

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 March 31, 2024

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: 001-13251

SLM Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
52-2013874
(I.R.S. Employer Identification No.)

300 Continental Drive Newark, Delaware 19713
(Address of principal executive offices)
(Zip Code)

(302) 451-0200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.20 per share	SLM	The NASDAQ Global Select Market
Floating Rate Non-Cumulative Preferred Stock, Series B, par value \$.20 per share	SLMBP	The NASDAQ Global Select Market

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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

(Do not check if a smaller reporting 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 March 31, 2024, there were 220,275,834 shares of common stock outstanding.

SLM CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2024	December 31, 2023
(Dollars in thousands, except share and per share amounts)		
Assets		
Cash and cash equivalents	\$ 3,584,013	\$ 4,149,838
Investments:		
Trading investments at fair value (cost of \$44,978 and \$43,412, respectively)	58,166	54,481
Available-for-sale investments at fair value (cost of \$2,423,183 and \$2,563,984, respectively)	2,271,108	2,411,622
Other investments	89,765	91,567
Total investments	2,419,039	2,557,670
Loans held for investment (net of allowance for losses of \$1,350,058 and \$1,339,772, respectively)	20,200,789	20,306,357
Restricted cash	147,809	149,669
Other interest-earning assets	7,572	9,229
Accrued interest receivable	1,386,487	1,379,904
Premises and equipment, net	127,414	129,501
Goodwill and acquired intangible assets, net	67,496	68,711
Income taxes receivable, net	277,733	366,247
Other assets	58,930	52,342
Total assets	\$ 28,277,282	\$ 29,169,468
Liabilities		
Deposits	\$ 20,903,456	\$ 21,653,188
Long-term borrowings	4,976,882	5,227,512
Other liabilities	283,205	407,971
Total liabilities	26,163,543	27,288,671
Commitments and contingencies		
Equity		
Preferred stock, par value \$0.20 per share, 20 million shares authorized:		
Series B: 2.5 million and 2.5 million shares issued, respectively, at stated value of \$100 per share	251,070	251,070
Common stock, par value \$0.20 per share, 1.125 billion shares authorized: 440.2 million and 438.2 million shares issued, respectively	88,032	87,647
Additional paid-in capital	1,163,838	1,148,689
Accumulated other comprehensive loss (net of tax benefit of (\$24,752) and (\$24,176), respectively)	(77,291)	(75,104)
Retained earnings	3,884,694	3,624,859
Total SLM Corporation stockholders' equity before treasury stock	5,310,343	5,037,161
Less: Common stock held in treasury at cost: 219.9 million and 217.9 million shares, respectively	(3,196,604)	(3,156,364)
Total equity	2,113,739	1,880,797
Total liabilities and equity	\$ 28,277,282	\$ 29,169,468

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)	Three Months Ended March 31,	
	2024	2023
Interest income:		
Loans	\$ 596,607	\$ 582,784
Investments	14,507	11,331
Cash and cash equivalents	52,444	43,483
Total interest income	663,558	637,598
Interest expense:		
Deposits	220,445	183,531
Interest expense on short-term borrowings	3,562	3,018
Interest expense on long-term borrowings	52,535	45,981
Total interest expense	276,542	232,530
Net interest income	387,016	405,068
Less: provisions for credit losses	12,041	114,112
Net interest income after provisions for credit losses	374,975	290,956
Non-interest income:		
Gains (losses) on sales of loans, net	143,039	(9)
Gains on securities, net	2,118	1,711
Other income	29,001	20,009
Total non-interest income	174,158	21,711
Non-interest expenses:		
Operating expenses:		
Compensation and benefits	96,476	87,649
FDIC assessment fees	13,312	11,529
Other operating expenses	50,645	55,361
Total operating expenses	160,433	154,539
Acquired intangible assets amortization expense	1,215	2,272
Total non-interest expenses	161,648	156,811
Income before income tax expense	387,485	155,856
Income tax expense	97,554	37,338
Net income	289,931	118,518
Preferred stock dividends	4,653	4,063
Net income attributable to SLM Corporation common stock	\$ 285,278	\$ 114,455
Basic earnings per common share	\$ 1.29	\$ 0.47
Average common shares outstanding	220,416	241,497
Diluted earnings per common share	\$ 1.27	\$ 0.47
Average common and common equivalent shares outstanding	223,845	243,549
Declared dividends per common share	\$ 0.11	\$ 0.11

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 289,931	\$ 118,518
Other comprehensive income (loss):		
Unrealized gains on investments	286	35,556
Unrealized losses on cash flow hedges	(3,049)	(14,999)
Total unrealized gains (losses)	(2,763)	20,557
Income tax (expense) benefit	576	(5,020)
Other comprehensive income (loss), net of tax (expense) benefit	(2,187)	15,537
Total comprehensive income	\$ 287,744	\$ 134,055

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock Shares	Common Stock Shares			Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity
		Issued	Treasury	Outstanding							
Balance at December 31, 2022	2,510,696	435,121,140	(194,445,696)	240,675,444	\$251,070	\$ 87,025	\$ 1,109,072	\$ (93,870)	\$ 3,163,640	\$ (2,789,967)	\$ 1,726,970
Net income	—	—	—	—	—	—	—	—	118,518	—	118,518
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	15,537	—	—	15,537
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	134,055
Cash dividends declared:											
Common stock (\$0.11 per share)	—	—	—	—	—	—	—	—	(26,635)	—	(26,635)
Preferred Stock, Series B (\$1.62 per share)	—	—	—	—	—	—	—	—	(4,063)	—	(4,063)
Issuance of common shares	—	2,523,744	—	2,523,744	—	505	474	—	(982)	—	(3)
Stock-based compensation expense	—	—	—	—	—	—	11,536	—	—	—	11,536
Shares repurchased related to employee stock-based compensation plans	—	—	(949,431)	(949,431)	—	—	—	—	—	(14,765)	(14,765)
Balance at March 31, 2023	2,510,696	437,644,884	(195,395,127)	242,249,757	\$251,070	\$ 87,530	\$ 1,121,082	\$ (78,333)	\$ 3,250,478	\$ (2,804,732)	\$ 1,827,095

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(In thousands, except share and per share amounts)	Common Stock Shares				Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity
	Preferred Stock Shares	Issued	Treasury	Outstanding							
Balance at December 31, 2023	2,510,696	438,230,416	(217,886,532)	220,343,884	\$ 251,070	\$ 87,647	\$ 1,148,689	\$ (75,104)	\$ 3,624,859	\$ (3,156,364)	\$ 1,880,797
Net income	—	—	—	—	—	—	—	—	289,931	—	289,931
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(2,187)	—	—	(2,187)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	287,744
Cash dividends declared:											
Common stock (\$0.11 per share)	—	—	—	—	—	—	—	—	(24,278)	—	(24,278)
Preferred Stock, Series B (\$1.85 per share)	—	—	—	—	—	—	—	—	(4,653)	—	(4,653)
Issuance of common shares	—	1,925,920	—	1,925,920	—	385	1,359	—	(1,165)	—	579
Stock-based compensation expense	—	—	—	—	—	—	13,790	—	—	—	13,790
Common stock repurchased	—	—	(1,310,723)	(1,310,723)	—	—	—	—	—	(26,639)	(26,639)
Shares repurchased related to employee stock-based compensation plans	—	—	(683,247)	(683,247)	—	—	—	—	—	(13,601)	(13,601)
Balance at March 31, 2024	2,510,696	440,156,336	(219,880,502)	220,275,834	\$ 251,070	\$ 88,032	\$ 1,163,838	\$ (77,291)	\$ 3,884,694	\$ (3,196,604)	\$ 2,113,739

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net income	\$ 289,931	\$ 118,518
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provisions for credit losses	12,041	114,112
Income tax expense	97,554	37,338
Amortization of brokered deposit placement fee	2,803	3,121
Amortization of Secured Borrowing Facility upfront fee	713	723
Amortization of deferred loan origination costs and loan premium/(discounts), net	3,229	3,421
Net amortization of discount on investments	(601)	(622)
Increase in tax indemnification receivable	—	(42)
Depreciation of premises and equipment	4,705	4,524
Acquired intangible assets amortization expense	1,215	2,272
Stock-based compensation expense	13,790	11,536
Unrealized (gains) losses on derivatives and hedging activities, net	20	(56)
(Gains) losses on sales of loans, net	(143,039)	9
Gains on securities, net	(2,118)	(1,711)
Other adjustments to net income, net	2,939	3,063
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(287,000)	(257,888)
Increase in non-marketable securities	(283)	—
Decrease (increase) in other interest-earning assets	1,657	(1,869)
Increase in other assets	(23,046)	(26,632)
(Decrease) increase in income taxes payable, net	(6,463)	2,483
(Decrease) increase in accrued interest payable	(15,738)	20,358
Decrease in other liabilities	(29,020)	(23,770)
Total adjustments	(366,642)	(109,630)
Total net cash (used in) provided by operating activities	(76,711)	8,888
Investing activities		
Loans acquired and originated	(2,593,293)	(2,463,358)
Net proceeds from sales of loans held for investment and loans held for sale	2,149,774	(9)
Proceeds from FFELP Loan claim payments	10,819	11,274
Net decrease in loans held for investment and loans held for sale (other than loans acquired and originated, and loan sales)	751,120	912,681
Purchases of available-for-sale securities	(25,790)	(4,992)
Proceeds from sales and maturities of available-for-sale securities	279,700	73,352
Total net cash provided by (used in) investing activities	572,330	(1,471,052)
Financing activities		
Brokered deposit placement fee	—	(2,634)
Net increase in certificates of deposit	31,555	515,909
Net decrease in other deposits	(787,295)	(167,836)
Borrowings collateralized by loans in securitization trusts - issued	—	569,871
Borrowings collateralized by loans in securitization trusts - repaid	(253,176)	(293,120)
Fees paid on Secured Borrowing Facility	—	(16)
Common stock dividends paid	(24,278)	(26,635)
Preferred stock dividends paid	(4,653)	(4,063)
Common stock repurchased	(25,457)	(4,005)
Total net cash (used in) provided by financing activities	(1,063,304)	587,471
Net decrease in cash, cash equivalents and restricted cash	(567,685)	(874,693)
Cash, cash equivalents and restricted cash at beginning of period	4,299,507	4,772,836
Cash, cash equivalents and restricted cash at end of period	\$ 3,731,822	\$ 3,898,143
Cash disbursements made for:		
Interest	\$ 284,041	\$ 198,874

Income taxes paid	\$	7,280	\$	4,700
Income taxes refunded	\$	(1,001)	\$	(7,273)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:				
Cash and cash equivalents	\$	3,584,013	\$	3,716,379
Restricted cash		147,809		181,764
Total cash, cash equivalents and restricted cash	\$	3,731,822	\$	3,898,143

See accompanying notes to consolidated financial statements.

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of SLM Corporation (“Sallie Mae,” “SLM,” the “Company,” “we,” or “us”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of SLM Corporation and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with 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 months ended March 31, 2024 are not necessarily indicative of the results for the year ending December 31, 2024 or for any other period. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”).

Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions.

We consolidate any variable interest entity (“VIE”) where we have determined we are the primary beneficiary. The primary beneficiary is the entity which has both: (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance; and (ii) the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE.

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2. Investments

Trading Investments

We periodically sell Private Education Loans (as hereinafter defined) through securitization transactions where we are required to retain a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitizations). We classify those vertical risk retention interests related to the transactions as available-for-sale investments, except for the interest in the residual classes, which we classify as trading investments recorded at fair value with changes recorded through earnings. At March 31, 2024 and December 31, 2023, we had \$58 million and \$54 million, respectively, classified as trading investments.

Available-for-Sale Investments

The amortized cost and fair value of securities available for sale are as follows:

As of March 31, 2024 (dollars in thousands)	Amortized Cost	Allowance for credit losses ⁽¹⁾	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale:					
Mortgage-backed securities	\$ 485,026	\$ —	\$ 353	\$ (71,171)	\$ 414,208
Utah Housing Corporation bonds	3,201	—	—	(292)	2,909
U.S. government-sponsored enterprises and Treasuries	1,396,341	—	—	(63,613)	1,332,728
Other securities	538,615	—	2,385	(19,737)	521,263
Total	\$ 2,423,183	\$ —	\$ 2,738	\$ (154,813)	\$ 2,271,108

As of December 31, 2023 (dollars in thousands)	Amortized Cost	Allowance for credit losses ⁽¹⁾	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale:					
Mortgage-backed securities	\$ 468,204	\$ —	\$ 703	\$ (62,480)	\$ 406,427
Utah Housing Corporation bonds	3,408	—	—	(279)	3,129
U.S. government-sponsored enterprises and Treasuries	1,645,609	—	—	(66,870)	1,578,739
Other securities	446,763	—	603	(24,039)	423,327
Total	\$ 2,563,984	\$ —	\$ 1,306	\$ (153,668)	\$ 2,411,622

⁽¹⁾ Represents the amount of impairment that has resulted from credit-related factors and that was recognized in the consolidated balance sheets (as a credit loss expense on available-for-sale securities). The amount excludes unrealized losses related to non-credit factors.

2. Investments (Continued)

The following table summarizes the amount of gross unrealized losses for our available-for-sale securities and the estimated fair value for securities having gross unrealized loss positions, categorized by length of time the securities have been in an unrealized loss position:

(Dollars in thousands)	Less than 12 months		12 months or more		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
As of March 31, 2024:						
Mortgage-backed securities	\$ (1,650)	\$ 98,678	\$ (69,521)	\$ 286,434	\$ (71,171)	\$ 385,112
Utah Housing Corporation bonds	—	—	(292)	2,909	(292)	2,909
U.S. government-sponsored enterprises and Treasuries	—	—	(63,613)	1,232,727	(63,613)	1,232,727
Other securities	(1,226)	63,358	(18,511)	201,538	(19,737)	264,896
Total	\$ (2,876)	\$ 162,036	\$ (151,937)	\$ 1,723,608	\$ (154,813)	\$ 1,885,644
As of December 31, 2023:						
Mortgage-backed securities	\$ (531)	\$ 51,391	\$ (61,949)	\$ 300,318	\$ (62,480)	\$ 351,709
Utah Housing Corporation bonds	—	—	(279)	3,129	(279)	3,129
U.S. government-sponsored enterprises and Treasuries	—	—	(66,870)	1,578,739	(66,870)	1,578,739
Other securities	(2,221)	90,725	(21,818)	241,253	(24,039)	331,978
Total	\$ (2,752)	\$ 142,116	\$ (150,916)	\$ 2,123,439	\$ (153,668)	\$ 2,265,555

At March 31, 2024 and December 31, 2023, 228 of 258 and 213 of 248, respectively, of our available-for-sale securities were in an unrealized loss position.

Impairment

For available-for-sale securities in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell, the security before recovery of its amortized cost basis. If either of these criteria are met, the security's amortized cost basis is written down to fair value through net income. For securities in an unrealized loss position that do not meet these criteria, we evaluate whether the decline in fair value has resulted from credit loss or other factors. In making this assessment, we consider the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, adverse conditions specifically related to the security, as well as any guarantees (e.g., guarantees by the U.S. Government) that may be applicable to the security. If this assessment indicates a credit loss exists, the credit-related portion of the loss is recorded as an allowance for losses on the security.

Our investment portfolio contains mortgage-backed securities issued by Ginnie Mae, Fannie Mae, and Freddie Mac, as well as Utah Housing Corporation bonds. We own these securities to meet our requirements under the Community Reinvestment Act ("CRA"). We also invest in other U.S. government-sponsored enterprise securities issued by the Federal Home Loan Banks, Freddie Mac, and the Federal Farm Credit Bank. Our mortgage-backed securities that were issued under Ginnie Mae programs carry a full faith and credit guarantee from the U.S. Government. The remaining mortgage-backed securities in a net loss position carry a principal and interest guarantee by Fannie Mae or Freddie Mac, respectively. Our Treasury and other U.S. government-sponsored enterprise bonds are rated Aaa by Moody's Investors Service or AA+ by Standard and Poor's. We have the intent and ability to hold these bonds for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security. Based on this qualitative analysis, we have determined that no credit impairment exists.

We periodically sell Private Education Loans through securitization transactions where we are required to retain a five percent vertical risk retention interest. We classify the non-residual vertical risk retention interests as available-for-sale investments. We have the intent and ability to hold each of these bonds for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security. We expect to receive all contractual cash flows related to these investments and do not consider a credit impairment to exist.

2. Investments (Continued)

As of March 31, 2024, the amortized cost and fair value of securities, by contractual maturities, are summarized below. Contractual maturities versus actual maturities may differ due to the effect of prepayments.

As of March 31, 2024 Year of Maturity (dollars in thousands)	Amortized Cost	Estimated Fair Value
2024	449,757	442,325
2025	299,063	290,830
2026	548,807	504,757
2027	98,713	94,816
2038	68	68
2039	581	566
2042	2,252	1,928
2043	4,079	3,626
2044	4,467	4,047
2045	4,898	4,300
2046	7,451	6,498
2047	7,409	6,533
2048	2,008	1,923
2049	15,238	13,344
2050	106,282	83,558
2051	153,057	119,243
2052	51,825	44,160
2053	242,958	235,101
2054	86,866	79,516
2055	82,255	79,089
2056	210,422	209,947
2058	44,727	44,933
Total	\$ 2,423,183	\$ 2,271,108

Some of the mortgage-backed securities and a portion of the government securities have been pledged to the Federal Reserve Bank (the "FRB") as collateral against any advances and accrued interest under the Primary Credit lending program sponsored by the FRB. We had \$578 million and \$612 million par value of securities pledged to this borrowing facility at March 31, 2024 and December 31, 2023, respectively, as discussed further in Notes to Consolidated Financial Statements, Note 8, "Borrowings" in this Form 10-Q.

Other Investments

Investments in Non-Marketable Securities

We hold investments in non-marketable securities and account for these investments at cost, less impairment, plus or minus observable price changes of identical or similar securities of the same issuer. Changes in market value are recorded through earnings. Because these are non-marketable securities, we use observable price changes of identical or similar securities of the same issuer, or when observable prices are not available, use market data of similar entities, in determining any changes in the value of the securities. At both March 31, 2024 and December 31, 2023, our total investment in these securities was \$14 million.

2. Investments (Continued)

Low Income Housing Tax Credit Investments

We invest in affordable housing projects that qualify for the low-income housing tax credit ("LIHTC"), which is designed to promote private development of low-income housing. These investments generate a return mostly through realization of federal tax credits and tax benefits from net operating losses on the underlying properties. Total carrying value of the LIHTC investments was \$70 million at March 31, 2024 and \$72 million at December 31, 2023. We are periodically required to provide additional financial support during the investment period. Our liability for these unfunded commitments was \$23 million at March 31, 2024 and \$30 million at December 31, 2023.

Related to these investments, we recognized tax credits and other tax benefits through tax expense of \$1 million at March 31, 2024 and \$11 million at December 31, 2023. Tax credits and other tax benefits are recognized as part of our annual effective tax rate used to determine tax expense in a given quarter. Accordingly, the portion of a year's expected tax benefits recognized in any given quarter may differ from 25 percent.

3. Loans Held for Investment

Loans held for investment consist of Private Education Loans and FFELP Loans. We use "Private Education Loans" to mean education loans to students or their families that are not made, insured, or guaranteed by any state or federal government. Private Education Loans do not include loans insured or guaranteed under the previously existing Federal Family Education Loan Program ("FFELP").

Our Private Education Loans are made largely to bridge the gap between the cost of higher education and the amount funded through financial aid, government loans, and customers' resources. Private Education Loans bear the full credit risk of the customer. We manage this risk through risk-performance underwriting strategies and qualified cosigners. Private Education Loans may be fixed-rate or may carry a variable interest rate indexed to SOFR, the Secured Overnight Financing Rate. As of March 31, 2024 and December 31, 2023, 29 percent and 33 percent, respectively, of all of our Private Education Loans were indexed to SOFR. We provide incentives for customers to include a cosigner on the loan, and the vast majority of Private Education Loans in our portfolio are cosigned. We also encourage customers to make payments while in school.

FFELP Loans are insured as to their principal and accrued interest in the event of default, subject to a risk-sharing level based on the date of loan disbursement. These insurance obligations are supported by contractual rights against the United States. For loans disbursed on or after July 1, 2006, we receive 97 percent reimbursement on all qualifying claims. For loans disbursed after October 1, 1993 and before July 1, 2006, we receive 98 percent reimbursement on all qualifying claims. For loans disbursed prior to October 1, 1993, we receive 100 percent reimbursement on all qualifying claims.

In the first three months of 2024, we recognized \$143 million in gains from the sale of approximately \$2.10 billion of Private Education Loans, including \$1.95 billion of principal and \$151 million in capitalized interest, to an unaffiliated third party. There were VIEs created in the execution of certain of these loan sales; however, based on our consolidation analysis, we are not the primary beneficiary of these VIEs. These transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information, see Notes to Consolidated Financial Statements, Note 8, "Borrowings - Unconsolidated VIEs" in this Form 10-Q. There were no loan sales in the first three months of 2023.

3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023
Private Education Loans:		
Fixed-rate	\$ 14,788,341	\$ 13,985,791
Variable-rate	6,164,005	7,040,053
Total Private Education Loans, gross	20,952,346	21,025,844
Deferred origination costs and unamortized premium/(discount)	80,868	81,554
Allowance for credit losses	(1,345,431)	(1,335,105)
Total Private Education Loans, net	19,687,783	19,772,293
FFELP Loans	516,363	537,401
Deferred origination costs and unamortized premium/(discount)	1,270	1,330
Allowance for credit losses	(4,627)	(4,667)
Total FFELP Loans, net	513,006	534,064
Loans held for investment, net	\$ 20,200,789	\$ 20,306,357

The estimated weighted average life of education loans in our portfolio was approximately 5.4 years and 5.0 years at March 31, 2024 and December 31, 2023, respectively.

The average balance (net of unamortized premium/(discount)) and the respective weighted average interest rates of loans held for investment in our portfolio are summarized as follows:

Three Months Ended March 31, (dollars in thousands)	2024		2023	
	Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
Private Education Loans	\$ 21,442,744	11.01 %	\$ 21,755,202	10.66 %
FFELP Loans	527,012	7.24	602,072	6.87
Total portfolio	\$ 21,969,756		\$ 22,357,274	

4. Allowance for Credit Losses

Our provision for credit losses represents the periodic expense of maintaining an allowance sufficient to absorb lifetime expected credit losses in the held for investment loan portfolios. The evaluation of the allowance for credit losses is inherently subjective, as it requires material estimates that may be susceptible to significant changes. We believe the allowance for credit losses is appropriate to cover lifetime losses expected to be incurred in the loan portfolios. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies — Allowance for Credit Losses — Allowance for Private Education Loan Losses, — Allowance for FFELP Loan Losses" in our 2023 Form 10-K for a more detailed discussion.

4. Allowance for Credit Losses (Continued)

Allowance for Credit Losses Metrics

Three Months Ended March 31, 2024 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	\$ 4,667	\$ 1,335,105	\$ 1,339,772
Transfer from unfunded commitment liability ⁽¹⁾	—	131,614	131,614
Provisions:			
Provision for current period	83	94,476	94,559
Loan sale reduction to provision	—	(133,204)	(133,204)
Total provisions ⁽²⁾	83	(38,728)	(38,645)
Net charge-offs:			
Charge-offs	(123)	(93,874)	(93,997)
Recoveries	—	11,314	11,314
Net charge-offs	(123)	(82,560)	(82,683)
Ending Balance	\$ 4,627	\$ 1,345,431	\$ 1,350,058
Allowance⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 4,627	\$ 1,345,431	\$ 1,350,058
Loans⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 516,363	\$ 20,952,346	\$ 21,468,709
Accrued interest to be capitalized⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,217,295	\$ 1,217,295
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.12 %	2.14 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.90 %	6.07 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾⁽⁵⁾	1.17 %	8.74 %	
Allowance coverage of net charge-offs (annualized)	9.40	4.07	
Ending total loans, gross	\$ 516,363	\$ 20,952,346	
Average loans in repayment ⁽⁴⁾	\$ 399,680	\$ 15,407,495	
Ending loans in repayment ⁽⁴⁾	\$ 393,820	\$ 14,961,692	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 440,259	

⁽¹⁾ See Note 5, "Unfunded Loan Commitments," for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

⁽²⁾ Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of income. When a new loan commitment is made, we record the CECL allowance as a liability for unfunded loan commitments by recording a provision for credit losses. When the loan is funded, we transfer that liability to the allowance for credit losses.

Consolidated Statements of Income	
Provisions for Credit Losses Reconciliation	
Three Months Ended March 31, 2024 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ (38,728)
Provisions for unfunded loan commitments	50,686
Total Private Education Loan provisions for credit losses	11,958
Other impacts to the provisions for credit losses:	
FFELP Loans	83
Total	83
Provisions for credit losses reported in consolidated statements of income	\$ 12,041

⁽³⁾ For the three months ended March 31, 2024, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

⁽⁴⁾ Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

⁽⁵⁾ Accrued interest to be capitalized on Private Education Loans only.

⁽⁶⁾ Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest repayment status after any applicable grace period (but, for purposes of the table, does not include the interest on those loans while they are in forbearance).

4. Allowance for Credit Losses (Continued)

Three Months Ended March 31, 2023 (dollars in thousands)	FFELP Loans	Private Education Loans	Credit Cards ⁽⁷⁾	Total
Allowance for Credit Losses				
Beginning balance	\$ 3,444	\$ 1,353,631	\$ —	\$ 1,357,075
Transfer from unfunded commitment liability ⁽¹⁾	—	148,513	—	148,513
Provisions:				
Provision for current period	739	56,334	730	57,803
Total provisions ⁽²⁾	739	56,334	730	57,803
Net charge-offs:				
Charge-offs	(256)	(95,085)	(741)	(96,082)
Recoveries	—	11,986	11	11,997
Net charge-offs	(256)	(83,099)	(730)	(84,085)
Ending Balance	\$ 3,927	\$ 1,475,379	\$ —	\$ 1,479,306
Allowance⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ 3,927	\$ 1,475,379	\$ —	\$ 1,479,306
Loans⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ 592,318	\$ 21,898,003	\$ —	\$ 22,490,321
Accrued interest to be capitalized⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,150,802	\$ —	\$ 1,150,802
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.23 %	2.11 %	— %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.66 %	6.40 %	— %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾⁽⁵⁾	0.88 %	9.00 %	— %	
Allowance coverage of net charge-offs (annualized)	3.83	4.44	—	
Ending total loans, gross	\$ 592,318	\$ 21,898,003	\$ —	
Average loans in repayment ⁽⁴⁾	\$ 451,451	\$ 15,764,143	\$ —	
Ending loans in repayment ⁽⁴⁾	\$ 446,214	\$ 15,990,459	\$ —	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 408,263	\$ —	

⁽¹⁾ See Note 5, "Unfunded Loan Commitments," for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

⁽²⁾ Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of income. When a new loan commitment is made, we record the CECL allowance as a liability for unfunded loan commitments by recording a provision for credit losses. When the loan is funded, we transfer that liability to the allowance for credit losses.

Consolidated Statements of Income Provisions for Credit Losses Reconciliation	
Three Months Ended March 31, 2023 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ 56,334
Provisions for unfunded loan commitments	56,309
Total Private Education Loan provisions for credit losses	112,643
Other impacts to the provisions for credit losses:	
FFELP Loans	739
Credit Cards	730
Total	1,469
Provisions for credit losses reported in consolidated statements of income	\$ 114,112

⁽³⁾ For the three months ended March 31, 2023, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

⁽⁴⁾ Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

⁽⁵⁾ Accrued interest to be capitalized on Private Education Loans only.

⁽⁶⁾ Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest repayment status after any applicable grace period (but, for purposes of the table, does not include the interest on those loans while they are in forbearance).

⁽⁷⁾ We use "Credit Cards" to refer to the suite of Credit Card loans that we previously held; we sold the Credit Card portfolio to a third party in May 2023.

4. Allowance for Credit Losses (Continued)

Allowance for Credit Losses

Our loss model includes forecasts of college graduate unemployment, home price index, and median family income in determining the adequacy of the allowance for credit losses. We obtain forecasts for these inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurring. We determine which forecasts we will include in our estimation of the allowance for credit losses and the associated weightings for each of these inputs. At March 31, 2023, December 31, 2023, and March 31, 2024, we used the Base (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario with 10 percent likelihood of occurring)/S3 (downside scenario with 10 percent likelihood of occurring) scenarios and weighted them 40 percent, 30 percent, and 30 percent, respectively. Management reviews both the scenarios and their respective weightings each quarter in determining the allowance for credit losses.

Provisions for credit losses for the three months ended March 31, 2024 decreased by \$102 million compared with the year-ago period. During the three months ended March 31, 2024, the provision for credit losses was primarily affected by \$133 million in negative provisions recorded as a result of the \$2.10 billion Private Education Loan sales during the first three months of 2024, an improved economic outlook, and changes in management overlays and recovery rates, offset by new loan commitments, net of expired commitments, and increases to the provision as a result of decreases in our estimates of the historical long-term average prepayment speeds used after the two-year reasonable and supportable period. In the year-ago quarter, the provision for credit losses was primarily affected by provisions for new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook and recovery rates.

As part of concluding on the adequacy of the allowance for credit losses, we review key allowance and loan metrics. The most significant of these metrics considered are the allowance coverage of net charge-offs ratio; the allowance as a percentage of ending total loans and accrued interest to be capitalized and of ending loans in repayment and accrued interest to be capitalized on loans in repayment; and delinquency and forbearance percentages.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical information, which includes losses from modifications of receivables whose borrowers are experiencing financial difficulty. We use a discounted cash flow model to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

The effect of most modifications of loans made to borrowers who are experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance. The forecast of expected future cash flows is updated as the loan modifications occur.

We adjust the terms of loans for certain borrowers when we believe such changes will help our customers manage their student loan obligations and achieve better student outcomes, and increase the collectability of the loans. These changes generally take the form of a temporary forbearance of payments, a temporary or permanent interest rate reduction, a temporary or permanent interest rate reduction with a permanent extension of the loan term, and/or a short-term extended repayment alternative. Forbearance is granted prospectively for borrowers who are current in their payments and may be granted retroactively for certain delinquent borrowers.

When we give a borrower facing financial difficulty an interest rate reduction under our programs, we evaluate their ability to pay and provide customized repayment terms based upon their financial condition. As part of demonstrating the ability and willingness to pay, the customer must make three consecutive monthly payments at the reduced payment to qualify for the program. We believe by tailoring the modification programs to the borrower's current financial condition and not having a one size fits all approach, we increase the likelihood the borrower will be able to make the modified payments and avoid default. This approach of giving different interest rate reductions to different borrowers experiencing more severe hardship also helps us better manage the overall assistance we provide to borrowers. We currently limit the granting of a permanent extension of the final maturity date of a loan under our loan modification programs to one time over the life of the loan. We also currently permit two consecutive rate reductions so long as the borrower qualifies and makes three consecutive monthly payments at the reduced payment in connection with each rate reduction. We also now limit the number of interest rate reductions to twice over the life of the loan.

Within the Private Education Loan portfolio, we deem loans greater than 90 days past due as nonperforming. FFELP Loans are at least 97 percent guaranteed as to their principal and accrued interest by the federal government in the event

4. Allowance for Credit Losses (Continued)

of default and, therefore, we do not deem FFELP Loans as nonperforming from a credit risk perspective at any point in their life cycle prior to claim payment and continue to accrue interest on those loans through the date of claim.

For additional information, see Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies —Allowance for Credit Losses," and Note 7, "Allowance for Credit Losses" in our 2023 Form 10-K.

Under our current forbearance practices, temporary forbearance of payments is generally granted in one-to-two month increments, for up to 12 months over the life of the loan, with 12 months of positive payment performance by a borrower required between grants (meaning the borrower must make payment in a cumulative amount equivalent to 12 monthly required payments under the loan). See Notes to Consolidated Financial Statements, Note 5, "Loans Held for Investment — Certain Collection Tools - Private Education Loans" in our 2023 Form 10-K. In the first quarter of 2022, we adopted ASU No. 2022-02 (see Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies" in our 2023 Form 10-K). Under ASU No. 2022-02, if the debt has been previously restructured, an entity must consider the cumulative effect of past restructurings made within the 12-month period before the current restructuring when determining whether a delay in payment resulting from the current restructuring is insignificant. Due to our current forbearance practices, including the limitations on forbearances offered to borrowers, we do not believe the granting of forbearances will exceed the significance threshold and, therefore, we do not consider the forbearances as loan modifications.

The limitations on granting of forbearances described above apply to hardship forbearances. We offer other administrative forbearances (e.g., death and disability, bankruptcy, military service, disaster forbearance, and in school assistance) that are either required by law (such as by the Servicemembers Civil Relief Act) or are considered separate from our active loss mitigation programs and therefore are not considered to be loan modifications requiring disclosure under ASU No. 2022-02. In addition, we may offer on a limited basis term extensions or rate reductions or a combination of both to borrowers to reduce consolidation activities. For purposes of this disclosure, we do not consider them modifications of loans to borrowers experiencing financial difficulty and they therefore are not included in the tables below.

In the fourth quarter of 2023, we developed additional modification programs tailored to the financial condition of individual borrowers. Pursuant to these additional modification programs, for our borrowers experiencing the most severe financial conditions, we currently may reduce the contractual interest rate on a loan to as low as 2 percent for the remaining life of the loan and also permanently extend the final maturity of the loan. Other borrowers experiencing severe hardship may not require as much assistance, however, given their circumstances. In those instances, we may reduce the contractual interest rate on a loan to a rate greater than 2 percent, and up to 8 percent, for a temporary period of two to four years, and in some instances may also permanently extend the final maturity of the loan. These new programs are reflected in the tables below.

As part of the additional modification programs that were launched in the fourth quarter of 2023, we also offered for a short period of time a permanent term extension with no interest rate reduction program. This program ended in the fourth quarter of 2023. The amortized cost of this program totaled \$10.5 million, representing 0.05 percent of the total Private Education Loan portfolio. This program added a weighted average of 6.6 years to the life of loans in the program. As of March 31, 2024, \$9.8 million of these loans were in a current or deferred status, \$0.4 million of these loans were 30-59 days past due, \$0.08 million of these loans were 60-89 days past due, and \$0.2 million of these loans were 90 days or greater past due. For the three months ended March 31, 2024, there were \$0.2 million modified loans¹ (with \$0.2 million of unpaid principal balance at the time of default) in this program that defaulted within 12 months of receiving the term extension and no loans charged off within 12 months of receiving the term extension. We define payment default as 60 days past due for purposes of this disclosure.

¹ Represents period-end amortized cost basis of Private Education Loans as of March 31, 2024.

4. Allowance for Credit Losses (Continued)

The following tables show the amortized cost basis at the end of the respective reporting periods of the loans to borrowers experiencing financial difficulty that were modified during the period, disaggregated by class of financing receivable and type of modification. When we approve a Private Education Loan at the beginning of an academic year, we do not always disburse the full amount of the loan at the time of approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We consider borrowers to be in financial difficulty after they have exited school and have difficulty making their scheduled principal and interest payments.

Three Months Ended March 31, 2024 (dollars in thousands)	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Type:				
Private Education Loans	\$ 4,991	0.02 %	\$ 252,761	1.13 %
Total	\$ 4,991	0.02 %	\$ 252,761	1.13 %

Three Months Ended March 31, 2023 (dollars in thousands)	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Type:				
Private Education Loans	\$ 12,902	0.06 %	\$ 81,780	0.35 %
Total	\$ 12,902	0.06 %	\$ 81,780	0.35 %

The following tables describe the financial effect of the modifications made to loans whose borrowers are experiencing financial difficulty:

Three Months Ended March 31, 2024			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 13.15% to 3.94%	Private Education Loans	Added a weighted average 8.59 years to the life of loans
			Reduced average contractual rate from 12.57% to 3.71%

4. Allowance for Credit Losses (Continued)

Three Months Ended March 31, 2023			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 12.47% to 4.00%	Private Education Loans	Added a weighted average 10.19 years to the life of loans
			Reduced average contractual rate from 12.74% to 4.00%

Private Education Loans are charged off at the end of the month in which they reach 120 days delinquent or otherwise when the loans are classified as a loss by us or our regulator. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies — Allowance for Credit Losses — Allowance for Private Education Loan Losses, and — Allowance for FFELP Loan Losses" in our 2023 Form 10-K for a more detailed discussion.

For the current period presented, the following table provides loan modifications for which a payment default occurred in the relevant period presented and within 12 months of the loan receiving a loan modification. Additionally, for the current period presented, the table summarizes charge-offs occurring in the relevant period presented and within 12 months of the loan receiving a loan modification. We define payment default as 60 days or more past due for purposes of this disclosure.

(Dollars in thousands)	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Modified Loans ⁽¹⁾	Payment Default ⁽³⁾	Charge-Offs ⁽⁴⁾	Modified Loans ⁽¹⁾	Payment Default ⁽³⁾	Charge-Offs ⁽⁴⁾
Loan Type:						
Private Education Loans	\$ 14,783	\$ 14,496	\$ 4,179	\$ 11,624	\$ 11,404	\$ 4,628
Total	\$ 14,783	\$ 14,496	\$ 4,179	\$ 11,624	\$ 11,404	\$ 4,628

(1) Represents period-end amortized cost basis of loans that have been modified and for which a payment default occurred in the relevant period presented and within 12 months of receiving a modification.

(2) For the three months ended March 31, 2024, the modified loans include \$13.8 million of interest rate reduction and term extension loan modifications and \$1.0 million of interest rate reduction only loan modifications. For the three months ended March 31, 2023, the modified loans include \$10.4 million of interest rate reduction and term extension loan modifications and \$1.2 million of interest rate reduction only loan modifications.

(3) Represents the unpaid principal balance at the time of payment default.

(4) Represents the unpaid principal balance at the time of charge off.

We closely monitor performance of the loans to borrowers experiencing financial difficulty that are modified to understand the effectiveness of the modification efforts. The following tables depict the performance of loans that have been modified during the respective reporting periods (first-quarter 2024 and full year 2023, respectively).

At March 31, 2024 (dollars in thousands)	Payment Status (Amortized Cost Basis)					
	Deferment ⁽¹⁾	Current ⁽²⁾⁽³⁾	30-59 Days Past Due ⁽²⁾⁽³⁾	60-89 Days Past Due ⁽²⁾⁽³⁾	90 Days or Greater Past Due ⁽²⁾⁽³⁾	Total
Loan Type:						
Private Education Loans	\$ 3,313	\$ 244,289	\$ 5,166	\$ 2,476	\$ 2,508	\$ 257,752
Total	\$ 3,313	\$ 244,289	\$ 5,166	\$ 2,476	\$ 2,508	\$ 257,752

4. Allowance for Credit Losses (Continued)

	Payment Status (Amortized Cost Basis)					
At December 31, 2023 (dollars in thousands)	Deferment ⁽¹⁾	Current ⁽²⁾⁽³⁾	30-59 Days Past Due ⁽²⁾⁽³⁾	60-89 Days Past Due ⁽²⁾⁽³⁾	90 Days or Greater Past Due ⁽²⁾⁽³⁾	Total
Loan Type:						
Private Education Loans	\$ 6,843	\$ 334,967	\$ 17,205	\$ 7,689	\$ 13,822	\$ 380,526
Total	\$ 6,843	\$ 334,967	\$ 17,205	\$ 7,689	\$ 13,822	\$ 380,526

(1) Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make full principal and interest payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation). Deferment also includes loans that have entered a forbearance after the loan modification was granted.

(2) Loans in repayment include loans on which borrowers are making full principal and interest payments after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

(3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

4. Allowance for Credit Losses (Continued)

Private Education Loans Held for Investment - Key Credit Quality Indicators

FFELP Loans are at least 97 percent guaranteed as to their principal and accrued interest in the event of default; therefore, there are no key credit quality indicators associated with FFELP Loans.

For Private Education Loans, the key credit quality indicators are FICO scores, the existence of a cosigner, the loan status, and loan seasoning. The FICO scores are assessed at original approval and periodically refreshed/updated through the loan's term. The following tables highlight the gross principal balance of our Private Education Loan portfolio (held for investment), by year of origination approval, stratified by key credit quality indicators.

As of March 31, 2024 (dollars in thousands)		Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination Approval		2024 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 and Prior ⁽¹⁾	Total ⁽¹⁾	% of Balance
Cosigners:									
With cosigner	\$	814,592	\$ 5,130,203	\$ 3,451,511	\$ 2,089,098	\$ 1,347,339	\$ 5,440,233	\$ 18,272,976	87 %
Without cosigner		111,632	673,139	542,850	365,241	258,880	727,628	2,679,370	13
Total	\$	926,224	\$ 5,803,342	\$ 3,994,361	\$ 2,454,339	\$ 1,606,219	\$ 6,167,861	\$ 20,952,346	100 %
FICO at Origination Approval ⁽²⁾ :									
Less than 670	\$	61,789	\$ 424,857	\$ 316,552	\$ 176,921	\$ 105,953	\$ 546,958	\$ 1,633,030	8 %
670-699		129,467	816,049	553,845	332,430	226,123	1,041,796	3,099,710	15
700-749		288,936	1,783,230	1,243,850	779,798	522,793	2,082,333	6,700,940	32
Greater than or equal to 750		446,032	2,779,206	1,880,114	1,165,190	751,350	2,496,774	9,518,666	45
Total	\$	926,224	\$ 5,803,342	\$ 3,994,361	\$ 2,454,339	\$ 1,606,219	\$ 6,167,861	\$ 20,952,346	100 %
FICO Refreshed ⁽²⁾⁽³⁾ :									
Less than 670	\$	84,355	\$ 669,427	\$ 541,494	\$ 335,868	\$ 205,407	\$ 951,407	\$ 2,787,958	13 %
670-699		129,421	789,950	514,154	299,737	167,203	671,160	2,571,625	12
700-749		286,786	1,700,049	1,127,465	678,404	430,414	1,643,152	5,866,270	28
Greater than or equal to 750		425,662	2,643,916	1,811,248	1,140,330	803,195	2,902,142	9,726,493	47
Total	\$	926,224	\$ 5,803,342	\$ 3,994,361	\$ 2,454,339	\$ 1,606,219	\$ 6,167,861	\$ 20,952,346	100 %
Seasoning ⁽⁴⁾ :									
1-12 payments	\$	484,203	\$ 3,024,087	\$ 508,182	\$ 323,857	\$ 191,566	\$ 433,762	\$ 4,965,657	24 %
13-24 payments		—	277,441	2,095,039	206,882	147,749	467,866	3,194,977	15
25-36 payments		—	—	156,087	1,301,243	128,581	559,089	2,145,000	10
37-48 payments		—	—	—	80,631	798,248	529,743	1,408,622	7
More than 48 payments		—	—	—	—	71,116	3,564,277	3,635,393	17
Not yet in repayment		442,021	2,501,814	1,235,053	541,726	268,959	613,124	5,602,697	27
Total	\$	926,224	\$ 5,803,342	\$ 3,994,361	\$ 2,454,339	\$ 1,606,219	\$ 6,167,861	\$ 20,952,346	100 %
2024 Current period ⁽⁵⁾ gross charge-offs									
	\$	(7)	\$ (2,683)	\$ (13,167)	\$ (14,125)	\$ (9,561)	\$ (54,331)	\$ (93,874)	
2024 Current period ⁽⁵⁾ recoveries									
		—	212	1,397	1,518	1,033	7,154	11,314	
2024 Current period ⁽⁵⁾ net charge-offs									
	\$	(7)	\$ (2,471)	\$ (11,770)	\$ (12,607)	\$ (8,528)	\$ (47,177)	\$ (82,560)	
Total accrued interest by origination vintage									
	\$	15,497	\$ 281,098	\$ 365,340	\$ 240,093	\$ 138,852	\$ 317,107	\$ 1,357,987	

(1) Balance represents gross Private Education Loans held for investment.

(2) Represents the higher credit score of the cosigner or the borrower.

(3) Represents the FICO score updated as of the first-quarter 2024.

(4) Number of months in active repayment (whether interest only payment, fixed payment, or full principal and interest payment status) for which a scheduled payment was due.

(5) Current period refers to period from January 1, 2024 through March 31, 2024.

4. Allowance for Credit Losses (Continued)

As of December 31, 2023 (dollars in thousands)								
Year of Origination Approval	Private Education Loans Held for Investment - Credit Quality Indicators							% of Balance
	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 and Prior ⁽¹⁾	Total ⁽¹⁾	
Cosigners:								
With cosigner	\$ 3,903,676	\$ 4,428,163	\$ 2,516,380	\$ 1,535,308	\$ 1,378,699	\$ 4,529,768	\$ 18,291,994	87 %
Without cosigner	586,443	660,576	421,042	283,781	253,601	528,407	2,733,850	13
Total	\$ 4,490,119	\$ 5,088,739	\$ 2,937,422	\$ 1,819,089	\$ 1,632,300	\$ 5,058,175	\$ 21,025,844	100 %
FICO at Origination Approval ^{(2):}								
Less than 670	\$ 328,199	\$ 395,526	\$ 208,696	\$ 118,935	\$ 137,494	\$ 451,613	\$ 1,640,463	8 %
670-699	635,642	704,642	400,744	254,762	257,840	868,777	3,122,407	15
700-749	1,383,779	1,586,783	934,033	590,401	545,333	1,709,299	6,749,628	32
Greater than or equal to 750	2,142,499	2,401,788	1,393,949	854,991	691,633	2,028,486	9,513,346	45
Total	\$ 4,490,119	\$ 5,088,739	\$ 2,937,422	\$ 1,819,089	\$ 1,632,300	\$ 5,058,175	\$ 21,025,844	100 %
FICO Refreshed ^{(2)(3):}								
Less than 670	\$ 495,451	\$ 638,381	\$ 379,738	\$ 217,956	\$ 214,665	\$ 791,875	\$ 2,738,066	13 %
670-699	616,684	672,777	365,674	193,462	176,963	564,245	2,589,805	12
700-749	1,347,094	1,477,310	836,747	498,414	445,244	1,361,073	5,965,882	28
Greater than or equal to 750	2,030,890	2,300,271	1,355,263	909,257	795,428	2,340,982	9,732,091	47
Total	\$ 4,490,119	\$ 5,088,739	\$ 2,937,422	\$ 1,819,089	\$ 1,632,300	\$ 5,058,175	\$ 21,025,844	100 %
Seasoning ^{(4):}								
1-12 payments	\$ 2,514,079	\$ 740,450	\$ 440,293	\$ 245,631	\$ 208,941	\$ 332,608	\$ 4,482,002	21 %
13-24 payments	—	2,675,956	303,045	167,532	165,577	384,760	3,696,870	18
25-36 payments	—	—	1,524,834	195,091	129,571	456,448	2,305,944	11
37-48 payments	—	—	—	902,938	208,521	446,350	1,557,809	7
More than 48 payments	—	—	—	116	706,097	2,985,015	3,691,228	18
Not yet in repayment	1,976,040	1,672,333	669,250	307,781	213,593	452,994	5,291,991	25
Total	\$ 4,490,119	\$ 5,088,739	\$ 2,937,422	\$ 1,819,089	\$ 1,632,300	\$ 5,058,175	\$ 21,025,844	100 %
2023 Current period ⁽⁵⁾ gross charge-offs								
	\$ (1,812)	\$ (31,032)	\$ (70,331)	\$ (49,624)	\$ (50,585)	\$ (216,711)	\$ (420,095)	
2023 Current period ⁽⁵⁾ recoveries								
	172	2,342	6,496	4,923	5,260	27,175	46,368	
2023 Current period ⁽⁵⁾ net charge-offs								
	\$ (1,640)	\$ (28,690)	\$ (63,835)	\$ (44,701)	\$ (45,325)	\$ (189,536)	\$ (373,727)	
Total accrued interest by origination vintage								
	\$ 177,959	\$ 408,800	\$ 269,978	\$ 152,094	\$ 116,618	\$ 229,116	\$ 1,354,565	

⁽¹⁾ Balance represents gross Private Education Loans held for investment.

⁽²⁾ Represents the higher credit score of the cosigner or the borrower.

⁽³⁾ Represents the FICO score updated as of the fourth-quarter 2023.

⁽⁴⁾ Number of months in active repayment (whether interest only payment, fixed payment, or full principal and interest payment status) for which a scheduled payment was due.

⁽⁵⁾ Current period refers to January 1, 2023 through December 31, 2023.

4. Allowance for Credit Losses (Continued)

Delinquencies - Private Education Loans Held for Investment

The following tables provide information regarding the loan status of our Private Education Loans held for investment, by year of origination approval. Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the following tables, do not include those loans while they are in forbearance).

As of March 31, 2024 (dollars in thousands)	Private Education Loans Held for Investment - Delinquencies by Origination Vintage						
	2024	2023	2022	2021	2020	2019 and Prior	Total
Loans in-school/grace/deferment ⁽¹⁾	\$ 442,021	\$ 2,501,814	\$ 1,235,053	\$ 541,726	\$ 268,959	\$ 613,124	\$ 5,602,697
Loans in forbearance ⁽²⁾	1,205	34,042	115,729	69,721	42,974	124,286	387,957
Loans in repayment:							
Loans current	480,422	3,236,356	2,569,306	1,776,854	1,245,882	5,142,786	14,451,606
Loans delinquent 30-59 days ⁽³⁾	2,576	18,739	32,476	30,460	22,553	133,231	240,035
Loans delinquent 60-89 days ⁽³⁾	—	7,600	20,016	17,424	12,482	76,399	133,921
Loans 90 days or greater past due ⁽³⁾	—	4,791	21,781	18,154	13,369	78,035	136,130
Total Private Education Loans in repayment	482,998	3,267,486	2,643,579	1,842,892	1,294,286	5,430,451	14,961,692
Total Private Education Loans, gross	926,224	5,803,342	3,994,361	2,454,339	1,606,219	6,167,861	20,952,346
Private Education Loans deferred origination costs and unamortized premium/(discount)	10,902	31,667	14,460	7,834	5,078	10,927	80,868
Total Private Education Loans	937,126	5,835,009	4,008,821	2,462,173	1,611,297	6,178,788	21,033,214
Private Education Loans allowance for losses	(67,459)	(354,779)	(271,004)	(164,549)	(105,385)	(382,255)	(1,345,431)
Private Education Loans, net	\$ 869,667	\$ 5,480,230	\$ 3,737,817	\$ 2,297,624	\$ 1,505,912	\$ 5,796,533	\$ 19,687,783
Percentage of Private Education Loans in repayment	52.1 %	56.3 %	66.2 %	75.1 %	80.6 %	88.0 %	71.4 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.5 %	1.0 %	2.8 %	3.6 %	3.7 %	5.3 %	3.4 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.2 %	1.0 %	4.2 %	3.6 %	3.2 %	2.2 %	2.5 %

⁽¹⁾ Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation).

⁽²⁾ Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.

⁽³⁾ The period of delinquency is based on the number of days scheduled payments are contractually past due.

4. Allowance for Credit Losses (Continued)

As of December 31, 2023 (dollars in thousands)	Private Education Loans Held for Investment - Delinquencies by Origination Vintage						
	2023	2022	2021	2020	2019	2018 and Prior	Total
Loans in-school/grace/deferment ⁽¹⁾	\$ 1,976,040	\$ 1,672,333	\$ 669,250	\$ 307,781	\$ 213,593	\$ 452,994	\$ 5,291,991
Loans in forbearance ⁽²⁾	19,265	93,079	58,438	35,450	31,818	85,989	324,039
Loans in repayment:							
Loans current	2,469,817	3,254,534	2,131,040	1,416,069	1,323,825	4,213,986	14,809,271
Loans delinquent 30-59 days ⁽³⁾	17,599	34,627	37,147	28,020	31,432	149,926	298,751
Loans delinquent 60-89 days ⁽³⁾	5,720	17,227	20,077	16,614	15,482	75,897	151,017
Loans 90 days or greater past due ⁽³⁾	1,678	16,939	21,470	15,155	16,150	79,383	150,775
Total Private Education Loans in repayment	2,494,814	3,323,327	2,209,734	1,475,858	1,386,889	4,519,192	15,409,814
Total Private Education Loans, gross	4,490,119	5,088,739	2,937,422	1,819,089	1,632,300	5,058,175	21,025,844
Private Education Loans deferred origination costs and unamortized premium/(discount)	35,616	18,556	9,465	5,809	3,556	8,552	81,554
Total Private Education Loans	4,525,735	5,107,295	2,946,887	1,824,898	1,635,856	5,066,727	21,107,398
Private Education Loans allowance for losses	(269,642)	(335,090)	(194,104)	(118,755)	(100,111)	(317,403)	(1,335,105)
Private Education Loans, net	\$ 4,256,093	\$ 4,772,205	\$ 2,752,783	\$ 1,706,143	\$ 1,535,745	\$ 4,749,324	\$ 19,772,293
Percentage of Private Education Loans in repayment	55.6 %	65.3 %	75.2 %	81.1 %	85.0 %	89.3 %	73.3 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	1.0 %	2.1 %	3.6 %	4.1 %	4.5 %	6.8 %	3.9 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.8 %	2.7 %	2.6 %	2.3 %	2.2 %	1.9 %	2.1 %

⁽¹⁾ Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation).

⁽²⁾ Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.

⁽³⁾ The period of delinquency is based on the number of days scheduled payments are contractually past due.

4. Allowance for Credit Losses (Continued)

Accrued Interest Receivable

The following table provides information regarding accrued interest receivable on our Private Education Loans. The table also discloses the amount of accrued interest on loans 90 days or greater past due as compared to our allowance for uncollectible interest on loans making full interest payments. The majority of the total accrued interest receivable represents accrued interest on deferred loans where no payments are due while the borrower is in school and fixed-pay loans where the borrower makes a \$25 monthly payment that is smaller than the interest accruing on the loan in that month. The accrued interest on these loans will be capitalized to the balance of the loans when the borrower exits the grace period after separation from school, and the current expected credit losses on accrued interest that will be capitalized is included in our allowance for credit losses.

(Dollars in thousands)	Private Education Loans Accrued Interest Receivable		
	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest ⁽¹⁾⁽²⁾
March 31, 2024	\$ 1,357,987	\$ 7,216	\$ 8,247
December 31, 2023	\$ 1,354,565	\$ 8,373	\$ 9,897

(1) The allowance for uncollectible interest at March 31, 2024 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (\$141 million of accrued interest receivable) that is not expected to be capitalized. The accrued interest receivable that is expected to be capitalized (\$1.2 billion) is reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes \$6.7 million of accrued interest receivable on those loans that are in repayment that is not expected to be capitalized and \$0.5 million that is expected to be capitalized.

(2) The allowance for uncollectible interest at December 31, 2023 represents the expected losses related to the portion of accrued interest receivable on those loans in repayment (\$151 million of accrued interest receivable) that was not expected to be capitalized. The accrued interest receivable that was expected to be capitalized (\$1.2 billion) was reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes \$7.7 million of accrued interest receivable on those loans that are in repayment that is not expected to be capitalized and \$0.6 million that is expected to be capitalized.

5. Unfunded Loan Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses — Off-Balance Sheet Exposure for Contractual Loan Commitments" in our 2023 Form 10-K for additional information.

At March 31, 2024, we had \$673 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2023/2024 academic year. The tables below summarize the activity in the allowance recorded to cover lifetime expected credit losses on the unfunded commitments, which is recorded in "Other Liabilities" on the consolidated balance sheets, as well as the activity in the unfunded commitments balance.

Three Months Ended March 31, (dollars in thousands)	2024		2023	
	Allowance	Unfunded Commitments	Allowance	Unfunded Commitments
Beginning Balance	\$ 112,962	\$ 2,221,077	\$ 124,924	\$ 1,995,808
Provision/New commitments - net ⁽¹⁾	50,686	1,034,458	56,309	1,124,816
Transfer - funded loans ⁽²⁾	(131,614)	(2,582,043)	(148,513)	(2,436,271)
Ending Balance	\$ 32,034	\$ 673,492	\$ 32,720	\$ 684,353

⁽¹⁾ Net of expirations of commitments unused. Also includes incremental provision for new commitments and changes to provision for existing commitments.

⁽²⁾ When a loan commitment is funded, its related liability for credit losses (which originally was recorded as a provision for unfunded commitments) is transferred to the allowance for credit losses.

The unfunded commitments disclosed above represent the total amount of outstanding unfunded commitments at each period end. However, historically not all of these commitments are funded prior to the expiration of the commitments. We estimate the amount of commitments expected to be funded in calculating the reserve for unfunded commitments. The amount we expect to fund and use in our calculation of the reserve for unfunded commitments will change period to period based upon the loan characteristics of the underlying commitments.

6. Goodwill and Acquired Intangible Assets

Goodwill

We recorded as goodwill the excess of the purchase price over the estimated fair values of identifiable assets and liabilities acquired as part of the acquisition of the assets primarily used or held for use of Epic Research Education Services, LLC, which does business as Nitro College (“Nitro”), in the first quarter of 2022, and the acquisition of the key assets of Scholly Inc. (“Scholly”) in the third quarter of 2023. Goodwill is not amortized but is tested periodically for impairment. We test goodwill for impairment annually in the fourth quarter of the year, or more frequently if we believe that indicators of impairment exist. At both March 31, 2024 and December 31, 2023, we had \$56 million in total goodwill. See Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies — Business Combinations” in our 2023 Form 10-K for additional details on our acquisitions of Nitro and Scholly.

Acquired Intangible Assets

Our intangible assets include acquired trade name and trademarks, customer relationships, developed technology, and partner relationships. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Acquired intangible assets include the following:

(Dollars in thousands)	Weighted Average Useful Life (in years) ⁽¹⁾	March 31, 2024			December 31, 2023		
		Cost Basis	Accumulated Amortization	Net	Cost Basis	Accumulated Amortization	Net
Trade name and trademarks ⁽²⁾	4.0	\$ 6,040	\$ (1,007)	\$ 5,033	\$ 6,040	\$ (629)	\$ 5,411
Customer relationships	4.6	8,920	(4,589)	4,331	8,920	(4,013)	4,907
Developed technology	3.5	2,590	(1,096)	1,494	2,590	(908)	1,682
Partner relationships	2.5	730	(195)	535	730	(122)	608
Total acquired intangible assets		\$ 18,280	\$ (6,887)	\$ 11,393	\$ 18,280	\$ (5,672)	\$ 12,608

⁽¹⁾ The weighted average useful life of acquired intangible assets related to the Nitro acquisition is 4.3 years and the weighted average useful life of the acquired intangible assets related to the Scholly acquisition is 3.9 years.

⁽²⁾ In 2023, we fully impaired the Nitro trade name and trademarks asset for \$56 million.

We recorded amortization of acquired intangible assets totaling approximately \$1 million and \$2 million in the three months ended March 31, 2024 and March 31, 2023, respectively. We will continue to amortize our intangible assets with definite useful lives over their remaining estimated useful lives. We estimate amortization expense associated with these intangible assets will be approximately \$5 million, \$4 million, \$3 million, and \$1 million in 2024, 2025, 2026, and 2027, respectively.

7. Deposits

The following table summarizes total deposits at March 31, 2024 and December 31, 2023.

	March 31, 2024	December 31, 2023
(Dollars in thousands)		
Deposits - interest-bearing	\$ 20,901,209	\$ 21,651,657
Deposits - non-interest-bearing	2,247	1,531
Total deposits	\$ 20,903,456	\$ 21,653,188

Our total deposits of \$20.9 billion were comprised of \$10.3 billion in brokered deposits and \$10.6 billion in retail and other deposits at March 31, 2024, compared to total deposits of \$21.7 billion, which were comprised of \$10.3 billion in brokered deposits and \$11.4 billion in retail and other deposits, at December 31, 2023.

Interest-bearing deposits as of March 31, 2024 and December 31, 2023 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity money market deposits ("MMDAs"), and retail and brokered certificates of deposit ("CDs"). Interest-bearing deposits also include deposits from Educational 529 and Health Savings plans that diversify our funding sources and that we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$6.8 billion and \$7.6 billion of our deposit total as of March 31, 2024 and December 31, 2023, respectively. The omnibus accounts are structured in such a way that entitles the individual depositor pass-through deposit insurance (subject to Federal Deposit Insurance Corporation ("FDIC") rules and limitations), and the majority of these deposits have contractual minimum balances and maturity terms.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of \$3 million and \$3 million in the three months ended March 31, 2024 and 2023, respectively. There were no fees paid to third-party brokers related to brokered CDs for the three months ended March 31, 2024 and \$3 million in fees were paid for the three months ended March 31, 2023.

Interest bearing deposits at March 31, 2024 and December 31, 2023 are summarized as follows:

	March 31, 2024		December 31, 2023	
(Dollars in thousands)	Amount	Qtr.-End Weighted Average Stated Rate⁽¹⁾	Amount	Year-End Weighted Average Stated Rate⁽¹⁾
Money market	\$ 9,448,177	4.61 %	\$ 10,258,292	4.85 %
Savings	969,452	4.34	945,000	4.35
Certificates of deposit	10,483,580	3.81	10,448,365	3.69
Deposits - interest bearing	\$ 20,901,209		\$ 21,651,657	

⁽¹⁾ Includes the effect of interest rate swaps in effective hedge relationships.

7. Deposits (Continued)

Certificates of deposit remaining maturities are summarized as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023
One year or less	\$ 5,058,152	\$ 3,937,766
After one year to two years	3,371,560	4,112,902
After two years to three years	1,677,935	1,881,371
After three years to four years	210,575	327,295
After four years to five years	165,245	188,802
After five years	113	229
Total	\$ 10,483,580	\$ 10,448,365

As of March 31, 2024 and December 31, 2023, there were \$492 million and \$478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was \$67 million and \$91 million at March 31, 2024 and December 31, 2023, respectively.

8. Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term asset-backed securitization (“ABS”) program and our Private Education Loan multi-lender secured borrowing facility (the “Secured Borrowing Facility”). For additional information regarding our borrowings, see Notes to Consolidated Financial Statements, Note 12, “Borrowings” in our 2023 Form 10-K. The following table summarizes our borrowings at March 31, 2024 and December 31, 2023.

(Dollars in thousands)	March 31, 2024			December 31, 2023		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	\$ —	\$ 993,005	\$ 993,005	\$ —	\$ 992,200	\$ 992,200
Total unsecured borrowings	—	993,005	993,005	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,390,494	3,390,494	—	3,585,254	3,585,254
Variable-rate	—	593,383	593,383	—	650,058	650,058
Total Private Education Loan term securitizations	—	3,983,877	3,983,877	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	3,983,877	3,983,877	—	4,235,312	4,235,312
Total	\$ —	\$ 4,976,882	\$ 4,976,882	\$ —	\$ 5,227,512	\$ 5,227,512

Long-term Borrowings

Secured Financings at Issuance

The following table summarizes our secured financings issued in 2023. There were no secured financings issued in the three months ended March 31, 2024.

Issue	Date Issued	Total Issued	Weighted Average Cost of Funds ⁽¹⁾	Weighted Average Life (in years)
(Dollars in thousands)				
Private Education Loans:				
2023-A	March 2023	\$ 579,000	SOFR plus 1.53%	5.06
2023-C	August 2023	568,000	SOFR plus 1.69%	4.93
Total notes issued in 2023		\$ 1,147,000		
Total loan and accrued interest amount securitized at inception in 2023⁽²⁾		\$ 1,292,507		

⁽¹⁾ Represents SOFR equivalent cost of funds for floating and fixed-rate bonds, excluding issuance costs.

⁽²⁾ At March 31, 2024, \$1.17 billion of our Private Education Loans, including \$1.09 billion of principal and \$84 million in capitalized interest, were encumbered related to these transactions.

8. Borrowings (Continued)

Consolidated Funding Vehicles

We consolidate our financing entities that are VIEs as a result of our being the entities' primary beneficiary. As a result, these financing VIEs are accounted for as secured borrowings.

As of March 31, 2024 (dollars in thousands)	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
	Short-Term	Long-Term	Total	Loans	Restricted Cash	Other Assets ⁽¹⁾	Total
Secured borrowings:							
Private Education Loan term securitizations	\$ —	\$ 3,983,877	\$ 3,983,877	\$ 5,279,994	\$ 147,649	\$ 300,115	\$ 5,727,75
Secured Borrowing Facility	—	—	—	—	—	353	35
Total	\$ —	\$ 3,983,877	\$ 3,983,877	\$ 5,279,994	\$ 147,649	\$ 300,468	\$ 5,728,11

As of December 31, 2023	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
	Short-Term	Long-Term	Total	Loans	Restricted Cash	Other Assets ⁽¹⁾	Total
Secured borrowings:							
Private Education Loan term securitizations	\$ —	\$ 4,235,312	\$ 4,235,312	\$ 5,539,964	\$ 149,412	\$ 311,697	\$ 6,001,073
Secured Borrowing Facility	—	—	—	—	—	1,066	1,066
Total	\$ —	\$ 4,235,312	\$ 4,235,312	\$ 5,539,964	\$ 149,412	\$ 312,763	\$ 6,002,139

(1) Other assets primarily represent accrued interest receivable.

Unconsolidated VIEs

Private Education Loan Securitizations

Unconsolidated VIEs include variable interests that we hold in certain securitization trusts created by the sale of our Private Education Loans to unaffiliated third parties. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales, and we are also the administrator of these trusts. Additionally, we own five percent of the securities issued by the trusts to meet risk retention requirements. We were not required to consolidate these entities because the fees we receive as the servicer/administrator are commensurate with our responsibility, so the fees are not considered a variable interest. Additionally, the five percent vertical interest we maintain does not absorb more than an insignificant amount of the VIE's expected losses, nor do we receive more than an insignificant amount of the VIE's expected residual returns.

2024-A Transaction

On March 13, 2024, we closed an SMB Private Education Loan Trust 2024-A term ABS transaction (the "2024-A Transaction"), in which an unaffiliated third party sold to the trust approximately \$2.0 billion of Private Education Loans that the third-party seller previously purchased from us on February 1, 2024. Sallie Mae Bank sponsored the 2024-A Transaction, is the servicer and administrator, and was the seller of an additional \$105 million of Private Education Loans into the trust. The sale of such additional loans qualified for sale treatment and removed these loans from our balance sheet on the settlement date of the 2024-A Transaction and we recorded a \$7 million gain on sale associated with this transaction. In connection with the 2024-A Transaction settlement, we retained a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitization). We classified those vertical risk retention interests related to the 2024-A Transaction as available-for-sale investments, except for the interest in the residual class, which we classified as a trading investment recorded at fair value with changes recorded through earnings.

8. Borrowings (Continued)

The table below provides a summary of our exposure related to our unconsolidated VIEs.

(Dollars in thousands)	March 31, 2024			December 31, 2023		
	Debt Interests ⁽¹⁾	Equity Interests ⁽²⁾	Total Exposure	Debt Interests ⁽¹⁾	Equity Interests ⁽²⁾	Total Exposure
Private Education Loan term securitizations	\$ 521,263	\$ 58,166	\$ 579,429	\$ 423,327	\$ 54,481	\$ 477,808

(1) Vertical risk retention interest classified as available-for-sale investment.

(2) Vertical risk retention interest classified as trading investment.

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks which totaled \$125 million at March 31, 2024. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2024 nor in the year ended December 31, 2023.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Discount Window (the "Window"). The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled \$1.4 billion and \$1.6 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2024 nor in the year ended December 31, 2023.

9. Derivative Financial Instruments

Risk Management Strategy

We maintain an overall interest rate risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate changes. Our goal is to manage interest rate sensitivity by modifying the repricing frequency and underlying index characteristics of certain balance sheet assets or liabilities so any adverse impacts related to movements in interest rates are managed within low to moderate limits. As a result of interest rate fluctuations, hedged balance sheet positions will appreciate or depreciate in market value or create variability in cash flows. Income or loss on the derivative instruments linked to the hedged item will generally offset the effect of this unrealized appreciation or depreciation or volatility in cash flows for the period the item is being hedged. We view this strategy as a prudent management of interest rate risk. Please refer to Notes to Consolidated Financial Statements, Note 13, "Derivative Financial Instruments" in our 2023 Form 10-K for a full discussion of our risk management strategy.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2024, \$1.5 billion notional of our derivative contracts were cleared on the CME and \$0.1 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 92.2 percent and 7.8 percent, respectively, of our total notional derivative contracts of \$1.6 billion at March 31, 2024.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2024 was \$(39) million and \$(3) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2024 and December 31, 2023, we had a net positive exposure (derivative gain/loss positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of \$8 million and \$9 million, respectively.

9. Derivative Financial Instruments (Continued)

Summary of Derivative Financial Statement Impact

The following tables summarize the fair values and notional amounts of all derivative instruments at March 31, 2024 and December 31, 2023, and their impact on earnings and other comprehensive income for the three months ended March 31, 2024 and March 31, 2023. Please refer to Notes to Consolidated Financial Statements, Note 13, "Derivative Financial Instruments" in our 2023 Form 10-K for a full discussion of cash flow hedges, fair value hedges, and trading activities.

Impact of Derivatives on the Consolidated Balance Sheets

(Dollars in thousands)	Cash Flow Hedges		Fair Value Hedges		Trading		Total	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Fair Values⁽¹⁾								
Hedged Risk Exposure								
Derivative Assets:⁽²⁾								
Interest rate swaps	\$ 208	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 208	\$ —
Derivative Liabilities:⁽²⁾								
Interest rate swaps	(33)	(339)	(83)	(31)	—	—	(116)	(370)
Total net derivatives	\$ 175	\$ (339)	\$ (83)	\$ (31)	\$ —	\$ —	\$ 92	\$ (370)

- (1) Fair values reported include variation margin as legal settlement of the derivative contract. Assets and liabilities are presented without consideration of master netting agreements. Derivatives are carried on the balance sheet based on net position by counterparty under master netting agreements and classified in other assets or other liabilities depending on whether in a net positive or negative position.

- (2) The following table reconciles gross positions with the impact of master netting agreements to the balance sheet classification:

(Dollars in thousands)	Other Assets		Other Liabilities	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Gross position ⁽¹⁾	\$ 208	\$ —	\$ (116)	\$ (370)
Impact of master netting agreement	(83)	—	83	—
Derivative values with impact of master netting agreements (as carried on balance sheet)	125	—	(33)	(370)
Cash collateral pledged ⁽²⁾	7,572	9,228	—	—
Net position	\$ 7,697	\$ 9,228	\$ (33)	\$ (370)

- (1) Gross position amounts include accrued interest and variation margin as legal settlement of the derivative contract.
- (2) Cash collateral pledged excludes amounts that represent legal settlement of the derivative contracts.

Notional Values

(Dollars in thousands)	Cash Flow		Fair Value		Trading		Total	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Interest rate swaps	\$ 1,180,025	\$ 1,203,783	\$ 402,309	\$ 702,309	\$ —	\$ —	\$ 1,582,334	\$ 1,906,092
Net total notional	\$ 1,180,025	\$ 1,203,783	\$ 402,309	\$ 702,309	\$ —	\$ —	\$ 1,582,334	\$ 1,906,092

9. Derivative Financial Instruments (Continued)

As of March 31, 2024 and December 31, 2023, the following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustments for fair value hedges:

(Dollars in thousands)	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Deposits	\$ (392,343)	\$ (689,137)	\$ 9,704	\$ 12,910

Impact of Derivatives on the Consolidated Statements of Income

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Fair Value Hedges		
Interest rate swaps:		
Interest recognized on derivatives	\$ (5,538)	\$ (6,405)
Hedged items recorded in interest expense	(3,205)	(7,035)
Derivatives recorded in interest expense	3,229	7,096
Total	<u>\$ (5,514)</u>	<u>\$ (6,344)</u>
Cash Flow Hedges		
Interest rate swaps:		
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	\$ 12,461	\$ 10,278
Total	<u>\$ 12,461</u>	<u>\$ 10,278</u>
Trading		
Interest rate swaps:		
Change in fair value of future interest payments recorded in earnings	\$ —	\$ —
Total	<u>—</u>	<u>—</u>
Total	<u>\$ 6,947</u>	<u>\$ 3,934</u>

9. Derivative Financial Instruments (Continued)

Impact of Derivatives on the Statements of Changes in Stockholders' Equity

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Amount of gain (loss) recognized in other comprehensive income (loss)	\$ 9,412	\$ (4,721)
Less: amount of gain (loss) reclassified in interest expense	12,461	10,278
Total change in other comprehensive income (loss) for unrealized gains (losses) on derivatives, before income tax (expense) benefit	\$ (3,049)	\$ (14,999)

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate deposits. During the next 12 months, we estimate that \$34 million will be reclassified as a decrease to interest expense.

Cash Collateral

As of March 31, 2024, cash collateral held and pledged excludes amounts that represent legal settlement of the derivative contracts held with the CME and LCH. There was no cash collateral held by us related to derivative exposure between us and our derivatives counterparties at March 31, 2024 and December 31, 2023, respectively. Collateral held is recorded in "Other Liabilities" on the consolidated balance sheets. Cash collateral pledged by us related to derivative exposure between us and our derivatives counterparties was \$8 million and \$9 million at March 31, 2024 and December 31, 2023, respectively. Collateral pledged is recorded in "Other interest-earning assets" on the consolidated balance sheets.

10. Stockholders' Equity

The following table summarizes our common share repurchases and issuances.

(Shares and per share amounts in actuals)	Three Months Ended March 31,	
	2024	2023
Common stock repurchased under repurchase programs ⁽¹⁾	1,310,723	—
Average purchase price per share ⁽²⁾	\$ 20.32	\$ —
Shares repurchased related to employee stock-based compensation plans ⁽³⁾	683,247	949,431
Average purchase price per share	\$ 19.91	\$ 15.55
Common shares issued ⁽⁴⁾	1,925,920	2,523,744

⁽¹⁾ Common shares purchased under our share repurchase programs. The 2022 Share Repurchase Program expired on January 25, 2024. There was \$623 million of capacity remaining under the 2024 Share Repurchase Program at March 31, 2024.

⁽²⁾ Average purchase price per share includes purchase commission costs and excise taxes.

⁽³⁾ Comprised of shares withheld from stock option exercises and the vesting of restricted stock, restricted stock units, and performance stock units for employees' tax withholding obligations and shares tendered by employees to satisfy option exercise costs.

⁽⁴⁾ Common shares issued under our various compensation and benefit plans.

The closing price of our common stock on the NASDAQ Global Select Market on March 28, 2024 was \$21.79.

Common Stock Dividends

In both March 2024 and March 2023, we paid a common stock dividend of \$0.11 per common share.

Share Repurchases

On January 26, 2022, we announced a share repurchase program (the "2022 Share Repurchase Program"), which was effective upon announcement and expired on January 25, 2024, and permitted us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed \$1.25 billion. We did not repurchase shares of common stock under the 2022 Share Repurchase Program in the three months ended March 31, 2024 or 2023.

On January 24, 2024, we announced a new share repurchase program (the "2024 Share Repurchase Program"), which became effective on January 26, 2024 and expires on February 6, 2026, and permits us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed \$650 million. Under the 2024 Share Repurchase Program, we repurchased 1.3 million shares of common stock for \$27 million in the three months ended March 31, 2024. We had \$623 million of capacity remaining under the 2024 Share Repurchase Program at March 31, 2024.

Under the 2024 Share Repurchase Program, repurchases may occur from time to time and through a variety of methods, including open market repurchases, repurchases effected through Rule 10b5-1 trading plans, negotiated block purchases, accelerated share repurchase programs, tender offers, or other similar transactions. The timing and volume of any repurchases will be subject to market conditions, and there can be no guarantee that the Company will repurchase up to the limit of the 2024 Share Repurchase Program.

Share Repurchases under Rule 10b5-1 trading plans

During the three months ended March 31, 2024, we repurchased 1.3 million shares of our common stock at a total cost of \$27 million under a Rule 10b5-1 trading plan authorized under our 2024 Share Repurchase Program. During the three months ended March 31, 2023, we did not repurchase shares of our common stock.

11. Earnings per Common Share

Basic earnings per common share ("EPS") are calculated using the weighted average number of shares of common stock outstanding during each period. A reconciliation of the numerators and denominators of the basic and diluted EPS calculations follows.

	Three Months Ended March 31,	
(Dollars in thousands, except per share data)	2024	2023
Numerator:		
Net income	\$ 289,931	\$ 118,518
Preferred stock dividends	4,653	4,063
Net income attributable to SLM Corporation common stock	<u>\$ 285,278</u>	<u>\$ 114,455</u>
Denominator:		
Weighted average shares used to compute basic EPS	220,416	241,497
Effect of dilutive securities:		
Dilutive effect of stock options, restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan ("ESPP")	3,429	2,052
Weighted average shares used to compute diluted EPS	<u>223,845</u>	<u>243,549</u>
Basic earnings per common share	<u>\$ 1.29</u>	<u>\$ 0.47</u>
Diluted earnings per common share	<u>\$ 1.27</u>	<u>\$ 0.47</u>

⁽¹⁾ Includes the potential dilutive effect of additional common shares that are issuable upon exercise of outstanding stock options, restricted stock, restricted stock units, performance stock units, and the outstanding commitment to issue shares under the ESPP, determined by the treasury stock method.

⁽²⁾ For the three months ended March 31, 2024 and 2023, securities covering approximately 2 million shares and 4 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

12. Fair Value Measurements

We use estimates of fair value in applying various accounting standards for our consolidated financial statements.

We categorize our fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. For additional information regarding our policies for determining fair value and the hierarchical framework, see Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Fair Value Measurement" in our 2023 Form 10-K.

During the three months ended March 31, 2024, there were no significant transfers of financial instruments between levels or changes in our methodology or assumptions used to value our financial instruments.

The following table summarizes the valuation of our financial instruments that are marked-to-fair value on a recurring basis.

(Dollars in thousands)	Fair Value Measurements on a Recurring Basis							
	March 31, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Trading investments	\$ —	\$ —	\$ 58,166	\$ 58,166	\$ —	\$ —	\$ 54,481	\$ 54,481
Available-for-sale investments	—	2,271,108	—	2,271,108	—	2,411,622	—	2,411,622
Derivative instruments	—	208	—	208	—	—	—	—
Total	\$ —	\$ 2,271,316	\$ 58,166	\$ 2,329,482	\$ —	\$ 2,411,622	\$ 54,481	\$ 2,466,103
Liabilities:								
Derivative instruments	\$ —	\$ (116)	\$ —	\$ (116)	\$ —	\$ (370)	\$ —	\$ (370)
Total	\$ —	\$ (116)	\$ —	\$ (116)	\$ —	\$ (370)	\$ —	\$ (370)

Change in Balance Sheet Carrying Value Associated with Level 3 Financial Instruments Carried at Fair Value on a Recurring Basis

At March 31, 2024 and December 31, 2023, we had \$58 million and \$54 million, respectively, classified as level 3 financial instruments carried at fair value on a recurring basis through earnings which represent the five percent vertical risk retentions in the residual classes of Private Education Loans sold through securitizations. Total gains/(losses), net included in earnings were \$2 million in net gains in the three months ended March 31, 2024, and in the year-ago period, recorded in the specified line item "gains/(losses) on sale of securities". Net settlements in the three months ended March 31, 2024 were \$2 million, compared to \$(1) million in the year-ago period. There were no transfers into or out of level 3 related to these residual interest investments during the three months ended March 31, 2024 and 2023. The change in mark to market gains/(losses) on investments held as of the reporting date were \$2 million in the three months ended March 31, 2024 and in the year-ago period.

The fair value at March 31, 2024 of the residual interests classified as level 3 valuations was \$58 million. The residual interest investments are the projected future cash flows representing the difference between the securitized trust's asset cash flows and the related outflows to the bondholders and for other fees. The residual investments are valued using an internal discounted cash flow model to arrive at the net present value of expected trust residual distributions. These instruments are not actively traded, nor do they have quoted market prices. As a result, unobservable model input assumptions are made regarding the expected CPR and the probability of defaults of the loans in the securitization trusts. At March 31, 2024, the range (average by volume) of the CPR input was 7.1 percent to 11.1 percent (average of 8.49 percent) and the range of the defaults input was 5.1 percent to 20.7 percent (average of 11.03 percent).

The significant inputs considered unobservable detailed above would be expected to have the following impacts to the valuations:

12. Fair Value Measurements (Continued)

- A decrease in CPR would result in a longer weighted average life of the trust, resulting in a decrease to the valuation due to the delay in residual cash flows with the increased term. The opposite is true for an increase in the CPR.
- A decrease in the probability of defaults means increased principal receipts, resulting in an increase to the valuation due to the increase in residual cash flow.
- Conversely, an increase in the probability of defaults means decreased principal receipts, resulting in a decrease to the valuation due to the decrease in residual cash flow.

The following table summarizes the fair values of our financial assets and liabilities, including derivative financial instruments.

(Dollars in thousands)	March 31, 2024			December 31, 2023		
	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Earning assets:						
Loans held for investment, net:						
Private Education Loans	\$ 22,342,438	\$ 19,687,783	\$ 2,654,655	\$ 22,229,045	\$ 19,772,293	\$ 2,456,752
FFELP Loans	521,527	513,006	8,521	542,775	534,064	8,711
Cash and cash equivalents	3,584,013	3,584,013	—	4,149,838	4,149,838	—
Trading investments	58,166	58,166	—	54,481	54,481	—
Available-for-sale investments	2,271,108	2,271,108	—	2,411,622	2,411,622	—
Accrued interest receivable	1,467,249	1,386,487	80,762	1,448,766	1,379,904	68,862
Tax indemnification receivable	—	—	—	—	—	—
Derivative instruments	208	208	—	—	—	—
Total earning assets	\$ 30,244,709	\$ 27,500,771	\$ 2,743,938	\$ 30,836,527	\$ 28,302,202	\$ 2,534,325
Interest-bearing liabilities:						
Money-market and savings accounts	\$ 10,268,578	\$ 10,417,629	\$ 149,051	\$ 11,134,883	\$ 11,203,292	\$ 68,409
Certificates of deposit	10,431,342	10,483,580	52,238	10,380,684	10,448,365	67,681
Long-term borrowings	4,703,196	4,976,882	273,686	4,873,690	5,227,512	353,822
Accrued interest payable	89,328	89,328	—	105,066	105,066	—
Derivative instruments	116	116	—	370	370	—
Total interest-bearing liabilities	\$ 25,492,560	\$ 25,967,535	\$ 474,975	\$ 26,494,693	\$ 26,984,605	\$ 489,912
Excess of net asset fair value over carrying value			<u>\$ 3,218,913</u>			<u>\$ 3,024,237</u>

Please refer to Notes to Consolidated Financial Statements, Note 17, "Fair Value Measurements" in our 2023 Form 10-K for a full discussion of the methods and assumptions used to estimate the fair value of each class of financial instruments.

13. Regulatory Capital

Sallie Mae Bank (the “Bank”) is subject to various regulatory capital requirements administered by the FDIC and the Utah Department of Financial Institutions. 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 our business, results of operations, and financial position. Under the FDIC’s regulations implementing the Basel III capital framework (“U.S. Basel III”) and the regulatory framework for prompt corrective action, the Bank must meet specific capital standards that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank’s capital amounts and its classification under the prompt corrective action framework are also subject to qualitative judgments by the regulators about components of capital, risk weightings, and other factors.

The Bank is subject to the following minimum capital ratios under U.S. Basel III: a Common Equity Tier 1 risk-based capital ratio of 4.5 percent, a Tier 1 risk-based capital ratio of 6.0 percent, a Total risk-based capital ratio of 8.0 percent, and a Tier 1 leverage ratio of 4.0 percent. In addition, the Bank is subject to a Common Equity Tier 1 capital conservation buffer of greater than 2.5 percent. Failure to maintain the buffer will result in restrictions on the Bank’s ability to make capital distributions, including the payment of dividends, and to pay discretionary bonuses to executive officers. Including the buffer, the Bank is required to maintain the following capital ratios under U.S. Basel III in order to avoid such restrictions: a Common Equity Tier 1 risk-based capital ratio of greater than 7.0 percent, a Tier 1 risk-based capital ratio of greater than 8.5 percent, and a Total risk-based capital ratio of greater than 10.5 percent.

To qualify as “well capitalized” under the prompt corrective action framework for insured depository institutions, the Bank must maintain a Common Equity Tier 1 risk-based capital ratio of at least 6.5 percent, a Tier 1 risk-based capital ratio of at least 8.0 percent, a Total risk-based capital ratio of at least 10.0 percent, and a Tier 1 leverage ratio of at least 5.0 percent.

In July 2023, the federal banking agencies proposed a rule to implement significant changes to the U.S. Basel III regulatory capital requirements. The proposed changes to the regulatory capital requirements generally would amend or introduce approaches and methodologies that would apply to banking organizations with total consolidated assets of \$100 billion or more or to banking organizations with significant trading activity. The proposed rule therefore would not affect the Bank’s capital requirements or the calculation of its capital ratios.

Under regulations issued by the FDIC and other federal banking agencies, banking organizations that adopted CECL during the 2020 calendar year, including the Bank, could elect to delay for two years, and then phase in over the following three years, the effects on regulatory capital of CECL relative to the incurred loss methodology. The Bank elected to use this option. Therefore, the regulatory capital impact of the Bank’s transition adjustments recorded on January 1, 2020 from the adoption of CECL, and 25 percent of the ongoing impact of CECL on the Bank’s allowance for credit losses, retained earnings, and average total consolidated assets, each as reported for regulatory capital purposes (collectively, the “adjusted transition amounts”), were deferred for the two-year period ending January 1, 2022. On each of January 1 2022, 2023, and 2024, 25 percent of the adjusted transition amounts were phased in for regulatory capital purposes. On January 1, 2025, the remaining 25 percent of the adjusted transition amounts will be phased in for regulatory capital purposes, with the phased in amounts included in regulatory capital at the beginning of the year. The Bank’s January 1, 2020 CECL transition amounts increased our allowance for credit losses by \$1.1 billion, increased the liability representing our off-balance sheet exposure for unfunded commitments by \$116 million, and increased our deferred tax asset by \$306 million, resulting in a cumulative effect adjustment that reduced retained earnings by \$953 million. This transition adjustment was inclusive of qualitative adjustments incorporated into our CECL allowance as necessary, to address any limitations in the models used.

13. Regulatory Capital (Continued)

At March 31, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

	Adjusted Transition Amounts	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Three Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
(Dollars in thousands)	December 31, 2021	December 31, 2022	December 31, 2023	March 31, 2024	March 31, 2024
Retained earnings	\$ 836,351	\$ (209,088)	\$ (209,088)	\$ (209,088)	\$ 209,087
Allowance for credit losses	1,038,145	(259,536)	(259,536)	(259,536)	259,537
Liability for unfunded commitments	104,377	(26,094)	(26,094)	(26,095)	26,094
Deferred tax asset	306,171	(76,542)	(76,542)	(76,543)	76,544

The Bank's required and actual regulatory capital amounts and ratios, including applicable capital conservation buffers, under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At March 31, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$115 million and \$115 million, net of tax of \$37 million and \$37 million, respectively. The capital ratios would remain above the well capitalized thresholds, including applicable capital conservation buffers, if the unrealized loss became fully recognized into capital.

(Dollars in thousands)	Actual		U.S. Basel III Minimum Requirements Plus Buffer ⁽¹⁾⁽²⁾	
	Amount	Ratio	Amount	Ratio
As of March 31, 2024⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,977,353	12.3 %	\$ 1,700,543	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,977,353	12.3 %	\$ 2,064,945	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,290,809	13.5 %	\$ 2,550,814	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 2,977,353	10.2 %	\$ 1,170,715	≥ 4.0 %
As of December 31, 2023⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,019,973	12.3 %	\$ 1,719,621	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,019,973	12.3 %	\$ 2,088,111	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,334,140	13.6 %	\$ 2,579,432	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,019,973	10.2 %	\$ 1,184,213	≥ 4.0 %

⁽¹⁾ Reflects the U.S. Basel III minimum required ratio plus the applicable capital conservation buffer.

⁽²⁾ The Bank's regulatory capital ratios also exceeded all applicable standards for the Bank to qualify as "well capitalized" under the prompt corrective action framework.

⁽³⁾ For both March 31, 2024 and December 31, 2023, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2024 and 2023.

Bank Dividends

The Bank is chartered under the laws of the State of Utah and its deposits are insured by the FDIC. The Bank's ability to pay dividends is subject to the laws of Utah and the regulations of the FDIC. Generally, under Utah's industrial bank laws and regulations as well as FDIC regulations, the Bank may pay dividends from its net profits without regulatory approval if, following the payment of the dividend, the Bank's capital and surplus would not be impaired. The Bank declared \$160 million in dividends and no dividends to the Company for the three months ended March 31, 2024 and 2023, respectively, with the proceeds primarily used to fund share repurchase programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

14. Commitments, Contingencies and Guarantees

Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period that we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2024, we had \$673 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2023/2024 academic year. At March 31, 2024, we had a \$32 million reserve recorded in "Other Liabilities" to cover expected losses that may occur during the one-year loss emergence period on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses — Off-Balance Sheet Exposure for Contractual Loan Commitments" in our 2023 Form 10-K and Note 5, "Unfunded Loan Commitments" in this Form 10-Q for additional information.

Regulatory Matters

For additional information regarding our regulatory matters, see Notes to Consolidated Financial Statements, Note 21, "Commitments, Contingencies and Guarantees" in our 2023 Form 10-K.

Contingencies

In the ordinary course of business, we and our subsidiaries are routinely defendants in or parties to pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings may be based on alleged violations of consumer protection, securities, employment, and other laws. In certain of these actions and proceedings, claims for substantial monetary damage may be asserted against us and our subsidiaries.

It is common for the Company, our subsidiaries, and affiliates to receive information and document requests and investigative demands from state attorneys general, legislative committees, and administrative agencies. These requests may be for informational or regulatory purposes and may relate to our business practices, the industries in which we operate, or other companies with whom we conduct business. Our practice has been and continues to be to cooperate with these bodies and be responsive to any such requests.

We are required to establish reserves for litigation and regulatory matters where those matters present loss contingencies that are both probable and estimable. When loss contingencies are not both probable and estimable, we do not establish reserves.

Based on current knowledge, management does not believe there are loss contingencies, if any, arising from pending investigations, litigation, or regulatory matters for which reserves should be established.

15. Subsequent Events

2024 Securitizations

On April 9, 2024, we closed an SMB Private Education Loan Trust 2024-R1 term ABS transaction (the “2024-R1 Transaction”), in which an unaffiliated third party sold to the trust approximately \$69 million of Private Education Loans residual flows from our 2020-PTA and 2020-PTB transactions through a re-securitization. Sallie Mae Bank sponsored the 2024-R1 Transaction and is the administrator of the trust. In connection with the 2024-R1 Transaction settlement, we retained a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitization). We classified those vertical risk retention interests related to the 2024-R1 Transaction as available-for-sale investments, except for the interest in the residual class, which we classified as a trading investment recorded at fair value with changes recorded through earnings.

On April 11, 2024, we closed an SMB Private Education Loan Trust 2024-B term ABS transaction (the “2024-B Transaction”), in which unaffiliated third parties sold to the trust approximately \$191 million of Private Education Loans that the third-party sellers previously purchased from us in 2020 and 2021. Sallie Mae Bank sponsored the 2024-B Transaction, is the servicer and administrator, and was the seller of an additional \$10 million of Private Education Loans into the trust. The sale of such additional loans qualified for sale treatment and removed these loans from our balance sheet on the settlement date of the 2024-B Transaction and we recorded a less than \$1 million gain on sale associated with this transaction. In connection with the 2024-B Transaction settlement, we retained a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitization). We classified those vertical risk retention interests related to the 2024-B Transaction as available-for-sale investments, except for the interest in the residual class, which we classified as a trading investment recorded at fair value with changes recorded through earnings.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Through this discussion and analysis, we intend to provide the reader with some narrative context for how our management views our consolidated financial statements, additional context within which to assess our operating results, and information on the quality and variability of our earnings, liquidity, and cash flows.

The following information should be read in connection with SLM Corporation's Annual Report on Form 10-K for the year ended December 31, 2023 (filed with the Securities and Exchange Commission (the "SEC") on February 22, 2024) (the "2023 Form 10-K"), and subsequent reports filed with the SEC. Definitions for capitalized terms used in this report not defined herein can be found in the 2023 Form 10-K.

References in this Form 10-Q to "we," "us," "our," "Sallie Mae," "SLM," and the "Company" refer to SLM Corporation and its subsidiaries, except as otherwise indicated or unless the context otherwise requires.

This report contains "forward-looking statements" and information based on management's current expectations as of the date of this report. Statements that are not historical facts, including statements about the Company's beliefs, opinions, or expectations and statements that assume or are dependent upon future events, are forward-looking statements. These include, but are not limited to: strategies; goals and assumptions of the Company; the Company's expectation and ability to execute loan sales and share repurchases; statements regarding future developments surrounding COVID-19 or any other pandemic, including, without limitation, statements regarding the potential impact of any such pandemic on the Company's business, results of operations, financial condition, and/or cash flows; the Company's expectation and ability to pay a quarterly cash dividend on our common stock in the future, subject to the approval of our Board of Directors; the Company's 2024 guidance; the Company's three-year horizon outlook; the impact of acquisitions we have made or may make in the future; the Company's projections regarding originations, net charge-offs, non-interest expenses, earnings, balance sheet position, and other metrics; any estimates related to accounting standard changes; and any estimates related to the impact of credit administration practices changes, including the results of simulations or other behavioral observations.

Forward-looking statements are subject to risks, uncertainties, assumptions, and other factors, many of which are difficult to predict and generally beyond the control of the Company, which may cause actual results to be materially different from those reflected in such forward-looking statements. There can be no assurance that future developments affecting the Company will be the same as those anticipated by management. The Company cautions readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A. "Risk Factors" and elsewhere in the Company's most recently filed Annual Report on Form 10-K and subsequent filings with the SEC; the societal, business, and legislative/regulatory impact of pandemics and other public health crises; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; failure to comply with consumer protection, banking, and other laws or regulations; our ability to timely develop new products and services and the acceptance of those products and services by potential and existing customers; changes in accounting standards and the impact of related changes in significant accounting estimates, including any regarding the measurement of our allowance for credit losses and the related provision expense; any adverse outcomes in any significant litigation to which the Company is a party; credit risk associated with the Company's exposure to third parties, including counterparties to the Company's derivative transactions; the effectiveness of our risk management framework and quantitative models; and changes in the terms of education loans and the educational credit marketplace (including changes resulting from new laws and the implementation of existing laws). We could also be affected by, among other things: changes in our funding costs and availability; reductions to our credit ratings; cybersecurity incidents, cyberattacks, and other failures or breaches of our operating systems or infrastructure, including those of third-party vendors; damage to our reputation; risks associated with restructuring initiatives, including failures to successfully implement cost-cutting programs and the adverse effects of such initiatives on our business; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students, and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; changes in banking rules and regulations, including increased capital requirements; increased competition from banks and other consumer lenders; the creditworthiness of our customers, or any change related thereto; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of our earning assets versus our funding arrangements; rates of prepayments on the loans owned by us; changes in general economic conditions and our ability to successfully effectuate any acquisitions; and other strategic initiatives. The preparation of our consolidated financial statements also requires management to make certain estimates and assumptions, including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect.

All oral and written forward-looking statements attributed to the Company are expressly qualified in their entirety by the factors, risks, and uncertainties set forth in the foregoing cautionary statements, and are made only as of the date of this report or, where the statement is oral, as of the date stated. We do not undertake any obligation to update or revise any forward-looking statements to conform to actual results or changes in our expectations, nor to reflect events or circumstances that occur after the date on which such statements were made. In light of these risks, uncertainties, and assumptions, you should not put undue reliance on any forward-looking statements discussed.

Selected Financial Information and Ratios

(In thousands, except per share data and percentages)	Three Months Ended March 31,	
	2024	2023
Net income attributable to SLM Corporation common stock	\$ 285,278	\$ 114,455
Diluted earnings per common share	\$ 1.27	\$ 0.47
Weighted average shares used to compute diluted earnings per common share	223,845	243,549
Return on Assets ⁽¹⁾	4.1 %	1.7 %
Other Operating Statistics (Held for Investment)		
Ending Private Education Loans, net	\$ 19,687,783	\$ 20,497,675
Ending FFELP Loans, net	513,006	589,888
Ending total education loans, net	\$ 20,200,789	\$ 21,087,563
Average education loans	\$ 21,969,756	\$ 22,357,274

(1) We calculate and report our Return on Assets as the ratio of (a) GAAP net income numerator (annualized) to (b) the GAAP total average assets denominator.

Overview

The following discussion and analysis presents a review of our business and operations as of and for the three months ended March 31, 2024.

Key Financial Measures

Our operating results are primarily driven by net interest income from our Private Education Loan portfolio, gains and losses on loan sales, provision expense for credit losses, and operating expenses. The growth of our business and the strength of our financial condition are primarily driven by our ability to achieve our annual Private Education Loan origination goals while sustaining credit quality and maintaining cost-efficient funding sources to support our originations. A brief summary of our key financial measures (net interest income; loan sales and secured financings; allowance for credit losses; charge-offs and delinquencies; operating expenses; Private Education Loan originations; and funding sources) can be found in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Form 10-K.

Strategic Imperatives

To further focus our business and increase shareholder value, we continue to advance our strategic imperatives. Our focus remains on maximizing the profitability and growth of our core private student loan business, while harnessing and optimizing the power of our brand and attractive client base. In addition, we continue to seek to better inform the external narrative about student lending and Sallie Mae. We also strive to maintain a rigorous and predictable capital allocation and return program to create shareholder value. We are focused on driving a mission-led culture that continues to make Sallie Mae a great place to work. We also continue to strengthen our risk and compliance function, enhance and build upon our risk management framework, and assess and monitor enterprise-wide risk.

During the first three months of 2024, we made the following progress on the above corporate strategic imperatives.

2024 Loan Sales and 2024-A Transaction

In the first three months of 2024, we recognized \$143 million in gains from the sale of approximately \$2.10 billion of Private Education Loans, including \$1.95 billion of principal and \$151 million in capitalized interest, to an unaffiliated third party. The transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information regarding these transactions, see Notes to Consolidated Financial Statements, Note 3, "Loans Held for Investment" and Note 8, "Borrowings - Unconsolidated VIEs" in this Form 10-Q.

Share Repurchases under our Rule 10b5-1 Trading Plans

During the three months ended March 31, 2024, we repurchased 1.3 million shares of our common stock at a total cost of \$27 million under a Rule 10b5-1 trading plan authorized under our 2024 Share Repurchase Program.

Results of Operations

We present the results of operations below on a consolidated basis in accordance with GAAP.

GAAP Consolidated Statements of Income (Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	\$	%
Interest income:				
Loans	\$ 597	\$ 583	\$ 14	2 %
Investments	15	11	4	36
Cash and cash equivalents	52	44	8	18
Total interest income	664	638	26	4
Total interest expense	277	233	44	19
Net interest income	387	405	(18)	(4)
Less: provisions for credit losses	12	114	(102)	(89)
Net interest income after provisions for credit losses	375	291	84	29
Non-interest income:				
Gains on sales of loans, net	143	—	143	100
Gains on securities, net	2	2	—	—
Other income	29	20	9	45
Total non-interest income	174	22	152	691
Non-interest expenses:				
Total operating expenses	161	155	6	4
Acquired intangible assets amortization expense	1	2	(1)	(50)
Total non-interest expenses	162	157	5	3
Income before income tax expense	387	156	231	148
Income tax expense	97	37	60	162
Net income	290	119	171	144
Preferred stock dividends	5	4	1	25
Net income attributable to SLM Corporation common stock	\$ 285	\$ 114	\$ 171	150 %
Basic earnings per common share	\$ 1.29	\$ 0.47	\$ 0.82	174 %
Diluted earnings per common share	\$ 1.27	\$ 0.47	\$ 0.80	170 %
Declared dividends per common share	\$ 0.11	\$ 0.11	\$ —	— %

GAAP Consolidated Earnings Summary

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

For the three months ended March 31, 2024, net income attributable to common stock was \$285 million, or \$1.27 diluted earnings per common share, compared with net income attributable to common stock of \$114 million, or \$0.47 diluted earnings per common share, for the three months ended March 31, 2023.

The primary drivers of changes in net income for the current quarter compared with the year-ago quarter are as follows:

- Net interest income decreased by \$18 million in the current quarter compared with the year-ago quarter primarily due to a 21-basis point decrease in our net interest margin and a \$388 million decrease in our average Private Education Loans and FFELP Loans outstanding. Our net interest margin decreased in the current quarter from the year-ago quarter primarily because our cost of funds increased more than the yields on our interest-earning assets. This occurs because as interest rates change, changes in the cost of our interest-bearing liabilities tend to lag compared to changes in our interest-earning assets. In a rising interest rate environment, as we experienced in 2022 and the first part of 2023, our variable-rate interest earning assets repriced faster than our cost of funds. As such, we saw an expansion in our net interest margin throughout most of 2023. As interest rates stabilized in the latter half of 2023 and into the first quarter of 2024, our cost of funds increased faster than our interest-earning assets and reduced our net interest margin.

- Provision for credit losses in the current quarter was \$12 million, compared with \$114 million in the year-ago quarter. During the first quarter of 2024, the provision for credit losses was primarily affected by \$133 million negative provisions resulting from the \$2.10 billion Private Education Loan sales during the quarter, an improved economic outlook, and changes in management overlays and recovery rates, offset by new loan commitments, net of expired commitments, and increases to the provision as a result of decreases in our estimates of the historical long-term average prepayment speeds used after the two-year reasonable and supportable period. In the year-ago quarter, the provision for credit losses was primarily affected by provisions for new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook and recovery rates.

- Gains on sales of loans, net, were \$143 million in the current quarter, as a result of \$2.10 billion in Private Education Loan sales that occurred in the first quarter of 2024. There were no gains on sales of loans, net, in the year-ago quarter, as we did not sell loans in the first quarter of 2023.

- Other income was \$29 million in the first quarter of 2024, compared with \$20 million in the year-ago quarter. In the first quarter of 2024, there was a \$6 million increase in third-party servicing fees from the year-ago quarter. The increase in third-party servicing fees was due to an additional \$5.3 billion of loans that we sold during the past year where we continue to service on behalf of the owners of the loans. There was also a \$3 million increase in early withdrawal penalty fee income compared with the year-ago quarter, which was related to a health savings account provider who redeemed its deposits early and paid an early withdrawal penalty in the first quarter of 2024.

- First-quarter 2024 total operating expenses were \$161 million, compared with \$155 million in the year-ago quarter. The increase in total operating expenses was primarily driven by higher personnel costs and higher initiative spending.

- During the first quarter of 2024, we recorded \$1 million in amortization of acquired intangible assets, down from \$2 million in the year-ago quarter. The decrease is a result of the impairment write-down of the Nitro trade name intangible asset taken in the fourth quarter of 2023. For additional information, see Notes to Consolidated Financial Statements, Note 6, "Goodwill and Acquired Intangible Assets" in this Form 10-Q.

- First-quarter 2024 income tax expense was \$97 million, compared with \$37 million in the year-ago quarter. Our effective income tax rate increased to 25.2 percent in the first quarter of 2024 from 24.0 percent in the year-ago quarter. The increase in the effective rate for the first quarter of 2024 was primarily due to an increase in non-deductible expenses and a decrease in the tax benefit related to stock-based compensation.

Discontinuation of Previously Used Non-GAAP “Core Earnings” Metric

Non-GAAP “Core Earnings”

We prepare financial statements in accordance with GAAP. However, we previously also produced and reported our after-tax earnings on a separate basis that we referred to as “Core Earnings.” The difference between our previously reported non-GAAP “Core Earnings” and GAAP results of operations, net of tax was driven by unrealized, mark-to-fair value gains (losses) on derivative contracts that did not qualify for hedge accounting treatment under GAAP. While derivatives continue to be a critical element of our interest rate risk management strategy, and we continue to enter into derivative instruments to economically hedge interest rate and cash flow risk associated with our portfolio, we have only invested in derivative instruments that qualify for hedge accounting treatment under GAAP during the past eight quarters (including the first quarter of 2024), and as such there has been no difference between GAAP results of operations, net of tax and non-GAAP “Core Earnings” reported for those quarters. As a result, we no longer believe that it is meaningful to report this non-GAAP metric, and have discontinued doing so beginning in this quarterly report on Form 10-Q for the first quarter of 2024. We are continually assessing how best to present our financial results, and if useful and meaningful, may decide to report future non-GAAP earnings (with appropriate reconciliation to GAAP) in a different way.

Financial Condition

Average Balance Sheets

The following table reflects the rates earned on interest-earning assets and paid on interest-bearing liabilities and reflects our net interest margin on a consolidated basis.

(Dollars in thousands)	Three Months Ended March 31,			
	2024		2023	
	Balance	Rate	Balance	Rate
Average Assets				
Private Education Loans	\$ 21,442,744	11.01 %	\$ 21,755,202	10.66 %
FFELP Loans	527,012	7.24	602,072	6.87
Credit Cards	—	—	27,722	12.28
Taxable securities	2,471,613	2.36	2,529,536	1.82
Cash and other short-term investments	3,931,978	5.39	3,919,113	4.52
Total interest-earning assets	28,373,347	9.41 %	28,833,645	8.97 %
Non-interest-earning assets	346,574		165,444	
Total assets	\$ 28,719,921		\$ 28,999,089	
Average Liabilities and Equity				
Brokered deposits	\$ 10,223,690	3.71 %	\$ 10,278,132	3.08 %
Retail and other deposits	11,233,871	4.77	11,681,489	3.86
Other interest-bearing liabilities ⁽¹⁾	5,134,805	3.85	5,243,091	3.36
Total interest-bearing liabilities	26,592,366	4.18 %	27,202,712	3.47 %
Non-interest-bearing liabilities	127,243		21,461	
Equity	2,000,312		1,774,916	
Total liabilities and equity	\$ 28,719,921		\$ 28,999,089	
Net interest margin		5.49 %		5.70 %

⁽¹⁾ Includes the average balance of our unsecured borrowings, as well as secured borrowings and amortization expense of transaction costs related to our term asset-backed securitizations and our Secured Borrowing Facility.

Rate/Volume Analysis

The following rate/volume analysis shows the relative contribution of changes in interest rates and asset volumes to changes in interest income, interest expense, and net interest income.

(Dollars in thousands)	Increase (Decrease)	Change Due To ⁽¹⁾	
		Rate	Volume
Three Months Ended March 31, 2024 vs. 2023			
Interest income	\$ 25,960	\$ 31,190	\$ (5,230)
Interest expense	44,012	47,768	(3,756)
Net interest income	\$ (18,052)	\$ (15,057)	\$ (2,995)

⁽¹⁾ Changes in income and expense due to both rate and volume have been allocated in proportion to the relationship of the absolute dollar amounts of the change in each. The changes in income and expense are calculated independently for each line in the table. The totals for the rate and volume columns are not the sum of the individual lines.

Summary of Our Loans Held for Investment Portfolio

Ending Loans Held for Investment Balances, net

As of March 31, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment
Total loan portfolio:			
In-school ⁽¹⁾	\$ 4,303,603	\$ 57	\$ 4,303,660
Grace, repayment and other ⁽²⁾	16,648,743	516,306	17,165,049
Total, gross	20,952,346	516,363	21,468,709
Deferred origination costs and unamortized premium/(discount)	80,868	1,270	82,138
Allowance for credit losses	(1,345,431)	(4,627)	(1,350,058)
Total loans held for investment portfolio, net	<u>\$ 19,687,783</u>	<u>\$ 513,006</u>	<u>\$ 20,200,789</u>
% of total	97 %	3 %	100 %

As of December 31, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment
Total loan portfolio:			
In-school ⁽¹⁾	\$ 3,997,092	\$ 57	\$ 3,997,149
Grace, repayment and other ⁽²⁾	17,028,752	537,344	17,566,096
Total, gross	21,025,844	537,401	21,563,245
Deferred origination costs and unamortized premium/(discount)	81,554	1,330	82,884
Allowance for credit losses	(1,335,105)	(4,667)	(1,339,772)
Total loans held for investment portfolio, net	<u>\$ 19,772,293</u>	<u>\$ 534,064</u>	<u>\$ 20,306,357</u>
% of total	97 %	3 %	100 %

⁽¹⁾ Loans for customers still attending school and who are not yet required to make payments on the loans.

⁽²⁾ Includes loans in deferment or forbearance. Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

Average Loans Held for Investment Balances (net of unamortized premium/(discount))

(Dollars in thousands)	Three Months Ended March 31,			
	2024		2023	
Private Education Loans	\$ 21,442,744	98 %	\$ 21,755,202	97 %
FFELP Loans	527,012	2	602,072	3
Total portfolio	\$ 21,969,756	100 %	\$ 22,357,274	100 %

Loans Held for Investment, Net — Activity

Three Months Ended March 31, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	\$ 19,772,293	\$ 534,064	\$ 20,306,357
Acquisitions and originations:			
Fixed-rate	2,475,569	—	2,475,569
Variable-rate	117,724	—	117,724
Total acquisitions and originations	2,593,293	—	2,593,293
Capitalized interest and deferred origination cost premium amortization	109,801	5,573	115,374
Sales	(1,958,995)	—	(1,958,995)
Loan consolidations to third parties	(200,039)	(13,880)	(213,919)
Allowance	(10,326)	40	(10,286)
Repayments and other	(618,244)	(12,791)	(631,035)
Ending balance	\$ 19,687,783	\$ 513,006	\$ 20,200,789

Three Months Ended March 31, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	\$ 19,019,713	\$ 607,155	\$ 19,626,868
Acquisitions and originations:			
Fixed-rate	1,977,845	—	1,977,845
Variable-rate	470,132	—	470,132
Total acquisitions and originations	2,447,977	—	2,447,977
Capitalized interest and deferred origination cost premium amortization	119,184	5,904	125,088
Loan consolidations to third parties	(285,483)	(8,586)	(294,069)
Allowance	(121,748)	(483)	(122,231)
Repayments and other	(681,968)	(14,102)	(696,070)
Ending balance	\$ 20,497,675	\$ 589,888	\$ 21,087,563

“Loan consolidations to third parties” and “Repayments and other” are both significantly affected by the volume of loans in our held for investment portfolio in full principal and interest repayment status. The amount of loans in full principal and interest repayment status in our Private Education Loans held for investment portfolio at March 31, 2024 decreased by 7.7 percent compared with March 31, 2023, and now totals 40 percent of our Private Education Loans held for investment portfolio at March 31, 2024. The balance of loans held for investment in full principal and interest repayment status was affected in 2023 and in the first quarter of 2024 by loan sales.

“Loan consolidations to third parties” for the three months ended March 31, 2024 total 2.6 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status at March 31, 2024, or 1.0 percent of our total Private Education Loans held for investment portfolio at March 31, 2024, compared with the year-ago period of 3.4 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status, or 1.4 percent of our total Private Education Loans held for investment portfolio, respectively. The decrease in consolidations is attributable to higher interest rates in 2024 that made it less competitive for consolidators. Historical experience has shown that loan consolidation activity is heightened in the period when the loan initially enters full principal and interest repayment status and then subsides over time.

The “Repayments and other” category includes all scheduled repayments, as well as voluntary prepayments, made on loans in repayment (including loans in full principal and interest repayment status) and also includes charge-offs. Consequently, this category can be significantly affected by the volume of loans in repayment.

Private Education Loan Originations

The following table summarizes our Private Education Loan originations. Originations represent loans that were funded or acquired during the period presented.

(Dollars in thousands)	Three Months Ended March 31,			
	2024	%	2023	%
Smart Option - interest only ⁽¹⁾	\$ 480,250	19 %	\$ 478,162	20 %
Smart Option - fixed pay ⁽¹⁾	861,677	33	808,246	33
Smart Option - deferred ⁽¹⁾	1,079,912	42	1,002,888	41
Graduate Loan ⁽²⁾	160,231	6	151,912	6
Parent Loan ⁽³⁾	—	—	38	—
Total Private Education Loan originations	\$ 2,582,070	100 %	\$ 2,441,246	100 %
Percentage of loans with a cosigner	90.7 %		89.1 %	
Average FICO at approval ⁽⁴⁾	748		746	

⁽¹⁾ Interest only, fixed pay and deferred describe the payment option while in school or in grace period. See Item 1. “Business - Our Business - Private Education Loans” in the 2023 Form 10-K for a further discussion.

⁽²⁾ For the three months ended March 31, 2024, the Graduate Loan originations include \$11.7 million of Smart Option Loans where the student was in a graduate status. For the three months ended March 31, 2023, the Graduate Loan originations include \$10.4 million of Smart Option Loans where the student was in a graduate status.

⁽³⁾ In December 2021, we discontinued offering our Parent Loan product. Applications for those loans received before the offering termination date were processed, and final disbursements under those loans occurred in February 2023.

⁽⁴⁾ Represents the higher credit score of the cosigner or the borrower.

Allowance for Credit Losses

Allowance for Credit Losses Activity

Three Months Ended March 31, (dollars in thousands)	2024			2023			
	Private Education Loans	FFELP Loans	Total Portfolio	Private Education Loans	FFELP Loans	Credit Cards	Total Portfolio
Beginning balance	\$ 1,335,105	\$ 4,667	\$ 1,339,772	\$ 1,353,631	\$ 3,444	\$ —	\$ 1,357,075
Transfer from unfunded commitment liability ⁽¹⁾	131,614	—	131,614	148,513	—	—	148,513
Less:							
Charge-offs	(93,874)	(123)	(93,997)	(95,085)	(256)	(741)	(96,082)
Plus:							
Recoveries	11,314	—	11,314	11,986	—	11	11,997
Provisions for credit losses:							
Provision, current period	94,476	83	94,559	56,334	739	730	57,803
Loan sale reduction to provision	(133,204)	—	(133,204)	—	—	—	—
Total provisions for credit losses ⁽²⁾	(38,728)	83	(38,645)	56,334	739	730	57,803
Ending balance	\$ 1,345,431	\$ 4,627	\$ 1,350,058	\$ 1,475,379	\$ 3,927	\$ —	\$ 1,479,306

⁽¹⁾ See Notes to Consolidated Financial Statements, Note 5, "Unfunded Loan Commitments," in this Form 10-Q for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

⁽²⁾ Below is a reconciliation of the provision for credit losses reported in the consolidated statements of income. When a new loan commitment is made, we record the CECL allowance as a liability for unfunded commitments by recording a provision for credit losses. When the loan is funded, we transfer that liability to the allowance for credit losses.

Consolidated Statements of Income Provisions for Credit Losses Reconciliation

Three Months Ended March 31, (dollars in thousands)	2024	2023
Private Education Loan provisions for credit losses:		
Provisions for loan losses	\$ (38,728)	\$ 56,334
Provisions for unfunded loan commitments	50,686	56,309
Total Private Education Loan provisions for credit losses	11,958	112,643
Other impacts to the provisions for credit losses:		
FFELP Loans	83	739
Credit Cards	—	730
Total	83	1,469
Provisions for credit losses reported in consolidated statements of income	\$ 12,041	\$ 114,112

Private Education Loan Allowance for Credit Losses

In establishing the allowance for Private Education Loan losses as of March 31, 2024, we considered several factors with respect to our Private Education Loan portfolio, in particular, credit quality and delinquency, forbearance, and charge-off trends.

Private Education Loans held for investment in full principal and interest repayment status were 40 percent of our total Private Education Loans held for investment portfolio at March 31, 2024, compared with 41 percent at March 31, 2023.

For a more detailed discussion of our policy for determining the collectability of Private Education Loans and maintaining our allowance for Private Education Loans, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Allowance for Credit Losses" and Notes to Consolidated Financial Statements, Note 5, "Loans Held for Investment — Certain Collection Tools - Private Education Loans" in the 2023 Form 10-K.

The table below presents our Private Education Loans held for investment portfolio delinquency trends. Loans in repayment include loans making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the following table, do not include those loans while they are in forbearance).

Private Education Loans Held for Investment March 31, (dollars in thousands)	2024		2023	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 5,602,697		\$ 5,686,386	
Loans in forbearance ⁽²⁾	387,957		221,158	
Loans in repayment and percentage of each status:				
Loans current	14,451,606	96.6 %	15,446,182	96.6 %
Loans delinquent 30-59 days ⁽³⁾	240,035	1.6	267,000	1.7
Loans delinquent 60-89 days ⁽³⁾	133,921	0.9	140,786	0.9
Loans 90 days or greater past due ⁽³⁾	136,130	0.9	136,491	0.8
Total Private Education Loans in repayment	14,961,692	100.0 %	15,990,459	100.0 %
Total Private Education Loans, gross	20,952,346		21,898,003	
Private Education Loans deferred origination costs and unamortized premium/(discount)	80,868		75,051	
Total Private Education Loans	21,033,214		21,973,054	
Private Education Loans allowance for losses	(1,345,431)		(1,475,379)	
Private Education Loans, net	\$ 19,687,783		\$ 20,497,675	
Percentage of loans in repayment		71.4 %		73.0 %
Delinquencies as a percentage of loans in repayment		3.4 %		3.4 %
Delinquencies, excluding those loans within a loan modification qualifying period, as a percentage of loans in repayment ⁽⁴⁾		2.7 %		3.1 %
Percentage of loans in forbearance:				
Percentage of loans in an extended grace period ⁽⁵⁾		1.5 %		0.4 %
Percentage of loans in hardship and other forbearances ⁽⁶⁾		1.0 %		1.0 %

⁽¹⁾ Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation).

⁽²⁾ Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.

⁽³⁾ The period of delinquency is based on the number of days scheduled payments are contractually past due.

⁽⁴⁾ This metric excludes loans in a loan modification qualifying period, which at March 31, 2024 and 2023, totaled approximately \$214 million and \$81 million, respectively. When giving a customer facing financial difficulty an interest rate reduction under our programs, we evaluate their ability to pay and provide customized repayment terms based upon their financial condition. As part of demonstrating the ability and willingness to pay, the customer must make three consecutive monthly payments at the reduced payment to qualify for the program. After successfully completing the qualifying period (if eligible), borrowers will have their interest rate reduced, term extended and be brought current, consistent with established loan program servicing policies and procedures.

⁽⁵⁾ We calculate the percentage of loans in an extended grace period as the ratio of (a) Private Education Loans in forbearance in an extended grace period numerator to (b) Private Education Loans in repayment and forbearance denominator. An extended grace period aligns with The Office of the Comptroller of the Currency definition of an additional, consecutive, one-time period during which no payment is required for up to six months after the initial grace period. We typically grant this extended grace period to customers who may be having difficulty finding employment before the full principal and interest repayment period starts or once it has begun. Loans in forbearance in an extended grace period were approximately \$243 million and \$59 million at March 31, 2024 and 2023, respectively. See "Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool" below for additional details.

⁽⁶⁾ We calculate the percentage of loans in hardship and other forbearances as the ratio of (a) Private Education Loans in hardship and other forbearances (excluding loans in an extended grace period) numerator to (b) Private Education Loans in repayment and forbearance denominator. If the customer is in financial hardship, we work with the customer and/or cosigner and identify any available alternative arrangements designed to reduce monthly payment obligations, which may include a short-term hardship forbearance. Loans in hardship and other forbearances (excluding loans in an extended grace period) were approximately \$145 million and \$162 million at March 31, 2024 and 2023, respectively. See "Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool" below for additional details.

Delinquencies as a percentage of Private Education Loans (held for investment) in repayment remained unchanged at 3.4 percent at March 31, 2024 and March 31, 2023. Delinquencies, excluding those loans within a loan modification qualifying period, as a percentage of Private Education Loans (held for investment) in repayment decreased to 2.7 percent at March 31, 2024 from 3.1 percent at March 31, 2023. The percentage of Private Education Loans in hardship and other forbearances (excluding loans in an extended grace period) remained unchanged at 1.0 percent at March 31, 2024 and March 31, 2023. See additional discussion related to collections activity in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition — Allowance for Credit Losses — Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool” in the 2023 Form 10-K.

Changes in Allowance for Private Education Loan Losses

The following table summarizes changes in the allowance for Private Education Loan (held for investment) losses.

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Beginning balance	\$ 1,335,105	\$ 1,353,631
Transfer from unfunded commitment liability ⁽¹⁾	131,614	148,513
Provision for credit losses:		
Provision, current period	94,476	56,334
Loan sale reduction to provision	(133,204)	—
Total provision	(38,728)	56,334
Net charge-offs:		
Charge-offs	(93,874)	(95,085)
Recoveries	11,314	11,986
Net charge-offs	(82,560)	(83,099)
Ending balance	\$ 1,345,431	\$ 1,475,379
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized	6.07 %	6.40 %
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽²⁾⁽³⁾	8.74 %	9.00 %
Allowance coverage of net charge-offs (annualized)	4.07	4.44
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽²⁾	2.14 %	2.11 %
Ending total loans, gross	\$ 20,952,346	\$ 21,898,003
Average loans in repayment ⁽²⁾	\$ 15,407,495	\$ 15,764,143
Ending loans in repayment ⁽²⁾	\$ 14,961,692	\$ 15,990,459
Accrued interest to be capitalized	\$ 1,217,295	\$ 1,150,802
Accrued interest to be capitalized on loans in repayment ⁽³⁾	\$ 440,259	\$ 408,263

⁽¹⁾ See Notes to Consolidated Financial Statements, Note 5, "Unfunded Loan Commitments," in this Form 10-Q for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

⁽²⁾ Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

⁽³⁾ Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest payment status after any applicable grace period (but, for purposes of the table, does not include the interest on those loans while they are in forbearance).

As part of concluding on the adequacy of the allowance for credit losses, we review key allowance and loan metrics. The most significant of these metrics considered are the allowance coverage of net charge-offs ratio; the allowance as a percentage of ending total loans and accrued interest to be capitalized and of ending loans in repayment and accrued interest to be capitalized on loans in repayment; and delinquency and forbearance percentages.

Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool

We adjust the terms of loans for certain borrowers when we believe such changes will help our customers manage their student loan obligations and achieve better student outcomes, and increase the collectability of the loans. These changes generally take the form of a temporary forbearance of payments, a temporary or permanent interest rate reduction, a temporary or permanent interest rate reduction with a permanent extension of the loan term, and/or a short-term extended repayment alternative. Forbearance is granted prospectively for borrowers who are current in their payments and may be granted retroactively for certain delinquent borrowers.

Forbearance allows a borrower to not make scheduled payments for a specified period of time. Using forbearance extends the original term of the loan by the term of forbearance taken. Forbearance does not grant any reduction in the total principal or interest repayment obligation. While a loan is in forbearance status, interest continues to accrue and is capitalized (added to principal) at the end of the forbearance. Interest will not capitalize at the end of certain types of forbearance, such as disaster forbearance, however.

We grant forbearance through our servicing centers to borrowers who are current in their payments and through our collections centers to certain borrowers who are delinquent. Our forbearance policies and practices vary depending upon whether a borrower is current or delinquent at the time forbearance is requested, generally with stricter payment requirements for delinquent borrowers. We view the population of borrowers that use forbearance positively because the borrowers are either proactively reaching out to us to obtain assistance in managing their obligations or are working with our collections center to bring their loans current.

Forbearance may be granted through our servicing centers to customers who are exiting their grace period, and to other customers who are current in their payments, to provide temporary payment relief. In these circumstances, a customer's loan is placed into a forbearance status in limited monthly increments and is reflected in the forbearance status at month-end during this time. At the end of the forbearance period, the customer will enter repayment status as current and is expected to begin making scheduled monthly payments.

Forbearance may also be granted through our collections centers to customers who are delinquent in their payments. If specific payment requirements are met, the forbearance can cure the delinquency and the customer is returned to a current repayment status. Forbearance as a collection tool is used most effectively when applying historical experience and our judgment to a customer's unique situation. We leverage updated customer information and other decision support tools to best determine who will be granted forbearance based on our expectations as to a customer's ability and willingness to repay their obligation. This strategy is aimed at assisting customers while mitigating the risks of delinquency and default as well as encouraging resolution of delinquent loans. In most instances, we require one payment, as an indication of a customer's willingness and ability to repay, before granting forbearance to delinquent borrowers.

Historically, we have utilized disaster forbearance to assist borrowers affected by material events, typically federally-declared disasters, including hurricanes, wildfires, floods, and the COVID-19 pandemic. We typically grant disaster forbearance to affected borrowers in increments of up to three months at a time, but the disaster forbearance granted generally does not apply toward the 12-month forbearance limit described below.

Management continually monitors our credit administration practices and may periodically modify these practices based upon performance, industry conventions, and/or regulatory feedback. In light of these considerations, we previously announced certain changes to our credit administration practices, including the imposition of limits on the number of forbearance months granted consecutively and the number of times certain extended or reduced repayment alternatives may be granted.

Currently, we generally grant forbearance in increments of one to two months at a time, for up to 12 months over the life of the loan, although disaster forbearance and certain assistance we grant to borrowers who are still in school do not apply toward the 12-month limit. We also currently require 12 months of positive payment performance by a borrower (meaning the borrower must make payment in a cumulative amount equivalent to 12 monthly required payments under the loan) between successive grants of forbearance and between forbearance grants and certain other repayment alternatives. This required period of positive payment performance does not apply, however, to forbearances granted during the first six months following a borrower's grace period ("extended grace period") and is not required for a borrower to receive a contractual interest rate reduction. In addition, we currently limit the participation of delinquent borrowers in certain short-term extended or interest-only repayment alternatives to once in 12 months and twice in five years. We also now count the number of months a borrower receives a short-term extended repayment alternative toward the 12-month forbearance limit described above.

We also offer rate and term modifications to customers experiencing more severe hardship. In the fourth quarter of 2023, we developed additional modification programs tailored to the financial condition of individual borrowers. Pursuant to these additional modification programs, for our borrowers experiencing the most severe financial conditions, we currently may reduce the contractual interest rate on a loan to as low as 2 percent for the remaining life of the loan and also permanently extend the final maturity of the loan. Other borrowers experiencing severe hardship may not require as much assistance, however, given their circumstances. In those instances, we may reduce the contractual interest rate on a loan to a rate greater than 2 percent, and up to 8 percent, for a temporary period of two to four years, and in some instances may also permanently extend the final maturity of the loan.

When we give a borrower facing financial difficulty an interest rate reduction under our programs, we evaluate their ability to pay and provide customized repayment terms based upon their financial condition. As part of demonstrating the ability and willingness to pay, the customer must make three consecutive monthly payments at the reduced payment to qualify for the program. We believe by tailoring the modification programs to the borrower's current financial condition and not having a one size fits all approach, we increase the likelihood the borrower will be able to make the modified payments and avoid default. This approach of giving different interest rate reductions to different borrowers experiencing more severe hardship also helps us better manage the overall assistance we provide to borrowers. We currently limit the granting of a permanent extension of the final maturity date of a loan under our loan modification programs to one time over the life of the loan. We also currently permit two consecutive rate reductions so long as the borrower qualifies and makes three consecutive monthly payments at the reduced payment in connection with each rate reduction. We also now limit the number of interest rate reductions to twice over the life of the loan.

We expect to learn more about how our borrowers are reacting to changes in our credit administration practices and, as we analyze such reactions, we will continue to refine our estimates of the impact of those changes on our allowance for credit losses.

As discussed above, we will continue to monitor our credit administration practices and may modify them further from time to time based upon performance, industry conventions, and/or regulatory feedback.

Delinquency Trends by Active Repayment Status

The tables below show the composition and status of the Private Education Loan portfolio held for investment aged by number of months in active repayment status (months for which a scheduled monthly payment was due). Active repayment status includes loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period. Our experience shows that the percentage of loans in forbearance status generally decreases the longer the loans have been in active repayment status. At March 31, 2024, for Private Education Loans (held for investment) that have been in active repayment status for fewer than 25 months, loans in forbearance status as a percentage of all loans in repayment and forbearance were 1.9 percent.

At March 31, 2024, approximately 77 percent of our Private Education Loans (held for investment) in forbearance status have been in active repayment status fewer than 25 months.

As of March 31, 2024 (dollars in millions)	Private Education Loans Held for Investment Aged by Number of Months in Active Repayment Status					Not Yet in Repayment	Total
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48		
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,603	\$ 5,603
Loans in forbearance	235	62	36	22	33	—	388
Loans in repayment - current	4,585	3,044	2,031	1,331	3,460	—	14,451
Loans in repayment - delinquent 30-59 days	67	42	38	26	67	—	240
Loans in repayment - delinquent 60-89 days	39	23	20	14	38	—	134
Loans in repayment - 90 days or greater past due	40	24	20	15	37	—	136
Total	\$ 4,966	\$ 3,195	\$ 2,145	\$ 1,408	\$ 3,635	\$ 5,603	20,952
Deferred origination costs and unamortized premium/(discount)							81
Allowance for credit losses							(1,345)
Total Private Education Loans, net							\$ 19,688
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	1.53 %	0.40 %	0.24 %	0.14 %	0.22 %	— %	2.53 %

As of March 31, 2023 (dollars in millions)	Private Education Loans Held for Investment Aged by Number of Months in Active Repayment Status					Not Yet in Repayment	Total
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48		
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,686	\$ 5,686
Loans in forbearance	126	36	23	15	21	—	221
Loans in repayment - current	4,761	3,594	2,092	1,638	3,362	—	15,447
Loans in repayment - delinquent 30-59 days	82	55	37	28	65	—	267
Loans in repayment - delinquent 60-89 days	47	27	19	16	32	—	141
Loans in repayment - 90 days or greater past due	46	27	18	14	31	—	136
Total	\$ 5,062	\$ 3,739	\$ 2,189	\$ 1,711	\$ 3,511	\$ 5,686	21,898
Deferred origination costs and unamortized premium/(discount)							75
Allowance for credit losses							(1,475)
Total Private Education Loans, net							\$ 20,498
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	0.78 %	0.22 %	0.14 %	0.09 %	0.13 %	— %	1.36 %

Private Education Loans Held for Investment Types

The following table provides information regarding the loans in repayment balance and total loan balance by Private Education Loan held for investment product type at March 31, 2024 and December 31, 2023.

As of March 31, 2024 (dollars in thousands)	Signature and Other	Parent Loan ⁽¹⁾	Smart Option	Career Training ⁽²⁾	Graduate Loan	Total
\$ in repayment ⁽³⁾	\$ 212,277	\$ 194,149	\$ 13,265,309	\$ 1,845	\$ 1,288,112	\$ 14,961,692
\$ in total	\$ 297,549	\$ 195,013	\$ 18,623,496	\$ 1,869	\$ 1,834,419	\$ 20,952,346

As of December 31, 2023 (dollars in thousands)	Signature and Other	Parent Loan ⁽¹⁾	Smart Option	Career Training ⁽²⁾	Graduate Loan	Total
\$ in repayment ⁽³⁾	\$ 211,123	\$ 206,343	\$ 13,747,153	\$ 2,066	\$ 1,243,129	\$ 15,409,814
\$ in total	\$ 301,265	\$ 207,448	\$ 18,764,200	\$ 2,117	\$ 1,750,814	\$ 21,025,844

(1) In December 2021, we discontinued offering our Parent Loan product. Applications for those loans received before the offering termination date continued to be processed, and final disbursements under those loans occurred in February 2023.

(2) In May 2022, we discontinued offering our Career Training loan product. Applications for those loans received before the offering termination date continued to be processed, and final disbursements under those loans occurred in September 2023.

(3) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

Accrued Interest Receivable

The following table provides information regarding accrued interest receivable on our Private Education Loans held for investment. The table also discloses the amount of accrued interest on loans 90 days or greater past due as compared to our allowance for uncollectible interest. The majority of the total accrued interest receivable represents accrued interest on deferred loans where no payments are due while the borrower is in school and fixed-pay loans where the borrower makes a \$25 monthly payment that is smaller than the interest accruing on that loan in that month. The accrued interest on these loans will be capitalized to the balance of the loans when the borrower exits the grace period after separation from school, and the current expected credit losses on accrued interest that will be capitalized is included in our allowance for credit losses.

(Dollars in thousands)	Private Education Loans Accrued Interest Receivable		
	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest ⁽¹⁾⁽²⁾
March 31, 2024	\$ 1,357,987	\$ 7,216	\$ 8,247
December 31, 2023	\$ 1,354,565	\$ 8,373	\$ 9,897
March 31, 2023	\$ 1,304,726	\$ 6,638	\$ 6,523

(1) The allowance for uncollectible interest at March 31, 2024 and 2023 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (at March 31, 2024 and 2023, relates to \$141 million and \$154 million, respectively, of accrued interest receivable) that is/was not expected to be capitalized. The accrued interest receivable that is/was expected to be capitalized (\$1.2 billion and \$1.2 billion, at March 31, 2024 and 2023, respectively) is reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes \$6.7 million and \$6.3 million of accrued interest receivable on those loans that are in repayment that is/was not expected to be capitalized and \$0.5 million and \$0.4 million that is/was expected to be capitalized, at March 31, 2024 and 2023, respectively.

(2) The allowance for uncollectible interest at December 31, 2023 represents the expected losses related to the portion of accrued interest receivable on those loans in repayment (\$151 million of accrued interest receivable) that was not expected to be capitalized. The accrued interest receivable that was expected to be capitalized (\$1.2 billion) was reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes \$7.7 million of accrued interest receivable on those loans that are in repayment that is not expected to be capitalized and \$0.6 million that is expected to be capitalized.

Liquidity and Capital Resources

Funding and Liquidity Risk Management

Our primary liquidity needs include our ongoing ability to fund our businesses throughout market cycles, including during periods of financial stress, our ongoing ability to fund originations of Private Education Loans, and our ability to meet any outflows of our Bank deposits. To achieve these objectives, we analyze and monitor our liquidity needs, and maintain excess liquidity and access to diverse funding sources, such as deposits at the Bank, issuance of secured debt primarily through asset-backed securitizations, other financing facilities, and loan sales.

Interest-bearing deposits as of March 31, 2024 and December 31, 2023 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest-bearing deposits also include deposits from Educational 529 and Health Savings plans that diversify our funding sources and that we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$6.8 billion and \$7.6 billion of our deposit total as of March 31, 2024 and December 31, 2023, respectively. The omnibus accounts are structured in such a way that entitles the individual depositor pass-through deposit insurance (subject to FDIC rules and limitations), and the majority of these deposits have contractual minimum balances and maturity terms.

At March 31, 2024 and December 31, 2023, our sources of liquidity included liquid investments with unrealized losses of \$134.7 million and \$128.9 million, respectively. It is our policy to manage operations so liquidity needs are fully satisfied through normal operations to avoid unplanned loan or liquid investment sales under all but the most dire emergency conditions. Our liquidity management is governed by policies approved by our Board of Directors. Oversight of these policies is performed in the Asset and Liability Committee, a management-level committee. These policies take into account the volatility of cash flow forecasts, expected asset and liability maturities, anticipated loan demand, and a variety of other factors to establish minimum liquidity guidelines.

Key risks associated with our liquidity relate to our ability to access the capital markets and the markets for bank deposits at reasonable rates. This ability may be affected by our performance, competitive pressures, the macroeconomic environment, and the impact they have on the availability of funding sources in the marketplace. We target maintaining sufficient on-balance sheet and contingent sources of liquidity to enable us to meet all contractual and contingent obligations under various stress scenarios, including severe macroeconomic stresses as well as specific stresses that test the resiliency of our balance sheet. As the Bank has grown, we have improved our liquidity stress testing practices to align more closely with the industry, which resulted in our adopting increased liquidity requirements. Beginning in the second quarter of 2019, we began to increase our liquidity levels by increasing cash and marketable investments held as part of our ongoing efforts to enhance our ability to maintain a strong risk management position. By early 2020 and continuing through the first quarter of 2024, we held a significant liquidity buffer of cash and securities, which we expect to maintain through 2024. Due to the seasonal nature of our business, our liquidity levels will likely vary from quarter to quarter.

Sources of Liquidity and Available Capacity

Ending Balances

(Dollars in thousands)	March 31, 2024		December 31, 2023	
Sources of primary liquidity:				
Unrestricted cash and liquid investments:				
Holding Company and other non-bank subsidiaries	\$	3,265	\$	3,224
Sallie Mae Bank ⁽¹⁾		3,580,748		4,146,614
Available-for-sale investments		1,749,845		1,988,295
Total unrestricted cash and liquid investments	\$	5,333,858	\$	6,138,133

(1) This amount will be used primarily to originate Private Education Loans at the Bank.

Average Balances

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Sources of primary liquidity:		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	\$ 3,330	\$ 5,389
Sallie Mae Bank ⁽¹⁾	3,746,434	3,721,807
Available-for-sale investments	1,885,863	2,002,111
Total unrestricted cash and liquid investments	\$ 5,635,627	\$ 5,729,307

(1) This amount will be used primarily to originate Private Education Loans at the Bank.

Deposits

The following table summarizes total deposits.

(Dollars in thousands)	March 31, 2024	December 31, 2023
Deposits - interest-bearing	\$ 20,901,209	\$ 21,651,657
Deposits - non-interest-bearing	2,247	1,531
Total deposits	\$ 20,903,456	\$ 21,653,188

Our total deposits of \$20.9 billion were comprised of \$10.3 billion in brokered deposits and \$10.6 billion in retail and other deposits at March 31, 2024, compared to total deposits of \$21.7 billion, which were comprised of \$10.3 billion in brokered deposits and \$11.4 billion in retail and other deposits, at December 31, 2023.

Interest-bearing deposits as of March 31, 2024 and December 31, 2023 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest-bearing deposits also include deposits from Educational 529 and Health Savings plans that diversify our funding sources and that we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$6.8 billion and \$7.6 billion of our deposit total as of March 31, 2024 and December 31, 2023, respectively. The omnibus accounts are structured in such a way that entitles the individual depositor pass-through deposit insurance (subject to FDIC rules and limitations), and the majority of these deposits have contractual minimum balances and maturity terms.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of \$3 million and \$3 million in the three months ended March 31, 2024 and 2023, respectively. There were no fees paid to third-party brokers related to brokered CDs for the three months ended March 31, 2024 and \$3 million in fees were paid for the three months ended March 31, 2023.

Interest bearing deposits at March 31, 2024 and December 31, 2023 are summarized as follows:

(Dollars in thousands)	March 31, 2024		December 31, 2023	
	Amount	Qtr.-End Weighted Average Stated Rate ⁽¹⁾	Amount	Year-End Weighted Average Stated Rate ⁽¹⁾
Money market	\$ 9,448,177	4.61 %	\$ 10,258,292	4.85 %
Savings	969,452	4.34	945,000	4.35
Certificates of deposit	10,483,580	3.81	10,448,365	3.69
Deposits - interest bearing	\$ 20,901,209		\$ 21,651,657	

⁽¹⁾ Includes the effect of interest rate swaps in effective hedge relationships.

As of March 31, 2024 and December 31, 2023, there were \$492 million and \$478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was \$67 million and \$91 million at March 31, 2024 and December 31, 2023, respectively.

Counterparty Exposure

Counterparty exposure related to financial instruments arises from the risk that a lending, investment, or derivative counterparty will not be able to meet its obligations to us.

Excess cash is generally invested with the FRB on an overnight basis or in the FRB's Term Deposit Facility, minimizing counterparty exposure on cash balances.

Our investment portfolio is primarily comprised of a small portfolio of mortgage-backed securities issued by government agencies and government-sponsored enterprises that are purchased to meet CRA targets. Additionally, our investing activity is governed by Board-approved limits on the amount that is allowed to be invested with any one issuer based on the credit rating of the issuer, further minimizing our counterparty exposure. Counterparty credit risk is considered when valuing investments and considering impairment.

Related to derivative transactions, protection against counterparty risk is generally provided by International Swaps and Derivatives Association, Inc. Credit Support Annexes ("CSAs"), or clearinghouses for over-the-counter derivatives. CSAs require a counterparty to post collateral if a potential default would expose the other party to a loss. All derivative contracts entered into by the Bank are covered under CSAs or clearinghouse agreements and require collateral to be exchanged based on the net fair value of derivatives with each counterparty. Our exposure to the counterparty is limited to the value of the derivative contracts in a gain position, less any collateral held by us and plus collateral posted with the counterparty.

Title VII of the Dodd-Frank Act requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the CME and the LCH. All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2024, \$1.5 billion notional of our derivative contracts were cleared on the CME and \$0.1 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 92.2 percent and 7.8 percent, respectively, of our total notional derivative contracts of \$1.6 billion at March 31, 2024.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2024 was \$(39) million and \$(3) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure to the counterparty is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2024 and December 31, 2023, we had a net positive exposure (derivative gain/loss positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of \$8 million and \$9 million, respectively.

We have liquidity exposure related to collateral movements between us and our derivative counterparties. Movements in the value of the derivatives, which are primarily affected by changes in interest rates, may require us to return cash collateral held or may require us to access primary liquidity to post collateral to counterparties.

The table below highlights exposure related to our derivative counterparties as of March 31, 2024.

As of March 31, 2024 (dollars in thousands)	SLM Corporation and Sallie Mae Bank Contracts	
Total exposure, net of collateral	\$	7,664
Exposure to counterparties with credit ratings, net of collateral	\$	7,664
Percent of exposure to counterparties with credit ratings below S&P AA- or Moody's Aa3		— %
Percent of exposure to counterparties with credit ratings below S&P A- or Moody's A3		— %

Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by federal and state banking authorities. 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 our business, results of operations, and financial condition. Under U.S. Basel III and the regulatory framework for prompt corrective action, the Bank must meet specific capital standards that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and its classification under the prompt corrective action framework are also subject to qualitative judgments by the regulators about components of capital, risk weightings, and other factors.

Capital Management

The Bank intends to maintain at all times regulatory capital levels that meet both the minimum levels required under U.S. Basel III (including applicable buffers) and the levels necessary to be considered "well capitalized" under the FDIC's prompt corrective action framework, in order to support asset growth and operating needs, address unexpected credit risks, and protect the interests of depositors and the Deposit Insurance Fund administered by the FDIC. The Bank's Capital Policy requires management to monitor these capital standards and the Bank's compliance with them. The Board of Directors and management periodically evaluate the quality of assets, the stability of earnings, and the adequacy of the allowance for credit losses for the Bank. The Company is a source of strength for the Bank and will provide additional capital if necessary.

We believe that current and projected capital levels are appropriate for 2024. As of March 31, 2024, the Bank's risk-based and leverage capital ratios exceed the required minimum ratios and the applicable buffers under the fully phased-in U.S. Basel III standards as well as the "well capitalized" standards under the prompt corrective action framework.

Under U.S. Basel III, the Bank is required to maintain the following minimum regulatory capital ratios: a Common Equity Tier 1 risk-based capital ratio of 4.5 percent, a Tier 1 risk-based capital ratio of 6.0 percent, a Total risk-based capital ratio of 8.0 percent, and a Tier 1 leverage ratio of 4.0 percent. In addition, the Bank is subject to a Common Equity Tier 1 capital conservation buffer of greater than 2.5 percent. Failure to maintain the buffer will result in restrictions on the Bank's ability to make capital distributions, including the payment of dividends, and to pay discretionary bonuses to executive officers. Including the buffer, the Bank is required to maintain the following capital ratios under U.S. Basel III in order to avoid such restrictions: a Common Equity Tier 1 risk-based capital ratio of greater than 7.0 percent, a Tier 1 risk-based capital ratio of greater than 8.5 percent, and a Total risk-based capital ratio of greater than 10.5 percent.

To qualify as "well capitalized" under the prompt corrective action framework for insured depository institutions, the Bank must maintain a Common Equity Tier 1 risk-based capital ratio of at least 6.5 percent, a Tier 1 risk-based capital ratio of at least 8.0 percent, a Total risk-based capital ratio of at least 10.0 percent, and a Tier 1 leverage ratio of at least 5.0 percent.

In July 2023, the federal banking agencies proposed a rule to implement significant changes to the U.S. Basel III regulatory capital requirements. The proposed changes to the regulatory capital requirements generally would amend or introduce approaches and methodologies that would apply to banking organizations with total consolidated assets of \$100 billion or more or to banking organizations with significant trading activity. The proposed rule therefore would not affect the Bank's capital requirements or the calculation of its capital ratios.

Under regulations issued by the FDIC and other federal banking agencies, banking organizations that adopted CECL during the 2020 calendar year, including the Bank, could elect to delay for two years, and then phase in over the following three years, the effects on regulatory capital of CECL relative to the incurred loss methodology. The Bank elected to use this option. Therefore, the regulatory capital impact of the Bank's transition adjustments recorded on January 1, 2020 from the adoption of CECL, and 25 percent of the ongoing impact of CECL on the Bank's allowance for credit losses, retained earnings, and average total consolidated assets, each as reported for regulatory capital purposes (collectively, the "adjusted transition amounts"), were deferred for the two-year period ending January 1, 2022. On each of January 1, 2022, 2023, and 2024, 25 percent of the adjusted transition amounts were phased in for regulatory capital purposes. On January 1, 2025, the remaining 25 percent of the adjusted transition amounts will be phased in for regulatory capital purposes, with the phased in amounts included in regulatory capital at the beginning of the year. The Bank's January 1, 2020 CECL transition amounts increased our allowance for credit losses by \$1.1 billion, increased the liability representing our off-balance sheet exposure for unfunded commitments by \$116 million, and increased our deferred tax asset by \$306 million, resulting in a cumulative effect adjustment that reduced retained earnings by \$953 million. This transition adjustment was inclusive of qualitative adjustments incorporated into our CECL allowance as necessary, to address any limitations in the models used.

At March 31, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

	Adjusted Transition Amounts	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Three Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
(Dollars in thousands)	December 31, 2021	December 31, 2022	December 31, 2023	March 31, 2024	March 31, 2024
Retained earnings	\$ 836,351	\$ (209,088)	\$ (209,088)	\$ (209,088)	\$ 209,087
Allowance for credit losses	1,038,145	(259,536)	(259,536)	(259,536)	259,537
Liability for unfunded commitments	104,377	(26,094)	(26,094)	(26,095)	26,094
Deferred tax asset	306,171	(76,542)	(76,542)	(76,543)	76,544

The Bank's required and actual regulatory capital amounts and ratios, including applicable capital conservation buffers, under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At March 31, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$115 million and \$115 million, net of tax of \$37 million and \$37 million, respectively. The capital ratios would remain above the well capitalized thresholds, including applicable capital conservation buffers, if the unrealized loss became fully recognized into capital.

(Dollars in thousands)	Actual		U.S. Basel III Minimum Requirements Plus Buffer ⁽¹⁾⁽²⁾	
	Amount	Ratio	Amount	Ratio
As of March 31, 2024⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,977,353	12.3 %	\$ 1,700,543 ≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,977,353	12.3 %	\$ 2,064,945 ≥	8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,290,809	13.5 %	\$ 2,550,814 ≥	10.5 %
Tier 1 Capital (to Average Assets)	\$ 2,977,353	10.2 %	\$ 1,170,715 ≥	4.0 %
As of December 31, 2023⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,019,973	12.3 %	\$ 1,719,621 ≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,019,973	12.3 %	\$ 2,088,111 ≥	8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,334,140	13.6 %	\$ 2,579,432 ≥	10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,019,973	10.2 %	\$ 1,184,213 ≥	4.0 %

⁽¹⁾ Reflects the U.S. Basel III minimum required ratio plus the applicable capital conservation buffer.

⁽²⁾ The Bank's regulatory capital ratios also exceeded all applicable standards for the Bank to qualify as "well capitalized" under the prompt corrective action framework.

⁽³⁾ For March 31, 2024 and December 31, 2023, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2024 and 2023.

Dividends

The Bank is chartered under the laws of the State of Utah and its deposits are insured by the FDIC. The Bank's ability to pay dividends is subject to the laws of Utah and the regulations of the FDIC. Generally, under Utah's industrial bank laws and regulations as well as FDIC regulations, the Bank may pay dividends from its net profits without regulatory approval if, following the payment of the dividend, the Bank's capital and surplus would not be impaired. The Bank declared \$160 million in dividends and no dividends to the Company for the three months ended March 31, 2024, and 2023, respectively, with the proceeds primarily used to fund share repurchase programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term ABS program and our Secured Borrowing Facility. The issuing entities for those secured borrowings are VIEs and are consolidated for accounting purposes. The following table summarizes our borrowings at March 31, 2024 and December 31, 2023, respectively. For additional information, see Notes to Consolidated Financial Statements, Note 8, "Borrowings" in this Form 10-Q.

(Dollars in thousands)	March 31, 2024			December 31, 2023		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	\$ —	\$ 993,005	\$ 993,005	\$ —	\$ 992,200	\$ 992,200
Total unsecured borrowings	—	993,005	993,005	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,390,494	3,390,494	—	3,585,254	3,585,254
Variable-rate	—	593,383	593,383	—	650,058	650,058
Total Private Education Loan term securitizations	—	3,983,877	3,983,877	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	3,983,877	3,983,877	—	4,235,312	4,235,312
Total	\$ —	\$ 4,976,882	\$ 4,976,882	\$ —	\$ 5,227,512	\$ 5,227,512

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks which totaled \$125 million at March 31, 2024. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2024 nor in the year ended December 31, 2023.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Window. The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled \$1.4 billion and \$1.6 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2024 nor in the year ended December 31, 2023.

Contractual Loan Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2024, we had \$673 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2023/2024 academic year. At March 31, 2024, we had a \$32 million reserve recorded in "Other Liabilities" to cover expected losses that may occur during the one-year loss emergence period on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses — Off-Balance Sheet Exposure for Contractual Loan Commitments" in our 2023 Form 10-K and Note 5, "Unfunded Loan Commitments" in this Form 10-Q for additional information.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses our consolidated financial statements, which have been prepared in accordance with GAAP. In preparing our consolidated financial statements, we have identified certain accounting estimates and assumptions that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties.

The critical accounting estimates we have identified relate to the allowance for credit losses. These estimates reflect our best judgment about current and, for some estimates, including management overlays, future economic and market conditions. These estimates are based on information available as of the date of these financial statements. If conditions change from those expected, it is reasonably possible that these judgments and estimates could change, which may result in a change in the allowance for credit losses or material changes to our consolidated financial statements. A discussion of our critical accounting policies can be found in our 2023 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity Analysis

Our interest rate risk management program seeks to manage and control interest rate risk, thereby reducing our exposure to fluctuations in interest rates, and achieving consistent and acceptable levels of profit in any rate environment and sustainable growth in net interest income over the long term. We evaluate and monitor interest rate risk through two primary methods:

- Earnings at Risk (“EAR”), which measures the impact of hypothetical changes in interest rates on net interest income; and
- Economic Value of Equity (“EVE”), which measures the sensitivity or change in the economic value of equity to changes in interest rates.

A number of potential interest rate scenarios are simulated using our asset liability management system. The Bank is the primary source of interest rate risk within the Company. At March 31, 2024, a significant portion of the Bank’s earning assets and a large balance of deposits were indexed to 30-day average SOFR. Therefore, 30-day average SOFR is considered a core rate in our interest rate risk analysis. The 30-day average SOFR and other rates are shocked in parallel for shock scenarios unless otherwise indicated. Rates are adjusted up or down via a set of scenarios that includes both rate shocks and ramps. Rate shocks represent an immediate and sustained change in key rates, with the resulting changes in other indices correlated accordingly. Interest rate ramps represent a linear increase in those key rates over the course of 12 months, with the resulting changes in other indices correlated accordingly.

The following table summarizes the potential effect on earnings over the next 24 months and the potential effect on market values of balance sheet assets and liabilities at March 31, 2024 and 2023, based upon a sensitivity analysis performed by management assuming hypothetical increases in market interest rates of 100 and 300 basis points and a decrease of 100 and 300 basis points while credit and funding spreads remain constant. EAR analysis assumes a static balance sheet, with maturities of each product replaced with assumed issuance of new products of the same type. The EVE sensitivity is applied only to financial assets and liabilities, including hedging instruments, that existed at the balance sheet date, and does not reflect any impact of loan sales, new assets, liabilities, commitments, or hedging instruments that may arise in the future.

The EAR results for March 31, 2024 indicate a market risk profile of low sensitivity to rate changes, based on static balance sheet assumptions over the next two years. The EVE metrics demonstrate higher sensitivity than historic results, including results from one year ago. This is due to an increase in the mix of fixed-rate versus variable-rate loan disbursements, which results in our liabilities repricing more quickly than our assets over time. Planned loan sales, which are not included in the static EVE modeling, significantly reduce this exposure. Management is evaluating this trend to determine if further actions are necessary to manage EVE sensitivity.

As of March 31,	2024				2023			
	+300 Basis Points	+100 Basis Points	-100 Basis Points	-300 Basis Points	+300 Basis Points	+100 Basis Points	-100 Basis Points	-300 Basis Points
EAR - Shock	-4.6%	-1.5%	+1.1%	+3.4%	-0.1%	-0.1%	0.0%	-0.2%
EAR - Ramp	-3.3%	-1.1%	+0.9%	+2.5%	+0.7%	+0.2%	-0.3%	-0.9%
EVE	-25.0%	-8.6%	+8.4%	+25.7%	-12.7%	-4.7%	+5.1%	+15.1%

In the preceding tables, the interest rate sensitivity analysis reflects the balance sheet mix of fixed-rate loans and funding as well as fully variable SOFR-based loans, and fully variable funding, including brokered CDs that have been converted to SOFR through derivative transactions. The analysis assumes that retail MMDAs and retail savings balances, while relatively sensitive to interest rate changes, will not correlate 100 percent to the full interest rate shocks or ramps.

Also considered is the impact of FFELP Loans, which receive floor income in low interest rate environments, and will therefore not reprice fully with interest rate shocks.

Although we believe that these measurements provide an estimate of our interest rate sensitivity, they do not account for potential changes in credit quality, balance sheet mix, and size of our balance sheet. They also do not account for other business developments that could affect net income, or for management actions that could affect net income or could be taken to change our risk profile. Accordingly, we can give no assurance that actual results would not differ materially from the estimated outcomes of our simulations. Further, such simulations do not represent our current view of expected future interest rate movements.

Asset and Liability Funding Gap

The table below presents our assets and liabilities (funding) arranged by underlying indices as of March 31, 2024. In the following GAAP presentation, the funding gap only includes derivatives that qualify as effective hedges (those derivatives which are reflected in net interest income, as opposed to those reflected in the “gains (losses) on derivatives and hedging activities, net” line on the consolidated statements of income). The difference between the asset and the funding is the funding gap for the specified index. This represents, at a high level, our exposure to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices may reset at different frequencies or may not move in the same direction or at the same magnitude. (Note that all fixed-rate assets and liabilities are aggregated into one line item, which does not capture the differences in time due to maturity.)

As of March 31, 2024 (dollars in millions) Index	Frequency of Variable Resets	Assets	Funding ⁽¹⁾	Funding Gap
Fed Funds Effective Rate	daily/weekly/monthly	\$ —	\$ 543.3	\$ (543.3)
SOFR Rate	daily/weekly/monthly	6,770.8	3,905.2	2,865.6
3-month SOFR	quarterly	—	251.1	(251.1)
3-month Treasury bill	weekly	82.4	—	82.4
Prime	monthly	0.4	—	0.4
Non-Discrete reset ⁽²⁾	daily/weekly	3,790.0	3,767.3	22.7
Fixed-Rate ⁽³⁾		17,633.7	19,810.4	(2,176.7)
Total		\$ 28,277.3	\$ 28,277.3	\$ —

⁽¹⁾ Funding (by index) includes the impact of all derivatives that qualify as effective hedges.

⁽²⁾ Assets include restricted and unrestricted cash equivalents and other overnight type instruments. Funding includes liquid retail deposits and the obligation to return cash collateral held related to derivatives exposures.

⁽³⁾ Assets include receivables and other assets (including premiums and reserves). Funding includes unswapped time deposits, liquid MMDAs swapped to fixed-rates, and stockholders' equity.

The “Funding Gap” in the above table shows primarily mismatches in the Fed Funds Effective Rate, SOFR rate, 3-month SOFR, and fixed-rate categories. Changes in the Fed Funds Effective Rate and the daily, weekly, and monthly SOFR, and 3-month SOFR categories are generally quite highly correlated and the rates would be expected to offset each other relatively effectively. The funding in the fixed-rate bucket includes \$1.9 billion of equity and \$0.3 billion of non-interest bearing liabilities. We consider the overall repricing risk to be moderate, which is supported by other analyses of interest rate sensitivity.

We use interest rate swaps and other derivatives to achieve our risk management objectives. Our asset liability management strategy is to match assets with debt (in combination with derivatives) that have the same underlying index and reset frequency or have interest rate characteristics that we believe are highly correlated. The use of funding with index types and reset frequencies that are different from our assets exposes us to interest rate risk in the form of basis and repricing risk. This could result in our cost of funds not moving in the same direction or with the same magnitude as the yield on our assets. While we believe this risk is low, as all of these indices are short-term with rate movements that are highly correlated over a long period of time, market disruptions (which have occurred in recent years) can lead to a temporary divergence between indices, resulting in a negative impact to our earnings.

Weighted Average Life

The following table reflects the weighted average lives of our earning assets and liabilities at March 31, 2024.

As of March 31, 2024 (averages in years)	Weighted Average Life
Earning assets	
Education loans	5.36
Cash and investments	1.51
Total earning assets	4.50
Deposits	
Short-term deposits	0.75
Long-term deposits	1.90
Total deposits	0.99
Borrowings	
Long-term borrowings	3.28
Total borrowings	3.28

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of March 31, 2024. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and our subsidiaries and affiliates are subject to various claims, lawsuits, and other actions that arise in the normal course of business. It is common for the Company, our subsidiaries, and affiliates to receive information and document requests and investigative demands from state attorneys general, legislative committees, and administrative agencies. These requests may be for informational or regulatory purposes and may relate to our business practices, the industries in which we operate, or other companies with whom we conduct business. Our practice has been and continues to be to cooperate with these bodies and be responsive to any such requests.

For additional information regarding our legal proceedings, see Part I, Item 3. "Legal Proceedings" in our 2023 Form 10-K.

Item 1A. Risk Factors

Our business activities involve a variety of risks. Readers should carefully consider the risk factors disclosed in Part I, Item 1A. "Risk Factors" of our 2023 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchases

The following table provides information relating to our purchase of shares of our common stock in the three months ended March 31, 2024.

(In thousands, except per share data)	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾⁽³⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs ⁽²⁾
Period:				
January 1 - January 31, 2024	3	\$ 18.54	—	\$ 650,000
February 1 - February 29, 2024	1,379	\$ 19.80	721	\$ 636,000
March 1 - March 31, 2024	612	\$ 21.05	590	\$ 623,000
Total first-quarter 2024	1,994	\$ 20.18	1,311	

⁽¹⁾ The total number of shares purchased includes the shares of our common stock tendered to us to satisfy the exercise price in connection with cashless exercises of stock options, and tax withholding obligations in connection with exercises of stock options and vesting of restricted stock, restricted stock units, and performance stock units.

⁽²⁾ As of March 31, 2024, we had \$623 million remaining under the 2024 Share Repurchase Program. The 2024 Share Repurchase Program was announced on January 24, 2024, with an effective date of January 26, 2024, and expires on February 6, 2026. See Note 10, "Stockholders' Equity" to our consolidated financial statements in this Form 10-Q for further discussion.

⁽³⁾ In the first quarter of 2024, we repurchased 1.3 million shares under a 10b5-1 trading plan. See Note 10, "Stockholders' Equity" to our consolidated financial statements in this Form 10-Q for further discussion.

The closing price of our common stock on the NASDAQ Global Select Market on March 28, 2024 was \$21.79.

Item 3. Defaults Upon Senior Securities

Nothing to report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

The following individuals each adopted a “Rule 10b5-1 trading arrangement” (as that term is defined in Item 408 of Regulation S-K) during the first quarter of fiscal year 2024:

Name and Title	Character of Trading Arrangement ⁽¹⁾	Date Adopted	Duration ⁽²⁾	Aggregate Number of Shares of Common Stock to be Sold Pursuant to Trading Arrangement
Nicolas Jafarieh, EVP & Chief Legal, Government Affairs and Communications Officer	Rule 10b5-1 Trading Arrangement	February 13, 2024	May 15, 2024 to June 14, 2024	9,951
Robert Strong, Director	Rule 10b5-1 Trading Arrangement	March 4, 2024	June 3, 2024 to December 31, 2024	31,500

⁽¹⁾ Each trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the “Rule”).

⁽²⁾ Each trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table. Each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

- 10.1 [Form of SLM Corporation 2021 Omnibus Incentive Plan, 2024 Restricted Stock Unit Term Sheet.](#)
- 10.2 [Form of SLM Corporation 2021 Omnibus Incentive Plan, 2024 Performance Stock Unit Term Sheet.](#)
- 31.1 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS 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 XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SLM CORPORATION
(Registrant)

By: /s/ PETER M. GRAHAM

Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: April 24, 2024

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SLM Corporation 2021 Omnibus Incentive Plan
2024 Restricted Stock Unit Term Sheet

This Restricted Stock Unit Term Sheet (this “Agreement”) further describes the terms of the RSUs granted to Grantee on February 16, 2024 (the “Grant Date”) pursuant to the Restricted Stock Unit Grant Notice. The Restricted Stock Unit Grant Notice and the SLM Corporation 2021 Omnibus Incentive Plan (the “Plan”) are incorporated herein in their entirety.

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of common stock, in one-third increments on each of the first, second, and third anniversary of the Grant Date.
2. Employment Termination; Death; Disability. Except as provided below, if the Grantee voluntarily ceases to be an employee of SLM Corporation (the “Corporation”) (or one of its subsidiaries) for any reason (except as explicitly set forth below) or experiences a Termination of Employment For Cause (as defined below), he or she shall forfeit, for no consideration, any portion of the Award that has not vested as of the date of such termination of employment.

If not previously vested, the Award will continue to vest, and will be converted into shares of common stock, on the original vesting terms and vesting dates set forth above in the event that (i) the Grantee’s employment is terminated by the Corporation for any reason other than due to a Termination of Employment For Cause; (ii) the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) and meets the Corporation’s retirement eligibility requirements under the Corporation’s then-current retirement eligibility policy, which shall be determined by the Corporation in its sole discretion; or (iii) the Grantee (x) is an “Eligible Officer” eligible to participate in the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers (the “Executive Severance Plan”) and (y) terminates his or her employment under such circumstances that give rise to a Termination of Employment For Good Reason.

If not previously vested, the Award will vest, and will be converted into shares of common stock, upon death or Disability (provided that such Disability qualifies as a “disability” within the meaning of Treasury Regulation Section 1.409A-3(i)(4)).

The unvested portion of the Award shall be forfeited, upon a Termination of Employment For Cause, for no consideration.

Notwithstanding anything stated herein, in the Plan or in the SLM Corporation Change in Control Severance Plan for Senior Officers, the Award shall not be subject to the terms set forth in the SLM Corporation Change in Control Severance Plan for Senior Officers.

“Termination of Employment For Cause” means a termination of a Grantee’s employment by the Corporation or any of its subsidiaries because (i) there has been a

willful and continuing failure of the Grantee to perform substantially his or her duties and responsibilities (other than as a result of Grantee's death or Disability) and, if such willful and continuing failure may be cured by the Grantee, that such failure has not been cured within ten (10) business days after written notice of such was given to the Grantee, or (ii) the Grantee has committed an act of Misconduct.

"Misconduct" means (a) commission of an act of embezzlement, fraud, dishonesty, misappropriation, nonpayment of any obligation owed to the Corporation or any of its subsidiaries, breach of fiduciary duty or deliberate disregard of the Corporation's rules, including, but not limited to, the SLM Corporation Code of Business Conduct; (b) intentional wrongdoing, gross negligence or willful misconduct in the performance of the Grantee's duties or otherwise in respect of the Corporation or any of its subsidiaries; (c) commission of, conviction of, plea of guilty to or plea of nolo contendere to (i) a felony crime or (ii) any other criminal offense involving moral turpitude, fraud or dishonesty; (d) an unauthorized disclosure of any confidential information or trade secrets; or (e) engaging in any conduct that would constitute unfair competition against the Corporation or any of its subsidiaries, or a violation of any restrictive covenant to which the Grantee is subject (including, but not limited to, those restrictive covenants set forth in this Agreement or the Grantee's New Hire Attestations).

"Termination of Employment For Good Reason" means a termination of a Grantee's employment by the Grantee due to: (a) a material reduction in the position or responsibilities of the Grantee not including a change in title only; (b) a material reduction in the Grantee's Base Salary (as defined in the Executive Severance Plan) or a material reduction in the Grantee's compensation arrangements or benefits (provided that variability in the value of stock-based compensation or in the compensation provided under the SLM Corporation 2021 Omnibus Incentive Plan or a successor plan will not be deemed to cause a material reduction in compensation); or (c) a relocation of the Grantee's primary work location to a distance of greater than seventy-five (75) miles from his or her primary work location as of the date of this Agreement, unless such relocation results in the Grantee's primary work location being closer to his or her then-primary residence or does not substantially increase the average commuting time of such Grantee; provided that a "Termination of Employment For Good Reason" shall not include any requirement by the Corporation or any of its subsidiaries that the Grantee work at his or her assigned office location following the suspension, modification or termination of any applicable remote or hybrid work arrangement granted to the Grantee by the Corporation or any of its subsidiaries. If a Grantee continues his or her employment with the Corporation or any of its subsidiaries for more than ninety (90) days after the occurrence of an event described above that constitutes a Termination of Employment For Good Reason, then the Grantee shall be deemed to have given his or her consent to such event and the Grantee shall not be eligible for continued vesting under this Agreement as a result of that event and shall be deemed to have waived all rights in regard to such event.

3. Change in Control. Notwithstanding anything to the contrary in this Agreement:

a. In the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in

Control, then any portion of the Award that is not vested shall become 100 percent vested; provided, however, the conversion of the accelerated portion of the RSUs into shares of common stock (i.e., the settlement of the Award) will nevertheless be made at the same time or times as if such RSUs had vested in accordance with the vesting schedule set forth in Section 1 or, if earlier, upon the termination of Grantee's employment for reasons other than due to a Termination of Employment For Cause.

b. If the Grantee's employment terminates within twenty-four (24) months following a Change in Control for any reason other than (i) due to a Termination of Employment For Cause or (ii) by Grantee's voluntary termination of employment that is not a Termination of Employment for Good Reason, as defined in the SLM Corporation Change in Control Severance Plan for Senior Officers (if applicable to the Grantee), any portion of the Award not previously vested shall immediately become vested, and shall be converted into shares of common stock, upon such employment termination.

4. Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's common stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Compensation Committee (the "Committee") hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). Dividends declared on an unvested Award will not be paid in cash currently except in the case of fractional shares as set forth below. Instead, an account established on behalf of the Grantee will be credited with an amount equal to such dividends, which amount shall be reinvested in additional shares of the Corporation's common stock ("Dividend Equivalent"). The value of the Dividend Equivalents will be calculated in the same manner as dividends paid to holders of common stock. Such Dividend Equivalents will be subject to the same vesting schedule to which the Award is subject. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest and will be converted into shares of the Corporation's common stock (provided that any fractional share amount shall be paid in cash).
5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all RSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the RSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated RSUs will not be settled by virtue of such acceleration until and unless the Grantee has a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of the RSUs to be provided in connection with the Grantee's separation from service do not

qualify for any reason to be exempt from Section 409A, (y) the Grantee is, at the time of such separation from service, a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and (z) the settlement of such RSUs would result in the imposition of additional tax under Section 409A if such settlement occurs on or within the six (6) month period following the Grantee’s separation from service, then, to the extent necessary to avoid the imposition of such additional taxation, the settlement of any such RSUs during such six (6) month period will accrue and will not be settled until the date six (6) months and one (1) day following the date of the Grantee’s separation from service and on such date (or, if earlier, the date of the Grantee’s death), such RSUs will be settled.

6. Clawback Provision. If the SLM Corporation Board of Directors (the “Board”), or an appropriate committee thereof, determines that (a) any material misstatement of financial results or a performance metric criteria has occurred as a result of the Grantee’s conduct; (b) the Grantee has committed a material violation of corporate policy or has committed fraud or Misconduct; or (c) the Grantee has violated any of the restrictive covenants set forth in Sections 7 through 9, then the Board or such committee may, in its sole discretion, require reimbursement of any compensation resulting from the vesting of RSUs and the cancellation of any outstanding RSUs from the Grantee (whether or not such individual is currently employed by the Corporation) during the three (3) year period following the date on which the conduct resulting in the material misstatement occurred, or the date such violation, fraud or Misconduct occurred, as determined by the Board or the applicable committee. The Board or such committee shall consider all factors, with particular scrutiny when one of the Senior Vice Presidents or above are involved, in determining whether and to what extent such involvement described herein occurred and the amount of such reimbursement. Notwithstanding anything to the contrary herein, this provision shall be subject to adjustment and amendment to conform with any current or subsequently adopted policy or amendment relating to the clawback of compensation as may be adopted by the Board or an appropriate committee thereof.
7. Confidentiality. The Grantee recognizes that his or her work as an employee of the Corporation brought or may have brought him or her into close contact with confidential information of the Corporation not publicly known. This may include, but is not limited to, know-how, technical data, methods, processes, formulations, techniques, developments, inventions, research projects, new products, plans for future developments, responses to “Requests for Proposals,” “Letters of Understanding,” bid information for government contracts, negotiations for new business ventures or strategic alliances, litigation and potential litigation matters, computer code and/or design of proprietary loan systems, personnel records and salary information, information about costs, profits, markets, sales, and lists of customers, potential customers and/or employees. This list is merely illustrative and confidential information is not limited to the illustrations.

The Grantee expressly acknowledges and agrees that the Corporation’s confidential information is proprietary and confidential and that, if any of the confidential information was imparted or became known by any persons, including the Grantee, engaging in a business in any way competitive with the Corporation, such disclosure would result in hardship, loss, irreparable injury and damage to the Corporation, the measurement of

which would be difficult, if not impossible, to determine. The Grantee further expressly agrees that the Corporation has a legitimate interest in protecting the confidential information and its business goodwill, and that it is necessary for the Corporation to protect its business from such hardship, loss, irreparable injury and damage. The Grantee further acknowledges that the preservation and protection of the confidential information is an essential part of his or her duties of employment and that, as a result of the Grantee's employment with the Corporation, he or she has a duty of fidelity, loyalty, and trust to the Corporation in handling the confidential information.

The Grantee agrees to keep secret all such confidential information and trade secrets of the Corporation and agrees not to, directly or indirectly, other than as necessary in the Corporation's business and in the scope of his or her employment, disclose or use any such confidential information at any time (including any time following the date the Grantee experiences a termination of employment for any reason (the "**Termination Date**")) except as (1) required or permitted by statute, regulation or court order; or (2) pursuant to written consent given by the Corporation's General Counsel. In addition, the Grantee recognizes that he or she may have been exposed, by reason of his or her employment, to certain information, which is confidential or proprietary to third parties. The Grantee agrees that he or she will not disclose or use at any time, without the prior written consent of such third party and the Corporation, any such confidential or proprietary information. The Grantee agrees that all written and computer-stored materials (including correspondence, memoranda, manuals, notes, and notebooks) which were in his or her possession from time to time (whether or not written or prepared by me) embodying confidential information should be and remain the Corporation's sole property and he or she will use all reasonable precautions to assure that all such written and computer-stored materials are properly protected and kept from unauthorized persons. The Grantee further agrees to deliver same, including all copies, promptly to the Corporation upon termination of his or her employment, or at any time it may request. In the event that the Grantee is unsure whether certain material or information is confidential, he or she agrees to consult the Corporation's Legal Department for resolution and agrees to be bound by the Legal Department's decision.

Notwithstanding the foregoing, nothing in this Agreement or otherwise limits the Grantee's ability to communicate directly with, and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to, the Securities and Exchange Commission (the "**SEC**"), or any other federal, state or local governmental agency or commission or self-regulatory organization (each such agency, commission or organization, a "**Government Agency**") regarding possible legal violations, without disclosure to the Corporation. The Corporation may not retaliate against the Grantee for any of these activities, and nothing in this Agreement requires the Grantee to waive any monetary award or other relief that the Grantee might become entitled to from the SEC or any other Government Agency.

Pursuant to the Defend Trade Secrets Act of 2016, the Corporation and the Grantee acknowledge and agree that the Grantee shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected

violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if the Grantee files a lawsuit for retaliation by the Corporation for reporting a suspected violation of law, the Grantee may disclose the trade secret to his or her attorney and may use the trade secret information in the court proceeding, if the Grantee (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

8. Non-solicitation. The Grantee agrees that, during the two (2) year period following the Termination Date, the Grantee shall not solicit or encourage any employee, consultant or other individual independent contractor with whom he or she communicated within the last year of his or her employment to leave the employ or engagement of the Corporation, or hire any such employees. Further, during this two (2) year period following the Termination Date, the Grantee shall not, directly or indirectly, contact or accept business that the Corporation could otherwise perform from any of the Corporation's customers or prospective customers with whom the Grantee communicated within the last two (2) years of his or her employment.
9. The Grantee expressly agrees that the markets served by the Corporation extend nationally and are not dependent on the geographic location of the personnel or the businesses by which they are employed and that the restrictions set forth in Sections 7 through 9 have been designed to be reasonable and are no greater than are required for the protection of the Corporation and do not prevent the Grantee from earning a livelihood by working in positions that do not compete with the Corporation. In the event that a court shall determine that any provision of the Agreement is unenforceable, the parties shall request that the court construe this Agreement in such a fashion as to render it enforceable and to revise time and geographic limits to those minimum limits that the court believes are reasonable to protect the interests of the Corporation. The Grantee further acknowledges that his or her employment at the Corporation is employment at-will and this Agreement does not alter this at-will relationship. The Grantee acknowledges and agrees that these covenants have unique, substantial and immeasurable value to the Corporation, that the Grantee has sufficient skills to provide a livelihood for him or her while these covenants remains in force, and that these covenants will not interfere with his or her ability to work consistent with his or her experience, training, and education. To enable the Corporation to monitor compliance with the obligations imposed by this Agreement, the Grantee further agrees to inform in writing a senior officer in Human Resources with a title of "Vice President" or above of the identity of the Grantee's subsequent employer(s) and his or her prospective job title and responsibilities prior to beginning employment. The Grantee agrees that this notice requirement shall remain in effect for twelve (12) months following the Termination Date.
10. The restrictive covenants set forth in Sections 7 through 9 do not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order.

11. The illegality, unenforceability, or ineffectiveness of any provision of Sections 7 through 10 shall not affect the legality, enforceability, or effectiveness of any other provision of this Agreement. Notwithstanding the confidentiality provisions identified in Section 7 of this Agreement, the Grantee may disclose the restrictive covenants in this Agreement to prospective employers and agrees that the Corporation may provide a copy of this Agreement to his or her prospective or future employers.
12. Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation's common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation's common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.
13. Data Privacy. As an essential term of the Award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. By accepting the Award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title, any shares of stock held in the Corporation, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding, for the purpose of implementing, administering and managing the Plan ("Data"). The Grantee acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in jurisdictions that may have different data privacy laws and protections, and the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee or the Corporation may elect to deposit any shares of the Corporation's common stock. The Grantee acknowledges that Data may be held to implement, administer and manage the Grantee's participation in the Plan as determined by the Corporation, and that the Grantee may request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, provided, however, that refusing or withdrawing the Grantee's consent may adversely affect the Grantee's ability to participate in the Plan.
14. Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and

such consent shall remain in effect throughout the Grantee's term of service with the Corporation (or its subsidiaries) and thereafter until withdrawn in writing by the Grantee.

15. Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.
16. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.
17. Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.
18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.
19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, or, if mailed or emailed, when received by, the other party at the following addresses:

If to the Corporation to:

Human Resources Department
ATTN: Total Rewards
300 Continental Drive
Newark, DE 19713
HR_Inbox@salliemae.com

If to the Grantee, to (i) the last address maintained in the Corporation's Human Resources files for the Grantee or (ii) the Grantee's mail delivery code or place of work at the Corporation (or its subsidiaries).

20. Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement, the Plan and the Restricted Stock Unit Grant Notice together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature with the exception of (i) equity awards previously granted and delivered to the Grantee, (ii) any compensation adjustment policy that is adopted by the Corporation or is otherwise required by applicable law or listing standards applicable to the Corporation and (iii) any written restrictive covenants, employment or severance arrangements setting forth restrictive covenants applicable to the Grantee. Capitalized terms not defined herein shall have the meanings as described in the Plan or in the Restricted Stock Unit Grant Notice.

21. Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to the Grantee, including federal and state securities reporting laws.
22. Electronic Acceptance. By accepting this Award, the Grantee hereby (i) acknowledges receipt of, and represents that the Grantee understands this Agreement, the Restricted Stock Unit Grant Notice and the Plan, including the restrictive covenants set forth in Sections 7 through 9, (ii) acknowledges and confirms the Grantee's consent to receive electronically the Award, the Plan, the Restricted Stock Unit Grant Notice and any other Plan documents or other related communications that the Corporation wishes or is required to deliver, (iii) acknowledges that a copy of the Plan and the related Plan documents were made available to the Grantee and (iv) agrees that the electronic acceptance of the Agreement constitutes a legally binding acceptance of the Agreement, and that the electronic acceptance of the Agreement shall have the same force and effect as if the Agreement was physically signed.

SLM Corporation 2021 Omnibus Incentive Plan
2024 Performance Stock Unit Term Sheet

Pursuant to the terms and conditions of the SLM Corporation 2021 Omnibus Incentive Plan (the “Plan”), the Compensation Committee (the “Committee”) of the SLM Corporation Board of Directors hereby grants to _____ (the “Grantee”) on February 16, 2024 (the “Grant Date”) a target award (the “Award”) of _____ shares of Performance Stock Units (“PSUs”), which represent the right to acquire shares of common stock of SLM Corporation (the “Corporation”), subject to the following terms and conditions (this “Agreement”):

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of the Corporation’s common stock, based on the following vesting terms:
 - A specified number of the total PSUs granted to each executive shall vest in amounts based on the Corporation’s total shareholder return (“TSR”) as measured during the performance period from February 16, 2024 through February 16, 2027 (the “Performance Period”), as shown on the attached chart in Appendix A. Each vested PSU shall be subject to the Transfer Restrictions (as defined below) set forth herein. Following the lapse of the Transfer Restrictions, each vested PSU will be settled in shares of the Corporation’s common stock.
 - “TSR” shall be determined with respect to the Corporation and the members of its Peer Group (as that term is defined below) by dividing (i) the difference (whether positive or negative) between (x) such company’s twenty (20) day trading average, using the closing prices, for the twenty (20) trading days immediately preceding February 16, 2027 (the “Measurement End Date”) and (y) such company’s twenty (20) day trading average, using the closing prices, concluding on the twentieth (20th) trading day immediately following the Grant Date (the “Measurement Start Date”) by (ii) such company’s twenty (20) day trading average, using the closing prices, concluding on the Measurement Start Date. Both twenty (20) day averages will assume dividend reinvestment on the ex-dividend dates, as applicable. If the Measurement Start Date or the Measurement End Date are not trading dates, the twenty (20) day trading average concluding on the immediately preceding trading date shall be the applicable average for purposes of determining the Corporation’s or any Peer Group member’s TSR. Also for this purpose, each trading average will include only trading days, which will be determined on a separate basis for the Corporation and each Peer Group member, based on trading on the primary exchange on which such company’s shares are traded. Any non-cash distributions shall be ascribed such dollar value as may be determined.
 - The “Peer Group” of the Corporation is set forth in Appendix A.
 - The performance goals shall equitably and proportionally be adjusted to preserve the intended incentives of PSUs and exclude or mitigate the impact of, as the case

may be, the effects of a stock split, reverse stock split, spin off, extraordinary stock dividend, or other equity restructuring events.

- The calculation of TSR shall be independently validated by the Chief Risk Officer of the Corporation and certified by the Committee.
- PSUs shall vest on the later of (i) February 16, 2027 and (ii) the date by which the Committee has certified the level of attainment of TSR (such later date, the “Vesting Date”). The Vesting Date shall be no later than March 31, 2027. Following the Vesting Date, the PSUs shall be fully vested but subject to Transfer Restrictions and forfeiture conditions set forth herein, with such Transfer Restrictions and forfeiture conditions to lapse on the one (1) year anniversary of the Vesting Date (such date, the “Restriction Lapse Date,” and such period between the Vesting Date and the Restriction Lapse Date, the “Holding Period”). Upon such lapsing of the Transfer Restrictions and no later than March 31, 2028, the PSUs shall be settled in shares of the Corporation’s common stock.
- During the Holding Period, none of the PSUs under the Award may be sold, transferred or otherwise assigned during the Holding Period, except as set forth in Section 12 of the Plan (the “Transfer Restrictions”). If, during the Holding Period, the Corporation terminates the Grantee’s employment due to a Termination of Employment For Cause, the Grantee shall forfeit the Award in its entirety as of the date of such termination of employment. If the Corporation terminates the Grantee’s employment for any reason other than due to a Termination of Employment For Cause, or the Grantee terminates his or her employment for any reason during the Holding Period, the Award will remain subject to the Transfer Restrictions through the Restriction Lapse Date.
- The Committee has discretion to increase or decrease the shares issuable pursuant to the Award; *provided* that in no event shall the number of shares granted under the Award exceed 200% of the target award.

2. Employment Termination; Death; Disability. Except as provided below, if, prior to the Vesting Date, the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) for any reason (except as explicitly set forth below) or experiences a Termination of Employment For Cause (as defined below), he or she shall forfeit, for no consideration, any portion of the Award that has not vested, in either case, as of the date of such termination of employment (for the avoidance of doubt, even if the Performance Period is complete).

If not previously vested, the Award will continue to vest, and will be settled in shares of the Corporation’s common stock, subject to the original performance goal, Performance Period and Holding Period set forth above on the original vesting terms set forth above and on the Restriction Lapse Date in the event that (i) the Grantee’s employment is terminated by the Corporation for any reason other than due to a Termination of Employment For Cause, as determined by the Corporation in its sole discretion; (ii) the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) and meets the Corporation’s retirement eligibility requirements under the Corporation’s then-current retirement eligibility policy, which shall be determined by the Corporation in its sole discretion; or (iii)

the Grantee (x) is an “Eligible Officer” eligible to participate in the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers (the “Executive Severance Plan”) and (y) terminates his or her employment under such circumstances that give rise to a Termination of Employment For Good Reason.

If not previously vested, the Award will vest, and will be settled in shares of the Corporation’s common stock (i.e., the Award will no longer be subject to the Transfer Restrictions), at the target level set forth above, upon death or Disability (provided that such Disability qualifies as a “disability” within the meaning of Treasury Regulation Section 1.409A-3(i)(4)).

The Award shall be forfeited, upon a Termination of Employment For Cause, as determined by the Corporation in its sole discretion, for no consideration. Notwithstanding anything stated herein, in the Plan or in the SLM Corporation Change in Control Severance Plan for Senior Officers, the Award shall not be subject to the terms set forth in the SLM Corporation Change in Control Severance Plan for Senior Officers.

“Termination of Employment For Cause” means a termination of a Grantee’s employment by the Corporation or any of its subsidiaries because (i) there has been a willful and continuing failure of the Grantee to perform substantially his or her duties and responsibilities (other than as a result of Grantee’s death or Disability) and, if such willful and continuing failure may be cured by the Grantee, that such failure has not been cured within ten (10) business days after written notice of such was given to the Grantee, or (ii) the Grantee has committed an act of Misconduct.

“Misconduct” means (a) commission of an act of embezzlement, fraud, dishonesty, misappropriation, nonpayment of any obligation owed to the Corporation or any of its subsidiaries, breach of fiduciary duty or deliberate disregard of the Corporation’s rules, including, but not limited to, the SLM Corporation Code of Business Conduct; (b) intentional wrongdoing, gross negligence or willful misconduct in the performance of the Grantee’s duties or otherwise in respect of the Corporation or any of its subsidiaries; (c) commission of, conviction of, plea of guilty to or plea of nolo contendere to (i) a felony crime or (ii) any other criminal offense involving moral turpitude, fraud or dishonesty; (d) an unauthorized disclosure of any confidential information or trade secrets; or (e) engaging in any conduct that would constitute unfair competition against the Corporation or any of its subsidiaries, or a violation of any restrictive covenant to which the Grantee is subject (including, but not limited to, those restrictive covenants set forth in this Agreement or the Grantee’s New Hire Attestations).

“Termination of Employment For Good Reason” means a termination of a Grantee’s employment by the Grantee due to: (a) a material reduction in the position or responsibilities of the Grantee not including a change in title only; (b) a material reduction in the Grantee’s Base Salary (as defined in the Executive Severance Plan) or a material reduction in the Grantee’s compensation arrangements or benefits (provided that variability in the value of stock-based compensation or in the compensation provided under the SLM Corporation 2021 Omnibus Incentive Plan or a successor plan will not be deemed to cause a material

reduction in compensation); or (c) a relocation of the Grantee's primary work location to a distance of greater than seventy-five (75) miles from his or her primary work location as of the date of this Agreement, unless such relocation results in the Grantee's primary work location being closer to his or her then-primary residence or does not substantially increase the average commuting time of such Grantee; provided that a "Termination of Employment For Good Reason" shall not include any requirement by the Corporation or any of its subsidiaries that the Grantee work at his or her assigned office location following the suspension, modification or termination of any applicable remote or hybrid work arrangement granted to the Grantee by the Corporation or any of its subsidiaries. If a Grantee continues his or her employment with the Corporation or any of its subsidiaries for more than ninety (90) days after the occurrence of an event described above that constitutes a Termination of Employment For Good Reason, then the Grantee shall be deemed to have given his or her consent to such event and the Grantee shall not be eligible for continued vesting under this Agreement as a result of that event and shall be deemed to have waived all rights in regard to such event.

3. Change in Control. Notwithstanding anything to the contrary in this Agreement:

- a. In the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall vest at the greater of (i) 100% target level set forth in the vesting schedule herein or (ii) the actual level based on the relative TSR as measured on the date of such Change in Control, and the Holding Period set forth herein shall not apply; *provided, however*, the settlement of the accelerated portion of the PSUs into shares of common stock (i.e., the settlement of the Award) will nevertheless be made at the same time or times as if such PSUs had vested (without regard to any Holding Period) in accordance with the vesting schedule set forth in Section 1 or, if earlier, upon the termination of the Grantee's employment for reasons other than due to a Termination of Employment For Cause.
- b. If the Grantee's employment terminates within twenty-four (24) months following a Change in Control for any reason other than (i) due to a Termination of Employment For Cause or (ii) by the Grantee's voluntary termination of employment that is not a Termination of Employment For Good Reason, as defined in the SLM Corporation Change in Control Severance Plan for Senior Officers (if applicable to the Grantee), any portion of the Award not previously vested shall immediately become common stock, upon such employment termination (without regard to any Holding Period).

4. Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's common stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Committee hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). For the avoidance of doubt, the Corporation may withhold such shares as may be required to pay any applicable payroll taxes, including, without limitation, taxes owed under the Federal Insurance Contributions Act (FICA) or the Federal

Unemployment Tax Act (FUTA), that may become due on the Vesting Date. Dividends declared on an unvested Award will not be paid in cash currently except in the case of fractional shares as set forth below. Instead, an account established on behalf of the Grantee will be credited with an amount equal to such dividends, which amount shall be reinvested in additional shares of the Corporation's common stock ("Dividend Equivalent"). The value of the Dividend Equivalents will be calculated in the same manner as dividends paid to holders of common stock. Such Dividend Equivalents will be subject to the same vesting schedule and Transfer Restrictions to which the Award is subject and shall be subject to adjustment based on the same performance measures applicable to the underlying PSUs and shall be payable at the same time that the underlying PSUs are payable. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest. Upon the lapse of any of the Transfer Restrictions on any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share) will be converted into shares of the Corporation's common stock (*provided* that any fractional share amount shall be paid in cash).

5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all PSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance or some lesser portion of the balance, of the PSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated PSUs will not be settled by virtue of such acceleration until and unless the Grantee has a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of the PSUs to be provided in connection with the Grantee's separation from service do not qualify for any reason to be exempt from Section 409A, (y) the Grantee is, at the time of such separation from service, a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) and (z) the settlement of such PSUs would result in the imposition of additional tax under Section 409A if such settlement occurs on or within the six (6) month period following the Grantee's separation from service, then, to the extent necessary to avoid the imposition of such additional taxation, the settlement of any such PSU during such six (6) month period will accrue and will not be settled until the date six (6) months and one (1) day following the date of the Grantee's separation from service and on such date (or, if earlier, the date of the Grantee's death), such PSUs will be settled.
6. Clawback Provision. If the Board, or an appropriate committee thereof, determines that (a) any material misstatement of financial results or a performance metric criteria has occurred as a result of the Grantee's conduct; (b) the Grantee has committed a material violation of corporate policy or has committed fraud or Misconduct; or (c) the Grantee has violated any of the restrictive covenants set forth in Sections 7 through 9, then the Board or such committee may, in its sole discretion, require reimbursement of any compensation resulting from the vesting of PSUs and the cancellation of any outstanding PSUs from the Grantee (whether or not such individual is currently employed by the

Corporation) during the three (3) year period following the date on which the conduct resulting in the material misstatement occurred, or the date such violation, fraud or Misconduct occurred, as determined by the Board or the applicable committee. The Board or such committee shall consider all factors, with particular scrutiny when one of the Senior Vice Presidents or above are involved, in determining whether and to what extent such involvement described herein occurred and the amount of such reimbursement. Notwithstanding anything to the contrary herein, this provision shall be subject to adjustment and amendment to conform with any current or subsequently adopted policy or amendment relating to the clawback of compensation as may be adopted by the Board or an appropriate committee thereof.

7. Confidentiality. The Grantee recognizes that his or her work as an employee of the Corporation brought or may have brought him or her into close contact with confidential information of the Corporation not publicly known. This may include, but is not limited to, know-how, technical data, methods, processes, formulations, techniques, developments, inventions, research projects, new products, plans for future developments, responses to "Requests for Proposals," "Letters of Understanding," bid information for government contracts, negotiations for new business ventures or strategic alliances, litigation and potential litigation matters, computer code and/or design of proprietary loan systems, personnel records and salary information, information about costs, profits, markets, sales, and lists of customers, potential customers and/or employees. This list is merely illustrative and confidential information is not limited to the illustrations.

The Grantee expressly acknowledges and agrees that the Corporation's confidential information is proprietary and confidential and that, if any of the confidential information was imparted or became known by any persons, including the Grantee, engaging in a business in any way competitive with the Corporation, such disclosure would result in hardship, loss, irreparable injury and damage to the Corporation, the measurement of which would be difficult, if not impossible, to determine. The Grantee further expressly agrees that the Corporation has a legitimate interest in protecting the confidential information and its business goodwill, and that it is necessary for the Corporation to protect its business from such hardship, loss, irreparable injury and damage. The Grantee further acknowledges that the preservation and protection of the confidential information is an essential part of his or her duties of employment and that, as a result of the Grantee's employment with the Corporation, he or she has a duty of fidelity, loyalty, and trust to the Corporation in handling the confidential information.

The Grantee agrees to keep secret all such confidential information and trade secrets of the Corporation and agrees not to, directly or indirectly, other than as necessary in the Corporation's business and in the scope of his or her employment, disclose or use any such confidential information at any time (including any time following the date the Grantee experiences a termination of employment for any reason (the "**Termination Date**")) except as (1) required or permitted by statute, regulation or court order; or (2) pursuant to written consent given by the Corporation's General Counsel. In addition, the Grantee recognizes that he or she may have been exposed, by reason of his or her employment, to certain information, which is confidential or proprietary to third parties. The Grantee agrees that he or she will not disclose or use at any time, without the prior written consent of such third party and the Corporation, any such confidential or proprietary information. The Grantee agrees that all written and computer-stored

materials (including correspondence, memoranda, manuals, notes, and notebooks) which were in his or her possession from time to time (whether or not written or prepared by me) embodying confidential information should be and remain the Corporation's sole property and he or she will use all reasonable precautions to assure that all such written and computer-stored materials are properly protected and kept from unauthorized persons. The Grantee further agrees to deliver same, including all copies, promptly to the Corporation upon termination of his or her employment, or at any time it may request. In the event that the Grantee is unsure whether certain material or information is confidential, he or she agrees to consult the Corporation's Legal Department for resolution, and agrees to be bound by the Legal Department's decision.

Notwithstanding the foregoing, nothing in this Agreement or otherwise limits the Grantee's ability to communicate directly with, and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to, the Securities and Exchange Commission (the "SEC"), or any other federal, state or local governmental agency or commission or self-regulatory organization (each such agency, commission or organization, a "**Government Agency**") regarding possible legal violations, without disclosure to the Corporation. The Corporation may not retaliate against the Grantee for any of these activities, and nothing in this Agreement requires the Grantee to waive any monetary award or other relief that the Grantee might become entitled to from the SEC or any other Government Agency.

Pursuant to the Defend Trade Secrets Act of 2016, the Corporation and the Grantee acknowledge and agree that the Grantee shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if the Grantee files a lawsuit for retaliation by the Corporation for reporting a suspected violation of law, the Grantee may disclose the trade secret to his or her attorney and may use the trade secret information in the court proceeding, if the Grantee (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

8. Non-solicitation. The Grantee agrees that, during the two (2) year period following the Termination Date, the Grantee shall not solicit or encourage any employee, consultant or other individual independent contractor with whom he or she communicated within the last year of his or her employment to leave the employ or engagement of the Corporation, or hire any such employees. Further, during this two (2) year period following the Termination Date, the Grantee shall not, directly or indirectly, contact or accept business that the Corporation could otherwise perform from any of the Corporation's customers or prospective customers with whom the Grantee communicated within the last two (2) years of his or her employment.
9. The Grantee expressly agrees that the markets served by the Corporation extend nationally and are not dependent on the geographic location of the personnel or the businesses by which they are employed and that the restrictions set forth in Sections 7 through 9 have been designed to be reasonable and are no greater than are required for the protection of the Corporation and do not prevent the Grantee from earning a

livelihood by working in positions that do not compete with the Corporation. In the event that a court shall determine that any provision of the Agreement is unenforceable, the parties shall request that the court construe this Agreement in such a fashion as to render it enforceable and to revise time and geographic limits to those minimum limits that the court believes are reasonable to protect the interests of the Corporation. The Grantee further acknowledges that his or her employment at the Corporation is employment at-will and this Agreement does not alter this at-will relationship. The Grantee acknowledges and agrees that these covenants have unique, substantial and immeasurable value to the Corporation, that the Grantee has sufficient skills to provide a livelihood for him or her while these covenants remains in force, and that these covenants will not interfere with his or her ability to work consistent with his or her experience, training, and education. To enable the Corporation to monitor compliance with the obligations imposed by this Agreement, the Grantee further agrees to inform in writing a senior officer in Human Resources with a title of "Vice President" or above of the identity of the Grantee's subsequent employer(s) and his or her prospective job title and responsibilities prior to beginning employment. The Grantee agrees that this notice requirement shall remain in effect for twelve (12) months following the Termination Date.

10. The restrictive covenants set forth in Sections 7 through 9 do not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, *provided* that such compliance does not exceed that required by the law, regulation, or order.
11. The illegality, unenforceability, or ineffectiveness of any provision of Sections 7 through 10 shall not affect the legality, enforceability, or effectiveness of any other provision of this Agreement. Notwithstanding the confidentiality provisions identified in Section 7 of this Agreement, the Grantee may disclose the restrictive covenants in this Agreement to prospective employers, and agrees that the Corporation may provide a copy of this Agreement to his or her prospective or future employers.
12. Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation's common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation's common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.
13. Data Privacy. As an essential term of the Award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. By accepting the Award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title, any shares of stock held in the Corporation, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding, for the

purpose of implementing, administering and managing the Plan (“Data”). The Grantee acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in jurisdictions that may have different data privacy laws and protections, and the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee or the Corporation may elect to deposit any shares of the Corporation’s common stock. The Grantee acknowledges that Data may be held to implement, administer and manage the Grantee’s participation in the Plan as determined by the Corporation, and that the Grantee may request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, *provided, however*, that refusing or withdrawing the Grantee’s consent may adversely affect the Grantee’s ability to participate in the Plan.

14. Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Grantee’s consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and such consent shall remain in effect throughout the Grantee’s term of service with the Corporation (or its subsidiaries) and thereafter until withdrawn in writing by the Grantee.
15. Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.
16. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.
17. Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.
18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.
19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, or, if mailed or emailed, when received by, the other party at the following addresses:

If to the Corporation to:
Human Resources Department
ATTN: Total Rewards
300 Continental Drive
Newark, DE 19713
HR_Inbox@salliemae.com

If to the Grantee, to (i) the last address maintained in the Corporation's Human Resources files for the Grantee or (ii) the Grantee's mail delivery code or place of work at the Corporation (or its subsidiaries).

20. Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature with the exception of (i) equity awards previously granted and delivered to the Grantee, (ii) any compensation adjustment policy that is adopted by the Corporation or is otherwise required by applicable law or listing standards applicable to the Corporation and (iii) any written restrictive covenants, employment or severance arrangements setting forth restrictive covenants applicable to the Grantee. Capitalized terms not defined herein shall have the meanings as described in the Plan.
21. Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to the Grantee, including federal and state securities reporting laws.
22. Electronic Acceptance. By accepting this Award, the Grantee hereby (i) acknowledges receipt of, and represents that the Grantee understands this Agreement, the Restricted Stock Unit Grant Notice and the Plan, including the restrictive covenants set forth in Sections 7 through 9, (ii) acknowledges and confirms the Grantee's consent to receive electronically the Award, the Plan, the Restricted Stock Unit Grant Notice and any other Plan documents or other related communications that the Corporation wishes or is required to deliver, (iii) acknowledges that a copy of the Plan and the related Plan documents were made available to the Grantee and (iv) agrees that the electronic acceptance of the Agreement constitutes a legally binding acceptance of the Agreement, and that the electronic acceptance of the Agreement shall have the same force and effect as if the Agreement was physically signed.

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jonathan W. Witter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SLM Corporation;
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.

/s/ JONATHAN W. WITTER

Jonathan W. Witter
Chief Executive Officer
(Principal Executive Officer)
April 24, 2024

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter M. Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SLM Corporation;
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.

/s/ PETER M. GRAHAM

Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)
April 24, 2024

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SLM Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan W. Witter, Chief Executive Officer of the Company, 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JONATHAN W. WITTER

Jonathan W. Witter
Chief Executive Officer
(Principal Executive Officer)
April 24, 2024

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SLM Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter M. Graham, Executive Vice President and Chief Financial Officer of the Company, 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER M. GRAHAM

Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)
April 24, 2024