

South Carolina Student Loan Corporation

Report on Consolidated Financial Statements

For the fiscal years ended June 30, 2026 and June 30, 2025

Independent Auditor's Report

Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Opinion

We have audited the consolidated financial statements of South Carolina Student Loan Corporation (the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2026 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2026, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Audited by Other Auditors

The June 30, 2025 financial statements were audited by other auditors, and their report thereon, dated September 30, 2025, expressed an unmodified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying consolidated schedules by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Greenville, South Carolina
September 23, 2026**

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South Carolina Student Loan Corporation
Consolidated Statements of Financial Position
For the years ended June 30, 2026 and June 30, 2025

	2026	2025
<i>Dollars in thousands</i>		
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 28,119	\$ 25,651
Investments	382,608	279,814
Student Loans Receivable	552,521	574,728
<i>Allowance for credit losses</i>	(20,494)	(22,740)
Interest Due From Borrowers	32,485	29,985
Accounts Receivable	1,426	1,731
Accrued Investment Income	833	515
Prepaid Expenses	1,116	745
Property & Equipment, Net	1,216	653
Right-of Use Asset	1,847	1,238
Total Assets	981,677	892,320
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Bonds Payable	\$ 246,252	\$ 200,616
Accrued Interest Payable	1,079	989
Accounts Payable & Accrued Expenses	3,697	3,310
Due to U.S. Department of Education	39	-
Lease Liability	2,011	1,372
Refundable Advance	39,835	39,835
Total Liabilities	292,913	246,122
Net Assets		
<i>Without donor restrictions:</i>		
Undesignated	555,255	483,934
Invested in Trust, net of related debt	133,509	162,264
Total Net Assets without donor restrictions	688,764	646,198
Total Liabilities and Net Assets	\$ 981,677	\$ 892,320

South Carolina Student Loan Corporation

Consolidated Statements of Activities

For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands

	2026	2025
Operating Revenue		
Subsidized Interest	\$ 539	\$ 739
Special Allowance	2,486	5,107
Unsubsidized Interest	36,781	38,860
Other Student Loan Income	392	437
Fees For Services	529	515
Total Operating Revenue	40,727	45,658
Operating Expenses		
Private Loan Services expenses	23,542	21,008
Federal Loan Services expenses	11,895	17,145
Management and general expenses	3,407	2,802
Total Operating Expenses	38,844	40,955
Non-Operating Revenue		
Investment Income, Net of Fees	40,683	24,579
Total Non-Operating Revenue	40,683	24,579
Changes in Net Assets without donor restrictions	\$ 42,566	\$ 29,282
Beginning Net Assets without donor restrictions	646,198	616,916
Ending Net Assets without donor restrictions	\$ 688,764	\$ 646,198

South Carolina Student Loan Corporation
Consolidated Statements of Functional Expenses
For the years ended June 30, 2026 and June 30, 2025

	<u>Program Expenses</u>		<u>Support Services</u>		
	<u>Federal Loans</u>	<u>Private Loans</u>	<u>Management and General</u>	<u>2026</u>	<u>2025</u>
<i>Dollars in thousands</i>					
Operating Expenses					
Personnel					
Salaries & Wages	\$ 965	\$ 3,135	\$ 723	\$ 4,823	\$ 4,232
Benefits & Taxes	218	709	164	1,091	69
Total Personnel	<u>1,183</u>	<u>3,844</u>	<u>887</u>	<u>5,914</u>	<u>4,301</u>
Contractual Services					
Information Technology	253	822	190	1,265	1,546
Loan Servicing & Originations	657	1,741	-	2,398	1,815
Legal & Professional	151	490	113	754	793
Total Contractual Services	<u>1,061</u>	<u>3,053</u>	<u>303</u>	<u>4,417</u>	<u>4,154</u>
General Operating Expenses					
General Office Expenses	114	372	86	572	603
Memberships, Training, & Travel	70	226	52	348	277
Meetings & Conferences	48	158	36	242	371
Marketing & Outreach	-	2,045	227	2,272	1,621
Grants & Awards	-	-	1,761	1,761	1,392
Depreciation	73	238	55	366	427
Total General Operating Expenses	<u>305</u>	<u>3,039</u>	<u>2,217</u>	<u>5,561</u>	<u>4,691</u>
Student Loan & Bond Expenses					
Interest on Debt	7,451	7,361	-	14,812	16,634
Bond Trust Operating Fees	126	48	-	174	167
USDE Consolidation Loan Fees	1,416	-	-	1,416	1,609
Borrower Benefits	847	215	-	1,062	1,197
Reinsurance Expense	324	-	-	324	353
Provision for Credit Losses	(818)	5,982	-	5,164	7,849
Total Student Loan & Bond Expenses	<u>9,346</u>	<u>13,606</u>	<u>-</u>	<u>22,952</u>	<u>27,809</u>
Total Functional Expenses	<u>\$ 11,895</u>	<u>\$ 23,542</u>	<u>\$ 3,407</u>	<u>\$ 38,844</u>	<u>\$ 40,955</u>

South Carolina Student Loan Corporation

Consolidated Statements of Cash Flows

For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands

	2026	2025
Cash flows from operating activities		
Changes in net assets	\$ 42,566	\$ 29,282
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	366	427
Unrealized gain on investments	(18,043)	(11,873)
Amortization of bond discounts and bond issuance costs	2,759	3,728
Provision for credit losses	5,164	7,849
Non-cash operating lease expense	259	235
Changes in operating assets and liabilities:		
Accounts receivable	305	2,034
Interest due from borrowers	(2,500)	(239)
Prepaid expenses	(371)	(33)
Defined benefit plan	-	2,994
Accrued investment income	(318)	(411)
Accounts payable and accrued expenses	477	(93)
Unearned revenue	-	(4)
Due to the United States Department of Education	39	-
Lease Liability	(229)	(238)
Net cash provided by operating activities	30,474	33,658
Cash flows from investing activities		
Purchases of property and equipment	(929)	(78)
Net changes in student loan receivable	14,797	26,085
Purchases of investments	(262,649)	(127,943)
Sales of investments	177,898	135,057
Net cash (used for) provided by investing activities	(70,883)	33,121
Cash flows from financing activities		
Proceeds from the issuance of bonds payable, net	110,090	-
Payments on bonds payable	(67,213)	(81,747)
Net cash provided by (used for) financing activities	42,877	(81,747)
Net increase (decrease) in cash and cash equivalents	2,468	(14,968)
Cash and Cash equivalents		
Beginning	25,651	40,619
Ending	\$ 28,119	\$ 25,651
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ 12,053	\$ 12,905
Recognition of right-of use asset	\$ 847	\$ -

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

NOTE 1. DESCRIPTION OF THE ORGANIZATION

REPORTING ENTITY

The South Carolina Student Loan Corporation (the "Corporation") was incorporated on November 15, 1973, under the Laws of the State of South Carolina. Its corporate goal is to receive, disburse and administer funds exclusively for educational purposes and to aid in the fulfillment of the desire and direction of the people of South Carolina in making loans available to students and parents of students to attend eligible post-secondary institutions. Student loans consist of guaranteed student loans (insured by the federal government) and non-guaranteed private loans (non-federal). Funds from various sources are administered by the Corporation to achieve this goal.

On April 1, 2011, the Corporation formed EdVantage Corporation ("EdVantage"), which is a controlled affiliate of the Corporation for the purpose of providing debt collector services. EdVantage is a part of the Corporation's consolidated financial statements; however, the activities of EdVantage are not currently active.

The Corporation and its controlled affiliate EdVantage are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Corporation and its controlled affiliate EdVantage, are not an agency, instrumentality, or department of, or otherwise affiliated with the State of South Carolina ("the State"). While the Corporation provides services from time to time on behalf of the State, it is paid a fee for those services in kind.

During the fiscal year ended June 30, 2019, the Corporation's Board of Directors established Power:Ed as an arm of the Corporation to assist in fulfilling some of the Corporation's philanthropic initiatives within its mission. Power:Ed's mission is to support educational priorities in South Carolina with the goal of getting more South Carolinians prepared for the workforce. As a part of its mission the Corporation, through Power:Ed, willingly provided approximately \$1.8 million in grant awards in the fiscal year ended June 30, 2026, to local nonprofit organizations, colleges, and other organizations that help South Carolina students succeed in school, their careers, and life. These grants appear on the Corporation's Consolidated Statements of Activities and on the Consolidated Statement of Functional Expenses as a general operating expense.

OVERALL OPERATING ARRANGEMENTS

The Corporation's primary source of operating revenues derives from providing financial assistance to qualified borrowers for postsecondary education through the issuance of student loans. Since its inception the Corporation served as the State of South Carolina's Eligible Lender under the Federal Family Educational Program ("FFELP") and its predecessors until the FFELP was discontinued in 2010 through the *Student Aid and Fiscal Responsibility Act ("SAFRA")* legislation. SAFRA ended any new loan originations under the FFELP program, thus reducing the Corporation's FFELP portfolio and its revenues overtime. Since July 1, 2010, all federal loan programs have been originated under the Federal Direct Loan Program. The Corporation does, however, continue to serve as the eligible holder of the previously originated FFELP loans and still owns and administers a portfolio of various FFELP Stafford (subsidized and unsubsidized), Supplemental Loans for Students ("SLS"), PLUS (parent and graduate student), and Consolidation Loans whose revenues derive in the form of fees and interest which can be subsidized or unsubsidized.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

Currently the Corporation serves its mission through the issuance of private (non-federal) unguaranteed student, parent, and refinance loans. The Corporation has used and continues to use several sources of funding to fund both FFELP and private loans. One of these sources is through the issuance of tax-exempt bonds issued through a conduit tax-exempt debt issuer such as the South Carolina State Education Assistance Authority (the "Authority") which is a body politic and a corporate public instrumentality of the State of South Carolina. The Authority was created to facilitate the functions to provide and guarantee financing for education loans for students and parents. Historically, the Corporation and the Authority have entered into various contractual agreements for the financing of educational loans. However, there were no new agreements during the year ended June 30, 2026.

The Corporation also provides certain contractual services to administer various student loan programs, including but not limited to the South Carolina Teachers Loan Program on behalf of the State Department of Education, and is paid a fee for those services. In addition to administering student loan programs, the Corporation also provides certain contractual services such as accounting and administrative functions on behalf of the Authority. In all cases, the Corporation charges and receives a fee for these services.

The Corporation has contractual arrangements with third parties to perform servicing functions on behalf of loans owned and/or administered by the Corporation. The Corporation continues to originate and administer its private loan programs as well as providing these services to others on a contractual basis such as the South Carolina Teachers Loan Program.

DESCRIPTION OF LOAN PROGRAMS

The Corporation facilitates access to higher education financing through the origination, acquisition, financing, servicing, and collection of education loans.

The Corporation's loan portfolio consists primarily of FFELP loans and private education loans. FFELP loans are federally guaranteed education loans originated under the Higher Education Act. Although no new FFELP loans are being originated, the Corporation continues to service, through third party servicers, and collect its existing FFELP loan portfolio.

The Corporation also originates, acquires, finances, and services private education loans that are not federally guaranteed. These loans are designed to assist borrowers with financing postsecondary education expenses and related educational debt obligations. The Corporation's private loan offerings include undergraduate, graduate, graduate plus, parent, refinance, and forgivable loans that all serve to support our mission to provide programs of financial assistance to eligible students to pursue their educational goals and become workforce ready. During 2026, the Corporation began to originate loans under a new brand, Archer Student Lending, which is being used in addition to South Carolina Student Loan Corporation.

The Corporation finances its lending activities through bond financings and other available corporate resources.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting and reporting policies of the Corporation are presented to assist in understanding the consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"):

BASIS OF ACCOUNTING:

These statements are prepared using the accrual basis of accounting, recognizing income when earned regardless of when received and expenses when incurred regardless of when paid.

CHANGE IN ACCOUNTING PRINCIPLE:

During 2026, the Company elected to change its method of presenting its consolidated statement of financial position from a classified presentation to an unclassified presentation. Management believes the unclassified presentation is preferable because it more appropriately reflects the nature of the Company's operations and provides more meaningful information to financial statement users.

The change has been applied retrospectively to all periods presented. The change affects only the presentation of assets and liabilities within the consolidated statement of financial position and does not affect previously reported total assets, total liabilities, net assets, changes in net assets, or cash flows.

ADVERTISING AND MARKETING EXPENSES:

The Corporation expenses advertising and marketing related expenses when incurred. The total marketing and advertising expense of the Corporation for the fiscal year ended June 30, 2026 and 2025 was \$2.3 million and \$1.6 million, respectively.

AVAILABILITY OF FUNDS FOR GENERAL EXPENSES:

The Corporation has certain net assets that are available for general expenses as of June 30, 2026, based on conducting the normal activities of its programs. See Note 6 for additional detail.

CASH AND CASH EQUIVALENTS:

For purposes of reporting cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less, including those that are classified as assets with restrictions, to be cash equivalents, except those amounts that are held in investment portfolios which are considered part of investments. Cash and cash equivalents designated as with restrictions are restricted by bond indentures to be used to make payments of bond principal, interest, and certain related costs of the indenture (See Note 8).

CONCENTRATION RISK:

The Corporation maintains its cash in bank deposit accounts, which, at times, may exceed the federally insured limit. At June 30, 2026, all of the Corporation's cash was held in institutions that are covered by federal depository insurance; however, some demand deposit accounts exceeded the federally insured limit.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

The Corporation's cash and cash equivalent accounts have been placed with high credit quality financial institutions, and the Corporation monitors each of these institutions for financial deterioration characteristics on a continuous basis. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts as of June 30, 2026, and believes each institution is well-capitalized with no going concern issues.

INVESTMENTS:

Investments are initially recorded at cost. Thereafter, investments are recorded at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment income/(loss), net of fees in the Consolidated Statement of Activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Consolidated Statement of Activities in the period in which the securities are sold. Interest is recorded when earned.

CONSOLIDATED POLICY:

The consolidated financial statements include the accounts of the Corporation and its controlled affiliate, EdVantage. All material inter-corporation accounts and transactions of the consolidated subsidiary have been eliminated in the consolidation.

DEBT ISSUANCE COSTS/ORIGINAL ISSUE DISCOUNTS:

The original issue discounts and debt issuance costs are presented as a reduction of the face amount of the bonds payable. Original issue discounts and debt issuance costs are amortized using a straight-line basis over the estimated term of the related financing arrangements as a component of interest expense. The estimated term of each financing arrangement is updated annually by the Corporation as part of its annual budgetary process.

DISPLAY OF NET ASSETS BY CLASS:

The Corporation adheres to the disclosures and display requirements of ASC 958, *Not-For-Profit-Entities*. ASC 958 establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Corporation does not have donors and thus all net assets would fall under the class of net assets without donor restrictions, however, the Corporation has debt covenants that restrict the use of certain assets within a bond trust to be used to pay future principal, interest, fees and costs associated with that debt issuance. In complying with ASC 958 and providing greater transparency in the Corporation's restrictions on its net assets the classification of net assets without donor restrictions is presented with further sub-classes of net assets as follows:

Net assets without donor restrictions-

Undesignated - Net assets without donor restrictions, Undesignated include those designated by the Corporation's Board of Directors and can be used in any Corporation activity.

Invested in Trust, net of related debt - Net assets without donor restrictions, net of related debt consists of accumulated assets and liabilities for the general resolutions of outstanding bonds.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

DISPLAY OF OPERATIONS:

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing program and supporting services. Nonoperating activities are limited to resources that generate a return on investment and other activities that are unusual or nonrecurring in nature.

EXPENSE ALLOCATION:

The costs of providing programs and activities has been summarized on a functional basis in the Consolidated Statements of Activities and the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses of the Corporation include:

Program expenses - Program expenses include the costs associated with specific programs.

Supporting services - Supporting services include the general, administrative, and operating costs.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function, and therefore, require allocation on a reasonable basis that is consistently applied. These expenses are allocated and the method of allocation included is presented in the table below:

Expense	Method
Salaries & Wages	Set percentage based on time & effort
Benefits & Taxes	Set percentage based on time & effort
Information Technology	Set percentage based on time & effort
Loan Servicing & Originations	Direct based on nature of services
Legal & Professional	Set percentage based on time & effort
General Office Expenses	Set percentage based on time & effort
Memberships, Training, & Travel	Set percentage based on time & effort
Meetings & Conferences	Set percentage based on time & effort
Marketing & Outreach	Direct based on nature of services
Grants & Awards	Direct based on nature of services
Depreciation	Set percentage based on time & effort
Interest on Debt	Direct based on nature of services
Bond Trust Operating Fees	Direct based on nature of services
USDE Consolidation Loan Fees	Direct based on nature of services
Borrower Benefits	Direct based on nature of services
Reinsurance Expense	Direct based on nature of services
Provision for Credit Losses	Direct based on nature of services

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

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INCOME TAXES:

The Corporation and its controlled affiliate EdVantage are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

Tax-exempt organizations may be subject to record an obligation for income taxes as the result of tax position they have historically taken on various tax exposure items including tax status or unrelated business income. Under guidance issued by the Financial Accounting Standards Board ("FASB"), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based on the technical merits of the position. Management has evaluated the Corporation's and EdVantage's tax

positions and concluded that these entities have taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

LEASES:

The Corporation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and if the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Corporation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Corporation also considers whether its service arrangements include the right to control the use of an asset.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The initial measurement of the right-of-use asset is comprised of the initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are held at the lower of the lease term or on the same basis as those of the related property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The Corporation has elected the practical expedient to utilize the risk-free discount rate for a period like that of the lease term.

PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost less accumulated depreciation. Cost incurred by the Corporation for software used to provide services to customers or internal administration services are stated at cost less accumulated amortization. The depreciation and amortization is amortized or depreciated as an expense over the estimated life of the asset using a straight-line method over 3 to 5 years.

MANAGEMENT'S USE OF ESTIMATES:

The preparation of financial statements in conformity with U.S. GAAP management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosures of contingent assets and

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate used in the preparation of the financial statements is the allowance for credit losses on student loans.

REVENUE ON SERVICES PROVIDED (NOT STUDENT LOANS):

The Corporation provides contract services to the State for some of its forgivable loan programs including but not limited to the State's Teacher loan program and to the Authority. The Corporation charges a fee for those services. Revenues on the contract fees are recognized when the performance obligations are satisfied, or attributable to the period in which specific terms of the funding agreement are satisfied, and to the extent that expenses have been incurred for the purposes specified by the funding source.

STUDENT LOANS:

Student loans consist of guaranteed FFELP loans and non-guaranteed private loans (non-federal education loans) owed by the Corporation. Student loans are stated at their unpaid principal. Interest accrues on the unpaid principal balance of the loan. Both private and FFELP loans have both fixed and variable interest rates. Interest on FFELP loans can be subsidized or unsubsidized.

FFELP loans are substantially guaranteed by designated guaranty agencies and subject to federal reinsurance provisions established under the Higher Education Act. The Corporation evaluates expected credit losses on FFELP loans based upon the credit characteristics of federally guaranteed student loans and historical claim experience.

Interest on student loans is recognized as revenue in the period earned on guaranteed student loans and on non-guaranteed private loans until the loan is deemed uncollectible and defaults (generally at 180 days for private loans and 270 days for FFELP). Cash receipts on loans are first applied to any accrued and unpaid interest before being applied to principal.

Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the USDE. Upon entering the repayment period, the interest is paid by the borrower. The Higher Education Act, as amended provides for interest subsidy and special allowance payments by the Secretary of Education. The interest subsidy is a payment of interest for those loans not in repayment status. Special allowance was instituted to ensure the interest rate and other limitations of the Higher Education Act, in the context of the market conditions, would not adversely affect access to student loans or cause the rate of return on student loans to be less than equitable. The special allowance payment, which continues throughout the life of the loan, is calculated on the unpaid principal balance of student loans, based on an annual rate increased by various add-on rates depending on when the loan was originated. The special allowance is commercial paper rate or Secured Overnight Financing Rate (SOFR) to the average daily unpaid principal balance and capitalized interest of federal student loans held by the Corporation. For loans first disbursed prior to January 1, 2000, the 91-day Treasury Bill rate is used rather than the 3-month financial commercial paper rate or the 1-month SOFR. If the special allowance rate is above the loan interest rate then a payment is made for the difference to the Corporation, as the lender, by the federal government. If the special allowance rate is below the loan interest rate then the difference is paid by the Corporation, as the lender, to the federal government. For the year ended June 30, 2026, the Corporation received \$2.5 million of net special allowance support payments from the USDE. The Corporation's FFELP subsidized interest earnings and special allowances can be found in the revenue

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

section of the Corporation's Consolidated Statement of Activities.

Certain FFELP loans qualify for federal interest benefits during specified borrower deferment periods. Federal interest subsidies are recognized as revenue when earned.

Late fees are assessed and charged to the borrower when a loan becomes delinquent/past due but not recorded in income until collected. Delinquent or past due status is based on the contractual term of the loan. Management considers a loan to be delinquent or past due when a scheduled payment has not been received upon the contractual due date, generally after 15 days. When a private student loan becomes delinquent for more than 180 days the loan principal, interest and late fee balance is placed with a collection agency.

As part of the Corporation's write-off/charge-off policy, when a borrower's loan becomes delinquent and sent to the collection agency, interest accrual is discontinued, and the principal and interest balance outstanding is charged off. All accrued interest is reversed and recorded as a provision for credit loss when charged off/written off. All payments collected by the collection agency are netted against the provision for credit loss when received.

ALLOWANCE FOR CREDIT LOSSES:

The allowance for credit losses is a valuation representing the Corporation's estimate for expected future losses over the estimated lifetime of its student loan receivable on the financial position date. The amount of the allowance, which is based on management's estimate of the probable losses within the portfolio is expensed through a provision for credit losses on student loans. Management utilizes relevant available information from both internal and external sources relating to historical events, current conditions, and reasonable and supportable forecasts in estimating its allowance for credit loss.

The Corporation measures expected credit losses on a pooled basis when similar risk characteristics exist. The Corporation's credit losses are pooled based on portfolio type and then further segmented in days past due bands. These portfolios are classified under 2 major risk-based category types of loans: FFELP and Private.

FFELP loans present less risk to the Corporation as these loans are guaranteed by the guarantee agency and insured by the federal government. The USDE insures loans against death or disability at 100% and default up to 100% for loans made prior to October 1, 1993; up to 98% for loans made on or after October 1, 1993, but on or before June 30, 2006; and 97% for loans made on or after July 1, 2006. Some FFELP loans may lose their guarantee and become uncollectible under certain circumstances. At June 30, 2026, the Corporation's total insured FFELP loans are \$281.6 million and its total uninsured FFELP loans are \$45 thousand. Private loans have no guarantees and are not federally insured and therefore have more associated risk for credit losses.

The Days past due segments include: Less than 15; 15-29; 30-59; 60-89; 90-119; 120-149; 150-179; and 180 plus. All loan segments use a probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") Cash Flow Methodology, leveraging the Corporation's historical data for PDs and Prepayment speeds with Internal Assumptions on LGDs. The Corporation has a historical recovery rate of approximately 10% of any loan sent to collections. Given this historical recovery a 90% LGD is used for loans less than 180 days past due with 100% for those 180 days past due or greater. It is the policy of the

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

Corporation to place all loans over 180 days on nonaccrual status. There are no loans over 180 days past due accruing interest as of June 30, 2026.

Actual results of defaults could differ from management's estimates in the allowance. Private Loans are written-off when management deems them uncollectible which is generally when the loans are 180 days past due and are sent to a collection agency. When loans are charged off the balances are reversed out of the allowance for credit losses and recorded as a provision for credit loss.

FFELP loans are considered defaulted when a borrower has not made a scheduled payment in more than 270 days. FFELP defaulted loans are sent to a FFELP program guarantee agency which insures the federal loan by repaying the loan holder the insured defaulted amount. All principal and interest outstanding not repaid by the guarantee agency at the time of default are recorded as a reinsurance expense on the Corporation's Consolidated Statement of Activities. During the fiscal years ended June 30, 2026 and 2025, the Corporation incurred reinsurance expenses of \$324 thousand and \$353 thousand, respectively.

The Corporation elected not to provide for an allowance for credit losses for accrued interest receivable from borrowers and instead elected to reverse interest income on loans that are placed with the collection agency and are in a nonaccrual status, which is generally when the loan is 180 days past due. The Corporation has concluded that this policy results in the timely reversal of uncollectible interest.

Additionally, the allowance for credit loss calculation may include subjective adjustments for qualitative risk factors that are likely to cause estimated loan losses to differ from historical experiences. These qualitative factors may increase or decrease the allowance for credit loss and are adjusted for economic conditions not already captured. Loans that do not share risk characteristics are evaluated on an individual basis.

Subsequent events:

The Corporation has evaluated subsequent events through September 23, 2026, the date the financial statements were available to be issued.

NOTE 3. CASH AND CASH EQUIVALENTS

As of June 30, 2026 and June 30, 2025, cash and cash equivalents include demand deposits and short-term investments with an original maturity of three months or less as follows:

Dollars in thousands

Cash and Cash Equivalents	2026	2025
Undesignated		
Demand Deposits	\$ 3,738	\$ 6,969
Invested in Trust		
Money Market-Bond Funds	24,381	18,682
Total Cash and Cash Equivalents	\$ 28,119	\$ 25,651

Cash in Money Market-Bond Funds is used to pay bond principal, interest, and other certain fees & costs

South Carolina Student Loan Corporation
Notes to Consolidated Financial Statements
For the years ended June 30, 2026 and June 30, 2025

related to the corresponding debt issuance.

NOTE 4. INVESTMENTS

The market value of investments is determined by quoted market values and consists of the following as of June 30, 2026 and June 30, 2025:

<i>Dollars in thousands</i>	June 30, 2026		June 30, 2025	
	Cost	Market Value	Cost	Market Value
Investments:				
Investments:				
Cash and cash equivalents	\$ 24,872	\$ 24,878	\$ 9,281	\$ 9,296
Debt Securities: US Treasury & Agency Securities	69,460	69,286	46,860	47,236
Debt Securities: Corporate, Municipal & Foreign	76,971	77,184	71,500	72,842
Mutual Funds	46,229	64,910	36,645	49,735
Equities	109,704	143,780	77,918	98,868
Real Estate Investment Trusts	2,481	2,570	1,821	1,837
Total Investments	\$ 329,717	\$ 382,608	\$ 244,025	\$ 279,814

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Consolidated Statements of Financial Position.

As stated in Note 2, the Corporation identifies all cash and cash equivalents held within an investment portfolio as an investment.

NOTE 5. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Observable, unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets and inputs other than quoted prices, such as interest rates, yield curves and prepayment speeds.

Level 3: Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2026 and June 30, 2025:

Debt Securities – U.S Treasury and Agency Securities: Valued using unadjusted quoted prices in active markets for identical securities and classified within Level 1 of the fair value hierarchy. To the extent a quoted price for an identical security is not available and fair value is determined using observable inputs for similar securities, the investment is classified within Level 2.

Debt Securities—Corporate, Municipal and Foreign: Valued using unadjusted quoted prices in active markets for identical securities and classified within Level 1 of the fair value hierarchy. To the extent a quoted price for an identical security is not available and fair value is determined using pricing models that maximize the use of observable inputs, including quoted prices for similar securities, benchmark yields, interest-rate curves and credit spreads. These securities are classified within Level 2 of the fair value hierarchy.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Corporation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Real Estate Investment Trusts: Valued at the NAV of shares held by the Corporation at year end.

Cash and cash equivalents' carrying amounts plus any accrued interest approximates the fair value because of the short maturity of those instruments. The fair value of the investments is based on quoted market rates or similar quoted market rates.

The following table sets forth by level, within the fair value hierarchy, the Corporation's financial instruments as of June 30, 2026 and June 30, 2025:

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Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands	June 30, 2026			
	Total Carrying Amount	Level 1	Level 2	Level 3
Cash and Cash equivalents	\$ 28,119	\$ 28,119	\$ -	\$ -
Investments:				
Cash and Cash equivalents	24,878	24,878	-	-
Debt Securities: US Treasury & Agency Securities	69,286	57,095	12,191	-
Debt Securities: Corporate, Municipal & Foreign	77,184	72,865	4,319	-
Equities	143,780	143,780	-	-
Total	\$ 343,247	\$ 326,737	\$ 16,510	\$ -

Dollars in thousands	June 30, 2025			
	Total Carrying Amount	Level 1	Level 2	Level 3
Cash and Cash equivalents	\$ 25,651	\$ 25,651	\$ -	\$ -
Investments:				
Cash and Cash equivalents	9,296	9,296	-	-
Debt Securities: US Treasury & Agency Securities	47,236	47,236	-	-
Debt Securities: Corporate, Municipal & Foreign	72,842	-	72,842	-
Equities	98,868	-	98,868	-
Total	\$ 253,893	\$ 82,183	\$ 171,710	\$ -

Investments in mutual funds and real estate investment trusts, for which fair value is measured using the NAV per share practical expedient as of June 30, 2026 and 2025 totaled \$67.5 million and \$51.6 million, respectively.

NOTE 6. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenses of the Corporation without restrictions limiting their use within one year of the Statements of Financial Position date of June 30, 2026 and June 30, 2025, were comprised of the following:

Dollars in thousands		
	2026	2025
Cash and cash equivalents	\$ 28,119	\$ 25,651
Investments	382,608	279,814
Interest Due From Borrowers	32,485	29,985
Accounts Receivable	1,426	1,731
Accrued Investment Income	833	515
	\$ 445,471	\$ 337,696

As part of the Corporation's liquidity management, its policy is to maintain adequate cash and other short-term investments to meet financial obligations expected to become due within the next twelve months. Cash and cash equivalents include bank deposits, money market funds, and other similar instruments that

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

may generate a return while providing daily liquidity to the Corporation. Certain cash and cash equivalents held in bond trusts are restricted under the applicable bond documents and may not be available for general expenditures. The cash and cash equivalents held in bond trusts as of June 30, 2026, are presented in the *Consolidated Schedule of Financial Position (with Restrictions detail by Fund)* included in this report. In addition, collections of principal and interest on student loans provide cash flows to repay related debt, and the Corporation may issue additional debt to finance future student loan originations.

NOTE 7. STUDENT LOANS RECEIVABLE

The student loans receivable balance as reported on the Corporation's Consolidated Statements of Financial Position represents the unpaid portion of principal balance of both private (non-federal education loans) and FFELP loans owned by the Corporation net of any allowances for credit losses. Interest income is accrued on the unpaid principal balance of the loans. Both private and FFELP loans have fixed and variable interest rates.

Management has determined that its portfolio segments are FFELP student loans and Private student loans. As of June 30, 2026 and 2025, the Corporation does not disaggregate its portfolio into classes of receivables and all loan segments are evaluated collectively.

Student loans held for investment, are summarized as of June 30, 2026 and June 30, 2025 are as follows:

Dollars in thousands	June 30, 2026			
	FFELP	Private	Allowance	Total
Student Loans				
Undesignated	\$ 50,990	\$ 98,776	\$ (8,176)	\$ 141,590
Invested in Trust				
1996 General Resolution	110,700	-	(128)	110,572
2010-1 General Resolution	86,289	-	(102)	86,187
2013-1 General Resolution	33,669	-	(86)	33,583
2020-A General Resolution	-	172,097	(12,002)	160,095
Subtotal	\$ 281,648	\$ 270,873	\$ (20,494)	\$ 532,027

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands	June 30, 2025			
Student Loans	FFELP	Private	Allowance	Total
Undesignated	\$ 50,087	\$ 127,663	\$ (10,044)	\$ 167,706
Invested in Trust				
1996 General Resolution	126,845	-	(183)	126,662
2010-1 General Resolution	98,670	-	(150)	98,520
2013-1 General Resolution	37,937	-	(138)	37,799
2015-A General Resolution	7,116	56,549	(6,769)	56,896
2020-A General Resolution	-	69,861	(5,456)	64,405
Subtotal	\$ 320,655	\$ 254,073	\$ (22,740)	\$ 551,988

The following table summarizes the activity related to the allowance for credit losses for the fiscal year ended June 30, 2026 and June 30, 2025:

Dollars in thousands

Allowance for Credit Losses	FFELP Loans	Private Loans	Total
Balance, July 1, 2025	\$ (1,243)	\$ (21,497)	\$ (22,740)
Charge-offs	323	7,783	8,106
Recoveries	-	(696)	(696)
Provision for credit losses	494	(5,658)	(5,164)
Balance, June 30, 2026	\$ (426)	\$ (20,068)	\$ (20,494)

Dollars in thousands

Allowance for Credit Losses	FFELP Loans	Private Loans	Total
Balance, July 1, 2024	\$ (1,472)	\$ (18,831)	\$ (20,303)
Charge-offs	353	5,897	6,250
Recoveries	-	492	492
Provision for credit losses	(124)	(9,055)	(9,179)
Balance, June 30, 2025	\$ (1,243)	\$ (21,497)	\$ (22,740)

The following table represents an analysis of past-due student loans as of June 30, 2026 and June 30, 2025:

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

<i>Dollars in thousands</i>	June 30, 2026					
	FFELP Loans		Private loans		Total	
Loans in-school/grace	\$ 14		\$ 42,460		\$ 42,474	
Loans in deferment and forbearance:						
Deferment	19,389		6,757		26,146	
Forbearance	20,179		19,366		39,545	
Total loans in-school/grace, deferment, and forbearance	39,582		68,583		108,165	
Loans in repayment:						
Current	210,748	87.06%	188,602	93.23%	399,350	89.87%
31-60 days delinquent	8,599	3.55%	3,971	1.96%	12,570	2.83%
61-90 days delinquent	5,916	2.44%	2,361	1.17%	8,277	1.86%
91-120 days delinquent	3,529	1.46%	1,467	0.73%	4,996	1.12%
121-180 days delinquent	4,333	1.79%	4,978	2.46%	9,311	2.10%
181-270 days delinquent	4,735	1.96%	911	0.45%	5,646	1.27%
271 days or greater delinquent	2,178	0.90%	-	0.00%	2,178	0.49%
Claims filed but not yet paid	2,028	0.84%	-	0.00%	2,028	0.46%
Total loans in repayment	242,066	100.00%	202,290	100.00%	444,356	100.00%
Total loans	281,648		270,873		552,521	
Allowance for credit losses	(426)		(20,068)		(20,494)	
Total Net Loans	\$ 281,222		\$ 250,805		\$ 532,027	

<i>Dollars in thousands</i>	June 30, 2025					
	FFELP Loans		Private loans		Total	
Loans in-school/grace	\$ 59		\$ 35,463		\$ 35,522	
Loans in deferment and forbearance:						
Deferment	21,039		4,244		25,283	
Forbearance	19,915		15,704		35,619	
Total loans in-school/grace, deferment, and forbearance	41,013		55,411		96,424	
Loans in repayment:						
Current	231,574	82.81%	183,193	92.22%	414,767	86.71%
31-60 days delinquent	9,888	3.54%	5,345	2.69%	15,233	3.18%
61-90 days delinquent	8,283	2.96%	3,038	1.53%	11,321	2.37%
91-120 days delinquent	4,811	1.72%	2,155	1.08%	6,966	1.46%
121-180 days delinquent	11,141	3.98%	4,194	2.11%	15,335	3.21%
181-270 days delinquent	10,208	3.65%	737	0.37%	10,945	2.29%
271 days or greater delinquent	2,284	0.82%	-	0.00%	2,284	0.48%
Claims filed but not yet paid	1,453	0.52%	-	0.00%	1,453	0.30%
Total loans in repayment	279,642	100.00%	198,662	100.00%	478,304	100.00%
Total loans	320,655		254,073		574,728	
Allowance for credit losses	(1,243)		(21,497)		(22,740)	
Total Net Loans	\$ 319,412		\$ 232,576		\$ 551,988	

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

NOTE 8. BONDS PAYABLE

All of the Corporation's bonds and notes are secured only by loans funded by bond proceeds or otherwise pledged, related revenue from such loans, investments and earnings on investments in related accounts and by a debt service reserve funded from bond proceeds. The Corporation's bonds and notes are each secured by assets held by a trustee in trust estates governed by the applicable bond indenture and other bond documents. The bond documents require the Corporation to accumulate collections from borrowers to pay principal and interest on bonds. The bonds and notes do not constitute a debt, liability or obligation of the State of South Carolina or any agency thereof but are limited obligations of the Corporation. Bond proceeds are utilized to finance eligible education loan assets and related program expenditures in accordance with applicable financing documents and bond indentures.

The transactions for each bond indenture are accounted for in a resolution specific fund. These funds are subject to restrictions imposed by the underlying bond agreements as described in the Net Assets with Restrictions section of Note 2 and are included in the Corporation's consolidated financial statements.

The debt service funds in the applicable general resolution contain assets equal to the interest and principal accumulated to make the next payments of principal and interest due. As of June 30, 2026, the Corporation held funds on deposit as cash with restrictions in the debt service funds of \$17.0 million.

1996 GENERAL RESOLUTION:

On August 20, 2014, the Corporation issued \$501.5 million of Education Loan Revenue Bonds, 2014 Series, secured under the 1996 General Resolution. The 2014 Series bonds are redeemable on a monthly basis with collections on FFELP student loans, after paying interest and reasonable fees and expenses. The bonds have variable interest rates equal to 30-day Average SOFR plus a tenor spread adjustment of 0.11448% plus 1.50%, as adjusted monthly.

2010-1 GENERAL RESOLUTION:

On November 30, 2010, the Corporation issued \$920.0 million of Student Loan Backed Notes, 2010-1 Series secured under the 2010-1 General Resolution. The 2010-1 Series Notes are redeemable on a quarterly basis with collections on FFELP student loans, after paying interest and reasonable fees and expenses. The remaining Note has a variable interest rate equal to 90-day Average SOFR plus a tenor spread adjustment of 0.26161% plus a spread of 1.05%.

At issuance, the indenture (or trust) received FFELP loans from the Authority with a value of \$39.8 million, and FFELP loans of the Corporation with a value of \$20.9 million providing additional equity to the bond trust. The funds from both the Corporation and the Authority were provided through a Residual Trust Agreement, which allows for all remaining loans of the Trust to be shared between the Corporation and the Authority on a pro-rata basis, based on the percentage contribution made by each entity once all bonds have been redeemed.

2013-1 GENERAL RESOLUTION:

On February 20, 2013, the Corporation issued \$323.6 million of Student Loan Backed Notes, 2013-1 Series, secured under the 2013-1 General Resolution. The 2013-1 Series Notes are redeemable monthly with collections on FFELP student loans, after paying interest and reasonable fees and expenses. The Note has a variable interest rate equal to 30-day Average SOFR plus a tenor spread of 0.11448% plus 0.50%.

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Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

2015-A GENERAL RESOLUTION:

On November 25, 2015, the Corporation issued \$198.4 million of Student Loan Backed Notes, 2015-A Series, secured under the 2015-A Resolution. During the fiscal year ended June 30, 2026, all notes outstanding were paid in full and the 2015-A General Resolution was closed.

2020 INDENTURE:

On August 20, 2020, the Corporation issued \$92.7 million of Student Loan Backed Notes, Senior Series 2020A ("Series 2020A Taxable Bonds") under the 2020 Master Indenture. Interest rates are payable semi-annually and principal payments are payable annually. Interest rates on the 2020A Series Taxable Bonds are fixed.

On November 13, 2025, the Corporation issued \$112.1 million of Student Loan Backed Notes, Senior Series 2025A ("Series 2025A Taxable Bonds") under the 2020 Master Indenture. Interest rates are payable semi-annually and principal payments are payable annually. Interest rates on the 2025A Series Taxable Bonds are fixed.

The Series 2020A Taxable Bonds and the Series 2025A Taxable Bonds are fully collateralized by private student loans.

The total bonds outstanding as of June 30, 2026 and 2025 are as follows:

Dollars in thousands

Series	Maturity Date	Balance Outstanding at 6/30/26	Interest Rate at 6/30/26	Balance Outstanding at 6/30/25
2014 Series	August 1, 2035	36,174	5.21%	56,073
2013-1 Series	January 25, 2041	31,896	4.24%	35,904
2010-1 Series	October 27, 2036	\$ 38,533	4.98%	\$ 52,612
2015 Series	January 25, 2036	-		9,826
2020A Series	December 1, 2025	-		6,850
	December 1, 2026	7,990	2.64%	7,990
	December 1, 2027	7,700	2.77%	7,700
	December 1, 2028	6,255	2.92%	6,255
	December 1, 2029	6,955	2.99%	6,955
	December 1, 2030	2,600	3.04%	2,600
	December 1, 2039	7,045	3.59%	12,695
2025A Series	December 1, 2036	82,900	5.13%	-
	December 1, 2046	22,300	5.57%	-
Subtotal		\$ 250,348		\$ 205,460
Less: unamortized cost of issuance		(4,096)		(4,844)
Total bonds outstanding		\$ 246,252		\$ 200,616

As outlined in the 1996 General Resolution, 2010-1 General Resolution, 2013-1 General Resolution, 2015-1 General Resolution, and 2020 General Resolution, optional redemption payments and principal distributions are possible once certain covenants of the resolution have been met.

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

NOTE 9. EMPLOYEE BENEFIT PLANS

403(b) DEFINED CONTRIBUTION PLAN:

The Corporation has a defined single-employer contribution plan established pursuant to Section 403(b) of the Internal Revenue Code, which provides pension benefits for all of its full-time employees. The South Carolina Student Loan Corporation 403(b) Defined Contribution Plan ("403(b) DC Plan") provides for an employer non-elective contribution. All employees who have completed one year of service and attained the age twenty-one were considered eligible to receive employer contributions.

Eligible employees may participate under the 403(b) DC plan for purposes of making elective deferrals as of their hire date. The 403(b) DC plan includes an automatic elective deferral feature for eligible employees. Under the automatic deferral feature the Corporation will automatically withhold 3% of the employees compensation each pay period and contribute that amount to the plan as a salary deferral unless the employee makes a contrary election. Eligible employees can elect a different deferral amount or opt out of elective deferrals. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed. Employees who normally work less than 20 hours per week are considered an Excluded Employee until they have completed a Year of Service. Once the year of service requirement is satisfied employees who normally work less than 20 hours per week are considered eligible to participate in the 403(b) DC plan for purposes of making elective deferrals.

All employee plan participants who have attained the age of twenty-one are eligible to receive employer matching contributions. Once the eligibility requirements are satisfied the employer will make a matching contribution each payroll period equal to 100% of the employee's elective deferrals not to exceed 3% of the employee's compensation for the payroll period. Employer contributions are 100% vested immediately with the investment of the contribution within the plan being employee self-directed.

The 403(b) DC plan includes a nonelective employer contribution. Each year, the employer might make a discretionary nonelective contribution to the plan to eligible employees. In order to share in the nonelective contribution the employee must satisfy the requirements for the employer matching contributions, complete at least 1,000 hours of service during the plan year, and must be employed on the last day of the plan year. The Corporation may provide up to a 6% contribution based on the eligible employee's total annual compensation for the fiscal years ended June 30, 2026 and 2025. Employees hired prior to July 1, 2024 are 100% vested with the investment of nonelective contributions. Employees hired after July 1, 2024, are vested 25% after 1 year of service and are 100% vested after 4 years of service. Participants automatically become 100% vested in the plan investments (assuming they are not already fully vested) if employed on or after the Normal Retirement Age. The 403(b) DC plan's normal retirement age is sixty-five. Forfeitures under the plan reduce the employer's contribution during the year following the plan year in which the forfeiture occurs. The investment of the nonelective employer contributions within the plan are employee self-directed.

Total employer contributions in the 403(b) DC plan for fiscal year ended June 30, 2026 and June 30, 2025 were \$367 thousand and \$334 thousand, respectively.

457(b) DEFERRED COMPENSATION PLAN:

On November 15, 2002, the Corporation established the South Carolina Student Loan Corporation 457(b) Deferred Compensation Plan. Key management employees are eligible to participate in this plan.

South Carolina Student Loan Corporation

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For the years ended June 30, 2026 and June 30, 2025

Employee participation in this plan is voluntary and funded only through employee contributions. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed.

TAX DEFERRED ANNUITY:

The Corporation established the South Carolina Student Loan Corporation TDA (Tax Deferred Annuity) GSRA (Group Supplemental Retirement Annuity) on January 1, 1995, which was subsequently amended on January 1, 2009. All employees were eligible to participate in the TDA GSRA upon hire. Employee participation in the plan was voluntary and the plan was funded only through employee contributions which were 100% vested immediately with investment of the contributions being self-directed. Effective July 1, 2015, the Corporation amended the 403 (b) DC Plan to include the employee contributions features of the TDA GSRA in an effort to consolidate the two plans into one single plan. As a result, no new entries were allowed to the TDA GSRA, however, the funds previously contributed to the plan were allowed to remain in the plan with the Trustee, until paid out to the participant under the terms of release or transferred to another qualified plan as directed by the participant and allowed by the annuity terms.

TERMINATION OF MONEY PURCHASE PENSION PLAN AND DEFINED BENEFIT PLAN:

The Corporation also had a defined benefit plan ("DBP") and a money purchase pension plan ("MPPP"). On June 30, 2024, the MPPP and DBP plans were effectively terminated. In connection therewith, all non-vested contributions and benefits were immediately and fully vested, which resulted in a plan curtailment. Participants were given 45 days from July 1, 2024 and September 1, 2024 for the MPPP and DBP plans, respectively, to select their benefit payout option. Participants were given the option to select a lump sum payment that could be paid out in cash (potentially subject to taxable income) or rolled over into an eligible retirement plan or an annuity payment in which an annuity would be purchased for the participant from an insurance company. If no action was taken by the participant an annuity was purchased on their behalf as part of the termination process.

The following sets forth the benefit obligation, the fair value of plan assets, and the funded status of the Corporation's DBP, as well as the amounts recognized in the Corporation's consolidated financial statements at June 30, 2025:

South Carolina Student Loan Corporation
Notes to Consolidated Financial Statements
For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands

Change in projected benefit obligation:	
Projected benefit obligation at June 30, 2024	\$ 5,161
Interest cost	102
Actuarial (gain) loss	(915)
Benefits paid	(92)
Settlements	(4,256)
Projected benefit obligation at June 30, 2025	<u>\$ -</u>
Change in fair value of plan assets:	
Fair value of Plan assets at June 30, 2024	\$ 8,154
Actual return on assets	116
Employer contributions	(3,923)
Benefits paid	(92)
Settlements	(4,255)
Fair value of Plan assets at June 30, 2025	<u>\$ -</u>
Amounts recognized in the Consolidated Statements of Activities	
Net gain	<u>\$ 929</u>

Components of net periodic benefit cost and employee-related benefit changes other than net periodic benefit costs for the year ended June 30, 2025 are as follows:

Dollars in thousands

Net periodic benefit cost	
Interest cost	\$ 102
Expected return on plan assets	<u>(172)</u>
Net periodic pension cost:	(70)
Settlements	(859)
Net periodic benefit cost	<u>\$ (929)</u>
Employee benefit - related changes other than net period benefit cost	
Net (gain) loss	\$ (859)
Effects of Settlement	<u>859</u>
Employee benefit - related changes other than net period benefit cost	<u>\$ -</u>
Total net periodic benefit cost and employee benefit - related changes other than net periodic benefit cost	
	<u>\$ (929)</u>

During the year ended June 30, 2025, the Corporation settled its obligation under the DBP for retired participants. This settlement involved \$92 thousand in benefit payments and lump-sum payments to participants totaling \$1.9 million and the purchase of a group annuity contract from the United of Omaha Life Insurance Company.

On February 1, 2025, the Corporation completed the purchase of the retiree benefit buy-out contract paying \$2.3 million. The settlement was funded by plan assets, requiring no additional cash contributions

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

by the Corporation. The remainder of the plan assets were paid out to the Corporation as cash and recorded as a reduction of retirement expenses. The settlement eliminated the Corporation's benefit obligation and transferred associated risk.

NOTE 10. RENTAL PROPERTY, OPERATING LEASES AND COMMITMENTS

The Corporation leases office space under an operating lease agreement with an 8.5-year term effective October 2022. On September 30, 2025, this lease agreement was amended to include additional space and extend the term two additional years. Any options to extend or terminate the lease are included in the lease term when it is reasonably certain that the Corporation will exercise that option. The terms of the lease agreement include variable expenses related to parking. The Corporation's variable expenses for the year ended June 30, 2026 and June 30, 2025 were \$72 thousand and \$32 thousand, respectively. Lease payments under the agreement totaled \$264 thousand and \$238 thousand for the years ended June 30, 2026 and June 30, 2025, respectively. The Corporation incurred \$59 thousand and \$52 thousand in lease related interest expense for the years ended June 30, 2026 and June 30, 2025, respectively.

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized in the consolidated statement of financial position are as follows for the years ending June 30:

Dollars in thousands

Year Ending June 30,	Amount
2027	\$ 333
2028	341
2029	348
2030	356
2031	364
Thereafter	560
Subtotal	\$ 2,302
Less imputed interest	(291)
Total	\$ 2,011

At June 30, 2026, the right-of-use asset was \$1.8 million with accumulated amortization of \$61 thousand. At June 30, 2025, the right-of-use asset was \$1.2 million with accumulated amortization of \$235 thousand. Lease related amortization expense was \$201 thousand and \$182 thousand for the years ended June 30, 2026 and June 30, 2025, respectively.

NOTE 11. PROPERTY AND EQUIPMENT

The property and equipment, net, is comprised of the following at June 30, 2026 and June 30, 2025:

South Carolina Student Loan Corporation

Notes to Consolidated Financial Statements

For the years ended June 30, 2026 and June 30, 2025

Dollars in thousands

Property and Equipment	Balance as of June 30, 2026	Balance as of June 30, 2025
Vehicles	\$ 110	\$ 80
Furniture, software and equipment	6,275	5,375
	6,385	5,455
Less accumulated depreciation	(5,169)	(4,802)
Property and equipment, net	\$ 1,216	\$ 653

Depreciation expense was \$366 thousand and \$427 thousand for the years ended June 30, 2026 and June 30, 2025, respectively.

South Carolina Student Loan Corporation

Consolidated Schedule of Financial Position (with Restrictions detail by Fund)

As of June 30, 2026

	Invested in Trust						
	Undesignated	1996 Resolution	2010 - 1 Resolution	2013 - 1 Resolution	2015 Resolution	2020 Resolution	Total
<i>Dollars in thousands</i>							
Assets							
Current Assets							
Cash & Cash Equivalents	\$ 3,738	\$ 4,174	\$ 5,546	\$ 754	\$ -	\$ 13,907	\$ 28,119
Investments	382,608	-	-	-	-	-	382,608
Student Loan Receivable	149,766	110,700	86,289	33,669	-	172,097	552,521
<i>Allowance for credit losses</i>	(8,176)	(128)	(102)	(86)	-	(12,002)	(20,494)
Interest Due From Borrowers	6,410	7,050	7,369	3,004	-	8,652	32,485
Accounts Receivable	557	478	86	(8)	-	313	1,426
Accrued Investment Income	810	9	13	2	-	(1)	833
Prepaid Expenses	1,091	5	8	12	-	-	1,116
Property, Plant & Equipment, net	1,216	-	-	-	-	-	1,216
Right to Use Asset	1,847	-	-	-	-	-	1,847
Residual Trust Agreement	20,942	-	(20,942)	-	-	-	-
Total Assets	560,809	122,288	78,267	37,347	-	182,966	981,677
Liabilities and Net Assets							
Liabilities							
Current Liabilities							
Bonds Payable	\$ -	\$ 35,620	\$ 38,017	\$ 31,098	\$ -	\$ 141,517	\$ 246,252
Interest Payable	-	157	346	23	-	553	1,079
Accounts Payable & Accrued payables	3,543	70	30	1	-	53	3,697
Due to U.S. Department of Education	-	-	-	39	-	-	39
Lease Liability	2,011	-	-	-	-	-	2,011
Refundable Advance	-	-	39,835	-	-	-	39,835
Total Liabilities	5,554	35,847	78,228	31,161	-	142,123	292,913
Net Assets							
Net Assets without Donor Restrictions							
Undesignated	555,255	-	-	-	-	-	555,255
Invested in Trusts, net of debt	-	86,441	39	6,186	-	40,843	133,509
Total Net Assets	555,255	86,441	39	6,186	-	40,843	688,764
Total Liabilities and Net Assets	\$ 560,809	\$ 122,288	\$ 78,267	\$ 37,347	\$ -	\$ 182,966	\$ 981,677

South Carolina Student Loan Corporation

Consolidated Schedule of Activities (with Restrictions detail by Fund)

For the year ended June 30, 2026

		Invested in Trusts					
	Undesignated	1996 Resolution	2010-1 Resolution	2013-1 Resolution	2015 Resolution	2020 Resolution	Total
<i>Dollars in thousands</i>							
Operating Revenue							
Subsidized Interest	\$ 127	\$ 149	\$ 181	\$ 82	\$ -	\$ -	\$ 539
Special Allowance	210	2,005	408	(137)	-	-	2,486
Unsubsidized Interest	8,547	5,990	5,581	2,268	3,617	10,778	36,781
Other Student Loan Income	68	105	76	32	50	61	392
Fees for Services	529	-	-	-	-	-	529
Assets Released from Restrictions	32,108	(651)	(600)	(1,047)	(53,465)	23,655	-
Total Operating Revenue	41,589	7,598	5,646	1,198	(49,798)	34,494	40,727
Operating Expenses							
Personnel	5,914	-	-	-	-	-	5,914
Contractual Services	3,624	-	-	-	369	424	4,417
General Operating Expenses	5,561	-	-	-	-	-	5,561
Interest on Debt	-	2,860	2,631	1,654	2,364	5,303	14,812
Bond Trust Operating Fees	1	50	37	29	45	12	174
USDE Consolidation Loan Fees	83	904	388	15	26	-	1,416
Borrower Benefits	147	435	297	17	52	114	1,062
Reinsurance Expense	39	102	96	79	8	-	324
Bad Debt Expense	-	-	-	-	-	-	-
Provision for Credit Losses	(5,318)	(54)	(48)	(52)	(172)	10,808	5,164
Total Operating Expenses	10,051	4,297	3,401	1,742	2,692	16,661	38,844
Non-Operating Revenue (Expense)							
Investment Income, Net of Fees	39,785	127	175	38	67	491	40,683
Total Non-Operating Revenue (Expense)	39,785	127	175	38	67	491	40,683
Changes in Net Assets without donor restrictions	\$ 71,323	\$ 3,428	\$ 2,420	\$ (506)	\$ (52,423)	\$ 18,324	\$ 42,566
Beginning Net Assets	483,932	83,013	(2,381)	6,692	52,423	22,519	646,198
Ending Net Assets without donor restrictions	\$ 555,255	\$ 86,441	\$ 39	\$ 6,186	\$ -	\$ 40,843	\$ 688,764

South Carolina Student Loan Corporation
Consolidated Statement of Cash Flows (with Restrictions detail by Fund)
For the year ended June 30, 2026

		Invested in Trusts					
	Undesignated	1996 Resolution	2010-1 Resolution	2013-1 Resolution	2015 Resolution	2020 Resolution	Total
<i>Dollars in thousands</i>							
Cash flows from operating activities							
Changes in net assets	\$ 71,322	\$ 3,428	\$ 2,421	\$ (507)	\$ (52,423)	\$ 18,325	\$ 42,566
Adjustments to reconcile changes in net assets to cash provided by (used for) operating activities:							
Depreciation	366	-	-	-	-	-	366
Unrealized (gain) loss on investment	(18,043)	-	-	-	-	-	(18,043)
Amortization of bond discount and issuance costs	-	237	112	55	2,099	256	2,759
Provision for credit losses	(5,318)	(54)	(48)	(52)	(172)	10,808	5,164
Non-cash operating lease expense	259	-	-	-	-	-	259
Changes in operating assets and liabilities:							
Accounts receivable	(35)	288	212	29	49	(238)	305
Interest due from borrowers	3,000	(301)	(439)	(3)	1,665	(6,422)	(2,500)
Prepaid expenses	(377)	(1)	-	-	7	-	(371)
Accrued investment income	(333)	12	2	1	-	-	(318)
Accounts payable and accrued expenses	404	(121)	(214)	(7)	(14)	429	477
Due to United States Department of Education	-	-	-	39	-	-	39
Lease Liability	(229)	-	-	-	-	-	(229)
Net cash provided by (used for) operating activities	51,016	3,488	2,046	(445)	(48,789)	23,158	30,474
Cash flows from investing activities							
Purchases from sale of property and equipment	(929)	-	-	-	-	-	(929)
Net changes in student loan receivable	31,434	16,144	12,381	4,269	57,069	(106,500)	14,797
Purchases of investments	(262,649)	-	-	-	-	-	(262,649)
Sales of investments	177,898	-	-	-	-	-	177,898
Net cash provided by (used for) investing activities	(54,246)	16,144	12,381	4,269	57,069	(106,500)	(70,883)
Cash flows from financing activities							
Proceeds from the issuance of bonds payable, net	-	-	-	-	-	110,090	110,090
Payments on bonds payable	-	(19,900)	(14,079)	(4,008)	(9,826)	(19,400)	(67,213)
Net cash provided by (used for) financing activities	-	(19,900)	(14,079)	(4,008)	(9,826)	90,690	42,877
Net increase (decrease) in cash and cash equivalents	(3,230)	(268)	348	(184)	(1,546)	7,348	2,468
Cash and Cash equivalents							
Beginning	6,968	4,442	5,198	938	1,546	6,559	25,651
Ending	\$ 3,738	\$ 4,174	\$ 5,546	\$ 754	\$ -	\$ 13,907	\$ 28,119
Supplemental disclosure of cash flow information							
Cash payments for interest	\$ -	\$ 2,622	\$ 2,519	\$ 1,600	\$ 265	\$ 5,047	\$ 12,053
Recognition of right-of use asset	\$ 847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 847