representing a majority in voting power of all issued and outstanding Equity Interests of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; or (c) the acquisition of direct or indirect Control of the Borrower by any Person or group (other than the Existing Control Persons).

"Change in Law" means the occurrence, on or after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"Chartered Bank Liquidity Investment" means any loan or similar capital provided by the Borrower to the Chartered Bank Subsidiary to maintain regulatory capital levels (x) pursuant to a CALMA or (y) in the form of a required deposit at the Chartered Bank Subsidiary pursuant to a CALMA committed deposit agreement or similar arrangement.

"Chartered Bank Subsidiary" means a Federal Deposit Insurance Corporation insured depository institution chartered under state or federal law, with respect to which the Borrower or any of its Subsidiaries owns 25% or more of the equity thereof or otherwise controls such entity under applicable banking law.

"Chartered Bank Subsidiary Formation" means the acquisition or formation of the Chartered Bank Subsidiary, provided that, (a) as of the date of the consummation of such acquisition or formation, no Default or Event of Default shall have occurred and be continuing or would result from such acquisition or formation, (b) if an acquisition, such acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement that has been (if required by the governing documents of the seller or entity to be acquired) approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such acquisition (excluding the exercise of appraisal rights) shall be pending or, to the Borrower's knowledge, threatened by any shareholder or director of the seller or entity to be acquired, (c) as of the date of the consummation of such acquisition or formation, all material approvals required to have been obtained as of such date in connection therewith shall have been obtained, and (d) the Borrower shall have furnished to the Administrative Agent a certificate demonstrating in reasonable detail pro forma compliance with the financial covenants contained in Section 6.05 and Section 6.09 for the four (4) fiscal quarter period most recently ended prior to the date of such acquisition or formation, in each case, calculated as if such acquisition or formation, including the consideration therefor, had been consummated on the first day of such period, and immediately following consummation of the acquisition or formation, the Borrower has unencumbered cash plus unencumbered Cash Equivalent Investments plus unused availability under this Agreement the sum of which, in the aggregate, is not less than $50,000,000.

"Chartered Bank Liquidity Investment" means any loan or similar capital provided by the Borrower to the Chartered Bank Subsidiary to maintain regulatory capital levels pursuant to a Capital and Liquidity Maintenance Agreement or similar agreement between the Borrower and certain regulators of the Chartered Bank Subsidiary.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The aggregate amount of the Lenders' Commitments at the Effective Date is $495,000,000.

"Commitment Schedule" means the Commitment Schedule attached hereto.

"Consolidated Net Income" means, for any fiscal period, the net income of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis for such period, PLUS to the extent deducted in determining such net income, the derivatives market value adjustment for such period (if negative) and MINUS to the extent added in determining such net income, the derivatives market value adjustment for such period (if positive). Notwithstanding the foregoing, the Chartered Bank Subsidiary shall be excluded from "Consolidated Net Income" in all respects.

"Consolidated Net Worth" means at any date the consolidated stockholders' equity of the Borrower and its Consolidated Subsidiaries. Notwithstanding the foregoing, the Chartered Bank Subsidiary shall be excluded from "Consolidated Net Worth" in all respects.

"Consolidated Subsidiary" means at any date any entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such statements were prepared as of such date.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Corporate Debt Interest" means, for any period, the interest expense of the Borrower or any Subsidiary for such period on any Recourse Indebtedness.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b).

"Covered Party" has the meaning set forth in Section 9.16.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of (i) such Lender's Loans at such time and (ii) any Swing Line Loans to the extent that such Lender has or is deemed hereunder to have purchased a participation therein.

~~"Daily Eurodollar Base Rate" means, with respect to a Swing Line Loan, the greater of (a) zero percent (0.0%) and (b) the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for one month appearing on Reuters Screen LIBOR01 (or on any successor or substitute page on such screen) as of 11:00 a.m. (London time) on a Business Day,~~

~~provided that, if Reuters Screen LIBOR01 (or any successor or substitute page) is not available to the Administrative Agent for any reason, the applicable Daily Eurodollar Base Rate for one month shall instead be the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for one month as reported by any other generally recognized financial information service selected by the Administrative Agent as of 11:00 a.m. (London time) on a Business Day, provided that, if no such interest settlement rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) is available to the Administrative Agent, the applicable Daily Eurodollar Base Rate for one month shall instead be the rate determined by the Administrative Agent to be the rate at which U.S. Bank or one of its Affiliate banks offers to place deposits in Dollars with first-class banks in the interbank market at approximately 11:00 a.m. (London time) on a Business Day in the approximate amount of U.S. Bank's relevant Swing Line Loan and having a maturity equal to one month. For purposes of determining any interest rate hereunder or under any other Loan Document which is based on the Daily Eurodollar Base Rate, such interest rate shall change as and when the Daily Eurodollar Base Rate shall change.~~

~~"Daily Eurodollar Loan" means a Swing Line Loan which, except as otherwise provided in Section 2.09(c), bears interest at the Daily Eurodollar Rate.~~

~~"Daily Eurodollar Rate" means, with respect to a Swing Line Loan, the sum of (a) the quotient of (i) the Daily Eurodollar Base Rate, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Eurodollar Margin.~~

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Daily Term SOFR Loan" means a Swing Line Loan that, except as otherwise provided in Section 2.11, bears interest based on the Daily Term SOFR Rate.

"Daily Term SOFR Rate" means, with respect to a Swing Line Loan, the sum of (a) the Adjusted Daily Term SOFR Screen Rate, plus (b) the Applicable Margin for Term SOFR Loans.

"Daily Term SOFR Screen Rate" means, with respect to a Swing Line Loan, the one-month Term SOFR rate quoted by the Administrative Agent from the Screen for the Business Day of such Swing Line Loan (such Business Day, the "Determination Date"). If as of 5:00 p.m. (New York City time) on any Determination Date, the one-month Term SOFR rate has not been published by the Term SOFR Administrator or on the Screen, then the rate used will be that as published by the Term SOFR Administrator or on the Screen for the first preceding Business Day for which such rate was published on such Screen so long as such first preceding Business

Day is not more than three Business Days prior to such Determination Date. For purposes of determining any interest rate hereunder or under any other Loan Document that is based on the Daily Term SOFR Screen Rate, such interest rate shall change as and when the Daily Term SOFR Screen Rate changes.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. § 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender, as determined by the Administrative Agent, that has (a) failed to (i) fund any portion of its Loans or participations in Swing Line Loans within two (2) Business Days of the date such portion is required in the determination of the Administrative Agent to be funded by it hereunder (unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied or waived, or (ii) pay to the Administrative Agent, the Swing Line Lender or any other Lender any other amount required to be paid to it hereunder within two (2) Business Days of the date when due, (b) notified the Borrower, the Administrative Agent, the Swing Line Lender or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing) or public statement cannot be satisfied), (c) failed, within two (2) Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Swing Line Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's receipt of such confirmation, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent, (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian, appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or (iii) become the subject of a Bail-In Action; provided, that a Lender shall not become a Defaulting Lender solely as the result of (x) the acquisition or maintenance of an ownership interest in such Lender or a Person controlling such Lender or (y) the exercise of control over a Lender or a Person controlling such Lender, in each case, by a

Governmental Authority or an instrumentality thereof. Any determination by the Administrative Agent that a Lender is a Defaulting Lender, in accordance with the preceding sentence, will be conclusive and binding absent demonstrable error, and such Lender will be deemed to be a Defaulting Lender upon notification of such determination by the Administrative Agent to the Borrower, the Swing Line Lender and the Lenders.

"Departing Lender" means each "Lender" under and as defined in the Existing Credit Agreement that executes and delivers to the Administrative Agent a Departing Lender Signature Page.

"Departing Lender Signature Page" means each signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Effective Date and shall not constitute a "Lender" for purposes of this Agreement.

"Determination Date" has the meaning provided in the definition of Term SOFR Screen Rate and Daily Term SOFR Screen Rate, as applicable.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters existing on the Effective Date and disclosed in Schedule 3.06.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary of the Borrower incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

"E-SIGN" means the Federal Electronic Signatures in Global and National Commerce Act, as amended from time to time, and any successor statute, and any regulations promulgated thereunder from time to time.

~~"Early Opt-in Election" means, if the then-current Benchmark is the LIBO Rate, the occurrence of:~~

~~(1) a notification by the Administrative Agent to each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as the then-current benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and~~

~~(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from the LIBO Rate and the provision by the Administrative Agent of written notice of such election to the Lenders.~~

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA.

"Erroneous Payment" is defined in Section 9.17(a).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

~~"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.~~

~~"Eurodollar Margin" has the meaning set forth in the Pricing Schedule.~~

"Event of Default" has the meaning assigned to such term in Article 7.

"Event of Fraud" means that the Borrower or any Subsidiary is subject to a settlement or consent decree for the payment of money in an aggregate amount in excess of $25,000,000, related to allegations of fraud by, or resulting from the activities of, the Chartered Bank Subsidiary, including without limitation, consumer or financial fraud.

"Excluded Taxes" means, any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.16) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.14(e) and (d) any withholding Taxes imposed under FATCA.

"Existing Control Persons" means Michael S. Dunlap, Stephen F. Butterfield (deceased, as may be represented by his personal representative, estate or heirs), and the respective heirs, lineal descendants, members of the immediate family (parents, siblings, and children), and spouses and lineal descendants of the foregoing, and any trust, corporation, partnership, limited liability company or like entity created for the benefit of the foregoing or equity ownership in which is held exclusively by the foregoing.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the greater of (a) zero percent (0.0%) and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Central time) on such day on such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Fee Rate" has the meaning set forth in the Pricing Schedule.

"FFELP ABS Bonds" means asset backed securities the payment of which is secured by the pledge of student loans made under the Federal Family Education Loan Program of the U.S. Department of Education.

"FFELP Loans" means (i) student loans originated under the Federal Family Education Loan Program of the U.S. Department of Education and (ii) Health Education Assistance Loans (HEAL Loans) originated under 42 U.S.C. Section 292 *et seq.*

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"First Amendment" means that certain Amendment No. 1 to Second Amended and Restated Credit Agreement, dated as of October 1, 2020, by and among the Borrower, the Administrative Agent and the Lenders party thereto.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the ~~Eurocurrency Rate~~Adjusted Term SOFR Screen Rate or the Adjusted Daily Term SOFR Screen Rate, as applicable.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United

States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time and applied on a consistent basis.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "Guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantor" means each of the Material Subsidiaries that is a Domestic Subsidiary, and its successors and assigns; provided, that (x) in no event shall the Chartered Bank Subsidiary constitute a Guarantor for purposes of this Agreement or any other Loan Document, and (y) no Portfolio Transaction Subsidiary or Portfolio Trust shall constitute a Guarantor for purposes of this Agreement or any other Loan Document to the extent, and only for so long as, any applicable Portfolio Transaction Document to which such Portfolio Transaction Subsidiary or Portfolio Trust is a party, or applicable law to which such Portfolio Transaction Subsidiary or Portfolio Trust is subject, restricts or otherwise prohibits such Portfolio Transaction Subsidiary or Portfolio Trust, as applicable, from acting as a Guarantor. Schedule 1.01B lists the Guarantors as of the Effective Date.

"Guaranty" means that certain Third Amended and Restated Guaranty dated as of the date hereof, executed by each Guarantor in favor of the Administrative Agent, for the ratable benefit of the Lenders, as it may be amended or modified and in effect from time to time.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower, other than Excluded Taxes and Other Taxes.

"Intercompany Indebtedness" means Indebtedness of any Subsidiary to the Borrower or any other Subsidiary.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

"Interest Payment Date" means (a) with respect to any ABR Loan or Daily Term SOFR Loan, the last day of each March, June, September and December and (b) with respect to any ~~Eurodollar~~Term SOFR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a ~~Eurodollar~~Term SOFR Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"Interest Period" means with respect to any ~~Eurodollar~~Term SOFR Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless~~, in the case of a Eurodollar Borrowing only,~~ such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the ~~next~~immediately preceding Business Day~~ and~~, (ii) any Interest Period ~~pertaining to a Eurodollar Borrowing~~ that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been removed from this definition pursuant to Section 2.11(b)(iv) may be available for selection by the Borrower. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing. No Interest Period shall extend beyond the Maturity Date.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities (including warrants or options to purchase securities) owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

~~"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.~~

"Lenders" means the Persons listed on the Commitment Schedule and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

~~"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the greater of (a) zero percent (0.0%) and (b) the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) appearing on Reuters Screen LIBOR01 (or on any successor or substitute page on such screen) as of 11:00 a.m. (London time) on the day two Business Days before the beginning of such Interest Period, and having a maturity equal to such Interest Period, provided that, if the applicable Reuters Screen (or any successor or substitute page) is not available to the Administrative Agent for any reason, the applicable LIBO Rate for the relevant Interest Period shall instead be the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) as reported by any other generally recognized financial information service selected by the Administrative Agent as of 11:00 a.m. (London time) on the day two Business Days before the beginning of such Interest Period, and having a maturity equal to such Interest Period.~~

~~"LIBOR" means the London interbank offered rate.~~

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities (unless such option, call or similar right is granted in connection with a merger, acquisition, divestiture or similar transaction).

"Loan Documents" means this Agreement, the Guaranty, any notes executed by the Borrower in connection with this Agreement and any other document or agreement, now or in the future, executed by the Borrower or a Guarantor in connection with this Agreement.

"Loans" means the Revolving Loans or Swing Line Loans made by the Lenders to the Borrower pursuant to this Agreement.

"Loan Parties" means the Borrower and the Guarantors.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "Principal Amount" of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Material Subsidiary" means (a) any Subsidiary with consolidated stockholders' equity in excess of $25,000,000, and (b) any Subsidiary listed as a separately disclosed operating segment in the Borrower's most recent annual report on Form 10-K as filed with the Securities and Exchange Commission or in any subsequently filed annual report.

"Maturity Date" means September 22, 2026.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Non-FFELP Loans" means any loans (including loans comprising loan pools) other than FFELP Loans, which, for the avoidance of doubt, shall include, without limitation, (x) consumer loans, (y) Non-FFELP Student Loans and (z) in each case, beneficial, participation or other interests in such loans or loan pools.

"Non-FFELP Student Loans" means student loans not originated under the Federal Family Education Loan Program of the U.S. Department of Education.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant” has the meaning set forth in Section 9.04.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

“Payment Recipient” is defined in Section 9.17(a).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means any Acquisition made by the Borrower or any of its Subsidiaries, provided that, (a) as of the date of the consummation of such Acquisition, no Default or Event of Default shall have occurred and be continuing or would result from such Acquisition, (b) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement that has been (if required by the governing documents of the seller or entity to be acquired) approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Acquisition (excluding the exercise of appraisal rights) shall be pending or, to the Borrower’s knowledge, threatened by any shareholder or director of the seller or entity to be acquired, (c) either (i) the business to be acquired in such Acquisition is in the same line of business as the Borrower’s Line of Business or a line of business incidental thereto or (ii) if the business to be acquired is not in the Borrower’s Line of Business or a line of business incidental thereto, the consideration paid for such Acquisition or Acquisitions, consummated in any fiscal year of the Borrower will not in the aggregate exceed 12.5% of the amount of Borrower’s Consolidated Net Worth as most recently reported pursuant to Section 5.01(a), (d) as of the date of the consummation of such Acquisition, all material approvals required in connection therewith shall have been obtained, and (e) with respect to an Acquisition requiring an aggregate expenditure of cash by the Borrower in excess of $150,000,000, the Borrower shall have furnished to the Administrative Agent a certificate demonstrating in reasonable detail pro forma compliance with the financial covenants contained in Section 6.05 and Section 6.09 for the four (4) fiscal quarter period most recently ended prior to the date of such Acquisition, in each case, calculated as if such Acquisition, including the consideration therefor, had been consummated on the first day of such period, and immediately following consummation of the Acquisition, the Borrower has unencumbered cash plus unencumbered Cash Equivalent Investments plus unused availability under this Agreement the sum of which, in the aggregate, is not less than $50,000,000. Notwithstanding the foregoing, in no event shall the Chartered Bank Subsidiary Formation constitute a Permitted Acquisition.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article 7;

(f) Liens granted by any Subsidiary in connection with a Qualified Receivables Transaction;

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and

(h) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a creditor depository institution, only if (i) such account is not a dedicated cash collateral account and is not subject to restriction against access by the Borrower or a Subsidiary in excess of those set forth by regulations promulgated by the Board, and (ii) such account is not intended by the Borrower or any Subsidiary to provide collateral to the depository institution;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Recourse Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate (i) is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “Employer” as defined in Section 3(5) of ERISA or (ii) has any outstanding liability.

“Portfolio Investments” means (i) any investment by the Borrower or any Subsidiary constituting Equity Interests in the Portfolio JV or any Portfolio Transaction Subsidiary, (ii) any investment (including by way of holding beneficial interests or participation interests in underlying whole loans) in the Portfolio Loans or any asset backed securities (including notes evidencing the same) or residual interests in such Portfolio Loans to the extent securitized by the Portfolio JV or any Portfolio Trust and (iii) the Borrower’s or any Portfolio Transaction Subsidiary’s investment in the Portfolio Risk Retention Interest.

“Portfolio JV” means NLN Pencil Holdings, LP, a Cayman Islands limited partnership established as a joint venture among the Borrower and certain other third parties to consummate the initial purchase of the Portfolio Loans.

“Portfolio Loans” means the Non-FFELP Student Loans purchased by the Portfolio JV pursuant to the Portfolio Purchase.

“Portfolio Purchase” means the purchase of certain Non-FFELP Student Loans from time to time pursuant to that certain Purchase Agreement, dated as of December 14, 2020 (as amended, restated, supplemented or otherwise modified from time to time), between the Portfolio JV, as purchaser and Wells Fargo Bank, National Association, as seller (with certain specified Non-FFELP Student Loans being initially purchased thereunder by a trustee on behalf of National Education Loan Network, Inc., prior to the ultimate transfer to the Portfolio JV or to a designee or assignee thereof).

“Portfolio Risk Retention Interest” means an up to 5% “vertical interest” or combined “vertical interest” and “horizontal interest” (which combination would be substantially vertical in nature), or whole loan participation interest (as applicable and to the extent permitted under applicable risk retention rules) in (i) the asset backed securities issued by any Portfolio Trust, and (ii) the Equity Interests of any such Portfolio Trust; provided, that the aggregate value of the interests set forth in clauses (i) and (ii) shall at no time exceed $500,000,000.

“Portfolio Sponsor Transactions” has the meaning set forth in the definition of “Portfolio Transaction Subsidiary”.

“Portfolio Transaction Document” means each agreement or instrument entered into by the Borrower or any Subsidiary in connection with the Portfolio Transactions.

“Portfolio Transaction Indebtedness” means up to $425,000,000 in aggregate Indebtedness outstanding at any one time incurred by the Borrower or any Portfolio Transaction Subsidiary pursuant to secured repurchase agreements or other secured credit facilities in order to finance the purchase of the Portfolio Risk Retention Interest, and all Guarantees thereof by the Borrower or any other Subsidiary.

"Portfolio Transaction Subsidiary" means any existing Subsidiary, or any newly formed special purpose entity or other Subsidiary, in each case, of the Borrower, that is formed or designated to participate in the Portfolio Transactions in certain respects, including (i) to facilitate the direct or indirect sale of the Portfolio Loans from the Portfolio JV to a Portfolio Trust (which may include holding beneficial interests in such Portfolio Loans for no more than one (1) day), (ii) to act as a "sponsor" in respect of any such securitization transactions for risk-retention purposes, (iii) to invest in the Portfolio Risk Retention Interest, (iv) to finance a portion of the investment in the Portfolio Risk Retention Interest with the proceeds of the Portfolio Transaction Indebtedness, and (v) to engage in such other transactions as may become necessary or appropriate with respect to the Portfolio Transactions and related securitizations (it being acknowledged, for the avoidance of doubt, that such actions set forth in clauses (i) through (v) may be taken by the Borrower, a single Subsidiary or multiple Subsidiaries acting as Portfolio Transaction Subsidiaries, or any combination thereof, each engaging in individual components of the Portfolio Transactions). The transactions described in clauses (ii) through (iv) of the preceding sentence, irrespective of whether such transactions are consummated by the Borrower or a Portfolio Transaction Subsidiary, are otherwise referred to as the "Portfolio Sponsor Transactions".

"Portfolio Transactions" means the Portfolio Investments, the Portfolio Purchase and the Portfolio Sponsor Transactions, collectively.

"Portfolio Trust" means any Delaware statutory trust created by, or which is a subsidiary of, any of the Portfolio JV, the Borrower, or any Portfolio Transaction Subsidiary, in each case which trust is created or designated solely to be party to and to effect the securitization of interests in the Portfolio Loans (including by issuing asset backed securities or residual interests therein) in connection with the Portfolio Sponsor Transactions.

"Pricing Schedule" means the Pricing Schedule attached hereto.

"Prime Rate" means for any day the rate of interest per annum publicly announced from time to time by U.S. Bank National Association as its prime rate for such day (which is not necessarily the lowest rate charged to any customer); each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Project Finance Subsidiary" shall mean a direct or indirect Subsidiary of the Borrower (a) of which the Borrower owns or holds, directly or indirectly, at least 50% of the Equity Interests, but the Borrower does not Control, directly or indirectly, and the accounts of which are not consolidated on the financial statements of the Borrower, and (b) which has incurred Project Finance Subsidiary Indebtedness.

"Project Finance Subsidiary Indebtedness" means Indebtedness or other financing on a non-recourse basis (or with recourse limited to not more than the assets of and Equity Interests in the Subsidiary which has incurred such Indebtedness or entered into such financing), to finance or refinance the development, acquisition, construction, operation, maintenance or working capital requirements of such Subsidiary.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. § 5390(c)(8)(D).

"QFC Credit Support" has the meaning set forth in Section 9.16.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into from time to time by the Borrower or any Subsidiary pursuant to which the Borrower or any Subsidiary may sell, convey or otherwise transfer to a Subsidiary that is a special-purpose entity, or to any other special-purpose entity in which the Borrower or a Subsidiary holds an interest, any student loans or any consumer loans serviced by or on behalf of the Borrower or any Subsidiary, and rights related thereto without recourse to the transferor except for customary exceptions (x) consistent with historic practices that have previously been approved by the Administrative Agent (including pursuant to the forms of loan purchase agreements approved by the Administrative Agent prior to the Effective Date), or (y) otherwise acceptable to the Administrative Agent, which special-purpose entity shall in turn sell, convey, transfer and/or pledge interests in such student loans or consumer loans to third-party lenders or investors.

"Receivables Transaction Attributed Indebtedness" means (x) the amount of obligations outstanding under the legal documents entered into as part of any Qualified Receivables Transaction on any date of determination that would be characterized as principal if such Qualified Receivables Transaction were structured as a secured lending transaction rather than as a purchase, and (y) any Indebtedness incurred pursuant to any Warehouse Receivables Transaction.

"Recourse Indebtedness" of the Borrower means all Indebtedness of the Borrower and of its Subsidiaries excluding (i) Indebtedness with respect to which recourse is contractually limited to specified Property which secures payment of such Indebtedness, (ii) Receivables Transaction Attributed Indebtedness and (iii) Project Finance Subsidiary Indebtedness.

"Recipient" means (a) the Administrative Agent or (b) any Lender, as applicable.

"Reference Time" ~~with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Eurocurrency Base Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not the Eurocurrency Base Rate,~~means the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning set forth in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Relevant Governmental Body" means the Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board or the Federal Reserve Bank of New York, or any successor thereto.

"Required Lenders" means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any equity interest in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such equity interests in the Borrower or any Subsidiary thereof or any option, warrant or other right to acquire any such equity interest in the Borrower or any Subsidiary thereof; provided, however, that such Restricted Payment definition shall exclude any dividends, distributions or payments made in connection with a fundamental change of a Subsidiary as otherwise permitted in Section 6.03(a) hereof.

"Revolving Loan" means, with respect to a Lender, such Lender's loan made pursuant to its commitment to lend set forth in Section 2.01 (or any conversion or continuation thereof).

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sanctioned Country" means, at any time, any country or territory which is itself the subject or target of any comprehensive Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Syria, Crimea, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, and the Kherson and Zaporizhzhia regions of Ukraine).

"Sanctioned Person" means, at any time, (a) any Person or group that is the target of any Sanctions or listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agent, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

"Sanctions" means sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union or ~~Her~~His Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"Screen" has the meaning provided in the definition of Term SOFR Screen Rate.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website~~ at approximately 8:00 a.m. (New York City time), or in the case of an update to such rate by the SOFR Administrator, at approximately 2:30 p.m. (New York City time) on the immediately succeeding Business Day.~~.

"SOFR Adjustment" means, with respect to the adjustment of any SOFR-based Benchmark, 0.10% (10 basis points).

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

~~"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.~~

"Subsidiary" means, with respect to any Person (the "Parent") at any date, any corporation, limited liability company, partnership, trust, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the Equity Interests or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held. Notwithstanding the foregoing, (x) the Chartered Bank Subsidiary shall be a direct or indirect Subsidiary of the Borrower and (y) no Portfolio Trust shall be deemed to be a Subsidiary of the Borrower so long as such Portfolio Trust has no business activities (including, but not limited to, the incurrence of Indebtedness, the acquisition or disposition of any assets other than nominal assets, or the granting of any Liens on its assets) other than customary administrative activities in preparation for entering into the securitization of the Portfolio Loans.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which represents more than 20% of the consolidated assets of the

Borrower and its Subsidiaries taken as whole or, if less, Property which is responsible for more than 15% of the Adjusted EBITDA for the most recently completed four fiscal quarters.

"Supported QFC" has the meaning set forth in Section 9.16.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Swing Line Borrowing Notice" is defined in Section 2.02(ii).

"Swing Line Exposure" has the meaning set forth in Section 2.18.

"Swing Line Lender" means U.S. Bank National Association or such other Lender which may succeed to its rights and obligations as Swing Line Lender pursuant to the terms of this Agreement.

"Swing Line Loan" means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.02.

"Swing Line Sublimit" means the maximum principal amount of Swing Line Loans the Swing Line Lender may have outstanding to the Borrower at any one time, which, as of this date, is $50,000,000.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term SOFR" means~~, for~~ the ~~applicable Corresponding Tenor as of the applicable Reference Time,~~ rate per annum determined by the Administrative Agent as the forward-looking term rate based on SOFR ~~that has been selected or recommended by the Relevant Governmental Body~~.

"Term SOFR ~~Notice" means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a~~Administrator" means CME Group Benchmark Administration Ltd. (or a successor administrator of Term SOFR ~~Transition Event~~).

~~"Term SOFR Transition Event" means the determination by the Administrative Agent at any time, in its sole discretion, that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent, and (c) a Benchmark Transition Event or an Early Opt-in Election,~~

~~as applicable, has previously occurred resulting in a Benchmark Replacement in accordance with Section 2.11(b) that is not Term SOFR.~~

"Term SOFR Administrator's Website" means https://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html, or any successor source for Term SOFR identified as such by the Term SOFR Administrator from time to time.

"Term SOFR Borrowing" means a Borrowing that, except as otherwise provided in Section 2.05(e), bears interest at the applicable Term SOFR Rate.

"Term SOFR Loan" means a Loan that, except as otherwise provided in Section 2.05(e), bears interest at the applicable Term SOFR Rate other than pursuant to clause (d) of the definition of Alternate Base Rate.

"Term SOFR Margin" has the meaning set forth in the Pricing Schedule.

"Term SOFR Rate" means, for the relevant Interest Period, the sum of (a) the Adjusted Term SOFR Screen Rate applicable to such Interest Period, plus (b) the Term SOFR Margin.

"Term SOFR Screen Rate" means, for the relevant Interest Period, the Term SOFR rate quoted by the Administrative Agent from the Term SOFR Administrator's Website or the applicable Bloomberg screen (or other commercially available source providing such quotations as may be selected by the Administrative Agent from time to time) (the "Screen") for such Interest Period, which shall be the Term SOFR rate published two Business Days before the first day of such Interest Period (such Business Day, the "Determination Date"). If as of 5:00 p.m. (New York City time) on any Determination Date, the Term SOFR rate has not been published by the Term SOFR Administrator or on the Screen, then the rate used will be that as published by the Term SOFR Administrator or on the Screen for the first preceding Business Day for which such rate was published on such Screen so long as such first preceding Business Day is not more than three (3) Business Days prior to such Determination Date.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted ~~LIBO~~Term SOFR Screen Rate, the Adjusted Daily Term SOFR Rate or the Alternate Base Rate.

"UETA" means the Uniform Electronic Transactions Act as in effect in from time to time, as amended from time to time, and any successor ~~thereto~~statute, and any regulations promulgated thereunder from time to time.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regime" has the meaning set forth in Section 9.16.

"Warehouse Receivables Transaction" means a Qualified Receivables Transaction pursuant to which the applicable Subsidiary or other special-purpose entity pledges student loans or consumer loans to a third-party lender or lenders.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary of which 100% of the beneficial ownership interests shall at the time be owned or Controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization of which 100% of the beneficial ownership interests shall at the time be so owned or Controlled.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a "~~Eurodollar~~Term SOFR Loan" or a "ABR Borrowing").

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any debt or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of debt in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such debt in a reduced or bifurcated manner as described therein, and such debt shall at all times be valued at the full stated principal amount thereof.

SECTION 1.05 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new

Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.06 ~~LIBOR~~Term SOFR Notification. The interest rate on ~~Eurodollar~~Term SOFR Borrowings and Daily ~~Eurodollar~~Term SOFR Loans is determined by reference to the ~~LIBO~~Adjusted Term SOFR Screen Rate and Adjusted Daily ~~Eurodollar Base~~Term SOFR Screen Rate, respectively, which ~~is~~are derived from ~~LIBOR~~Term SOFR. Section 2.11(b) provides a mechanism for (a) determining an alternative rate of interest if ~~LIBOR~~Term SOFR is no longer available or in the other circumstances set forth in Section 2.11(b), and (b) modifying this Agreement to give effect to such alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to ~~LIBOR~~Term SOFR or other rates in the definition of ~~LIBO~~Term SOFR Screen Rate and Daily ~~Eurodollar Base~~Term SOFR Rate, as applicable, or with respect to any alternative or successor rate thereto, or replacement rate thereof (including any Benchmark Replacement), including without limitation, whether any such alternative, successor or replacement reference rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section ~~2.11~~3.3(b), will have the same value as, or be economically equivalent to, ~~the LIBO Rate or Daily Eurodollar Base Rate, as applicable.~~Term SOFR. The Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of Alternate Base Rate, Term SOFR, the Term SOFR Rate, the Daily Term SOFR Rate, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Alternate Base Rate, the Term SOFR Rate, the Daily Term SOFR Rate, Term SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE II
THE CREDITS

SECTION 2.01 Commitments; Revolving Loans and Borrowings. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's Credit Exposure exceeding such Lender's Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Revolving Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.11, each Borrowing of Revolving Loans shall be comprised entirely of ABR Loans or ~~Eurodollar~~Term SOFR Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any ~~Eurodollar~~Term SOFR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any ~~Eurodollar~~Term SOFR Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 ~~Eurodollar~~Term SOFR Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.02 Swing Line Loans.

(i) Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Section 4.02 and, if such Swing Line Loan is to be made on the date of the initial Advance hereunder, the satisfaction of the conditions precedent set forth in Section 4.01 as well, from and including the date of this Agreement and prior to the Maturity Date, the Swing Line Lender may, at its option, on the terms and conditions set forth in this Agreement, make Swing Line Loans in Dollars to the Borrower from time to time in an aggregate principal amount not to exceed the Swing Line Sublimit, provided that the aggregate outstanding Credit Exposure shall not at any time exceed the aggregate Commitment and no individual Lender's Credit Exposure shall at any time exceed its Commitment, and provided further that at no time shall the sum of (i) the Swing Line Lender's pro rata share of the Swing Line Loans, plus (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.01, exceed the Swing Line Lender's Commitment at such time. Subject to the terms of this Agreement (including, without limitation the discretion of the Swing Line Lender), the Borrower may borrow, repay and reborrow Swing Line Loans at any time prior to the Maturity Date.

(ii) Borrowing Notice. In order to borrow a Swing Line Loan, the Borrower shall deliver to the Administrative Agent and the Swing Line Lender an irrevocable notice (a "Swing Line Borrowing Notice") not later than 12:00 noon New York City time on the

Borrowing Date of each Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day), and (ii) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than $100,000.

(iii) Making of Swing Line Loans; Participations. Not later than 2:00 p.m. New York City time on the date of the applicable Borrowing, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available, to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Swing Line Lender available to the Borrower at the Administrative Agent's aforesaid address. Each time that a Swing Line Loan is made by the Swing Line Lender pursuant to this Section 2.02(iii), the Swing Line Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Swing Line Lender a participation in such Swing Line Loan in proportion to its pro rata share of the aggregate Commitments.

(iv) Repayment of Swing Line Loans. Each Swing Line Loan shall be paid in full by the Borrower on the date selected by the Administrative Agent. In addition, the Swing Line Lender may at any time in its sole discretion with respect to any outstanding Swing Line Loan, require each Lender to fund the participation acquired by such Lender pursuant to Section 2.02(iii) or require each Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Lender's pro rata share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than 12:00 noon New York City time on the date of any notice received pursuant to this Section 2.02(iv), each Lender shall make available its required Revolving Loan, in funds immediately available to the Administrative Agent at its address specified pursuant to Article XIII. Revolving Loans made pursuant to this Section 2.02(iv) shall initially be ABR Loans and thereafter may be continued as ABR Loans or converted into ~~Eurodollar~~Term SOFR Loans in the manner provided in Section 2.05 and subject to the other conditions and limitations set forth in this Article II. Unless a Lender shall have notified the Swing Line Lender, prior to the Swing Line Lender's making any Swing Line Loan, that any applicable condition precedent set forth in Section 4.01 or 4.02 had not then been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.02(iv) to repay Swing Line Loans or to fund the participation acquired pursuant to Section 2.02(iii) shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Borrower, the Administrative Agent, the Swing Line Lender or any other Person, (b) the occurrence or continuance of a Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.02(iv), interest shall accrue thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received and the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. On the Maturity Date, the Borrower shall repay in full the outstanding principal balance of the Swing Line Loans.

SECTION 2.03 Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a ~~Eurodollar~~Term SOFR Borrowing, not later than 11:00 a.m., New York City time, two Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with this Section 2.03:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a ~~Eurodollar~~Term SOFR Borrowing;

(iv) in the case of a ~~Eurodollar~~Term SOFR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested ~~Eurodollar~~Term SOFR Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the

Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, the applicable Lender (and if such Lender fails to do so, then the Borrower) agrees to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.05 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a ~~Eurodollar~~Term SOFR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a ~~Eurodollar~~Term SOFR Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.03:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a ~~Eurodollar~~Term SOFR Borrowing; and

(iv) if the resulting Borrowing is a ~~Eurodollar~~Term SOFR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a ~~Eurodollar~~Term SOFR Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a ~~Eurodollar~~Term SOFR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued for an additional Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a ~~Eurodollar~~Term SOFR Borrowing and (ii) unless repaid, each ~~Eurodollar~~Term SOFR Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.06 Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $5,000,000 and not less than $25,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.08, the sum of the Credit Exposures would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.07 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a ~~Eurodollar~~Term SOFR Borrowing, not later than 11:00 a.m., New York City time, two Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.06, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.01. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10.

SECTION 2.09 Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Fee Rate on the average daily unused amount of the Commitment of such Lender during the period from and including the Effective Date to, but excluding the date on which such Commitment terminates. Swing Line Loans shall not count as usage of the Commitments for the purpose of calculating the commitment fee hereunder. Accrued fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of commitment fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.10 Interest. (a) The Revolving Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the ABR Margin.

(b) The Revolving Loans comprising each ~~Eurodollar~~Term SOFR Borrowing shall bear interest, at the Adjusted ~~LIBO~~Term SOFR Screen Rate for the Interest Period in effect for such Term SOFR Borrowing plus the ~~Eurodollar~~Term SOFR Margin.

(c) Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is paid, at a rate per annum equal to, at the Borrower's option, the Alternate Base Rate plus the ABR Margin for such day or the Daily ~~Eurodollar~~Term SOFR Rate.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any ~~Eurodollar~~Term SOFR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted ~~LIBO~~Term SOFR Screen Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11 ~~Alternate Rate~~Availability of Types of Borrowings; Adequacy of Interest Rate; Benchmark Replacement.

(a) Availability of ~~Types of~~Term SOFR Borrowings and Daily Term SOFR Loans; Adequacy of Interest Rates; ~~If prior to the commencement of any Interest Period for a Eurodollar Borrowing~~ Notwithstanding anything to the contrary in this Agreement or any other Loan Document, but subject to Section 2.11(b), if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Required Lenders ~~determine~~notify the Administrative Agent that the Required Lenders have determined, that:

~~(i) that deposits of a type and maturity appropriate to match fund Eurodollar Borrowings are not available to such Lenders in the relevant market, or~~

(i) ~~(ii) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period, or that the LIBO Rate for such Interest Period will~~ for any reason in connection with any request for a Term SOFR Borrowing or a Daily Term SOFR Loan or a conversion or continuation thereof that the Adjusted Term SOFR Screen Rate for any requested Interest Period with respect to a proposed Term SOFR Borrowing or the Adjusted Daily Term SOFR Screen Rate with respect to a proposed Daily Term SOFR Loan does not adequately and fairly reflect the cost to such Lenders ~~(or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;~~of the funding of such Loans, or

(ii) the interest rate applicable to Term SOFR Borrowings or Daily Term SOFR Loans for any requested Interest Period is not ascertainable or available (including, without limitation, because the applicable Screen (or on any successor or substitute page on such screen) is unavailable) and such inability to ascertain or unavailability is not expected to be permanent,

then the Administrative Agent shall ~~give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and any such Borrowing shall be continued as or converted to, as the case may be, an ABR Borrowing, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.~~suspend the availability of Term SOFR Borrowings and Daily Term SOFR Loans and require any affected Term SOFR Borrowings and Daily Term SOFR Loans to be repaid or converted to ABR Borrowings at the end of the applicable Interest Period.

(b) Benchmark Replacement; Benchmark Transition Event~~; Early Opt-in Election~~.

(i) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 2.11(b)), if a Benchmark Transition Event ~~or an Early Opt-in Election, as applicable,~~ and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1~~) or (2~~) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (~~3~~2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Benchmark Replacement is provided by the Administrative Agent to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

~~(ii) Term SOFR Transition Event. Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that, this clause (b)(ii) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term SOFR Notice after a Term SOFR Transition Event and may do so in its sole discretion.~~

(ii) ~~(iii)~~ Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(iii) ~~(iv)~~ Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) ~~any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (B)~~ the implementation of any Benchmark Replacement~~,~~ and (~~C~~B) the effectiveness of any Benchmark Replacement Conforming Changes~~, (D) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (v) below and (E) the commencement or conclusion of any Benchmark Unavailability Period~~. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.11(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.11(b).

(iv) ~~(v)~~ Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR ~~or the Eurocurrency Base~~Screen Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove ~~such~~ any tenor of such Benchmark that is unavailable or non-representative ~~tenor~~ for any Benchmark settings and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) ~~(vi)~~ Benchmark Unavailability Period. Upon notice to the Borrower by the Administrative Agent in accordance with Section 9.01 of the commencement of a Benchmark Unavailability Period and until a Benchmark Replacement is determined in accordance with this Section 2.11(b), the Borrower may revoke any request for a ~~Eurodollar~~Term SOFR Borrowing or a Daily Term SOFR Loan, or any request for the conversion or continuation of a ~~Eurodollar~~Term SOFR Borrowing or Daily Term SOFR Loan to be made, converted or continued during any Benchmark Unavailability Period at the end of the applicable Interest Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a ABR Borrowing or conversion to a ABR Borrowing at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

SECTION 2.12 Increased Costs. (a) If any Change in Law shall: (i) impose, modify or deem applicable any reserve, special deposit, assessment, insurance charge, liquidity or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender ~~(except any such reserve requirement reflected in the Adjusted LIBO Rate)~~; (ii) impose on any Lender or the ~~London~~any applicable interbank market any other condition, cost or expense affecting this Agreement or ~~Eurodollar~~Term SOFR Loans made by such Lender other than a Tax, as to which the provisions of Section 2.14 apply; or (iii) subject the Administrative Agent, any Lender, any other recipient of any payments to be made by or on account of any obligation of the Borrower hereunder to any Taxes on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto (other than (A) Indemnified Taxes, (B) Excluded Taxes or (C) Other Taxes); and the result of any of the foregoing shall be to increase the cost to such Person of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Person hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Person such additional amount or amounts as will compensate such Person for such additional costs incurred or reduction suffered.

(b) If any Change in Law regarding capital requirements or liquidity requirements has or would have the effect of reducing the rate of return on any Lender's capital or on the capital of any Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender, or the Loans made by, or participations in Swing Line Loans held by, such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity position), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.13 Break Funding Payments. In the event of (a) the payment of any principal of any ~~Eurodollar~~Term SOFR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any ~~Eurodollar~~Term SOFR Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any ~~Eurodollar~~Term SOFR Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.08(b) and is revoked in accordance therewith), or (d) the assignment of any ~~Eurodollar~~Term SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.16, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a ~~Eurodollar~~Term SOFR Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted ~~LIBO~~Term SOFR Screen Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.14 Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes except as provided by applicable law; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrower shall indemnify the Administrative Agent and each Lender within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (e)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

2) executed copies of IRS Form W-8-ECI;

3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) If the Administrative Agent or a Lender receives a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.14, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.14 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes or Other Taxes, only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Borrowers to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such amounts were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.14(g) shall be paid within 10 days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent demonstrable error.

(h) Each party’s obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.15 Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Sections 2.12, 2.13, 2.14 or otherwise) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices as designated by the Administrative Agent, except that payments pursuant to Sections 2.12, 2.13, 2.14 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans (which for purposes of this clause (c) shall be deemed to include participations in Swing Line Loans) resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds

Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b) or 2.15(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.16 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.14, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

(b) If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.17 Increased Commitments; Additional Lenders. (a) From time to time subsequent to the Effective Date provided no Default exists, the Borrower may propose to increase the aggregate amount of the Commitments to an aggregate amount not to exceed $737,500,000 (the amount of any such increase, the "Increased Commitments").

(b) Increased commitments may be provided by one or more of the existing Lenders or other financial institutions acceptable to the Administrative Agent, the Swing Line Lender and the Borrower (which consent of the Administrative Agent and the Swing Line Lender shall not be unreasonably withheld) which at the time agree to (i) in the case of any such Person that is an existing Lender, increase its Commitment and (ii) in the case of any other such Person (an "Additional Lender"), become a party to this Agreement as a Lender. The sum of the increases in the Commitments of the existing Lenders pursuant to this subsection (b) plus the Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Increased Commitments.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section 2.17 shall become effective upon the receipt by the Administrative Agent of an agreement in form and substance satisfactory to the Administrative Agent signed by the Borrower by each Additional Lender and by each other Lender whose Commitment is to be increased, setting forth the new Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement as a Lender and to be bound by all the terms and provisions hereof, together with such evidence of appropriate corporate authorization on the part of the Borrower with respect to the Increased Commitments, a consent to the increased commitments by each Guarantor and a reaffirmation of the Guaranty, and such opinions of counsel for the Borrower with respect to the Increased Commitments as the Administrative Agent may reasonably request.

(d) On the effective date of any increase in the Commitments, (i) each relevant increasing Lender and Additional Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Applicable Percentage of such outstanding Revolving Loans, and (ii) the Borrower shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each ~~Eurodollar~~Term SOFR Loan, shall be subject to indemnification by the Borrower pursuant to the provisions of Section 2.13 if the deemed payment occurs other than on the last day of the related Interest Periods.

SECTION 2.18 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.09;

(ii) the Commitment and Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder;

(iii) if any Swing Line Loans shall be outstanding at the time a Lender becomes a Defaulting Lender then:

(A) all or any part of the unfunded participations in and commitments with respect to such Swing Line Loans shall be reallocated among the non-Defaulting Lenders in accordance with their respective pro rata Credit Exposures but only to the extent (x) the sum of all non-Defaulting Lenders' Credit Exposure plus such Defaulting Lenders' Loans and participations in and commitments with respect to Loans does not exceed the total of all non-Defaulting Lender's Commitments and no individual Lender's Credit Exposure exceeds its Commitment and (y) the conditions set forth in Article IV are satisfied at such time.

(B) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent, prepay the outstanding Swing Line Loans that were not reallocated;

(iv) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.15 but excluding Section 2.16) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the payment of any amounts owing by such Defaulting Lender to the Swing Line Lender hereunder, (iii) third, to the funding of any Loan or the funding of any participating interest in any Swing Line Loan or in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iv) fourth, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement, (v) fifth, to the payment of any amounts owing to the Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (vi) sixth, if so determined by the Administrative Agent, distributed to the Lenders other than the Defaulting Lender until the ratio of the Credit Exposure of such Lenders to the aggregate outstanding Credit Exposure equals such ratio immediately prior to the Defaulting Lender's failure to fund any portion of any Loans or participations in Swing Line Loans and (vii) seventh, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that if such payment is a prepayment of the principal amount of any Loans, such payment shall be applied solely to prepay the Loans of, all Lenders that are not Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans, or owed to, any Defaulting Lender.

In the event that the Administrative Agent, the Borrower and the Swing Line Lender each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swing Line Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold the Loans in accordance with its pro rata share. For purposes of this Section 2.18, "Swing Line Exposure" shall mean, with respect to any Defaulting Lender at any time, such Defaulting Lender's pro rata share of the aggregate principal amount of all Swing Line Loans outstanding at such time.

Nothing contained in the foregoing shall be deemed to constitute a waiver by the Borrower of any of its rights or remedies (whether in equity or at law) against any Lender which fails to fund any of its Loans hereunder at the time or in the amount required to be funded under the terms of this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

SECTION 3.01 Organization; Powers. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. The Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement and any promissory note of the Borrower hereunder have been, or will be, in the case of any such promissory note executed and delivered hereafter, duly executed and delivered by the Borrower and constitute, or will constitute, in the case of any such promissory note executed and delivered hereafter, a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.04 Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows as of and for the fiscal year ended December 31, 2020, reported on by KPMG LLP, independent public accountants. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such date and for such period in accordance with GAAP.

(b) Since December 31, 2020, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and its Material Subsidiaries, taken as a whole.

SECTION 3.05 Properties. (a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, may not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06 Litigation and Environmental Matters. (a) There are no investigations, actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Material Subsidiaries or their Property (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, may reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any matters that, individually or in the aggregate, may not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07 Compliance With Laws and Agreements. Each of the Borrower and its Material Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except (i) to the extent, if any, that the Borrower and its Material Subsidiaries may not be in such compliance in connection with the Disclosed Matters or (ii) where the failure to do so, individually or in the aggregate, may not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.08 Investment and Holding Company Status. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09 Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so may not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, may reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11 Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Material Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. As of the Effective Date, the information included in any Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.12 Anti-Corruption Laws; Sanctions; Anti-Terrorism Laws.

(a) The Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower has implemented and maintains in effect for itself and its Subsidiaries policies and procedures to ensure compliance by the Borrower, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respect directors, officers, employees, agents or affiliates of the Borrower or any of its Subsidiaries is a Sanctioned Person. No Loan, use of the proceeds of any Loan or other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

(b) Neither the making of the Loans hereunder nor the use of the proceeds thereof will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasure Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act.

SECTION 3.13 Regulation U. Margin stock (as defined in Regulation U of the Board) constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

ARTICLE IV
CONDITIONS

SECTION 4.01 Effective Date. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement and the Guaranty signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement and the Guaranty) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of The Perry Law Firm, counsel for the Borrower and the Guarantors, substantially in the form of Exhibit B, and covering such other matters relating to the Borrower and the Guarantors, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower and the Guarantors, the authorization of the Transactions and any other legal matters relating to the Borrower and the Guarantors, this Agreement and the Guaranty or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) through (c) of Section 4.02 and in clause (g) of this Section 4.01.

(e) The Administrative Agent and each Lender shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, with respect to the Administrative Agent, to the extent invoiced, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) The Administrative Agent shall have received any Notes requested by a Lender payable to the order of each such requesting Lender.

(g) There shall not have occurred a material adverse change (x) in the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), or results of operations of the Borrower and its Material Subsidiaries taken as a whole, since December 31, 2020 or (y) in the facts and information regarding such entities as represented by such entities to date.

(h) The Administrative Agent shall have received unaudited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarter ended June 30, 2021 and audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal years ended December 31, 2019 through December 2020.

(i) At least five (5) days before the Effective Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Borrower shall have delivered a Beneficial Ownership Certification in relation to the Borrower.

(j) Upon the reasonable request of any Lender made at least ten (10) days before the Effective Date, the Borrower shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering laws, including the PATRIOT Act, in each case at least five (5) days before the Effective Date.

SECTION 4.02 Each Borrowing. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement (with the exception, in the case of a Borrowing subsequent to the Effective Date, of the representations and warranties in Section 3.04(b) and Section 3.06) shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing.

(c) At the time of such Borrowing no Event of Fraud shall have occurred.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) through (c) of this Section.

ARTICLE V
AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements; Ratings Change and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by KPMG LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated, and with respect to the Chartered Bank Subsidiary, consolidating, basis in accordance with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, (i) the balance sheet of the Borrower as of the date of such financial statements and the related statements of operations, stockholders' equity and cash flows for the fiscal year or portion thereof then ended, setting forth in each case in comparative form the corresponding figures from the previous fiscal year, all certified by a Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower on a stand alone basis in accordance with GAAP consistently applied, subject to the absence of footnotes and (in the case of such financial statements delivered concurrently with those under clause (b) above) to year-end audit adjustments and (ii) a certificate of a Financial Officer of the Borrower in substantially the form of Exhibit C (x) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (y) setting forth reasonably detailed calculations demonstrating compliance with Sections 6.01, 6.05, 6.06, 6.09 and 6.10 and (z) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, (x) copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be and (y) upon the request of the Administrative Agent, copies of all Consolidated Reports of Condition and Income and each other financial report filed by the Borrower or any Subsidiary with any appropriate federal bank regulator;

(e) promptly after Moody's or S&P shall have announced a change in the Borrower's credit rating or the rating of any Qualified Receivables Transaction, written notice of such rating change;

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request; and

(g) on or promptly after any time at which the Borrower or any Subsidiary becomes subject to the Beneficial Ownership Regulation, a completed Beneficial Ownership Certification in form and substance acceptable to the Administrative Agent.

Financial statements and other documents required to be delivered pursuant to this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered (i) to the extent such documents are included in materials otherwise filed with the Securities and Exchange Commission, when such filing is available to the Lenders on the EDGAR website or (ii) in any case, on the date on which such documents are posted on the Borrower's behalf on an Internet website to which each Lender and the Administrative Agent has access and the Borrower notifies the Administrative Agent and the Lenders of such posting. If the Borrower provides the financial statements and other documents required to be delivered pursuant to this Section 5.01 electronically pursuant to the preceding sentence, the Borrower will provide printed versions of such financial statements and other documents to any Lender upon such Lender's request.

SECTION 5.02 Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, may reasonably be expected to result in a Material Adverse Effect;

(c) the filing or commencement of any investigation, action, suit or proceeding by any Governmental Authority against the Borrower or any Affiliate which is material to its or such Affiliate's business; provided, that neither the Borrower nor any Affiliate thereof shall be required to provide such notice to the extent, and so long as, such notice is prohibited by applicable laws or regulations or by any subpoena or similar legal process;

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, may reasonably be expected to result in a Material Adverse Effect;

(e) any change in the information provided in any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification; and

(f) any other development that results in, or may reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04 Payment of Obligations. The Borrower will, and will cause each of its Material Subsidiaries to, pay its obligations, including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Material Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest may not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06 Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 5.07 Compliance With Laws. The Borrower will, and will cause each of its Material Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, including, without limitation, Environmental Laws, Anti-Corruption Laws and applicable Sanctions, except (i) to the extent, if any, that the Borrower and its Material Subsidiaries may not be in such compliance in connection with the Disclosed Matters or (ii) where the failure to do so, individually or in the aggregate, may not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its

Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08 Use of Proceeds. The proceeds of the Loans will be used for general corporate purposes, including without limitation acquisitions and any payments required to be made in connection with the Disclosed Matters. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. The Borrower will not request any Loan, and the Borrower shall not use, and the Borrower shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws. The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, or otherwise).

SECTION 5.09 Guarantors. If the Borrower organizes or acquires a new Material Subsidiary that is a Domestic Subsidiary or if any Domestic Subsidiary otherwise constitutes a Material Subsidiary after the Effective Date (in each case, other than the Chartered Bank Subsidiary, or any direct or indirect Subsidiary of the Chartered Bank Subsidiary), and such Material Subsidiary is organized, acquired or utilized for any purpose other than entering into a Qualified Receivables Transaction, the Borrower will cause each such Subsidiary to execute, by joinder, the Guaranty, and to provide such other authorization or opinion deliverables as reasonably requested by the Administrative Agent, in each case, no later than the next succeeding date a certificate as to compliance is required to be delivered pursuant to Section 5.01(c)(ii) (or such later date as the Administrative Agent shall approve in its sole discretion); provided, that the Borrower will use commercially reasonable efforts to provide any such joinder to the Guaranty and related documents for any newly acquired or organized Material Subsidiary within thirty (30) days after the date of organization or acquisition thereof (but shall not be deemed in breach of this Section 5.09 for any failure to deliver such documentation within such thirty (30) day period). For the avoidance of doubt, no breach of this Section 5.09 shall be deemed to have occurred with respect to the failure of the Borrower to cause any of (i) HigherSchool Publishing Company, an Illinois corporation, (ii) FACTS Education Solutions, LLC, an Arizona limited liability company, or (iii) Nelnet Real Estate Ventures, LLC, a Nebraska limited liability company, to become Guarantors prior to the Effective Date.

SECTION 5.10 Dividends. The Borrower will cause its Subsidiaries to pay to the Borrower the maximum amount of dividends allowed to be payable by such Subsidiaries in accordance with applicable organizational documents, applicable agreements, directives or orders of any Governmental Authority, and applicable law or regulation; provided, that the Chartered Bank Subsidiary shall not be required to pay dividends up to the amount necessary or appropriate to fund projected capital needs and requirements of the Chartered Bank Subsidiary resulting from actual or projected growth of the business of the Chartered Bank Subsidiary.

SECTION 5.11 Anti-Money Laundering Compliance. The Borrower shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with anti-money laundering laws and regulations.

SECTION 5.12 Capitalization of Chartered Bank Subsidiary. The Borrower shall cause the Chartered Bank Subsidiary to be "well capitalized", as defined in any applicable federal banking regulatory rule, at all times.

ARTICLE VI
NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01 Recourse Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any (i) Recourse Indebtedness or (ii) obligations in connection with repurchase agreements, except:

(a) the Loans;

(b) Indebtedness in connection with real estate term loans existing on the Effective Date and described in Schedule 6.01 and any renewal or extension of such Indebtedness that does not increase the principal amount thereof;

(c) (i) other Recourse Indebtedness and (ii) obligations in connection with repurchase agreements (exclusive of the Loans, Recourse Indebtedness and repurchase agreement obligations permitted elsewhere in this Section 6.01), in each case, which are not secured by Liens granted by the Borrower or one or more of its Subsidiaries; provided that the aggregate principal or face amount of all such other Recourse Indebtedness and obligations in connection with repurchase agreements described in this clause (c) does not exceed $250,000,000 at any time outstanding;

(d) (i) other Recourse Indebtedness and (ii) obligations in connection with repurchase agreements, including repurchase agreements in connection with FFELP ABS Bonds (exclusive of the Loans, Recourse Indebtedness and repurchase agreement obligations permitted elsewhere in this Section 6.01), in each case, which are secured by Liens granted by the Borrower, one or more of its Subsidiaries or any combination thereof; provided that the aggregate principal or face amount of all such other Recourse Indebtedness and obligations in connection with repurchase agreements described in this clause (d) (other than repurchase agreements in connection with FFELP ABS Bonds) does not exceed 10% of the Borrower's Consolidated Net Worth at any time outstanding;

(e) Deposit liabilities owed by the Chartered Bank Subsidiary, together with Indebtedness incurred by the Chartered Bank Subsidiary with respect to collateralized or uncollateralized repurchase agreements, discount window borrowings from the Federal Reserve

Bank, Federal funds lines of credit with correspondent financial institutions, Federal funds borrowings, loan participation agreements, and Swap Agreements;

(f) Guarantees of Project Finance Subsidiary Indebtedness by the holder of the Equity Interests in the applicable Project Finance Subsidiary who has incurred such Project Finance Subsidiary Indebtedness; and

(g) the Portfolio Transaction Indebtedness.

SECTION 6.02 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the Effective Date and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the Effective Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens (x) on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary provided that (i) such security interests and the Indebtedness secured thereby are incurred prior to or within 180 days after such acquisition or the completion of such acquisition, construction or improvement and (ii) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary, (y) to the extent not otherwise captured in the immediately preceding clause (x), granted by a Project Finance Subsidiary in any of its assets to secure Project Finance Subsidiary Indebtedness, and (z) granted by the Borrower or any Subsidiary in the Equity Interests in a Project Finance Subsidiary to secure its Guarantee of such Project Finance Subsidiary's Project Finance Subsidiary Indebtedness to the extent such Guarantee is not otherwise prohibited hereunder; provided, that no such Lien described in the preceding clauses (y) or (z) shall apply to any assets of the Borrower or any Subsidiary (including any Project Finance Subsidiary) other than, as applicable, the assets of or Equity Interests in the applicable Project Finance Subsidiary that has incurred the applicable Project Finance Subsidiary Indebtedness;

(e) Liens granted by the Borrower or one or more of its Subsidiaries to secure the Indebtedness described in Section 6.01(d) in an aggregate principal or face amount not at any time exceeding 10% of the Borrower's Consolidated Net Worth (excluding, for purposes of such calculation, any such Indebtedness pursuant to repurchase agreements in connection with FFELP ABS Bonds);

(f) (i) Liens granted by the Chartered Bank Subsidiary or one or more of its Subsidiaries to secure the Indebtedness described in Section 6.01(e) hereof; and (ii) Liens granted by the Borrower or any Subsidiary to the Chartered Bank Subsidiary pursuant to: (1) a CALMA committed deposit agreement (in form and substance substantially similar to that disclosed to the Administrative Agent on or prior to the date of the First Amendment or otherwise acceptable to the Administrative Agent in its reasonable discretion) in a deposit account at the Chartered Bank Subsidiary, to the extent of amounts on deposit in such deposit account not in excess of $40,000,000 (plus accrued interest thereon) at any time, (2) additional deposit agreements (in form and substance substantially similar to those disclosed or described to the Administrative Agent on or prior to the date of the First Amendment or otherwise acceptable to the Administrative Agent in its reasonable discretion) for earmarked deposit accounts to cover (x) liabilities owed by the Borrower or such Subsidiary to the Chartered Bank Subsidiary and interest thereon or (y) payments on student loans (including interest thereon) owned by the Chartered Bank Subsidiary but serviced by a Subsidiary of the Borrower, or (3) any pledge arrangement securing amounts paid by the Chartered Bank Subsidiary to the Borrower or such Subsidiary in respect of student loans owned by the Borrower or such Subsidiary which are to be subsequently refinanced and purchased by the Chartered Bank Subsidiary; provided, however, that (I) in no event shall the total value of all deposits or other amounts subject to Liens permitted under the preceding clauses (2) and (3), including interest thereon, plus the interest accrued on the deposit account described in the preceding clause (1), exceed $1,000,000 in the aggregate at any time, and (II) in no event shall the total value of all deposits or other amounts subject to Liens permitted under this clause (ii) in its entirety, including interest thereon, exceed $50,000,000 in the aggregate at any time; and

(g) Liens granted by (i) the Borrower or any Portfolio Transaction Subsidiary solely in the Portfolio Risk Retention Interest or (ii) the Borrower solely in up to 7.8% of the residual interests in the Portfolio Loans, in each case of clauses (i) and (ii), solely to secure the Portfolio Transaction Indebtedness.

SECTION 6.03 Fundamental Changes. (a) The Borrower will not, nor will it permit any Material Subsidiary to, merge or consolidate with or into any other Person, or permit any other Person to, merge into or consolidate with it, or liquidate or dissolve, except that, subject to clause (c) below, a Subsidiary (other than the Chartered Bank Subsidiary) may merge into the Borrower or a Wholly-Owned Subsidiary, and a Subsidiary other than a Material Subsidiary or the Chartered Bank Subsidiary may be liquidated or dissolved.

(b) The Borrower will not, and will not permit any of its Material Subsidiaries to, engage to any material extent in any business other than the Borrower's Line of Business, except to the extent permitted pursuant to clause (c) of the definition of "Permitted Acquisition".

(c) Except as permitted under Sections 6.06(e)(y) and 6.06(k), the Borrower will not, and will not permit any of its Subsidiaries to, merge with or sell, transfer or otherwise convey its, or their, assets, property or business activities to the Chartered Bank Subsidiary at any time.

SECTION 6.04 Sale of Assets. The Borrower will not, nor will it permit any Material Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) sales of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are applied with reasonable promptness to the purchase price of such replacement equipment;

(c) leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this Section during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries;

(d) sales of assets in connection with a Qualified Receivables Transaction;

(e) sales or transfers of loans, loan servicing rights and other assets, or beneficial, participation or other interests therein, made or acquired by the Chartered Bank Subsidiary in the ordinary course of business;

(f) sales, leases or other dispositions of its Property, approved by the Required Lenders; and

(g) any dispositions of beneficial interests in Portfolio Loans by a Portfolio Transaction Subsidiary in connection with the Portfolio Transactions.

SECTION 6.05 Minimum Consolidated Net Worth. Consolidated Net Worth, calculated at the end of each fiscal quarter of the Borrower, shall be no less than the sum of (i) $1,850,000,000 plus (ii) an amount equal to 50% of Consolidated Net Income for such fiscal quarter then ended, in each case, to the extent such Consolidated Net Income is positive (but with no deduction on account of negative Consolidated Net Income for any such fiscal period) plus (iii) 100% of the amount of any increase in Consolidated Net Worth attributable to the issuance of capital stock of the Borrower during such fiscal quarter then ended.

SECTION 6.06 Investments. The Borrower will not, nor will it permit any Material Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries other than ordinary course downstream contributions to non-Project Finance Subsidiaries not otherwise expressly prohibited hereunder), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, except:

(a) Cash Equivalent Investments;

(b) existing Investments in Subsidiaries and other Investments in existence on the Effective Date and described in Schedule 6.06;

(c) Investments constituting Permitted Acquisitions;

(d) travel advances to management personnel and employees in the ordinary course of business;

(e) Investments comprised of (x) capital contributions (whether in the form of cash, a note, or other assets and including, without limitation, in exchange for equity interests) or otherwise resulting from transfers of assets permitted by Section 6.04, in each case, to a Subsidiary that is a special-purpose entity or another special-purpose entity in which the Borrower or a Subsidiary holds an interest, in each case, created solely to engage in a Qualified Receivables Transaction and (y) a one-time, initial capital contribution (which capital contribution may be in the form of cash or securities) in connection with the Chartered Bank Subsidiary Formation (for the avoidance of doubt, the foregoing sub-clause (y) may not be used for ongoing capital contribution obligations) and (z) the Chartered Bank Liquidity Investment; provided, that (1) investments under the preceding clause (z) shall not exceed $40,000,000 in the aggregate, and (2) investments under the preceding clauses (y) and (z) combined shall not exceed $150,000,000 in the aggregate;

(f) Investments in asset-backed securities or municipal securities collateralized by FFELP Loans or Non-FFELP Student Loans;

(g) Investments in student loans or student loan pools or, in each case, beneficial, participation or other interests therein;

(h) Investments in consumer loans and consumer loan pools or beneficial, participation or other interests therein; provided that the average FICO score of the consumer loans comprising any pool upon origination or acquisition thereof shall be greater than or equal to 650;

(i) Loans and other Investments made by the Chartered Bank Subsidiary which are not otherwise prohibited by applicable law, regulation, or directive of Governmental Authority;

(j) residual interests in securitized Non-FFELP Loans or FFELP Loans, or, in each case, securities collateralized thereby; and

(k) other Investments, provided that the aggregate amount of such other Investments (including, for the avoidance of doubt, initial, ongoing and future Investments in (i) any Project Finance Subsidiary and (ii) the Equity Interests of each Subsidiary and each other special-purpose entity not otherwise permitted under this Section 6.06, including those created solely to engage in Qualified Receivables Transactions with respect to Non-FFELP Loans) does not exceed 50% of the Borrower’s Consolidated Net Worth at any time outstanding.

SECTION 6.07 Acquisitions. The Borrower will not, nor will it permit any Subsidiary, to make any Acquisition other than a Permitted Acquisition and the Chartered Bank Subsidiary Formation.

SECTION 6.08 Restricted Payments. The Borrower will not, nor will it permit any Subsidiary to, make any Restricted Payment, except that any Subsidiary may declare and pay dividends or make distributions to the Borrower or to any Subsidiary, and the Borrower may declare and pay dividends on its capital stock provided that immediately prior to the payment of any such dividend, no Default or Event of Default shall exist before or after giving effect to such dividends or be created as a result thereof and immediately following payment of such dividend, the Borrower will have unencumbered cash plus unencumbered Cash Equivalent Investments plus unused availability under this Agreement in an aggregate amount not less than $25,000,000.

SECTION 6.09 Recourse Leverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Recourse Indebtedness (excluding deposit liabilities owed by the Chartered Bank Subsidiary but including, without duplication and regardless of whether otherwise constituting "Recourse Indebtedness", obligations in connection with repurchase agreements) to (ii) Adjusted EBITDA for the then most-recently ended four (4) fiscal quarters to be greater than 2.5 to 1.0.

SECTION 6.10 Non-FFELP Loans. The Borrower will not permit, at any time, the aggregate amount of Non-FFELP Loans owned by the Borrower and its Consolidated Subsidiaries for which the obligor therefor shall have a FICO score of less than 700 (other than (i) any such Non-FFELP Loans owned as of the Effective Date and (ii) Non-FFELP Loans owned by the Chartered Bank Subsidiary in reliance upon Section 6.06(i) but including, for the avoidance of doubt, any Non-FFELP Loans owned by any Subsidiary party to a Warehouse Receivables Transaction), to exceed 50% of the Borrower's Consolidated Net Worth at any time outstanding. For the avoidance of doubt, the calculations set forth in this Section 6.10 shall not include Portfolio Investments so long as such investments are not legal title to Non-FFELP Loans.

ARTICLE VII
EVENTS OF DEFAULT AND EVENTS OF FRAUD

SECTION 7.01 Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof or waiver hereunder, shall prove to have been incorrect when made or deemed made, unless the incorrectness of such representation or warranty is not reasonably expected to result in a Material Adverse Effect;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 5.02(a), 5.03 (with respect to the Borrower's existence) or in Article 6; provided that in the case of Section 6.01 or 6.05, such failure shall continue unremedied for a period of 30 days after an executive officer of the Borrower first becomes aware of such failure;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);.

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that (i) results in any Material Indebtedness becoming due prior to its scheduled maturity or (ii) is continuing (after any applicable grace period or cure period has expired) so as to enable or permit the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that (x) this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness and (y) a Swap Agreement shall be considered to become due prior to its schedule maturity only if it becomes so due upon termination resulting from the Borrower's or a Subsidiary's default thereunder;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action to authorize, or indicating its consent to, approval of, or acquiescence in any of the foregoing;

(j) the Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed on appeal or is not otherwise being appropriately contested in good faith, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, may reasonably be expected to result in a Material Adverse Effect;

(m) the Borrower or any Subsidiary shall become ineligible to service loans;

(n) a Change in Control shall occur; or

(o) the Chartered Bank Subsidiary shall lose its state or federally issued charter;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 7.02 Events of Fraud. Upon the occurrence of an Event of Fraud, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, on the earlier of (x) the Maturity Date and (y) 120 days after the occurrence of such Event of Fraud.

ARTICLE VIII
THE ADMINISTRATIVE AGENT

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 5 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Neither the Syndication Agent nor the Documentation Agent shall have any duties, responsibilities or liabilities in such capacities.

Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true: (i) such Lender is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code) which is subject to Section 4975 of the Code in connection with the Loans or the Commitments, (ii) the transaction exemption set forth in one or more prohibited transaction exemptions issued by the Department of Labor (each, a "PTE"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, (iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or (iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

In addition, unless sub-clause (i) in the immediately preceding paragraph is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding paragraph, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that: (i) none of the Administrative Agent, the Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto), (ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is independent (within the meaning of 29 C.F.R. § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 C.F.R. § 2510.3-21(c)(1)(i)(A)-(E),(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations), (iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and (v) no fee or other compensation is being paid directly to the Administrative Agent, the Arranger or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Commitments or this Agreement.

The Administrative Agent and the Arranger hereby inform the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans or the Commitments for an amount less than the amount being paid for an interest in the Loans or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE IX
MISCELLANEOUS

SECTION 9.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at 121 South 13th Street, Suite 201, Lincoln, NE 68508, Attention of James D. Kruger, Telephone No. (402) 458-2304/Telecopy No. (402) 458-2294;

(ii) if to the Administrative Agent, to U.S. Bank National Association, 800 Nicollet Mall, BC-MN-H03L, Minneapolis, MN 55402, Attention: Teresa Mager, Telephone No.: (612) 303-3683/Telecopy No.: (612) 303-3851;

(iii) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to service of process pursuant to Section 9.09 or otherwise under applicable law, or to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02 Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.15(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03 Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (x) the Indemnitee's bad faith breach of its express contractual obligations under this Agreement or (y) the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against ~~any Indemnitee~~the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons, on any theory of liability, for special, indirect, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(a) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof); provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the Swing Line Lender; provided that no consent of the Swing Line Lender shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be party hereto as a Lender with respect to the interest assigned and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement in addition to any rights and obligations theretofore held by it as a Lender hereunder (if any), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.14 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that fails to comply with this Section 9.04 shall be null and void.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(b) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (b)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.12 or 2.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.14(e) as though it were a Lender.

(c) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.12, 2.13, 2.14 and 9.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Without notice to or consent of any Loan Party, the Administrative Agent and each Lender may create electronic images of any Loan Documents and destroy paper originals of any such imaged documents. Such images have the same legal force and effect as the paper originals and are enforceable against the Borrower and any other parties thereto. The Lender may convert any Loan Document into a "transferrable record" as such term is defined under, and to the extent permitted by UETA, with the image of such instrument in the Lender's possession constituting an "authoritative copy" under UETA. If the Administrative Agent agrees, in its sole discretion, to accept delivery by telecopy, electronic mail or PDF of an executed counterpart of a signature page of this Agreement or any other Loan Document or other document required to be delivered under the Loan Documents, such delivery will be valid and effective as delivery of an original manually executed counterpart of such document for all purposes. If the Administrative Agent agrees, in its sole discretion, to accept any electronic signatures of this Agreement or any other Loan Document or other document required to be delivered under the Loan Documents, the words "execution," "signed," and "signature," and words of like import, in or referring to any document so signed will deemed to include electronic signatures and/or the keeping of records in electronic form, which will be of the same legal effect, validity and enforceability as a manually executed signature and/or the use of a paper-based recordkeeping system, to the extent and as provided for in any applicable law, including the New York State Electronic Signatures and Records Act, UETA, E-SIGN, or any other state laws based on, or similar in effect to, such acts. The Administrative Agent and each Lender may rely on any such electronic signatures without further inquiry.

SECTION 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower (but excluding, for the avoidance of doubt, deposits held by the Borrower on behalf of third parties to the extent such deposits are properly titled in such respect) against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process. This Agreement shall be construed in accordance with and governed by the internal laws (without regard to the conflict of laws provisions) of the State of New York, but giving effect to federal laws applicable to national banks.

(a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory or self-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The provisions of this Section 9.12 are without prejudice to any other confidentiality undertakings the Administrative Agent or any Lender may enter into with the Borrower as to any particular information.

SECTION 9.13 USA Patriot Act. The Borrower shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the

Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the PATRIOT Act.

SECTION 9.14 Amendment and Restatement; Departing Lenders. The Borrower, the Lenders and the Administrative Agent agree that upon (i) the execution and delivery of this Agreement by each of the parties hereto and (ii) satisfaction (or waiver by the aforementioned parties) of the conditions precedent set forth in Section 4.01, the terms and conditions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation of the Existing Credit Agreement or the indebtedness created thereunder. Without limiting the foregoing, upon the effectiveness hereof: (a) all loans incurred under the Existing Credit Agreement which are outstanding on the Effective Date shall continue as Loans under (and shall be governed by the terms of) this Agreement and the other Loan Documents, (b) all references in the "Loan Documents" (as defined in the Existing Credit Agreement) to the "Administrative Agent", the "Credit Agreement" and the "Loan Documents" shall be deemed to refer to the Administrative Agent, this Agreement and the Loan Documents, respectively, (c) all obligations under the Existing Credit Agreement with any Lender or any Affiliate of any Lender which are outstanding on the Effective Date shall continue as Obligations under this Agreement and the other Loan Documents, (d) any "Note" under the Existing Credit Agreement shall be deemed for all purposes superseded and replaced by the Note (if any) issued to such Lender under this Agreement, (e) each Departing Lender's "Commitment" under the Existing Credit Agreement shall be terminated and obligations owing to it under and in connection with the Existing Credit Agreement shall be repaid, and each Departing Lender shall not be a Lender hereunder, and (f) the Administrative Agent shall make such reallocations, sales, assignments or other relevant actions in respect of each Lender's credit and loan exposure under the Existing Credit Agreement as are necessary in order that each such Lender's outstanding Credit Exposure hereunder reflects such Lender's pro rata share of the aggregate outstanding Credit Exposure on the Effective Date (and the termination and repayment of "Commitments" and obligations of Departing Lenders), and the Borrower hereby agrees to compensate each Lender for reasonable and documented costs and out-of-pocket expenses incurred by such Lender in connection with the sale and assignment of any "Eurodollar Loans" on the terms and in the manner set forth in Section 2.13 hereof.

SECTION 9.15 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

SECTION 9.16 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for obligations under Swap Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

SECTION 9.17 Erroneous Payments.

(a) If the Administrative Agent notifies a Lender or other holder of any obligations hereunder or under any other Loan Document (the "Obligations", and each such holder, a "Lender Party"), or any Person who has received funds on behalf of a Lender Party (any such Lender Party or other recipient, a "Payment Recipient"), that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under Section 9.17(b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously received by, such Payment Recipient (whether or not such error is known to any Payment Recipient) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Payment Recipient shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting Section 9.17(a), if any Payment Recipient receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) that (x) is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) such Payment Recipient otherwise becomes aware was transmitted, or received, in error (in whole or in part):

(i) (A) in the case of immediately preceding clause (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) in the case of immediately preceding clause (z), an error has been made, in each case, with respect to such payment, prepayment or repayment; and

(ii) such Payment Recipient shall promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 9.17(b).

(c) Each Lender Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender Party under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Lender Party from any source, against any amount due to the Administrative Agent under Section 9.17(a) or under the indemnification provisions of this Agreement.

(d) An Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations, except to the extent such Erroneous Payment comprises funds received by the Administrative Agent from a Loan Party for the purpose of making such Erroneous Payment.

(e) To the extent permitted by applicable law, each Payment Recipient hereby agrees not to assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment, including without limitation any defense based on "discharge for value" or any similar doctrine, with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment.

(f) Each party's agreements under this Section 9.17 shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments, or the repayment, satisfaction or discharge of any or all Obligations.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized representatives as of the day and year first above written.

[ORIGINAL SIGNATURE PAGES ON FILE WITH ADMINISTRATIVE AGENT]

COMMITMENT SCHEDULE

Lender	Commitment
U.S. Bank National Association	$150,000,000
Wells Fargo Bank, National Association	$150,000,000
Royal Bank of Canada	$75,000,000
Citibank, N.A.	$35,000,000
First National Bank of Omaha	$35,000,000
Bank of Montreal	$25,000,000
BOK Financial	$25,000,000
TOTAL	**$495,000,000**

PRICING SCHEDULE

Each of "FEE RATE", "~~EURODOLLAR~~TERM SOFR MARGIN" and "ABR MARGIN" means, for any date, the rate set forth below in the row opposite such term and in the column corresponding to the "Status" on such date:

STATUS	LEVEL I	LEVEL II	LEVEL III	LEVEL IV	LEVEL V
Fee Rate	0.15%	0.175%	0.225%	0.275%.	0.30%
~~Eurodollar~~Term SOFR Margin	1.00%	1.125%	1.25%	1.50%	1.75%
ABR Margin	0.00%	0.125%	0.25%	0.50%	0.75%

For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

"LEVEL I STATUS" exists at any date if, at such date, the Borrower's credit rating is BBB+ or higher by S&P or Baa1 or higher by Moody's.

"LEVEL II STATUS" exists at any date if, at such date, (i) the Borrower's credit rating is BBB or higher by S&P or Baa2 or higher by Moody's and (ii) Level I Status does not exist.

"LEVEL III STATUS" exists at any date if, at such date, (i) the Borrower's credit rating is BBB- or higher by S&P or Baa3 or higher by Moody's and (ii) neither Level I Status nor Level II Status exists.

"LEVEL IV STATUS" exists at any date if, at such date, (i) ~~to~~the Borrower's credit rating is BB+ or higher by S&P or Ba1or higher by Moody's and (ii) none of Level I Status, Level II Status and Level III Status exists.

"LEVEL V STATUS" exists at any date if, at such date, no other Status exists.

"STATUS" refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status, or Level V Status exists at any date.

The ~~Eurodollar~~Term SOFR Margin, the ABR Margin and the Fee Rate shall be determined in accordance with the foregoing table based on the Borrower's Status as of the last Business Day of the immediately preceding month. As of the Effective Date, Level III Status shall apply. Thereafter, adjustments, if any, to the ~~Eurodollar~~Term SOFR Margin, the ABR Margin or the Fee Rate shall be effective from and after the first day of the first fiscal month immediately following such date until the first day of the first fiscal month immediately following the next such date.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Borrower without third-party credit enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date. In the case of split ratings from S&P's and Moody's, the rating to be used to determine which Status applies is the higher of the two; provided that if the split is more than one notch, a rating one notch below the higher rating of the two shall be used.

Schedule 1.01A

EXCLUDED CAPITAL LEASE OBLIGATIONS

None

Schedule 1.01B

GUARANTORS

National Education Loan Network, Inc.

Nelnet Business Solutions, Inc.

Nelnet Diversified Solutions, LLC

HigherSchool Publishing Company

FACTS Education Solutions, LLC

Nelnet Real Estate Ventures, LLC

Schedule 3.06

DISCLOSED MATTERS

Any liabilities or matters described in the Borrower's Form 10K and/or Form 10Q with the United States Securities and Exchange Commission for the period ended December 31, 2020 and June 30, 2021, respectively, and any findings, orders, judgments or settlements resulting therefrom or related thereto.

Schedule 6.01

EXISTING INDEBTEDNESS

Attached

Schedule 6.02

EXISTING LIENS

Attached

Schedule 6.06

EXISTING INVESTMENTS

Attached.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [INSERT NAME OF ASSIGNOR] (the "Assignor") and [INSERT NAME OF ASSIGNEE] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Third Amended and Restated Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________ [and is an Affiliate/Approved Fund of [IDENTIFY LENDER](1)]

3. Borrower(s): Nelnet, Inc. ("NELNET")

____

(1) Select as applicable.

4. Administrative Agent: U.S. Bank National Association as the administrative agent under the Credit Agreement

5. Credit Agreement: The Third Amended and Restated Credit Agreement dated as of September 22, 2021 among Nelnet, the Lenders parties thereto, U.S. Bank National Association, as Administrative Agent as amended and in effect from time to time

6. Assigned Interest:

Facility Assigned(2)	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/ Loans(3)
	$	$	%
	$	$	%
	$	$	%

Effective Date: _____________ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

---

(2) Fill in the appropriate terminology for the Types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g., "~~Eurodollar~~Term SOFR" or "ABR")

(3) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: __
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: __
Title:

Consented to and Accepted:

U.S. BANK NATIONAL ASSOCIATION, as
Administrative Agent and as Swing Line Lender

By: __
Title:

ANNEX 1

THIRD AMENDED AND RESTATED CREDIT AGREEMENT dated as of September 22, 2021 among NELNET, INC., the LENDERS party thereto, U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent,

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. The words “execution,” “signed,” and “signature,” and words of like import, in or referring to this Assignment and Assumption shall include electronic signatures and/or the keeping of records in electronic form, which will be of the same legal effect, validity and enforceability as a manually executed signature and/or the use of a paper-based recordkeeping system, to the extent and as provided for in any applicable law, including UETA, E-SIGN, or any other state laws based on, or similar in effect to, such acts (and the Administrative Agent may rely on any such electronic signatures without further inquiry). This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

OPINION OF COUNSEL FOR THE BORROWER

[_______], 2021

To the Lenders and the Administrative
Agent Referred to Below
c/o U.S. Bank National Association, as
Administrative Agent

Ladies and Gentlemen:

We have acted as counsel for Nelnet, Inc., a Nebraska corporation (the "Borrower"), in connection with the Third Amended and Restated Credit Agreement dated as of September 22, 2021 (the "Credit Agreement"), among the Borrower, the banks and other financial institutions identified therein as Lenders, and U.S. Bank National Association, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings.

We have examined originals or copies, certified or otherwise identified to my/our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion. In our examination, we have assumed the genuineness of the signatures of Persons signing the Credit Agreement, the authority of such Persons signing on behalf of the parties thereto (other than the Borrower) and the due authorization, execution and delivery of all documents by the parties thereto (other than the Borrower).

Upon the basis of the foregoing, we are of the opinion that:

1. The Borrower (a) is a corporation duly organized, validly existing and in good standing under the laws of Nebraska, (b) has all requisite power and authority to carry on its business as now conducted and (c) except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

2. The Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. The Credit Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the

charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

4. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to our knowledge, threatened against or affecting the Borrower or any of its Subsidiaries (a) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect (other than the Disclosed Matters) or (b) that involve the Credit Agreement or the Transactions.

5. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

We are members of the bar of the State of Nebraska and the foregoing opinion is limited to the laws of the State of Nebraska and the Federal laws of the United States of America. We note that the Credit Agreement is governed by the laws of the State of New York and, for purposes of the opinion expressed in paragraphs 2 and 3 above, we have assumed that the laws of the State of New York do not differ from the laws of Nebraska in any manner that would render such opinion incorrect. This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other Person (other than your successors and assigns as Lenders and Persons that acquire participations in your Loans) without our prior written consent.

Very truly yours,

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

U.S. Bank National Association,
as Administrative Agent

Attention: ________________

Re: Compliance Certificate

Ladies and Gentlemen:

Reference is made to the Third Amended and Restated Credit Agreement dated as of September 22, 2021 among Nelnet, Inc., (the "Borrower") and the Lenders and Agents from time to time parties thereto (such agreement, as amended and in effect from time to time, the "Agreement"); capitalized terms used herein without definition shall have the meanings assigned those terms in the Agreement.

This Certificate is furnished to the Administrative Agent for the benefit of the Lenders pursuant to Section 5.01 of the Agreement.

The undersigned, ______________________, hereby certifies to the Administrative Agent for the benefit of the Lenders as follows:

1. Authority. I am the duly elected, qualified and acting __________ of the Borrower.

2. Fiscal Period. This certificate is for the fiscal period ended ___________ __, 20__ (the "Certification Date").

3. Financial Statements.

   The accompanying consolidated statements of operations, stockholders' equity and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal quarter ended on the Certification Date [and for the then elapsed portion of the fiscal year] and the related consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the Certification Date, together in each case with the corresponding figures in comparative form for the previous fiscal year, present fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes.

4. No Default. To my knowledge, no Default has occurred or is continuing as of the date of this certificate.

5. Minimum Consolidated Net Worth (Section 6.05).[1]

(a) Consolidated Net Worth at Certification Date $__________

(b) Calculation of Compliance Level

(i) Compliance level at preceding Certification Date (from prior Compliance Certificate $__________

(ii) Increase in Consolidated Net Worth attributable to the issuance of capital stock of the Borrower since the preceding Certification Date $__________

[(iii) 50% of Consolidated Net Income for the four fiscal quarter period ended at the Certification Date] [$__________]

Compliance Level at Certification Date ((i) plus (ii) [plus (iii)]) $__________

[(c) Calculation of Consolidated Net Income
Consolidated net income (from income statement) $__________

[plus] [minus] Derivatives market value adjustment $__________

Consolidated Net Income [$__________]

6. Other Investments (Section 6.06(k))

(a) Consolidated Net Worth at Certification Date $___________

(b) 50% of Consolidated Net Worth at Certification Date $___________

(c) Investments made in reliance on Section 6.06(k) at Certification Date $___________

(d) Line c must be Less Than or Equal to Line b

7. Maximum Recourse Leverage Ratio (Section 6.09).

(a) Calculation of Recourse Indebtedness

(I) All Indebtedness (excluding any Project Finance Subsidiary Indebtedness and deposit liabilities owed by the Chartered Bank Subsidiary, but including without duplication, obligations in connection

[1] The Chartered Bank Subsidiary shall be excluded for all purposes of this calculation.

with repurchase agreements)) $__________

(II) Deductions from all Indebtedness

(i) Indebtedness contractually nonrecourse $__________

(ii) Receivables Transaction Attributed Indebtedness $__________

(iii) Total deductions $__________

(III) Recourse Indebtedness (I minus II(iii)) $__________

(b) Calculation of Adjusted EBITDA[2]

(I) Consolidated Net Income $__________

(II) Additions to the extent deducted in determining Consolidated Net Income:

(i) Corporate Debt Interest $__________

(ii) Expenses for taxes paid in cash or accrued $__________

(iii) Depreciation and amortization $__________

(iv) unusual and non-recurring non-cash expenses, charges and losses incurred other than in the ordinary course of business $__________

(v) Non-cash expenses related to stock based compensation $__________

(vi) Unrealized derivatives market value adjustment (if negative) $__________

(vii) Unrealized foreign currency translation adjustment (if negative) $__________

(viii) Proceeds (if any) realized on termination of derivative instruments $__________

(~~viii~~ix) Total additions $__________

[2] The Chartered Bank Subsidiary shall be excluded for all purposes of this calculation.

(III) Deductions from Consolidated Net Income to the extent included therein: $__________

(i) Variable-rate floor income $__________

(ii) unusual and non-recurring income or gains $__________

(iii) Income tax credit and refunds (not netted) $__________

(iv) Unrealized derivatives market value adjustment (if positive) $__________

(v) Payments (if any) for termination of derivative instruments $__________

(~~v~~vi) Unrealized foreign currency translation adjustment (if positive) $__________

(~~vi~~vii) Total deductions $__________

(IV) Adjusted EBITDA (I plus II(~~viii~~ix) minus III(~~vi~~vii)) $__________

(c) Calculation of Ratio

8. Non-FFELP Loans (Section 6.10)

(a) Consolidated Net Worth at Certification Date $___________

(b) 50% of Consolidated Net Worth at Certification Date $___________

(c) Aggregate amount of Non-FFELP Loans owned by the Borrower and its Consolidated Subsidiaries for which the obligor therefor shall have a FICO score of less than 700 (other than (i) any such Non- FFELP Loans owned as of the Effective Date and (ii) Non- FFELP Loans owned by the Chartered Bank Subsidiary in reliance upon Section 6.06(i) but including, for the avoidance of doubt, any Non- FFELP Loans owned by any Subsidiary party to a Warehouse Receivables Transaction), to exceed 50% of Consolidated Net Worth as of the Certification Date

$__________

(d) Line c must be Less Than or Equal to Line b

9. Material Subsidiaries (Section 5.09). Set forth below is a list identifying each Domestic Subsidiary of the Borrower that has been acquired or organized or newly qualified as a Material Subsidiary since [the Effective Date][the most recent updated certification as to such matters], and the undersigned hereby certifies that each such new Material Subsidiary has signed the Guaranty via joinder and otherwise complied with Section 5.09 of the Credit Agreement on or prior to the date hereof.

____

____

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the date set forth below.

____
Name:
Title:

Dated: ___________________, 20__

EXHIBIT D

NOTE

[_______], 2021

Nelnet, Inc., a Nebraska corporation (the "Borrower"), promises to pay to the order of _____________________________ (the "Lender") the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Article II of the Agreement (as hereinafter defined), in immediately available funds at the applicable office of U.S. Bank National Association, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Loans in full on the Maturity Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Third Amended and Restated Credit Agreement dated as of September 22, 2021 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrower, the lenders party thereto, including the Lender and U.S. Bank National Association, as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

In the event of default hereunder, the undersigned agree to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waive demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

NELNET, INC.

By: __
Print Name: __
Title: __

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE OF NELNET, INC.
DATED [_______], 2021

Date	Principal Amount of Loan	Maturity of Interest Period	Principal Amount Paid	Unpaid Balance

EXHIBIT E

LIST OF CLOSING DOCUMENTS

NELNET, INC.

CREDIT FACILITY

September 22, 2021

LIST OF CLOSING DOCUMENTS[3]

I. EFFECTIVE DATE CLOSING DOCUMENTS

A. LOAN DOCUMENTS

1. Third Amended and Restated Credit Agreement, dated as of September 22, 2021, among Nelnet, Inc. (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, as administrative agent (in such capacity, the "Administrative Agent"), evidencing a revolving facility in an initial principal amount of up to $495,000,000.

SCHEDULES

Commitment Schedule

Pricing Schedule
Schedule 1.01A Excluded Capital Lease Obligations
Schedule 1.01B Guarantors
Schedule 3.06 Disclosed Matters
Schedule 6.01 Existing Indebtedness
Schedule 6.02 Existing Liens
Schedule 6.06 Existing Investments

[3] Each capitalized term used herein and not defined herein shall have the meaning assigned to such term in the above-defined Credit Agreement. Items appearing in ***bold italics*** shall be prepared and/or provided by the Borrower and/or their counsel.

EXHIBITS

Exhibit A Form of Assignment and Assumption Agreement
Exhibit B Form of Opinion of Counsel for Borrower
Exhibit C Form of Compliance Certificate
Exhibit D Form of Note
Exhibit E List of Closing Documents

2. Notes executed by the Borrower in favor of each of the Lenders, if any, which has requested a note pursuant to the Credit Agreement.

3. Third Amended and Restated Guaranty executed by the Guarantors in favor of the Administrative Agent.

B. **CORPORATE DOCUMENTS**

4. ***Certificate of the Secretary or an Assistant Secretary of the Borrower and each Guarantor certifying (i) that there have been no changes in the charter document of the Borrower or such Guarantor, as applicable, as attached thereto and as certified as of a recent date by the Secretary of State of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the By-laws or other organizational document, as attached thereto, of the Borrower or such Guarantor, as applicable, as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of the Borrower or such Guarantor, as applicable, authorizing the execution, delivery and performance of each Loan Document to which it is a party, (iv) the Good Standing Certificate (or analogous documentation if applicable) for the Borrower or such Guarantor, as applicable, from the Secretary of State of the jurisdiction of its organization and (v) the names and true signatures of the incumbent officers of the Borrower or such Guarantor, as applicable, authorized to sign the Loan Documents to which it is a party, and (in the case of the Borrower) authorized to request an Advance under the Credit Agreement.***

C. **OPINIONS**

5. ***Opinion of the Perry Law Firm, counsel for the Borrower.***

6. ***Opinion of the Perry Law Firm, counsel for the Guarantors.***

D. **CLOSING CERTIFICATES AND MISCELLANEOUS**

7. ***Certificate of the chief financial officer of the Borrower certifying the following: on the Effective Date (1) no Default or Event of Default has occurred and is continuing, (2) the representations and warranties contained in <u>Article III</u> are true and correct in all material respects as of such date, (3) no Event of Fraud has occurred and is continuing, and (4) no material adverse change has occurred (x) in the business, Property, liabilities (actual and contingent), operations or condition (financial or***

otherwise), or results of operations of the Borrower and its Material Subsidiaries taken as a whole, since December 31, 2020 or (y) in the facts and information regarding such entities as represented by such entities to date.

ANNEX II

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of that certain Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of June 22, 2023 (the "Amendment") by and among Nelnet, Inc. (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, in its individual capacity as a Lender and in its capacity as the administrative agent (the "Agent"), which amends that certain Third Amended and Restated Credit Agreement, dated as of September 22, 2021 (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "Credit Agreement") by and among the Borrower, the Lenders and the Agent. Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Amendment or, if not defined therein, in the Credit Agreement. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned (i) consents to the Amendment, (ii) reaffirms its obligations under the Guaranty and each and every other Loan Document to which it is a party and (iii) acknowledges and agrees that each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. This Reaffirmation is not intended to and shall not constitute a novation of the Credit Agreement, the other Loan Documents or the obligations created thereunder.

All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as each of the same may from time to time hereafter be amended, modified or restated.

Dated: June 22, 2023

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

GUARANTORS:

NATIONAL EDUCATION LOAN NETWORK, INC.

By:__________________________
Name:
Title:

NELNET BUSINESS SOLUTIONS, INC.

By:__________________________
Name:
Title:

NELNET DIVERSIFIED SOLUTIONS, LLC

By:__________________________
Name:
Title:

FACTS AND EDUCATION SOLUTIONS, LLC

By:__________________________
Name:
Title:

NELNET REAL ESTATE VENTURES, LLC

By:__________________________
Name:
Title:

HIGHERSCHOOL PUBLISHING COMPANY

By:__________________________
Name:
Title:

NGWEB SOLUTIONS, LLC

By:__________________________
Name:
Title:

NELNET SOLAR, LLC

By:__________________________
Name:
Title:

GRNE-NELNET, LLC

By:__________________________
Name:
Title:

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of that certain Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of June 22, 2023 (the "Amendment") by and among Nelnet, Inc. (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, in its individual capacity as a Lender and in its capacity as the administrative agent (the "Agent"), which amends that certain Third Amended and Restated Credit Agreement, dated as of September 22, 2021 (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "Credit Agreement") by and among the Borrower, the Lenders and the Agent. Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Amendment or, if not defined therein, in the Credit Agreement. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned (i) consents to the Amendment, (ii) reaffirms its obligations under the Guaranty and each and every other Loan Document to which it is a party and (iii) acknowledges and agrees that each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. This Reaffirmation is not intended to and shall not constitute a novation of the Credit Agreement, the other Loan Documents or the obligations created thereunder.

All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as each of the same may from time to time hereafter be amended, modified or restated.

Dated: June 22, 2023

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

GUARANTORS:

NATIONAL EDUCATION LOAN NETWORK, INC.

By: Jim Kruger
Name: Jim Kruger
Title: Treasurer

NELNET BUSINESS SOLUTIONS, INC.

By: Jim Kruger
Name: Jim Kruger
Title: Treasurer

NELNET DIVERSIFIED SOLUTIONS, LLC

By: Jim Kruger
Name: Jim Kruger
Title: Treasurer and Manager

FACTS EDUCATION SOLUTIONS, LLC

By:________________________
Name: Bill Munn
Title: Secretary

NELNET REAL ESTATE VENTURES, LLC

By: Jim Kruger
Name: Jim Kruger
Title: Treasurer

GUARANTORS:

NATIONAL EDUCATION LOAN NETWORK, INC.

By:__________________________
Name: Jim Kruger
Title: Treasurer

NELNET BUSINESS SOLUTIONS, INC.

By:__________________________
Name: Jim Kruger
Title: Treasurer

NELNET DIVERSIFIED SOLUTIONS, LLC

By:__________________________
Name: Jim Kruger
Title: Treasurer and Manager

FACTS EDUCATION SOLUTIONS, LLC

By:__________________________
Name: Bill Munn
Title: Secretary

NELNET REAL ESTATE VENTURES, LLC

By:__________________________
Name: Jim Kruger
Title: Treasurer

HIGHERSCHOOL PUBLISHING COMPANY

By: Erin L Harms
Name: Erin Harms
Title: Treasurer

NGWEB SOLUTIONS, LLC

By:____________________
Name: Taige Haines
Title: CEO and Manager

NELNET SOLAR, LLC

By:____________________
Name: Jim Kruger
Title: Treasurer and Manager

GRNE-NELNET, LLC

By:____________________
Name:
Title:

HIGHERSCHOOL PUBLISHING COMPANY

By:________________________
Name: Erin Harms
Title: Treasurer

NGWEB SOLUTIONS, LLC

By:________________________
Name: Taige Haines
Title: CEO and Manager

NELNET SOLAR, LLC

By:________________________
Name: Jim Kruger
Title: Treasurer and Manager

GRNE-NELNET, LLC

By:________________________
Name:
Title:

HIGHERSCHOOL PUBLISHING COMPANY

By:________________________
Name: Erin Harms
Title: Treasurer

NGWEB SOLUTIONS, LLC

By:________________________
Name: Taige Haines
Title: CEO and Manager

NELNET SOLAR, LLC

By: Jim Kruger
Name: Jim Kruger
Title: Treasurer and Manager

GRNE-NELNET, LLC

By:________________________
Name: Bill Munn
Title:Secretary

HIGHERSCHOOL PUBLISHING COMPANY

By:________________________
Name:
Title:

NGWEB SOLUTIONS, LLC

By:________________________
Name:
Title:

NELNET SOLAR, LLC

By:________________________
Name:
Title:

GRNE-NELNET, LLC

By: Scott Gubbels
Name: Scott Gubbels
Title: Manager

Exhibit 10.5

AMENDED AND RESTATED
FORM OF
CUSTODIAN AGREEMENT
FOR WHITETAIL ROCK SLAB FUNDS

This Agreement, effective [DATE] (the "Effective Date"), made by and among Whitetail Rock SLAB Fund [ROMAN NUMERAL], LLC, a Nebraska limited liability company (the "Fund"), Whitetail Rock Fund Management, LLC, a Nebraska limited liability company, in its capacity as manager of the Fund (the "Manager") and Union Bank and Trust Company, Lincoln, Nebraska (the "Custodian"), a duly organized state bank with principal offices in Lincoln, Nebraska.

RECITALS

A. The Manager desires to appoint Custodian as custodian of the Fund's securities and cash, and Custodian is willing to act in such capacity upon the terms and conditions herein set forth; and

B. Custodian in its capacity as custodian hereunder will also collect and apply the interest on said securities in the manner and to the extent herein set forth.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants herein contained, the parties hereto, intending to be legally bound, do hereby agree as follows:

Section 1. The terms as defined in this Section wherever used in this Agreement, or in any amendment or supplement hereto, shall have the meanings herein specified unless the context otherwise requires.

Custodian shall mean Union Bank and Trust Company, in its capacity as custodian under this Agreement.

Fund shall mean Whitetail Rock SLAB Fund [ROMAN NUMERAL], LLC.

Members shall mean the Members of the Fund as set forth in the books and records of the Fund.

Oral Instruction shall mean an authorization, instruction or approval transmitted to the Custodian in person or by electronic mail, telex, telephone, telegram, telecopy or other mechanical or documentary means lacking signatures, by the person or persons authorized by the Manager to give oral instructions on behalf of the Fund.

Securities shall mean bonds, debentures, notes, stocks, evidences of indebtedness, and other securities and investments from time to time owned by the Fund and held within the United States.

Units shall mean the membership interests of the Fund, whether or not such Units shall be evidenced by certificates.

Written Instructions shall mean an authorization, instruction, certification or approval in form acceptable to the Custodian, signed by one or more individuals authorized to sign Written Instructions by the Manager on behalf of the Fund.

Section 2. The Fund shall from time to time file with the Custodian a certified copy of each resolution or authorization of the Manager authorizing execution of Written Instructions and specifying the number of signatories required, together with certified signatures of authorized signatories.

The Fund shall, from time to time, file with the Custodian a certified copy of each resolution or authorization of the Manager authorizing the transmission of Oral Instructions and specifying the person or persons authorized to give Oral Instructions in accordance with this Agreement. Upon transmitting any Oral Instruction, the Fund shall promptly forward to the Custodian a Written Instruction confirming the authorization, instruction or approval transmitted by such Oral Instruction.

Each resolution filed with the Custodian in accordance with the terms hereof shall be considered in full force and effect and the Custodian shall be fully protected in acting in reliance thereon until such time as it receives written notice to the contrary.

Section 3. The Manager, on behalf of the Fund, hereby appoints the Custodian as custodian of the Securities of the Fund and cash from time to time on deposit hereunder, to be held by the Custodian and applied as provided in this Agreement. The Custodian hereby accepts such appointment subject to the terms and conditions hereinafter provided. Such Securities and cash shall be and remain the sole property of the Fund. Funds held by the Custodian may be deposited in a general checking account or any other account into which the Custodian may periodically sweep cash balances. The Securities of the Fund shall be held by the Custodian or a recognized securities depository and shall, unless payable to bearer, be registered in the name of the Custodian or in the name of its nominee or in the name of a recognized securities depository. Securities, excepting bearer securities, delivered from time to time to the Custodian upon purchase or otherwise shall in all cases be in due form for transfer or already registered as above provided.

The Custodian is further specifically authorized to enter into a sub-custodian agreement with Fifth Third Bank for the holding of the Fund’s securities, provided that the Custodian shall be subject to all the terms and conditions of this Agreement.

Section 4. The Fund will deposit with the Custodian the Securities owned by the Fund at the time this Agreement becomes effective. Thereafter the Fund will cause to be deposited with the Custodian additional Securities as the same are purchased or otherwise acquired from time to time. The Fund will make a deposit of cash to be held and applied by the Custodian hereunder. Thereafter the Fund will cause to be deposited with the Custodian hereunder (i) the net proceeds of Securities sold from time to time and (ii) the net proceeds from the sale of Units, if any.

Section 5. The Custodian will collect from time to time the interest on the Securities held by it hereunder and will deposit the same in the Fund's account. In the event that any interest payments are received by the Fund, the Fund will endorse to the Custodian, or cause to be endorsed, interest checks and will issue appropriate orders to the issuers of the Securities to pay interest to the Custodian. Subject to proper reserves, the Custodian will disburse the money from time to time on deposit in the account to or upon the order of the Fund as it may from time to time direct in accordance with this Agreement.

Section 6. The Custodian is hereby authorized and directed to disburse cash from time to time as follows:

(a) to pay amounts due to the Manager or other Members of the Fund upon receipt of Written or Oral Instructions;

(b) to pay, or provide the Fund with money to pay taxes upon receipt of appropriate Written or Oral Instructions;

(c) for the purpose of completing the purchase of Securities purchased by the Fund, upon receipt of (i) Written or Oral Instructions specifying the Securities and stating the purchase price, and the name of the broker, investment banker or other party to or upon whose order the purchase price is to be paid; and (ii) upon receipt of such Securities by the Custodian;

(d) for the purpose of transferring to the Fund money to redeem Units, upon receipt of Written or Oral Instructions;

(e) to pay interest, management or supervisory fees, administration fees and costs, compensation of personnel, or operating expenses (including, without limitation thereto, fees for legal, accounting and auditing services) as permitted by the Fund's Limited Liability Company Agreement, dated as of [DATE], and to disburse cash for other proper purposes. Before making any such payment or disbursement, however, the Custodian shall receive (and may conclusively rely upon) Written or Oral Instructions requesting such payment or disbursement and stating that it is for one or more of the purposes hereinabove enumerated, provided that if the disbursement is for other proper purposes, the Written or Oral Instructions shall state that the disbursement was authorized by the Manager and is for a proper purpose.

Section 7. The Custodian is hereby authorized and directed to deliver Securities from time to time as follows:

(a) for the purpose of completing sales of Securities sold by the Fund, upon receipt of (i) the net proceeds of sale and (ii) Written or Oral Instructions specifying the Securities sold and stating the amount to be received and the broker, investment banker or other party to or upon whose order the Securities are to be delivered;

(b) for the purpose of exchanging Securities for other Securities and/or cash upon timely receipt of (i) Written or Oral Instructions stating the Securities to be delivered and the Securities and/or cash to be received in exchange and the manner in which the exchange is to be made, and (ii) against receipt of the other Securities and/or cash as specified in the Written or Oral Instructions;

(c) for the purpose of exchanging or converting Securities pursuant to their terms or pursuant to any plan of conversion, consolidation, recapitalization, reorganization, readjustment or otherwise, upon timely receipt of (i) Written or Oral Instructions authorizing such exchange or conversion and stating the manner in which such exchange or conversion is to be made, and (ii) against receipt of the Securities, certificates of deposit, interim receipts, and/or cash to be received as specified in the Written or Oral Instructions;

(d) for the purpose of presenting Securities for payment which have matured or have been called for redemption upon receipt of appropriate Written or Oral Instructions.

Section 8. The Custodian assumes no duty, obligation or responsibility whatsoever to exercise any voting or consent powers with respect to the Securities held by it from time to time hereunder, it being understood that the Fund, or the Manager on behalf of the Fund shall have the right to vote, or consent or otherwise act with respect to such Securities. The Custodian will, but only upon timely receipt of Written Instructions, furnish to the Fund proxies or other appropriate authorizations with respect to Securities registered in the name of the Custodian or its nominee so that such voting powers, or powers to consent or otherwise act may be exercised by the Fund or pursuant to its direction.

Section 9. The Manager will pay to the Custodian, on behalf of the Fund, compensation for the Securities provided hereunder in an amount as set forth in Schedule A hereto attached, or as shall be set forth in amendments to such schedule approved by the Manager and the Custodian.

Section 10. Except as otherwise expressly provided by law, the Custodian assumes no duty, obligation or responsibility whatsoever to handle, forward, or process in any way notices of stockholder meetings, proxy statements, annual reports, conversion notices, call notices, or other notices or written materials of any kind sent to the registered owners of securities (hereafter referred to as "notices and materials"), excluding only stock certificates and dividend and interest payments, it being understood that responsibility for obtaining such notices and materials, and for taking action thereon, is the sole responsibility of the Fund and its investment advisers, and not the responsibility of the Custodian. As an accommodation only, the Custodian will make reasonable efforts to forward such notices and written materials as it receives to the Fund, but makes no warranty or representation that all notices and materials will be forwarded, and the Fund hereby agrees that it shall make no claim whatsoever against the Custodian for any expense, damage, or loss of any kind arising out of or in connection with any act or omission of the Custodian, including any intentional or negligent act or omission of the Custodian, in connection with such notices and materials. Upon receipt by the Custodian of warrants or rights issued in connection with the assets of the Fund, the Custodian shall enter on its ledgers appropriate notations indicating such receipt, but shall have no further obligation whatsoever to notify the Fund or any other person of such receipt, or to take any action of any kind with respect to such warrants or rights except upon receipt of Written Instructions authorizing the exercise or sale of such warrants or rights.

Section 11. The Custodian assumes only the usual duties or obligations normally performed by custodians of Securities of similar investments funds. It specifically assumes no responsibility for the management, investment or reinvestment of the Securities from time to time owned by the Fund whether or not on deposit hereunder, it being understood that the responsibility for the proper and timely management, investment and reinvestment of said Securities shall be that of the Fund and its investment advisers.

The Custodian shall not be liable for any taxes, assessments or governmental charges which may be levied or assessed upon the Securities held by it hereunder, or upon the income therefrom or otherwise whatsoever. The Custodian may pay any such tax, assessment or charge and reimburse itself out of the monies of the Fund or out of the Securities held hereunder.

Section 12. No liability of any kind shall be attached to or incurred by the Custodian by reason of its custody of the funds, assets, or Securities held by it, from time to time, under this Agreement, or otherwise by reason of its position as custodian hereunder, except only for its own gross negligence, bad faith, or willful misconduct in the performance of its duties as specifically set forth in this Agreement. Without limiting the generality of the foregoing sentence, the Custodian:

(a) May rely upon the advice of counsel, who may be counsel for the Fund, the Manager or for the Custodian, and upon statements of accountants, brokers and other persons believed by it, in good faith, to be expert in the matters upon which they are consulted; and for any action taken or suffered in good faith based upon such advice or statements the Custodian shall not be liable to anyone;

(b) Shall not be liable for anything done or suffered to be done, in good faith, in accordance with any request or advice of, or based upon information furnished by, the Fund, the Manager or its officers or agents;

(c) Where authorized in this Agreement to act upon an Oral Instruction, may act upon any Oral Instruction which it receives and which it believes in good faith was transmitted by the person or persons authorized by the Manager of the Fund to give such Oral Instructions. The Custodian shall have no duty or obligation to request or require a confirmatory Written Instruction or to make any inquiry or effort of certification of such Oral Instruction;

(d) Is authorized to accept a certificate of the Manager to the effect that a resolution in the form submitted has been duly adopted by the Manager, as conclusive evidence that such resolution has been duly adopted and is in full force and effect;

(e) May rely and shall be protected in acting upon any signature, Written or Oral (including telephone, telegraph or mechanical) Instruction, request, letter of transmittal, certificate, opinion of counsel, statement, instrument, report, notice, consent, order, or other paper or document believed by it to be genuine and to have been signed, forwarded or presented by the purchaser, Fund or other proper party or parties.

Section 13. The Fund (including its successors and assigns) hereby agrees to indemnify and hold harmless the Custodian and its successors and assigns of and from any and all liability whatsoever arising out of or in connection with the Custodian's status, acts, or omissions under this Agreement, except only for liability arising out of the Custodian's own gross negligence, bad faith, or willful misconduct in the performance of its duties specifically set forth in this Agreement. Without limiting the generality of the foregoing, the Fund (including its successors and assigns) does hereby agree to fully indemnify and hold harmless the Custodian, its successors and assigns, from any and all loss, liability, claims, demands, actions, suits and expenses of any nature as the same may arise from the failure of the Fund to comply with any law, rule, regulation or order of the United States, any State or any other jurisdiction, governmental authority, body or board relating to the sale, registration, or qualification of the Securities, or from the failure of the Fund to perform any duty or obligation under this Agreement.

Upon Written request of the Custodian, the Fund shall assume the entire defense of any claim subject to the foregoing indemnity, or the joint defense with the Custodian of such claim, as the Custodian shall request. The indemnities and defense provisions of this Section 13 shall indefinitely survive termination of this Agreement.

Section 14. This Agreement may be amended from time to time by a supplemental agreement, in form approved by counsel, executed by the Fund and the Custodian and amending and supplementing this Agreement in the manner mutually agreed.

Section 15. Either the Fund or the Custodian may give sixty (60) days' written notice to the other of the termination of this Agreement, such termination to take effect at the time specified in the notice. In case such notice of termination is given either by the Fund or by the Custodian, the Manager shall promptly appoint a Successor Custodian to serve upon the terms set forth in this Agreement as then amended and supplemented. Upon receipt of written notice from the Fund of the appointment of such successor and upon receipt of Written Instructions, the Custodian shall deliver such Securities and cash as it may then be holding hereunder directly to and only to the Successor Custodian. Unless or until a Successor Custodian has been appointed as above provided, the Custodian then acting shall continue to act as Custodian under this Agreement. Every Successor Custodian appointed hereunder shall execute and deliver an appropriate written acceptance of its appointment and shall thereupon become vested with the rights, powers, obligations and custody of its predecessor Custodian. The Custodian ceasing to act shall nevertheless, upon request of the Fund and the Successor Custodian and upon payment of its charges and disbursements, execute an instrument in form approved by its counsel transferring to the Successor Custodian all the predecessor Custodian's rights, duties, obligations and custody.

In case the Custodian shall consolidate with or merge into any other corporation, the corporation remaining after or resulting from such consolidation or merger shall ipso facto, without the execution or filing of any papers or other documents, succeed to and be substituted for the Custodian with like effect as though originally named as such.

Section 16. This Agreement shall take effect on the Effective Date.

Section 17. This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

Section 18. Nothing contained in this Agreement is intended to or shall require the Custodian, in any capacity hereunder to perform any functions or duties on any holiday or other date of special observance on which the Custodian is closed. Functions or duties normally scheduled to be performed on such days shall be performed on, and as of, the next business day on which both the New York Stock Exchange and the Custodian are open.

Section 19. This Agreement shall extend to and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian without the written consent of the Fund, authorized or approved by the Manager.

IN WITNESS WHEREOF, the Fund, the Manager and Custodian have caused this Agreement to be signed as of the day and year first above written.

WHITETAIL ROCK SLAB FUND [ROMAN NUMERAL], LLC,
a Nebraska limited liability company

By: Whitetail Rock Fund Management, LLC, Manager

By: __
Name: __
Title: __

WHITETAIL ROCK FUND MANAGEMENT, LLC, a Nebraska limited liability company

By: __
Name: __
Title: __

UNION BANK AND TRUST COMPANY

By: __
Name: __
Title: __

SCHEDULE A

WHITETAIL ROCK SLAB FUND [ROMAN NUMERAL], LLC
CUSTODIAL FEE AGREEMENT

Manager shall pay to the Custodian an annual fee of (i) twenty-five basis points (0.25%) of the daily average value of the sum of the price originally paid for the Fund's Student Loan ABS purchased by the Fund prior to June 1, 2023 and the Accreted Value of such Student Loan ABS, as ascertained each business day and paid monthly, or (ii) seven and one-half basis points (0.075%) of the daily average value of the sum of the price originally paid for the Fund's Student Loan ABS purchased by the Fund on or after June 1, 2023 and the Accreted Value of such Student Loan ABS, as ascertained each business day and paid monthly. Capitalized terms used in this Schedule A and not otherwise defined in this Agreement shall have the meanings ascribed to them in the Fund's Limited Liability Company Agreement, as such agreement may be amended from time to time.

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey R. Noordhoek, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 7, 2023

/s/ JEFFREY R. NOORDHOEK
Jeffrey R. Noordhoek Chief Executive Officer
Principal Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James D. Kruger, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 7, 2023

/s/ JAMES D. KRUGER
James D. Kruger
Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

Exhibit 32

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Nelnet, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 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: August 7, 2023

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