



Carlyle and KKR Strategic Partnerships Agree to Acquire Approximately \$10.1 Billion Prime Student Loan Portfolio from Discover Financial Services

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NEW YORK--(BUSINESS WIRE)-- Global investment firms Carlyle (NASDAQ: CG) and KKR (NYSE: KKR) today announced that one or more strategic partnerships comprised of funds and accounts managed by Carlyle and KKR's respective credit businesses have agreed to purchase an approximately \$10.1 billion portfolio of prime student loans from Discover Financial Services (NYSE: DFS).

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20240717003713/en/>

"This acquisition highlights Carlyle's proven expertise in private student loans and asset-backed finance, demonstrating our Global Credit business's ability to provide scaled, tailored solutions to meet our clients' dynamic needs," said Akhil Bansal, Head of Credit Strategic Solutions at Carlyle. "As the lending space evolves, we believe private markets are well-positioned to offer financial institutions increased flexibility amidst this transformation."

"We are pleased to leverage our scale, deep experience in ABF investing and capital markets capabilities to be a capital solutions provider of choice to financial institutions that are focusing on optimizing their balance sheets," said RJ Madden, a Managing Director at KKR. "This transaction demonstrates the value that scaled private lenders can bring to key areas of the economy as the priorities of traditional lenders continue to evolve."

"We're very pleased to consummate this transaction with two outstanding strategic partners in Carlyle and KKR," said Dan Capozzi, Executive Vice President and President of Consumer Banking at Discover. "This agreement represents an important milestone in our journey to simplify our operations and business mix."

Carlyle's investment in the portfolio was led by its Credit Strategic Solutions ("CSS") team, a group within its Global Credit business focused on asset-backed investments. The highly experienced team seeks to leverage the knowledge, sourcing, structuring, and breadth of the entire Carlyle investment platform to deliver tailored asset-focused financing solutions to businesses, specialty finance companies, banks, asset managers, and other originators and owners of diversified pools of assets.

KKR's investment in the portfolio comes primarily from its asset-based finance strategy and other credit vehicles and accounts. KKR has made more than 80 ABF investments globally since 2016 through a combination of portfolio acquisitions, platform investments and structured investments. The firm has approximately \$54 billion in ABF assets under management and a team of more than 50 professionals directly involved in the ABF effort globally.

The transaction is expected to close by the end of 2024 subject to customary closing conditions.

KKR Capital Markets and TCG Capital Markets structured and arranged the debt for the transaction. Monogram LLC, a portfolio company of Carlyle, will serve as portfolio manager for the student loan portfolio. Firstmark Services, a subsidiary of Nelnet, Inc. will service the loans in the portfolio. Sidley Austin LLP served as legal advisor to KKR and Carlyle. Paul Hastings LLP also served as a legal advisor to Carlyle and Clifford Chance LLP also served as a legal advisor to KKR. Wells Fargo served as exclusive financial advisor, and Skadden, Arps, Slate, Meagher & Flom LLP served as legal counsel to Discover Financial Services in connection with the transaction.

About Carlyle

Carlyle (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across three business segments: Global Private Equity, Global Credit and Global Investment Solutions. With \$425 billion of assets under management as of March 31, 2024, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. Carlyle employs more than 2,200 people in 28 offices across four continents. Further information is available at www.carlyle.com. For more, follow Carlyle on X and LinkedIn.

About KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com. For additional information about Global Atlantic Financial Group, please visit Global Atlantic Financial Group's website at www.globalatlantic.com.

About Discover Financial

Discover Financial Services (NYSE: DFS) is a digital banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. The company issues the Discover[®] card, America's cash rewards pioneer, and offers personal loans, home loans, checking and savings accounts and certificates of deposit through its banking business. It operates the Discover Global Network[®] comprised of Discover Network, with millions of merchants and cash access locations; PULSE[®], one of the nation's leading ATM/debit networks; and Diners Club International[®], a global payments network with acceptance around the world. For more information, visit www.discover.com/company.

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