

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q/A
(Amendment No. 1)**

(Mark One)

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

For the quarterly period ended June 30, 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 **52-**
2013874
(State or other jurisdiction of incorporation or organization) (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"/>	(Do not check if a smaller reporting company)	
Emerging growth company	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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 June 30, 2024, there were 217,461,360 shares of common stock outstanding.

EXPLANATORY NOTE

This Amendment No. 1 amends SLM Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, which was filed on July 24, 2024. This Amendment No. 1 is being filed on July 26, 2024 solely for the purpose of correcting typographical errors in the percentage of Private Education Loans in an extended grace period and the percentage of Private Education Loans in hardship and other forbearances (excluding loans in an extended grace period), each as of June 30, 2024 and June 30, 2023, in the table on page 70 and paragraph immediately thereunder in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations. Except for these corrections, there have been no changes in any of the financial or other information contained in the original Form 10-Q. However, for the convenience of investors we are filing the entire Form 10-Q as amended.

SLM CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2024	December 31, 2023
(Dollars in thousands, except share and per share amounts)		
Assets		
Cash and cash equivalents	\$ 5,262,448	\$ 4,149,838
Investments:		
Trading investments at fair value (cost of \$45,171 and \$43,412, respectively)	60,473	54,481
Available-for-sale investments at fair value (cost of \$2,428,037 and \$2,563,984, respectively)	2,283,262	2,411,622
Other investments	107,064	91,567
Total investments	2,450,799	2,557,670
Loans held for investment (net of allowance for losses of \$1,269,652 and \$1,339,772, respectively)	18,915,333	20,306,357
Restricted cash	142,230	149,669
Other interest-earning assets	6,362	9,229
Accrued interest receivable	1,391,081	1,379,904
Premises and equipment, net	126,440	129,501
Goodwill and acquired intangible assets, net	66,102	68,711
Income taxes receivable, net	351,126	366,247
Other assets	56,923	52,342
Total assets	\$ 28,768,844	\$ 29,169,468
Liabilities		
Deposits	\$ 20,744,030	\$ 21,653,188
Long-term borrowings	5,403,012	5,227,512
Other liabilities	338,564	407,971
Total liabilities	26,485,606	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: 440.3 million and 438.2 million shares issued, respectively	88,056	87,647
Additional paid-in capital	1,173,735	1,148,689
Accumulated other comprehensive loss (net of tax benefit of (\$25,378) and (\$24,176), respectively)	(78,809)	(75,104)
Retained earnings	4,107,980	3,624,859
Total SLM Corporation stockholders' equity before treasury stock	5,542,032	5,037,161
Less: Common stock held in treasury at cost: 222.8 million and 217.9 million shares, respectively	(3,258,794)	(3,156,364)
Total equity	2,283,238	1,880,797
Total liabilities and equity	\$ 28,768,844	\$ 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest income:				
Loans	\$ 565,338	\$ 568,342	\$ 1,161,945	\$ 1,151,126
Investments	15,139	12,037	29,646	23,368
Cash and cash equivalents	60,999	53,526	113,443	97,009
Total interest income	641,476	633,905	1,305,034	1,271,503
Interest expense:				
Deposits	211,286	191,407	431,731	374,938
Interest expense on short-term borrowings	3,310	3,299	6,872	6,317
Interest expense on long-term borrowings	54,708	52,568	107,243	98,549
Total interest expense	269,304	247,274	545,846	479,804
Net interest income	372,172	386,631	759,188	791,699
Less: provisions for credit losses	16,830	17,729	28,871	131,841
Net interest income after provisions for credit losses	355,342	368,902	730,317	659,858
Non-interest income:				
Gains on sales of loans, net	111,929	124,754	254,968	124,745
Gains (losses) on securities, net	2,103	(1,213)	4,221	498
Other income	27,773	20,513	56,774	40,522
Total non-interest income	141,805	144,054	315,963	165,765
Non-interest expenses:				
Operating expenses:				
Compensation and benefits	85,261	78,233	181,737	165,882
FDIC assessment fees	11,727	9,851	25,039	21,380
Other operating expenses	60,218	66,080	110,863	121,441
Total operating expenses	157,206	154,164	317,639	308,703
Acquired intangible assets amortization expense	1,394	2,245	2,609	4,517
Total non-interest expenses	158,600	156,409	320,248	313,220
Income before income tax expense	338,547	356,547	726,032	512,403
Income tax expense	86,554	91,482	184,108	128,820
Net income	251,993	265,065	541,924	383,583
Preferred stock dividends	4,628	4,274	9,281	8,337
Net income attributable to SLM Corporation common stock	\$ 247,365	\$ 260,791	\$ 532,643	\$ 375,246
Basic earnings per common share	\$ 1.13	\$ 1.11	\$ 2.42	\$ 1.57
Average common shares outstanding	218,924	235,061	219,670	238,261
Diluted earnings per common share	\$ 1.11	\$ 1.10	\$ 2.39	\$ 1.56
Average common and common equivalent shares outstanding	222,467	237,592	223,156	240,554
Declared dividends per common share	\$ 0.11	\$ 0.11	\$ 0.22	\$ 0.22

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 251,993	\$ 265,065	\$ 541,924	\$ 383,583
Other comprehensive income (loss):				
Unrealized gains (losses) on investments	7,116	(14,512)	7,402	21,044
Unrealized gains (losses) on cash flow hedges	(9,260)	7,575	(12,309)	(7,424)
Total unrealized gains (losses)	(2,144)	(6,937)	(4,907)	13,620
Income tax (expense) benefit	626	1,706	1,202	(3,314)
Other comprehensive income (loss), net of tax (expense) benefit	(1,518)	(5,231)	(3,705)	10,306
Total comprehensive income	\$ 250,475	\$ 259,834	\$ 538,219	\$ 393,889

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 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
Net income	—	—	—	—	—	—	—	—	265,065	—	265,065
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(5,231)	—	—	(5,231)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	259,834
Cash dividends declared:											
Common stock (\$0.11 per share)	—	—	—	—	—	—	—	—	(25,303)	—	(25,303)
Preferred Stock, Series B (\$1.70 per share)	—	—	—	—	—	—	—	—	(4,274)	—	(4,274)
Issuance of common shares	—	349,009	—	349,009	—	69	163	—	(234)	—	(2)
Stock-based compensation expense	—	—	—	—	—	—	8,292	—	—	—	8,292
Common stock repurchased	—	—	(16,389,696)	(16,389,696)	—	—	—	—	—	(257,402)	(257,402)
Shares repurchased related to employee stock-based compensation plans	—	—	(128,212)	(128,212)	—	—	—	—	—	(1,876)	(1,876)
Balance at June 30, 2023	2,510,696	437,993,893	(211,913,035)	226,080,858	\$ 251,070	\$ 87,599	\$ 1,129,537	\$ (83,564)	\$ 3,485,732	\$ (3,064,010)	\$ 1,806,364

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 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
Net income	—	—	—	—	—	—	—	—	251,993	—	251,993
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(1,518)	—	—	(1,518)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	250,475
Cash dividends declared:											
Common stock (\$0.11 per share)	—	—	—	—	—	—	—	—	(24,027)	—	(24,027)
Preferred Stock, Series B (\$1.84 per share)	—	—	—	—	—	—	—	—	(4,628)	—	(4,628)
Issuance of common shares	—	123,311	—	123,311	—	24	320	—	(52)	—	292
Stock-based compensation expense	—	—	—	—	—	—	9,577	—	—	—	9,577
Common stock repurchased	—	—	(2,929,646)	(2,929,646)	—	—	—	—	—	(62,019)	(62,019)
Shares repurchased related to employee stock-based compensation plans	—	—	(8,139)	(8,139)	—	—	—	—	—	(171)	(171)
Balance at June 30, 2024	2,510,696	440,279,647	(222,818,287)	217,461,360	\$251,070	\$ 88,056	\$ 1,173,735	\$ (78,809)	\$ 4,107,980	\$ (3,258,794)	\$ 2,283,238

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, 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	—	—	—	—	—	—	—	—	383,583	—	383,583
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	10,306	—	—	10,306
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	393,889
Cash dividends declared:											
Common stock (\$0.22 per share)	—	—	—	—	—	—	—	—	(51,938)	—	(51,938)
Preferred Stock, Series B (\$3.32 per share)	—	—	—	—	—	—	—	—	(8,337)	—	(8,337)
Issuance of common shares	—	2,872,753	—	2,872,753	—	574	637	—	(1,216)	—	(5)
Stock-based compensation expense	—	—	—	—	—	—	19,828	—	—	—	19,828
Common stock repurchased	—	—	(16,389,696)	(16,389,696)	—	—	—	—	—	(257,402)	(257,402)
Shares repurchased related to employee stock-based compensation plans	—	—	(1,077,643)	(1,077,643)	—	—	—	—	—	(16,641)	(16,641)
Balance at June 30, 2023	<u>2,510,696</u>	<u>437,993,893</u>	<u>(211,913,035)</u>	<u>226,080,858</u>	<u>\$ 251,070</u>	<u>\$ 87,599</u>	<u>\$ 1,129,537</u>	<u>\$ (83,564)</u>	<u>\$ 3,485,732</u>	<u>\$ (3,064,010)</u>	<u>\$ 1,806,364</u>

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	—	—	—	—	—	—	—	—	541,924	—	541,924
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(3,705)	—	—	(3,705)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	538,219
Cash dividends declared:											
Common stock (\$0.22 per share)	—	—	—	—	—	—	—	—	(48,305)	—	(48,305)
Preferred Stock, Series B (\$3.70 per share)	—	—	—	—	—	—	—	—	(9,281)	—	(9,281)
Issuance of common shares	—	2,049,231	—	2,049,231	—	409	1,679	—	(1,217)	—	871
Stock-based compensation expense	—	—	—	—	—	—	23,367	—	—	—	23,367
Common stock repurchased	—	—	(4,240,369)	(4,240,369)	—	—	—	—	—	(88,658)	(88,658)
Shares repurchased related to employee stock-based compensation plans	—	—	(691,386)	(691,386)	—	—	—	—	—	(13,772)	(13,772)
Balance at June 30, 2024	2,510,696	440,279,647	(222,818,287)	217,461,360	\$251,070	\$ 88,056	\$ 1,173,735	\$ (78,809)	\$ 4,107,980	\$ (3,258,794)	\$ 2,283,238

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)	Six Months Ended June 30,	
	2024	2023
Operating activities		
Net income	\$ 541,924	\$ 383,583
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provisions for credit losses	28,871	131,841
Income tax expense	184,108	128,820
Amortization of brokered deposit placement fee	5,484	5,986
Amortization of Secured Borrowing Facility upfront fee	1,174	1,441
Amortization of deferred loan origination costs and loan premium/(discounts), net	6,260	6,402
Net amortization of discount on investments	(1,047)	(1,317)
Increase in tax indemnification receivable	—	(86)
Depreciation of premises and equipment	9,267	9,145
Acquired intangible assets amortization expense	2,609	4,517
Stock-based compensation expense	23,367	19,828
Unrealized (gains) losses on derivatives and hedging activities, net	43	(339)
Gains on sales of loans, net	(254,968)	(124,745)
Gains on securities, net	(4,221)	(498)
Other adjustments to net income, net	5,602	8,883
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(550,931)	(511,089)
Increase in non-marketable securities	(283)	(691)
Decrease (increase) in other interest-earning assets	2,867	(790)
Increase in other assets	(23,389)	(37,573)
Decrease in income taxes payable, net	(163,936)	(74,596)
(Decrease) increase in accrued interest payable	(5,572)	10,433
Decrease in other liabilities	(27,742)	(17,301)
Total adjustments	(762,437)	(441,729)
Total net cash used in operating activities	(220,513)	(58,146)
Investing activities		
Loans acquired and originated	(3,291,778)	(3,132,075)
Net proceeds from sales of loans held for investment and loans held for sale	3,761,722	2,157,028
Proceeds from FFELP Loan claim payments	20,034	26,477
Net decrease in loans held for investment and loans held for sale (other than loans acquired and originated, and loan sales)	1,380,714	1,605,292
Purchases of available-for-sale securities	(60,012)	(44,782)
Proceeds from sales and maturities of available-for-sale securities	410,835	148,092
Total net cash provided by investing activities	2,221,515	760,032
Financing activities		
Brokered deposit placement fee	—	(2,634)
Net decrease in certificates of deposit	(175,483)	(303,027)
Net decrease in other deposits	(744,832)	(793,068)
Borrowings collateralized by loans in securitization trusts - issued	665,069	569,513
Borrowings collateralized by loans in securitization trusts - repaid	(494,161)	(596,692)
Issuance costs for unsecured debt offering	—	(15)
Fees paid on Secured Borrowing Facility	(2,333)	(2,850)
Common stock dividends paid	(48,305)	(51,938)
Preferred stock dividends paid	(9,281)	(8,337)
Common stock repurchased	(86,505)	(259,331)
Total net cash used in financing activities	(895,831)	(1,448,379)
Net decrease in cash, cash equivalents and restricted cash	1,105,171	(746,493)
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	\$ 5,404,678	\$ 4,026,343
Cash disbursements made for:		

Interest	\$	535,146	\$	449,268
Income taxes paid	\$	164,710	\$	82,307
Income taxes refunded	\$	(1,251)	\$	(8,157)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:				
Cash and cash equivalents	\$	5,262,448	\$	3,875,758
Restricted cash		142,230		150,585
Total cash, cash equivalents and restricted cash	\$	5,404,678	\$	4,026,343

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 and six months ended June 30, 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.

Allowance for Credit Losses

We maintain an allowance for credit losses for the lifetime expected credit losses on loans in our portfolios, as well as for future loan commitments, at the reporting date.

In determining the lifetime expected credit losses on our Private Education Loan portfolio loan segments, we use a discounted cash flow method. This method requires us to project future principal and interest cash flows on our loans in those portfolios.

To estimate the future expected cash flows, we use statistical loan-level models that consider life of loan expectations for defaults, prepayments, recoveries, and any other qualitative adjustments deemed necessary, to determine the adequacy of the allowance at each balance sheet date. These cash flows are discounted at the loan’s effective interest rate to calculate the present value of those cash flows. Management adjusts the effective interest rate used to discount expected cash flows to incorporate expected prepayments. The difference between the present value of those cash flows and the amortized cost basis of the underlying loans is the allowance for credit losses. Entities that measure credit losses based on the present value of expected future cash flows are permitted to report the entire change in present value as credit loss expense, but may alternatively report the change in present value due to the passage of time as interest income. We have elected to report the entire change in present value as credit loss expense.

We estimate future default rates used in our current expected credit losses at a loan level using historical loss experience, current borrower characteristics, current conditions, and economic factors forecasted over a reasonable and supportable period. At the end of the reasonable and supportable forecast period, we immediately revert our forecasted economic factors to long-term historical averages.

We estimate future prepayment speeds used in our current expected credit losses at a loan level using historical prepayment experience, current borrower characteristics, current conditions, and economic factors forecasted over a reasonable and supportable period. At the end of the reasonable and supportable forecast period, we immediately revert our forecasted economic factors to long-term historical averages.

The reasonable and supportable forecast period is meant to represent the period in which we believe we can estimate the impact of forecasted economic factors in our expected losses. We use a two-year reasonable and supportable forecast period, although this period is subject to change as our view evolves on our ability to reasonably forecast economic conditions to estimate future losses.

1. Significant Accounting Policies (Continued)

In estimating future default rates and prepayment speeds in our current expected credit losses, we use a combination of expected economic scenarios coupled with our historical experience to derive a base case adjusted for any qualitative factors (as described below). We also develop an adverse and favorable economic scenario. At each reporting date, we determine the appropriate weighting of these alternate scenarios based upon the current economic conditions and our view of the risks of alternate outcomes. This weighting of expectations is used in calculating our current expected credit losses recorded each period.

In estimating recoveries, we use both estimates of what we would receive from the sale of defaulted loans as well as historical borrower payment behavior to estimate the timing and amount of future recoveries on charged-off loans.

In addition to the above modeling approach, we also take certain other qualitative factors into consideration when calculating the allowance for credit losses, which could result in management overlays (increases or decreases to the allowance for credit losses). These management overlays can encompass a broad array of factors not captured by model inputs, including, but not limited to, changes in lending policies and procedures, including changes in underwriting standards, changes in servicing policies and collection administration practices, state law changes that could impact servicing and collection practices, charge-offs, recoveries not already included in the analysis, the effect of other external factors such as legal and regulatory requirements on the level of estimated current expected credit losses, the performance of the model over time versus actual losses, and any other operational or regulatory changes that could affect our estimate of future losses.

The evaluation of the allowance for credit losses is inherently subjective, as it requires material estimates that may be susceptible to significant changes. If actual future performance in delinquency, charge-offs, and recoveries is significantly different than estimated, or management assumptions or practices were to change, this could materially affect the estimate of the allowance for credit losses, the timing of when losses are recognized, and the related provision for credit losses in our consolidated statements of income.

When calculating our allowance for credit losses and liability for unfunded commitments, we incorporate several inputs that are subject to change period to period. These include, but are not limited to, CECL model inputs and any overlays deemed necessary by management. The most impactful CECL model inputs include:

- Economic forecasts;
- Weighting of economic forecasts; and
- Recovery rates.

Of the model inputs outlined above, economic forecasts, weighting of economic forecasts, and recovery rates are subject to estimation uncertainty, and changes in these inputs could have a material impact to our allowance for credit losses and the related provision for credit losses.

In the second quarter of 2024, we implemented a loan-level future default rate model that includes current portfolio characteristics and forecasts of real gross domestic product and college graduate unemployment. In the second quarter of 2024, we also implemented a future prepayment speeds model to include forecasts of real gross domestic product, retail sales, SOFR, and the U.S. 10-year treasury rate. These models reduce the reliance on certain qualitative overlays compared to the previous default rate and prepayment speeds models. Prior to these changes, our loss models used forecasts of college graduate unemployment, retail sales, home price index, and median family income. Both the future default rate model and the future prepayment speeds model are used in determining the adequacy of the allowance for credit losses. The combined impact of these model enhancements and the changes in the related qualitative overlays did not have a material impact on the overall level of our allowance for credit losses.

We obtain forecasts for our loss model inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurrence. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At June 30, 2024, December 31, 2023, and June 30, 2023, we used the Baseline (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario - 10 percent likelihood of occurring)/S3 (unfavorable (or downside) scenario - 10 percent likelihood of occurring) 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.

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 June 30, 2024 and December 31, 2023, we had \$60 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 June 30, 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	\$ 509,861	\$ —	\$ 206	\$ (73,956)	\$ 436,111
Utah Housing Corporation bonds	3,201	—	—	(320)	2,881
U.S. government-sponsored enterprises and Treasuries	1,296,942	—	—	(55,211)	1,241,731
Other securities	618,033	—	3,722	(19,216)	602,539
Total	\$ 2,428,037	\$ —	\$ 3,928	\$ (148,703)	\$ 2,283,262

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 June 30, 2024:						
Mortgage-backed securities	\$ (1,739)	\$ 106,041	\$ (72,217)	\$ 313,289	\$ (73,956)	\$ 419,330
Utah Housing Corporation bonds	—	—	(320)	2,881	(320)	2,881
U.S. government-sponsored enterprises and Treasuries	—	—	(55,211)	1,241,731	(55,211)	1,241,731
Other securities	(1,158)	77,628	(18,058)	244,502	(19,216)	322,130
Total	\$ (2,897)	\$ 183,669	\$ (145,806)	\$ 1,802,403	\$ (148,703)	\$ 1,986,072
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 June 30, 2024 and December 31, 2023, 246 of 276 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 June 30, 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 June 30, 2024 Year of Maturity (dollars in thousands)	Amortized Cost	Estimated Fair Value
2024	349,887	346,293
2025	299,312	292,886
2026	548,929	507,701
2027	98,814	94,851
2038	67	67
2039	570	552
2042	2,201	1,870
2043	3,864	3,396
2044	4,297	3,846
2045	4,615	4,011
2046	7,389	6,370
2047	7,359	6,424
2048	1,731	1,650
2049	15,114	13,095
2050	103,837	80,824
2051	149,872	115,523
2052	60,026	52,066
2053	323,017	315,286
2054	120,309	112,740
2055	78,597	75,905
2056	205,354	204,708
2058	42,876	43,198
Total	\$ 2,428,037	\$ 2,283,262

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 \$604 million and \$612 million par value of securities pledged to this borrowing facility at June 30, 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. As of June 30, 2024 and December 31, 2023, our total investment in these securities was \$14 million and \$14 million, respectively.

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 \$87 million at June 30, 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 \$39 million at June 30, 2024 and \$30 million at December 31, 2023.

Related to these investments, we recognized tax credits and other tax benefits through tax expense of \$2 million at June 30, 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 June 30, 2024 and December 31, 2023, 28 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 six months of 2024, we recognized \$255 million in gains from the sale of approximately \$3.69 billion of Private Education Loans, including \$3.42 billion of principal and \$274 million in capitalized interest, to unaffiliated third parties. In the first six months of 2023, we recognized \$128 million in gains from the sale of approximately \$2.10 billion of Private Education Loans, including \$1.96 billion of principal and \$144 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 those VIEs. Those 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 those 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.

3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

(Dollars in thousands)	June 30, 2024	December 31, 2023
Private Education Loans:		
Fixed-rate	\$ 14,124,662	\$ 13,985,791
Variable-rate	5,494,869	7,040,053
Total Private Education Loans, gross	19,619,531	21,025,844
Deferred origination costs and unamortized premium/(discount)	78,661	81,554
Allowance for credit losses	(1,265,592)	(1,335,105)
Total Private Education Loans, net	18,432,600	19,772,293
FFELP Loans	485,608	537,401
Deferred origination costs and unamortized premium/(discount)	1,185	1,330
Allowance for credit losses	(4,060)	(4,667)
Total FFELP Loans, net	482,733	534,064
Loans held for investment, net	\$ 18,915,333	\$ 20,306,357

The estimated weighted average life of education loans in our portfolio was approximately 5.3 years and 5.0 years at June 30, 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 June 30, (dollars in thousands)	2024		2023	
	Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
Private Education Loans	\$ 20,480,805	10.91 %	\$ 20,704,907	10.79 %
FFELP Loans	501,439	7.73	585,131	7.10
Total portfolio	\$ 20,982,244		\$ 21,290,038	

Six Months Ended June 30, (dollars in thousands)	2024		2023	
	Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
Private Education Loans	\$ 20,961,775	10.96 %	\$ 21,227,153	10.72 %
FFELP Loans	514,225	7.48	593,555	6.98
Total portfolio	\$ 21,476,000		\$ 21,820,708	

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 June 30, 2024 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	\$ 4,627	\$ 1,345,431	\$ 1,350,058
Transfer from unfunded commitment liability ⁽¹⁾	—	29,715	29,715
Provisions:			
Provision for current period	(441)	72,862	72,421
Loan sale reduction to provision	—	(102,751)	(102,751)
Total provisions ⁽²⁾	(441)	(29,889)	(30,330)
Net charge-offs:			
Charge-offs	(126)	(91,042)	(91,168)
Recoveries	—	11,377	11,377
Net charge-offs	(126)	(79,665)	(79,791)
Ending Balance	\$ 4,060	\$ 1,265,592	\$ 1,269,652
Allowance⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 4,060	\$ 1,265,592	\$ 1,269,652
Loans⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 485,608	\$ 19,619,531	\$ 20,105,139
Accrued interest to be capitalized⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,231,754	\$ 1,231,754
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.13 %	2.19 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.84 %	6.07 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾⁽⁵⁾	1.10 %	8.62 %	
Allowance coverage of net charge-offs (annualized)	8.06	3.97	
Ending total loans, gross	\$ 485,608	\$ 19,619,531	
Average loans in repayment ⁽⁴⁾	\$ 378,667	\$ 14,543,669	
Ending loans in repayment ⁽⁴⁾	\$ 369,681	\$ 14,231,581	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 453,150	

⁽¹⁾ See 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 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 June 30, 2024 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ (29,889)
Provisions for unfunded loan commitments	47,160
Total Private Education Loan provisions for credit losses	17,271
Other impacts to the provisions for credit losses:	
FFELP Loans	(441)
Total	(441)
Provisions for credit losses reported in consolidated statements of income	\$ 16,830

⁽³⁾ For the three months ended June 30, 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 June 30, 2023 (dollars in thousands)	FFELP Loans	Private Education Loans	Credit Cards ⁽⁷⁾	Total
Allowance for Credit Losses				
Beginning balance	\$ 3,927	\$ 1,475,379	\$ —	\$ 1,479,306
Transfer from unfunded commitment liability ⁽¹⁾	—	28,188	—	28,188
Provisions:				
Provision for current period	820	96,102	(730)	96,192
Loan sale reduction to provision	—	(136,531)	—	(136,531)
Total provisions⁽²⁾	820	(40,429)	(730)	(40,339)
Net charge-offs:				
Charge-offs	(325)	(114,550)	741	(114,134)
Recoveries	—	11,706	(11)	11,695
Net charge-offs	(325)	(102,844)	730	(102,439)
Ending Balance	\$ 4,422	\$ 1,360,294	\$ —	\$ 1,364,716
Allowance⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ 4,422	\$ 1,360,294	\$ —	\$ 1,364,716
Loans⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ 573,597	\$ 19,938,363	\$ —	\$ 20,511,960
Accrued interest to be capitalized⁽³⁾:				
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,136,973	\$ —	\$ 1,136,973
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.29 %	2.69 %	— %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.77 %	6.45 %	— %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾	1.02 %	9.03 %	— %	
Allowance coverage of net charge-offs (annualized)	3.40	3.31	—	
Ending total loans, gross	\$ 573,597	\$ 19,938,363	\$ —	
Average loans in repayment ⁽⁴⁾	\$ 441,749	\$ 15,269,101	\$ —	
Ending loans in repayment ⁽⁴⁾	\$ 431,543	\$ 14,652,527	\$ —	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 408,923	\$ —	

⁽¹⁾ See 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 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 June 30, 2023 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ (40,429)
Provisions for unfunded loan commitments	58,068
Total Private Education Loan provisions for credit losses	17,639
Other impacts to the provisions for credit losses:	
FFELP Loans	820
Credit Cards	(730)
Total	90
Provisions for credit losses reported in consolidated statements of income	\$ 17,729

⁽³⁾ For the three months ended June 30, 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)

Six Months Ended June 30, 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⁾	—	161,329	161,329
Provisions:			
Provision for current period	(358)	167,338	166,980
Loan sale reduction to provision	—	(235,955)	(235,955)
Total provisions ⁽²⁾	(358)	(68,617)	(68,975)
Net charge-offs:			
Charge-offs	(249)	(184,916)	(185,165)
Recoveries	—	22,691	22,691
Net charge-offs	(249)	(162,225)	(162,474)
Ending Balance	\$ 4,060	\$ 1,265,592	\$ 1,269,652
Allowance⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 4,060	\$ 1,265,592	\$ 1,269,652
Loans⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 485,608	\$ 19,619,531	\$ 20,105,139
Accrued interest to be capitalized⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,231,754	\$ 1,231,754
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.13 %	2.17 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.84 %	6.07 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾⁽⁵⁾	1.10 %	8.62 %	
Allowance coverage of net charge-offs (annualized)	8.15	3.90	
Ending total loans, gross	\$ 485,608	\$ 19,619,531	
Average loans in repayment ⁽⁴⁾	\$ 388,510	\$ 14,977,567	
Ending loans in repayment ⁽⁴⁾	\$ 369,681	\$ 14,231,581	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 453,150	

⁽¹⁾ See 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 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	
Six Months Ended June 30, 2024 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ (68,617)
Provisions for unfunded loan commitments	97,846
Total Private Education Loan provisions for credit losses	29,229
Other impacts to the provisions for credit losses:	
FFELP Loans	(358)
Total	(358)
Provisions for credit losses reported in consolidated statements of income	\$ 28,871

⁽³⁾ For the six months ended June 30, 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)

Six Months Ended June 30, 2023 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	\$ 3,444	\$ 1,353,631	\$ 1,357,075
Transfer from unfunded commitment liability ⁽¹⁾	—	176,701	176,701
Provisions:			
Provision for current period	1,559	152,436	153,995
Loan sale reduction to provision	—	(136,531)	(136,531)
Total provisions ⁽²⁾	1,559	15,905	17,464
Net charge-offs:			
Charge-offs	(581)	(209,635)	(210,216)
Recoveries	—	23,692	23,692
Net charge-offs	(581)	(185,943)	(186,524)
Ending Balance	\$ 4,422	\$ 1,360,294	\$ 1,364,716
Allowance⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 4,422	\$ 1,360,294	\$ 1,364,716
Loans⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ 573,597	\$ 19,938,363	\$ 20,511,960
Accrued interest to be capitalized⁽³⁾:			
Ending balance: collectively evaluated for impairment	\$ —	\$ 1,136,973	\$ 1,136,973
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	0.26 %	2.41 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized ⁽⁵⁾	0.77 %	6.45 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽⁴⁾⁽⁵⁾	1.02 %	9.03 %	
Allowance coverage of net charge-offs (annualized)	3.81	3.66	
Ending total loans, gross	\$ 573,597	\$ 19,938,363	
Average loans in repayment ⁽⁴⁾	\$ 446,655	\$ 15,448,931	
Ending loans in repayment ⁽⁴⁾	\$ 431,543	\$ 14,652,527	
Accrued interest to be capitalized on loans in repayment ⁽⁶⁾	\$ —	\$ 408,923	

⁽¹⁾ See 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 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	
Six Months Ended June 30, 2023 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	\$ 15,905
Provisions for unfunded loan commitments	114,377
Total Private Education Loan provisions for credit losses	130,282
Other impacts to the provisions for credit losses:	
FFELP Loans	\$ 1,559
Total	1,559
Provisions for credit losses reported in consolidated statements of income	\$ 131,841

⁽³⁾ For the six months ended June 30, 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).

4. Allowance for Credit Losses (Continued)

Allowance for Credit Losses

In the second quarter of 2024, we implemented a loan-level future default rate model that includes current portfolio characteristics and forecasts of real gross domestic product and college graduate unemployment. In the second quarter of 2024, we also implemented a future prepayment speeds model to include forecasts of real gross domestic product, retail sales, SOFR, and the U.S. 10-year treasury rate. These models reduce the reliance on certain qualitative overlays compared to the previous default rate and prepayment speeds models. Prior to these changes, our loss models used forecasts of college graduate unemployment, retail sales, home price index, and median family income. Both the future default rate model and the future prepayment speeds model are used in determining the adequacy of the allowance for credit losses. The combined impact of these model enhancements and the changes in the related qualitative overlays did not have a material impact on the overall level of our allowance for credit losses.

We obtain forecasts for our loss model inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurrence. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At June 30, 2024, December 31, 2023, and June 30, 2023, we used the Baseline (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario - 10 percent likelihood of occurring)/S3 (unfavorable (or downside) scenario - 10 percent likelihood of occurring) 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.

Provision for credit losses for the six months ended June 30, 2024 decreased by \$103 million compared with the year-ago period. During the six months ended June 30, 2024, the provision for credit losses was primarily affected by \$236 million in negative provisions recorded as a result of the \$3.69 billion Private Education Loan sales during the first six 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 period, the provision for credit losses was primarily affected by new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook, which were offset by \$137 million in negative provisions recorded as a result of the \$2.10 billion Private Education Loan sales during the first six months of 2023 and an increase in 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, as of the end of the reporting period, the borrower was required to make three consecutive monthly payments at the reduced payment amount in order to qualify for enrollment in a modification program and, if applicable, for the loan to re-age. Any loan that has received a previous rate reduction or permanent extension is generally

4. Allowance for Credit Losses (Continued)

not re-age eligible following a modification. In that case, following the modification, the loan will remain in delinquency unless and until all past due amounts are paid and the loan is brought current.

Under our programs, we limit the granting of a permanent extension of the final maturity date of a loan to one time over the life of the loan, and limit the number of interest rate reductions to twice over the life of the loan. Where appropriate, we will permit two consecutive rate reductions so long as the borrower qualifies. 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.

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 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 \$9.3 million, representing 0.04 percent of the total Private Education Loan portfolio. This program added a weighted average of 6.7 years to the life of loans in the program. As of June 30, 2024, \$7.9 million of these loans were in a current or deferred status, \$0.6 million of these loans were 30-59 days past due, \$0.5 million of these loans were 60-89 days past due, and \$0.3 million of these loans were 90 days or greater past due. For the three months ended June 30, 2024, there were \$0.9 million modified loans¹ (with \$0.8 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 the 12 months of receiving the term extension. For the six months ended June 30, 2024, there were \$1.0 million modified loans¹ (with \$0.9 million of unpaid principal balance at the time of default) in this program.

¹ Represents period-end amortized cost basis of Private Education Loans as of June 30, 2024.

4. Allowance for Credit Losses (Continued)

ram 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.

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 June 30, 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
Private Education Loans	\$ 5,571	0.03 %	\$ 272,125	1.29 %
Total	\$ 5,571	0.03 %	\$ 272,125	1.29 %

Three Months Ended June 30, 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
Private Education Loans	\$ 14,809	0.07 %	\$ 94,485	0.44 %
Total	\$ 14,809	0.07 %	\$ 94,485	0.44 %

Six Months Ended June 30, 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
Private Education Loans	\$ 9,005	0.04 %	\$ 504,366	2.39 %
Total	\$ 9,005	0.04 %	\$ 504,366	2.39 %

Six Months Ended June 30, 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
Private Education Loans	\$ 23,995	0.11 %	\$ 166,882	0.78 %
Total	\$ 23,995	0.11 %	\$ 166,882	0.78 %

4. Allowance for Credit Losses (Continued)

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

Three Months Ended June 30, 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 13.31% to 3.46%	Private Education Loans	Added a weighted average 9.32 years to the life of loans
			Reduced average contractual rate from 12.72% to 3.70%

Three Months Ended June 30, 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 13.30% to 4.00%	Private Education Loans	Added a weighted average 10.23 years to the life of loans
			Reduced average contractual rate from 12.84% to 4.00%

Six Months Ended June 30, 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 13.25% to 3.62%	Private Education Loans	Added a weighted average 9.01 years to the life of loans
			Reduced average contractual rate from 12.66% to 3.71%

Six Months Ended June 30, 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 13.06% to 4.00%	Private Education Loans	Added a weighted average 10.23 years to the life of loans
			Reduced average contractual rate from 12.69% to 4.00%

4. Allowance for Credit Losses (Continued)

Private Education Loans are generally 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 June 30, 2024			Three Months Ended June 30, 2023		
	Modified Loans ⁽¹⁾	Payment Default ⁽⁴⁾	Charge-Offs ⁽⁵⁾	Modified Loans ⁽¹⁾	Payment Default ⁽⁴⁾	Charge-Offs ⁽⁵⁾
Loan Type:						
Private Education Loans	\$ 27,322	\$ 26,760	\$ 4,304	\$ 12,360	\$ 12,099	\$ 3,348
Total	\$ 27,322	\$ 26,760	\$ 4,304	\$ 12,360	\$ 12,099	\$ 3,348

(Dollars in thousands)	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Modified Loans ⁽¹⁾	Payment Default ⁽⁴⁾	Charge-Offs ⁽⁵⁾	Modified Loans ⁽¹⁾	Payment Default ⁽⁴⁾	Charge-Offs ⁽⁵⁾
Loan Type:						
Private Education Loans	\$ 39,634	\$ 40,128	\$ 6,371	\$ 19,374	\$ 20,304	\$ 5,279
Total	\$ 39,634	\$ 40,128	\$ 6,371	\$ 19,374	\$ 20,304	\$ 5,279

(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 June 30, 2024, the modified loans include \$25.7 million of interest rate reduction and term extension loan modifications and \$1.6 million of interest rate reduction only loan modifications. For the three months ended June 30, 2023, the modified loans include \$11.0 million of interest rate reduction and term extension loan modifications and \$1.4 million of interest rate reduction only loan modifications.

(3) For the six months ended June 30, 2024, the modified loans include \$37.5 million of interest rate reduction and term extension loan modifications and \$2.1 million of interest rate reduction only loan modifications. For the six months ended June 30, 2023, the modified loans include \$17.0 million of interest rate reduction and term extension loan modifications and \$2.4 million of interest rate reduction only loan modifications.

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

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

4. Allowance for Credit Losses (Continued)

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 six months of 2024 and full year 2023, respectively).

At June 30, 2024 (dollars in thousands)	Payment Status (Amortized Cost Basis)						Total
	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⁾		
Loan Type:							
Private Education Loans	\$ 7,527	\$ 468,384	\$ 17,356	\$ 8,605	\$ 11,499	\$ 513,371	
Total	\$ 7,527	\$ 468,384	\$ 17,356	\$ 8,605	\$ 11,499	\$ 513,371	

At December 31, 2023 (dollars in thousands)	Payment Status (Amortized Cost Basis)						Total
	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⁾		
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) Represents loans in repayment which 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 June 30, 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	\$ 1,263,118	\$ 4,792,996	\$ 2,830,170	\$ 1,844,136	\$ 1,229,753	\$ 5,084,224	\$ 17,044,397	87 %	
Without cosigner	217,230	630,023	467,599	333,584	242,486	684,212	2,575,134	13	
Total	\$ 1,480,348	\$ 5,423,019	\$ 3,297,769	\$ 2,177,720	\$ 1,472,239	\$ 5,768,436	\$ 19,619,531	100 %	
FICO at Origination Approval ⁽²⁾ :									
Less than 670	\$ 90,651	\$ 396,047	\$ 265,203	\$ 158,763	\$ 99,015	\$ 515,518	\$ 1,525,197	8 %	
670-699	197,505	757,395	457,439	294,690	209,037	979,895	2,895,961	15	
700-749	463,674	1,663,571	1,030,601	693,019	480,075	1,948,940	6,279,880	32	
Greater than or equal to 750	728,518	2,606,006	1,544,526	1,031,248	684,112	2,324,083	8,918,493	45	
Total	\$ 1,480,348	\$ 5,423,019	\$ 3,297,769	\$ 2,177,720	\$ 1,472,239	\$ 5,768,436	\$ 19,619,531	100 %	
FICO Refreshed ⁽²⁾⁽³⁾ :									
Less than 670	\$ 139,717	\$ 648,278	\$ 471,147	\$ 307,412	\$ 195,258	\$ 883,767	\$ 2,645,579	13 %	
670-699	198,681	719,888	412,143	262,386	152,440	631,641	2,377,179	12	
700-749	449,714	1,559,804	919,511	590,474	390,302	1,538,382	5,448,187	28	
Greater than or equal to 750	692,236	2,495,049	1,494,968	1,017,448	734,239	2,714,646	9,148,586	47	
Total	\$ 1,480,348	\$ 5,423,019	\$ 3,297,769	\$ 2,177,720	\$ 1,472,239	\$ 5,768,436	\$ 19,619,531	100 %	
Seasoning ⁽⁴⁾ :									
1-12 payments	\$ 772,152	\$ 2,750,486	\$ 448,319	\$ 286,029	\$ 173,738	\$ 411,072	\$ 4,841,796	25 %	
13-24 payments	—	418,106	1,635,135	190,611	135,833	412,987	2,792,672	14	
25-36 payments	—	—	258,592	1,094,789	116,401	528,339	1,998,121	10	
37-48 payments	—	—	—	153,321	687,962	472,389	1,313,672	7	
More than 48 payments	—	—	—	—	126,750	3,417,762	3,544,512	18	
Not yet in repayment	708,196	2,254,427	955,723	452,970	231,555	525,887	5,128,758	26	
Total	\$ 1,480,348	\$ 5,423,019	\$ 3,297,769	\$ 2,177,720	\$ 1,472,239	\$ 5,768,436	\$ 19,619,531	100 %	
2024 Current period ⁽⁵⁾ gross charge-offs									
	\$ (163)	\$ (8,669)	\$ (32,873)	\$ (26,921)	\$ (18,886)	\$ (97,404)	\$ (184,916)		
2024 Current period ⁽⁵⁾ recoveries									
	—	700	3,257	2,941	2,011	13,782	22,691		
2024 Current period ⁽⁵⁾ net charge-offs									
	\$ (163)	\$ (7,969)	\$ (29,616)	\$ (23,980)	\$ (16,875)	\$ (83,622)	\$ (162,225)		
Total accrued interest by origination vintage									
	\$ 43,576	\$ 357,479	\$ 329,161	\$ 221,437	\$ 128,373	\$ 287,456	\$ 1,367,482		

(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 second-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 June 30, 2024.

4. Allowance for Credit Losses (Continued)

As of December 31, 2023 (dollars in thousands)		Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination Approval	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 and Prior ⁽¹⁾	Total ⁽¹⁾	% of Balance	
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 June 30, 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⁾	\$ 708,196	\$ 2,254,427	\$ 955,723	\$ 452,970	\$ 231,555	\$ 525,887	\$ 5,128,758
Loans in forbearance ⁽²⁾	2,295	33,722	60,256	35,789	25,101	102,029	259,192
Loans in repayment:							
Loans current	765,729	3,100,292	2,215,133	1,630,195	1,172,591	4,872,598	13,756,538
Loans delinquent 30-59 days ⁽³⁾	2,542	18,637	29,618	27,766	19,455	126,427	224,445
Loans delinquent 60-89 days ⁽³⁾	759	9,069	19,011	15,343	11,809	69,393	125,384
Loans 90 days or greater past due ⁽³⁾	827	6,872	18,028	15,657	11,728	72,102	125,214
Total Private Education Loans in repayment	769,857	3,134,870	2,281,790	1,688,961	1,215,583	5,140,520	14,231,581
Total Private Education Loans, gross	1,480,348	5,423,019	3,297,769	2,177,720	1,472,239	5,768,436	19,619,531
Private Education Loans deferred origination costs and unamortized premium/(discount)	17,774	27,568	11,897	6,845	4,575	10,002	78,661
Total Private Education Loans	1,498,122	5,450,587	3,309,666	2,184,565	1,476,814	5,778,438	19,698,192
Private Education Loans allowance for losses	(80,912)	(304,066)	(228,421)	(152,123)	(94,330)	(405,740)	(1,265,592)
Private Education Loans, net	\$ 1,417,210	\$ 5,146,521	\$ 3,081,245	\$ 2,032,442	\$ 1,382,484	\$ 5,372,698	\$ 18,432,600
Percentage of Private Education Loans in repayment	52.0 %	57.8 %	69.2 %	77.6 %	82.6 %	89.1 %	72.5 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.5 %	1.1 %	2.9 %	3.5 %	3.5 %	5.2 %	3.3 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.3 %	1.1 %	2.6 %	2.1 %	2.0 %	1.9 %	1.8 %

⁽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⁾
June 30, 2024	\$ 1,367,482	\$ 6,602	\$ 8,500
December 31, 2023	\$ 1,354,565	\$ 8,373	\$ 9,897

⁽¹⁾ The allowance for uncollectible interest at June 30, 2024 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (\$136 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 \$5.8 million of accrued interest receivable on those loans that are in repayment that is not expected to be capitalized and \$0.8 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 June 30, 2024, we had \$1.3 billion of outstanding contractual loan commitments that we expect to fund during the upcoming 2024/2025 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 June 30, (dollars in thousands)	2024		2023	
	Allowance	Unfunded Commitments	Allowance	Unfunded Commitments
Beginning Balance	\$ 32,034	\$ 673,492	\$ 32,720	\$ 684,353
Provision/New commitments - net ⁽¹⁾	47,160	1,317,770	58,068	1,529,368
Transfer - funded loans ⁽²⁾	(29,715)	(690,869)	(28,188)	(650,865)
Ending Balance	\$ 49,479	\$ 1,300,393	\$ 62,600	\$ 1,562,856

Six Months Ended June 30, (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⁾	97,846	2,352,228	114,377	2,654,184
Transfer - funded loans ⁽²⁾	(161,329)	(3,272,912)	(176,701)	(3,087,136)
Ending Balance	\$ 49,479	\$ 1,300,393	\$ 62,600	\$ 1,562,856

⁽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 did 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 June 30, 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⁾	June 30, 2024			December 31, 2023		
		Cost Basis	Accumulated Amortization	Net	Cost Basis	Accumulated Amortization	Net
Trade name and trademarks ⁽²⁾	4.0	\$ 6,040	\$ (1,384)	\$ 4,656	\$ 6,040	\$ (629)	\$ 5,411
Customer relationships	4.6	8,920	(5,344)	3,576	8,920	(4,013)	4,907
Developed technology	3.5	2,590	(1,285)	1,305	2,590	(908)	1,682
Partner relationships	2.5	730	(268)	462	730	(122)	608
Total acquired intangible assets		\$ 18,280	\$ (8,281)	\$ 9,999	\$ 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 \$3 million in the three and six months ended June 30, 2024, respectively, and approximately \$2 million and \$5 million in the three and six months ended June 30, 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 June 30, 2024 and December 31, 2023.

(Dollars in thousands)	June 30, 2024	December 31, 2023
Deposits - interest-bearing	\$ 20,741,110	\$ 21,651,657
Deposits - non-interest-bearing	2,920	1,531
Total deposits	\$ 20,744,030	\$ 21,653,188

Our total deposits of \$20.7 billion were comprised of \$10.0 billion in brokered deposits and \$10.7 billion in retail and other deposits at June 30, 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 June 30, 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 \$6.9 billion and \$7.6 billion of our deposit total as of June 30, 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 \$2 million and \$3 million in the three months ended June 30, 2024 and 2023, respectively, and placement fee expense of \$5 million and \$6 million in the six months ended June 30, 2024 and 2023, respectively. There were no fees paid to third-party brokers related to brokered CDs for the three months ended June 30, 2024 and June 30, 2023. There were no fees paid to third-party brokers related to brokered CDs for the six months ended June 30, 2024. Fees paid to third-party brokers related to brokered CDs were \$3 million for the six months ended June 30, 2023.

Interest bearing deposits at June 30, 2024 and December 31, 2023 are summarized as follows:

(Dollars in thousands)	June 30, 2024		December 31, 2023	
	Amount	Qtr.-End Weighted Average Stated Rate ⁽¹⁾	Amount	Year-End Weighted Average Stated Rate ⁽¹⁾
Money market	\$ 9,485,016	4.64 %	\$ 10,258,292	4.85 %
Savings	976,727	4.34	945,000	4.35
Certificates of deposit	10,279,367	3.81	10,448,365	3.69
Deposits - interest bearing	\$ 20,741,110		\$ 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)	June 30, 2024	December 31, 2023
One year or less	\$ 5,441,046	\$ 3,937,766
After one year to two years	2,876,645	4,112,902
After two years to three years	1,575,845	1,881,371
After three years to four years	258,306	327,295
After four years to five years	127,484	188,802
After five years	41	229
Total	\$ 10,279,367	\$ 10,448,365

As of June 30, 2024 and December 31, 2023, there were \$495 million and \$478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was \$85 million and \$91 million at June 30, 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 June 30, 2024 and December 31, 2023.

(Dollars in thousands)	June 30, 2024			December 31, 2023		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	\$ —	\$ 993,810	\$ 993,810	\$ —	\$ 992,200	\$ 992,200
Total unsecured borrowings	—	993,810	993,810	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,691,111	3,691,111	—	3,585,254	3,585,254
Variable-rate	—	718,091	718,091	—	650,058	650,058
Total Private Education Loan term securitizations	—	4,409,202	4,409,202	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	4,409,202	4,409,202	—	4,235,312	4,235,312
Total	\$ —	\$ 5,403,012	\$ 5,403,012	\$ —	\$ 5,227,512	\$ 5,227,512

Short-term Borrowings

On May 7, 2024 and June 14, 2024, we amended our Secured Borrowing Facility to extend the maturity of the facility. The amount that can be borrowed under the facility is \$2 billion. We hold 100 percent of the residual interest in the Secured Borrowing Facility trust. Under the Secured Borrowing Facility, we incur financing costs on unused borrowing capacity and on outstanding advances. The amended Secured Borrowing Facility extended the revolving period, during which we may borrow, repay, and reborrow funds, until June 13, 2025. The scheduled amortization period, during which amounts outstanding under the Secured Borrowing Facility must be repaid, ends on June 13, 2026 (or earlier, if certain material adverse events occur). At both June 30, 2024, and December 31, 2023, there were no secured borrowings outstanding under the Secured Borrowing Facility.

Long-term Borrowings

Secured Financings

2024 Transactions

On May 15, 2024, we executed our \$668 million SMB Private Education Loan Trust 2024-C term ABS transaction, which was accounted for as a secured financing. We sold \$668 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately \$668 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.36 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.19 percent. On June 30, 2024, \$727 million of our Private Education Loans, including \$670 million of principal and \$57 million in capitalized interest, were encumbered because of this transaction.

8. Borrowings (Continued)

Secured Financings at Issuance

The following table summarizes our secured financings issued in the year ended December 31, 2023 and in the six months ended June 30, 2024.

Issue	Date Issued	Total Issued	Weighted Average Cost of Funds ⁽¹⁾	Weighted Average Life (in years)
<i>(Dollars in thousands)</i>				
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		<u>\$ 1,147,000</u>		
Total loan and accrued interest amount securitized at inception in 2023⁽²⁾		<u>\$ 1,292,507</u>		
2024-C	May 2024	\$ 668,000	SOFR plus 1.19%	5.36
Total notes issued in 2024		<u>\$ 668,000</u>		
Total loan and accrued interest amount securitized at inception in 2024⁽³⁾		<u>\$ 733,644</u>		

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

⁽²⁾ At June 30, 2024, \$1.14 billion of our Private Education Loans, including \$1.06 billion of principal and \$84 million in capitalized interest, were encumbered related to these transactions.

⁽³⁾ At June 30, 2024, \$727 million of our Private Education Loans, including \$670 million of principal and \$57 million in capitalized interest, were encumbered related to this transaction.

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 June 30, 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	\$ —	\$ 4,409,202	\$ 4,409,202	\$ 5,724,958	\$ 142,228	\$ 347,389	\$ 6,214,57
Secured Borrowing Facility	—	—	—	—	—	2,225	2,22
Total	<u>\$ —</u>	<u>\$ 4,409,202</u>	<u>\$ 4,409,202</u>	<u>\$ 5,724,958</u>	<u>\$ 142,228</u>	<u>\$ 349,614</u>	<u>\$ 6,216,80</u>

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	<u>\$ —</u>	<u>\$ 4,235,312</u>	<u>\$ 4,235,312</u>	<u>\$ 5,539,964</u>	<u>\$ 149,412</u>	<u>\$ 312,763</u>	<u>\$ 6,002,139</u>

(1) Other assets primarily represent accrued interest receivable.

8. Borrowings (Continued)

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.

2024-R1 Transaction

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.

2024-B Transaction

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.

2024-D Transaction

On June 28, 2024, we closed an SMB Private Education Loan Trust 2024-D term ABS transaction (the "2024-D Transaction"), in which an unaffiliated third party sold to the trust approximately \$1.5 billion of Private Education Loans that the third-party seller previously purchased from us on May 23, 2024. Sallie Mae Bank sponsored the 2024-D Transaction, is the servicer and administrator, and was the seller of an additional \$79 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-D Transaction and we recorded a \$6 million gain on sale associated with this transaction. In connection with the 2024-D 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

8. Borrowings (Continued)

the 2024-D 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.

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

(Dollars in thousands)	June 30, 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	\$ 602,539	\$ 60,473	\$ 663,012	\$ 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 June 30, 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 six months ended June 30, 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 June 30, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled \$1.2 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 six months ended June 30, 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 June 30, 2024, \$1.3 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 92.6 percent and 7.4 percent, respectively, of our total notional derivative contracts of \$1.4 billion at June 30, 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 June 30, 2024 was \$(30) million and \$(2) 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 June 30, 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 \$6 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 June 30, 2024 and December 31, 2023, and their impact on earnings and other comprehensive income for the six months ended June 30, 2024 and June 30, 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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Fair Values⁽¹⁾	Hedged Risk Exposure							
Derivative Assets:⁽²⁾								
Interest rate swaps	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Derivative Liabilities:⁽²⁾								
Interest rate swaps	(87)	(339)	(29)	(31)	—	—	(116)	(370)
Total net derivatives	\$ (87)	\$ (339)	\$ (29)	\$ (31)	\$ —	\$ —	\$ (116)	\$ (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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Gross position ⁽¹⁾	\$ —	\$ —	\$ (116)	\$ (370)
Impact of master netting agreement	—	—	—	—
Derivative values with impact of master netting agreements (as carried on balance sheet)	—	—	(116)	(370)
Cash collateral pledged ⁽²⁾	6,362	9,228	—	—
Net position	\$ 6,362	\$ 9,228	\$ (116)	\$ (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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Interest rate swaps	\$ 1,157,621	\$ 1,203,783	\$ 281,520	\$ 702,309	\$ —	\$ —	\$ 1,439,141	\$ 1,906,092
Net total notional	\$ 1,157,621	\$ 1,203,783	\$ 281,520	\$ 702,309	\$ —	\$ —	\$ 1,439,141	\$ 1,906,092

9. Derivative Financial Instruments (Continued)

As of June 30, 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)	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Deposits	\$ (274,091)	\$ (689,137)	\$ 7,237	\$ 12,910

Impact of Derivatives on the Consolidated Statements of Income

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fair Value Hedges				
Interest rate swaps:				
Interest recognized on derivatives	\$ (3,566)	\$ (5,980)	\$ (9,104)	\$ (12,385)
Hedged items recorded in interest expense	(2,468)	877	(5,673)	(6,158)
Derivatives recorded in interest expense	2,480	(765)	5,709	6,331
Total	\$ (3,554)	\$ (5,868)	\$ (9,068)	\$ (12,212)
Cash Flow Hedges				
Interest rate swaps:				
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	\$ 12,295	\$ 11,826	\$ 24,756	\$ 22,104
Total	\$ 12,295	\$ 11,826	\$ 24,756	\$ 22,104
Trading				
Interest rate swaps:				
Change in fair value of future interest payments recorded in earnings	\$ —	\$ —	\$ —	\$ —
Total	—	—	—	—
Total	\$ 8,741	\$ 5,958	\$ 15,688	\$ 9,892

9. Derivative Financial Instruments (Continued)

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

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amount of gain (loss) recognized in other comprehensive income (loss)	\$ 3,035	\$ 19,401	\$ 12,447	\$ 14,680
Less: amount of gain (loss) reclassified in interest expense	12,295	11,826	24,756	22,104
Total change in other comprehensive income (loss) for unrealized gains (losses) on derivatives, before income tax (expense) benefit	\$ (9,260)	\$ 7,575	\$ (12,309)	\$ (7,424)

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 \$29 million will be reclassified as a decrease to interest expense.

Cash Collateral

As of June 30, 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 June 30, 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 \$6 million and \$9 million at June 30, 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Common stock repurchased under repurchase programs ⁽¹⁾	2,929,646	16,389,696	4,240,369	16,389,696
Average purchase price per share ⁽²⁾	\$ 21.17	\$ 15.71	\$ 20.91	\$ 15.71
Shares repurchased related to employee stock-based compensation plans ⁽³⁾	8,139	128,212	691,386	1,077,643
Average purchase price per share	\$ 21.02	\$ 14.64	\$ 19.92	\$ 15.44
Common shares issued ⁽⁴⁾	123,311	349,009	2,049,231	2,872,753

⁽¹⁾ Common shares purchased under our share repurchase programs. The 2022 Share Repurchase Program expired on January 25, 2024. There was \$562 million of capacity remaining under the 2024 Share Repurchase Program at June 30, 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 June 28, 2024 was \$20.79.

Common Stock Dividends

In both June 2024 and June 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 six months ended June 30, 2024. Under the 2022 Share Repurchase Program, we repurchased 16.4 million shares of common stock for \$257 million in both the three and six months ended June 30, 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 2.9 million shares of common stock for \$62 million in the three months ended June 30, 2024, and 4.2 million shares of common stock for \$89 million in the six months ended June 30, 2024. We had \$562 million of capacity remaining under the 2024 Share Repurchase Program at June 30, 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 June 30, 2024 and 2023, we repurchased 2.9 million shares and 16.4 million shares, respectively, of our common stock at a total cost of \$62 million and \$257 million, respectively, and during the six months ended June 30, 2024 and 2023, we repurchased 4.2 million and 16.4 million shares, respectively, of our common stock at a total cost of \$89 million and \$257 million, respectively, under Rule 10b5-1 trading plans authorized under our share repurchase programs.

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.

(Dollars in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income	\$ 251,993	\$ 265,065	\$ 541,924	\$ 383,583
Preferred stock dividends	4,628	4,274	9,281	8,337
Net income attributable to SLM Corporation common stock	\$ 247,365	\$ 260,791	\$ 532,643	\$ 375,246
Denominator:				
Weighted average shares used to compute basic EPS	218,924	235,061	219,670	238,261
Effect of dilutive securities:				
Dilutive effect of stock options, restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan ("ESPP")	3,543	2,531	3,486	2,293
Weighted average shares used to compute diluted EPS	222,467	237,592	223,156	240,554
Basic earnings per common share	\$ 1.13	\$ 1.11	\$ 2.42	\$ 1.57
Diluted earnings per common share	\$ 1.11	\$ 1.10	\$ 2.39	\$ 1.56

(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 June 30, 2024 and 2023, securities covering approximately less than 1 million shares and 1 million shares, respectively, and for the six months ended June 30, 2024 and 2023, securities covering approximately less than 1 million shares and 1 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 six months ended June 30, 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							
	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Trading investments	\$ —	\$ —	\$ 60,473	\$ 60,473	\$ —	\$ —	\$ 54,481	\$ 54,481
Available-for-sale investments	—	2,280,155	3,107	2,283,262	—	2,411,622	—	2,411,622
Derivative instruments	—	—	—	—	—	—	—	—
Total	\$ —	\$ 2,280,155	\$ 63,580	\$ 2,343,735	\$ —	\$ 2,411,622	\$ 54,481	\$ 2,466,103
Liabilities:								
Derivative instruments	\$ —	\$ (116)	\$ —	\$ (116)	\$ —	\$ (370)	\$ —	\$ (370)
Total	\$ —	\$ (116)	\$ —	\$ (116)	\$ —	\$ (370)	\$ —	\$ (370)

12. Fair Value Measurements (Continued)

The following table summarizes the change in balance sheet carrying value associated with level 3 financial instruments carried at fair value on a recurring basis.

(Dollars in thousands)	Six Months Ended June 30,					
	2024			2023		
	Investments			Investments		
	Available For Sale - Debt Securities	Trading - Residual Interests	Total	Available For Sale - Debt Securities	Trading - Residual Interests	Total
Balance, beginning of period	\$ —	\$ 54,481	\$ 54,481	\$ —	\$ 50,786	\$ 50,786
Total gains/(losses):						
Included in earnings (or changes in net assets) ⁽¹⁾	8	4,233	4,241	—	537	537
Included in other comprehensive income	48	—	48	—	—	—
Settlements	3,051	1,759	4,810	—	823	823
Transfers into level 3	—	—	—	—	—	—
Transfers out of level 3	—	—	—	—	—	—
Balance, end of period	\$ 3,107	\$ 60,473	\$ 63,580	\$ —	\$ 52,146	\$ 52,146
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	\$ 48	\$ —	\$ 48	\$ —	\$ —	\$ —
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period ⁽²⁾	\$ —	\$ 4,233	\$ 4,233	\$ —	\$ 537	\$ 537

⁽¹⁾ Included in earnings (or changes in net assets) is comprised of the amounts recorded in the specified line item in the consolidated statements of income:

(Dollars in thousands)	Six Months Ended June 30,	
	2024	2023
Interest Income - Investments	\$ 8	\$ —
Gains (losses) on securities, net	4,233	537
Total	\$ 4,241	\$ 537

⁽²⁾ Recorded in "gains (losses) on securities, net" in the consolidated statements of income.

The following table presents the significant unobservable inputs used in the recurring valuations of the level 3 financial instruments detailed above.

(Dollars in thousands)	Fair Value at 6/30/2024	Valuation Technique	Unobservable Input	Range (Average)
Debt Securities	\$ 3,107	Discounted cash flow	Constant Prepayment Rate	7.1%-11.1% (8.49%)
			Probability of default	4.0%-17.4% (11.26%)
Residual Interests	60,473	Discounted cash flow	Constant Prepayment Rate	7.1%-11.1% (8.49%)
			Probability of default	4.0%-17.4% (11.26%)
Total	\$ 63,580			

The significant inputs detailed in the above table would be expected to have the following impacts to the valuations:

- 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.

12. Fair Value Measurements (Continued)

- 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)	June 30, 2024			December 31, 2023		
	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Earning assets:						
Loans held for investment, net:						
Private Education Loans	\$ 20,976,381	\$ 18,432,600	\$ 2,543,781	\$ 22,229,045	\$ 19,772,293	\$ 2,456,752
FFELP Loans	480,752	482,733	(1,981)	542,775	534,064	8,711
Cash and cash equivalents	5,262,448	5,262,448	—	4,149,838	4,149,838	—
Trading investments	60,473	60,473	—	54,481	54,481	—
Available-for-sale investments	2,283,262	2,283,262	—	2,411,622	2,411,622	—
Accrued interest receivable	1,476,267	1,391,081	85,186	1,448,766	1,379,904	68,862
Derivative instruments	—	—	—	—	—	—
Total earning assets	\$ 30,539,583	\$ 27,912,597	\$ 2,626,986	\$ 30,836,527	\$ 28,302,202	\$ 2,534,325
Interest-bearing liabilities:						
Money-market and savings accounts	\$ 10,388,501	\$ 10,461,743	\$ 73,242	\$ 11,134,883	\$ 11,203,292	\$ 68,409
Certificates of deposit	10,259,979	10,279,367	19,388	10,380,684	10,448,365	67,681
Long-term borrowings	5,151,728	5,403,012	251,284	4,873,690	5,227,512	353,822
Accrued interest payable	99,493	99,493	—	105,066	105,066	—
Derivative instruments	116	116	—	370	370	—
Total interest-bearing liabilities	\$ 25,899,817	\$ 26,243,731	\$ 343,914	\$ 26,494,693	\$ 26,984,605	\$ 489,912
Excess of net asset fair value over carrying value			<u>\$ 2,970,900</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 June 30, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

(Dollars in thousands)	Adjusted Transition Amounts	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Six Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
	December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	June 30, 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 June 30, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$110 million and \$115 million, net of tax of \$35 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 June 30, 2024⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,122,582	13.4 %	\$ 1,631,764	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,122,582	13.4 %	\$ 1,981,427	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,423,131	14.7 %	\$ 2,447,645	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,122,582	10.8 %	\$ 1,154,807	≥ 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 June 30, 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 \$138 million and \$298 million in dividends to the Company for the three and six months ended June 30, 2024, respectively, and \$300 million and \$300 million in dividends to the Company for the three and six months ended June 30, 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

13. Regulatory Capital (Continued)

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 June 30, 2024, we had \$1.3 billion of outstanding contractual loan commitments that we expect to fund during the upcoming 2024/2025 academic year. At June 30, 2024, we had a \$49 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.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to SLM Corporation common stock	\$ 247,365	\$ 260,791	\$ 532,643	\$ 375,246
Diluted earnings per common share	\$ 1.11	\$ 1.10	\$ 2.39	\$ 1.56
Weighted average shares used to compute diluted earnings per common share	222,467	237,592	223,156	240,554
Return on Assets ⁽¹⁾	3.6 %	3.7 %	3.8 %	2.7 %
Other Operating Statistics (Held for Investment)				
Ending Private Education Loans, net	\$ 18,432,600	\$ 18,648,904	\$ 18,432,600	\$ 18,648,904
Ending FFELP Loans, net	482,733	570,614	482,733	570,614
Ending total education loans, net	\$ 18,915,333	\$ 19,219,518	\$ 18,915,333	\$ 19,219,518
Average education loans	\$ 20,982,244	\$ 21,290,038	\$ 21,476,000	\$ 21,820,708

(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 and six months ended June 30, 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 six months of 2024, we made the following progress on the above corporate strategic imperatives.

2024-C Securitization

On May 15, 2024, we executed our \$668 million SMB Private Education Loan Trust 2024-C term ABS transaction, which was accounted for as a secured financing. We sold \$668 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately \$668 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.36 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.19 percent.

2024 Loan Sales and 2024-A, 2024-B, and 2024-D Transactions

In the first six months of 2024, we recognized \$255 million in gains from the sale of approximately \$3.69 billion of Private Education Loans, including \$3.42 billion of principal and \$274 million in capitalized interest, to unaffiliated third parties. 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.

Secured Borrowing Facility

On May 7, 2024 and June 14, 2024, we amended our Secured Borrowing Facility to extend the maturity of the facility. The amount that can be borrowed under the facility is \$2 billion. We hold 100 percent of the residual interest in the Secured Borrowing Facility trust. Under the Secured Borrowing Facility, we incur financing costs on unused borrowing capacity and on outstanding advances. The amended Secured Borrowing Facility extended the revolving period, during which we may borrow, repay, and reborrow funds, until June 13, 2025. The scheduled amortization period, during which amounts outstanding under the Secured Borrowing Facility must be repaid, ends on June 13, 2026 (or earlier, if certain material adverse events occur).

Share Repurchases under our Rule 10b5-1 Trading Plans

During the six months ended June 30, 2024, we repurchased 4.2 million shares of our common stock at a total cost of \$89 million under Rule 10b5-1 trading plans 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 June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2024	2023	\$	%	2024	2023	\$	%
Interest income:								
Loans	\$ 565	\$ 568	\$ (3)	(1)%	\$ 1,162	\$ 1,151	\$ 11	1
Investments	15	12	3	25	30	23	7	30
Cash and cash equivalents	61	54	7	13	113	97	16	16
Total interest income	641	634	7	1	1,305	1,271	34	3
Total interest expense	269	247	22	9	546	480	66	14
Net interest income	372	387	(14)	(4)	759	792	(33)	(4)
Less: provisions for credit losses	17	18	(1)	(6)	29	132	(103)	(78)
Net interest income after provisions for credit losses	355	369	(14)	(4)	730	660	70	11
Non-interest income:								
Gains on sales of loans, net	112	125	(13)	(10)	255	125	130	104
Gains (losses) on securities, net	2	(1)	3	300	4	—	4	100
Other income	28	20	8	40	57	40	17	43
Total non-interest income	142	144	(2)	(1)	316	166	150	90
Non-interest expenses:								
Total operating expenses	157	154	3	2	318	309	9	3
Acquired intangible assets amortization expense	1	2	(1)	(50)	3	5	(2)	(40)
Total non-interest expenses	159	156	3	2	320	313	7	2
Income before income tax expense	339	357	(18)	(5)	726	512	214	42
Income tax expense	87	92	(5)	(5)	184	129	55	43
Net income	252	265	(13)	(5)	542	383	159	42
Preferred stock dividends	5	4	1	25	9	8	1	13
Net income attributable to SLM Corporation common stock	\$ 247	\$ 261	\$ (14)	(5)%	\$ 533	\$ 375	\$ 158	42
Basic earnings per common share	\$ 1.13	\$ 1.11	\$ 0.02	2 %	\$ 2.42	\$ 1.57	\$ 0.85	54
Diluted earnings per common share	\$ 1.11	\$ 1.10	\$ 0.01	1 %	\$ 2.39	\$ 1.56	\$ 0.83	53
Declared dividends per common share	\$ 0.11	\$ 0.11	\$ —	— %	\$ 0.22	\$ 0.22	\$ —	—

GAAP Consolidated Earnings Summary

Three Months Ended June 30, 2024 Compared with Three Months Ended June 30, 2023

For the three months ended June 30, 2024, net income attributable to common stock was \$247 million, or \$1.11 diluted earnings per common share, compared with net income attributable to common stock of \$261 million, or \$1.10 diluted earnings per common share, for the three months ended June 30, 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 \$14 million in the current quarter compared with the year-ago quarter primarily due to a 16-basis point decrease in our net interest margin and a \$308 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 the yields on 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 half of 2024, our cost of funds increased faster than our interest-earning assets yields and reduced our net interest margin.

- Provision for credit losses in the current quarter was \$17 million, compared with \$18 million in the year-ago quarter. During the second quarter of 2024, the provision for credit losses was primarily affected by \$103 million negative provisions resulting from the \$1.59 billion Private Education Loan sales during the quarter and an improved economic outlook, offset by new loan commitments, net of expired commitments. In the year-ago quarter, the provision for credit losses was primarily affected by negative provisions resulting from the Private Education Loan sales during the year-ago quarter, and an increase in estimated recovery rates, which were offset by new loan commitments, net of expired commitments, changes in economic outlook, and management overlays.

- Gains on sales of loans, net, were \$112 million in the current quarter, as a result of \$1.59 billion in Private Education Loan sales that occurred in the second quarter of 2024. There were \$125 million in gains on sales of loans, net, in the year-ago quarter, as result of \$2.10 billion in Private Education Loan sales that occurred in the second quarter of 2023.

- Gains (losses) on securities, net, were \$2 million of gains in the current quarter compared with \$1 million in losses in the year-ago quarter. The change quarter-over-quarter was due to the change in mark-to-fair value of our trading investments.

- Other income was \$28 million in the second quarter of 2024, compared with \$20 million in the year-ago quarter. The increase was primarily driven by a \$6 million increase in third-party servicing fees compared to the year-ago quarter. The increase in third-party servicing fees was due to an additional \$4.7 billion of loans that we sold during the past year where we continue to service on behalf of the owners of the loans.

- Second-quarter 2024 total operating expenses were \$157 million, compared with \$154 million in the year-ago quarter. The increase in total operating expenses was primarily driven by higher personnel costs and higher FDIC fees.

- During the second 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.

- Second-quarter 2024 income tax expense was \$87 million, compared with \$92 million in the year-ago quarter. Our effective income tax rate decreased slightly to 25.6 percent in the second quarter of 2024 from 25.7 percent in the year-ago quarter. The decrease in the effective rate for the second quarter of 2024 was primarily due to a decrease in state income taxes.

Six Months Ended June 30, 2024 Compared with Six Months Ended June 30, 2023

For the six months ended June 30, 2024, net income attributable to common stock was \$533 million, or \$2.39 diluted earnings per common share, compared with net income attributable to common stock of \$375 million, or \$1.56 diluted earnings per common share, for the six months ended June 30, 2023.

The primary drivers of changes in net income for the first six months of 2024 compared with the first six months of 2023 are as follows:

- Net interest income decreased by \$33 million in the first six months of 2024 compared with the year-ago period primarily due to an 18-basis point decrease in our net interest margin and a \$345 million decrease in our average Private Education Loans and FFELP Loans outstanding. Our net interest margin decreased in the current period from the year-ago period 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 the yields on 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 half of 2024, our cost of funds increased faster than our interest-earning assets yields and reduced our net interest margin.
- Provision for credit losses in the six months ended June 30, 2024 was \$29 million, compared with \$132 million in the year-ago period. During the first six months of 2024, the provision for credit losses was primarily affected by \$236 million negative provisions resulting from the \$3.69 billion Private Education Loan sales during the period, 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 period, the provision for credit losses was primarily affected by new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook, which were offset by negative provisions recorded as a result of Private Education Loan sales during the first six months of 2023 and an increase in recovery rates.
- Gains on sales of loans, net, were \$255 million in the six months ended June 30, 2024, compared with \$125 million in the year-ago period. The increase in gains on sales of loans was primarily the result of selling \$3.69 billion of Private Education Loans in the first six months of 2024, compared with the sale of \$2.10 billion of Private Education Loans in the first six months of 2023. We also sold our Credit Card loan portfolio in May 2023 and recorded a \$3.5 million loss on the sale in the six months ended June 30, 2023.
- Gains (losses) on securities, net, were \$4 million of gains in the first six months of 2024 compared with less than \$1 million in gains in the year-ago period. The increase from the year-ago period was due to the change in mark-to-fair value of our trading investments.
- Other income was \$57 million in the first six months of 2024, compared with \$40 million in the year-ago period. In the first six months of 2024, there was an \$11 million increase in third-party servicing fees from the year-ago period. The increase in third-party servicing fees was due to an additional \$4.7 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 period, 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-half 2024 total operating expenses were \$318 million, compared with \$309 million in the year-ago period. The increase in total operating expenses was primarily driven by higher personnel costs, higher initiative spending, and higher FDIC fees.
- During the first six months of 2024, we recorded \$3 million in amortization of acquired intangible assets, down from \$5 million in the year-ago period. 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.
- Income tax expense for the six months ending June 30, 2024 was \$184 million, compared with \$129 million in the year-ago period. Our effective income tax rate increased to 25.4 percent in the first six months of 2024 from 25.1 percent in the year-ago period. The increase in the effective rate for the first six months of 2024 was primarily due to an increase in state income taxes.

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 June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
	Balance	Rate	Balance	Rate	Balance	Rate	Balance	Rate
Average Assets								
Private Education Loans	\$ 20,480,805	10.91 %	\$ 20,704,907	10.79 %	\$ 20,961,775	10.96 %	\$ 21,227,153	10.72 %
FFELP Loans	501,439	7.73	585,131	7.10	514,225	7.48	593,555	6.98
Credit Cards	—	—	17,088	16.83	—	—	22,376	14.02
Taxable securities	2,358,864	2.58	2,538,903	1.90	2,415,239	2.47	2,534,246	1.86
Cash and other short-term investments	4,562,433	5.40	4,255,881	5.06	4,247,212	5.39	4,088,427	4.80
Total interest-earning assets	27,903,541	9.25 %	28,101,910	9.05 %	28,138,451	9.33 %	28,465,757	9.01 %
Non-interest-earning assets	434,005		280,759		390,289		223,419	
Total assets	\$ 28,337,546		\$ 28,382,669		\$ 28,528,740		\$ 28,689,176	
Average Liabilities and Equity								
Brokered deposits	\$ 10,185,497	3.74 %	\$ 9,425,640	3.07 %	\$ 10,204,594	3.72 %	\$ 9,849,531	3.08 %
Retail and other deposits	10,646,827	4.66	11,626,408	4.33	10,940,349	4.72	11,653,796	4.10
Other interest-bearing liabilities ⁽¹⁾	5,232,136	3.93	5,400,925	3.68	5,183,470	3.89	5,322,444	3.52
Total interest-bearing liabilities	26,064,460	4.16 %	26,452,973	3.75 %	26,328,413	4.17 %	26,825,771	3.61 %
Non-interest-bearing liabilities	57,563		74,260		92,409		48,006	
Equity	2,215,523		1,855,436		2,107,918		1,815,399	
Total liabilities and equity	\$ 28,337,546		\$ 28,382,669		\$ 28,528,740		\$ 28,689,176	
Net interest margin		5.36 %		5.52 %		5.43 %		5.61 %

⁽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 June 30, 2024 vs. 2023			
Interest income	\$ 7,571	\$ 13,770	\$ (6,199)
Interest expense	22,030	26,320	(4,290)
Net interest income	<u>\$ (14,459)</u>	<u>\$ (10,679)</u>	<u>\$ (3,780)</u>
Six Months Ended June 30, 2024 vs. 2023			
Interest income	\$ 33,531	\$ 44,862	\$ (11,331)
Interest expense	66,042	73,943	(7,901)
Net interest income	<u>\$ (32,511)</u>	<u>\$ (25,700)</u>	<u>\$ (6,811)</u>

⁽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 June 30, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment
Total loan portfolio:			
In-school ⁽¹⁾	\$ 3,382,342	\$ 57	\$ 3,382,399
Grace, repayment and other ⁽²⁾	16,237,189	485,551	16,722,740
Total, gross	19,619,531	485,608	20,105,139
Deferred origination costs and unamortized premium/(discount)	78,661	1,185	79,846
Allowance for credit losses	(1,265,592)	(4,060)	(1,269,652)
Total loans held for investment portfolio, net	\$ 18,432,600	\$ 482,733	\$ 18,915,333
% 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	\$ 19,772,293	\$ 534,064	\$ 20,306,357
% 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 June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Private Education Loans	\$ 20,480,805	98 %	\$ 20,704,907	97 %	\$ 20,961,775	98 %	\$ 21,227,153	97 %
FFELP Loans	501,439	2	585,131	3	514,225	2	593,555	3
Total portfolio	\$ 20,982,244	100 %	\$ 21,290,038	100 %	\$ 21,476,000	100 %	\$ 21,820,708	100 %

Loans Held for Investment, Net — Activity

Three Months Ended June 30, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	\$ 19,687,783	\$ 513,006	\$ 20,200,789
Acquisitions and originations:			
Fixed-rate	671,156	—	671,156
Variable-rate	27,329	—	27,329
Total acquisitions and originations	698,485	—	698,485
Capitalized interest and deferred origination cost premium amortization	120,936	5,762	126,698
Sales	(1,471,925)	—	(1,471,925)
Loan consolidations to third parties	(175,138)	(24,223)	(199,361)
Allowance	79,839	567	80,406
Repayments and other	(507,380)	(12,379)	(519,759)
Ending balance	\$ 18,432,600	\$ 482,733	\$ 18,915,333

Three Months Ended June 30, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	\$ 20,497,675	\$ 589,888	\$ 21,087,563
Acquisitions and originations:			
Fixed-rate	614,440	—	614,440
Variable-rate	43,881	—	43,881
Total acquisitions and originations	658,321	—	658,321
Capitalized interest and deferred origination cost premium amortization	119,783	5,700	125,483
Sales	(1,964,945)	—	(1,964,945)
Loan consolidations to third parties	(211,392)	(6,573)	(217,965)
Allowance	115,085	(495)	114,590
Repayments and other	(565,623)	(17,906)	(583,529)
Ending balance	\$ 18,648,904	\$ 570,614	\$ 19,219,518

Six Months Ended June 30, 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	3,146,725	—	3,146,725
Variable-rate	145,053	—	145,053
Total acquisitions and originations	3,291,778	—	3,291,778
Capitalized interest and deferred origination cost premium amortization	230,737	11,335	242,072
Sales	(3,430,920)	—	(3,430,920)
Loan consolidations to third parties	(375,177)	(38,103)	(413,280)
Allowance	69,513	607	70,120
Repayments and other	(1,125,624)	(25,170)	(1,150,794)
Ending balance	\$ 18,432,600	\$ 482,733	\$ 18,915,333

Six Months Ended June 30, 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	2,592,285	—	2,592,285
Variable-rate	514,013	—	514,013
Total acquisitions and originations	3,106,298	—	3,106,298
Capitalized interest and deferred origination cost premium amortization	238,967	11,604	250,571
Sales	(1,964,945)	—	(1,964,945)
Loan consolidations to third parties	(496,875)	(15,159)	(512,034)
Allowance	(6,663)	(978)	(7,641)
Repayments and other	(1,247,591)	(32,008)	(1,279,599)
Ending balance	\$ 18,648,904	\$ 570,614	\$ 19,219,518

“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 June 30, 2024 decreased by 2.6 percent compared with June 30, 2023, totaling 42 percent of our Private Education Loans held for investment portfolio at June 30, 2024. The balance of loans held for investment in full principal and interest repayment status was affected in 2023 and in the first six months of 2024 by loan sales.

“Loan consolidations to third parties” for the three months ended June 30, 2024 total 2.3 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status at June 30, 2024, or 1.0 percent of our total Private Education Loans held for investment portfolio at June 30, 2024, compared with the year-ago period of 2.7 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status, or 1.1 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 June 30,			
	2024	%	2023	%
Smart Option - interest only ⁽¹⁾	\$ 96,741	14 %	\$ 96,958	15 %
Smart Option - fixed pay ⁽¹⁾	225,552	33	207,429	32
Smart Option - deferred ⁽¹⁾	256,992	37	249,613	38
Graduate Loan ⁽²⁾	111,631	16	97,358	15
Parent Loan ⁽³⁾	—	—	—	—
Total Private Education Loan originations	\$ 690,916	100 %	\$ 651,358	100 %
Percentage of loans with a cosigner	79.7 %		75.6 %	
Average FICO at approval ⁽⁴⁾	752		747	

(Dollars in thousands)	Six Months Ended June 30,			
	2024	%	2023	%
Smart Option - interest only ⁽¹⁾	\$ 576,991	18 %	\$ 575,120	19 %
Smart Option - fixed pay ⁽¹⁾	1,087,229	33	1,015,675	33
Smart Option - deferred ⁽¹⁾	1,336,904	41	1,252,501	40
Graduate Loan ⁽²⁾	271,862	8	249,270	8
Parent Loan ⁽³⁾	—	—	38	—
Total Private Education Loan originations	\$ 3,272,986	100 %	\$ 3,092,604	100 %
Percentage of loans with a cosigner	88.4 %		86.3 %	
Average FICO at approval ⁽⁴⁾	749		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 June 30, 2024, the Graduate Loan originations include \$6.6 million of Smart Option Loans where the student was in a graduate status. For the three months ended June 30, 2023, the Graduate Loan originations include \$4.5 million of Smart Option Loans where the student was in a graduate status. For the six months ended June 30, 2024, the Graduate Loan originations include \$18.3 million of Smart Option Loans where the student was in a graduate status. For the six months ended June 30, 2023, the Graduate Loan originations include \$14.9 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 June 30, (dollars in thousands)	2024			2023			
	Private Education Loans	FFELP Loans	Total Portfolio	Private Education Loans	FFELP Loans	Credit Cards	Total Portfolio
Beginning balance	\$ 1,345,431	\$ 4,627	\$ 1,350,058	\$ 1,475,379	\$ 3,927	\$ —	\$ 1,479,306
Transfer from unfunded commitment liability ⁽¹⁾	29,715	—	29,715	28,188	—	—	28,188
Less:							
Charge-offs	(91,042)	(126)	(91,168)	(114,550)	(325)	741	(114,134)
Plus:							
Recoveries	11,377	—	11,377	11,706	—	(11)	11,695
Provisions for credit losses:							
Provision, current period	72,862	(441)	72,421	96,102	820	(730)	96,192
Loan sale reduction to provision	(102,751)	—	(102,751)	(136,531)	—	—	(136,531)
Total provisions for credit losses ⁽²⁾	(29,889)	(441)	(30,330)	(40,429)	820	(730)	(40,339)
Ending balance	\$ 1,265,592	\$ 4,060	\$ 1,269,652	\$ 1,360,294	\$ 4,422	\$ —	\$ 1,364,716

⁽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 June 30, (dollars in thousands)	2024	2023
Private Education Loan provisions for credit losses:		
Provisions for loan losses	\$ (29,889)	\$ (40,429)
Provisions for unfunded loan commitments	47,160	58,068
Total Private Education Loan provisions for credit losses	17,271	17,639
Other impacts to the provisions for credit losses:		
FFELP Loans	(441)	820
Credit Cards	—	(730)
Total	(441)	90
Provisions for credit losses reported in consolidated statements of income	\$ 16,830	\$ 17,729

Six Months Ended June 30, (dollars in thousands)	2024			2023		
	Private Education Loans	FFELP Loans	Total Portfolio	Private Education Loans	FFELP Loans	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⁾	161,329	—	161,329	176,701	—	176,701
Less:						
Charge-offs	(184,916)	(249)	(185,165)	(209,635)	(581)	(210,216)
Plus:						
Recoveries	22,691	—	22,691	23,692	—	23,692
Provisions for credit losses:						
Provision, current period	167,338	(358)	166,980	152,436	1,559	153,995
Loan sale reduction to provision	(235,955)	—	(235,955)	(136,531)	—	(136,531)
Total provisions for credit losses ⁽²⁾	(68,617)	(358)	(68,975)	15,905	1,559	17,464
Ending balance	\$ 1,265,592	\$ 4,060	\$ 1,269,652	\$ 1,360,294	\$ 4,422	\$ 1,364,716

⁽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**

Six Months Ended June 30, (dollars in thousands)	2024	2023
Private Education Loan provisions for credit losses:		
Provisions for loan losses	\$ (68,617)	\$ 15,905
Provisions for unfunded loan commitments	97,846	114,377
Total Private Education Loan provisions for credit losses	29,229	130,282
Other impacts to the provisions for credit losses:		
FFELP Loans	(358)	1,559
Total	(358)	1,559
Provisions for credit losses reported in consolidated statements of income	\$ 28,871	\$ 131,841

Private Education Loan Allowance for Credit Losses

In establishing the allowance for Private Education Loan losses as of June 30, 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 42 percent of our total Private Education Loans held for investment portfolio at June 30, 2024, compared with 43 percent at June 30, 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 June 30, (dollars in thousands)	2024		2023	
	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 5,128,758		\$ 5,101,856	
Loans in forbearance ⁽²⁾	259,192		183,980	
Loans in repayment and percentage of each status:				
Loans current	13,756,538	96.7 %	14,113,105	96.3 %
Loans delinquent 30-59 days ⁽³⁾	224,445	1.5	264,665	1.8
Loans delinquent 60-89 days ⁽³⁾	125,384	0.9	138,233	1.0
Loans 90 days or greater past due ⁽³⁾	125,214	0.9	136,524	0.9
Total Private Education Loans in repayment	14,231,581	100.0 %	14,652,527	100.0 %
Total Private Education Loans, gross	19,619,531		19,938,363	
Private Education Loans deferred origination costs and unamortized premium/(discount)	78,661		70,835	
Total Private Education Loans	19,698,192		20,009,198	
Private Education Loans allowance for losses	(1,265,592)		(1,360,294)	
Private Education Loans, net	\$ 18,432,600		\$ 18,648,904	
Percentage of loans in repayment		72.5 %		73.5 %
Delinquencies as a percentage of loans in repayment		3.3 %		3.7 %
Delinquencies, excluding those loans within a loan modification qualifying period, as a percentage of loans in repayment ⁽⁴⁾		2.8 %		3.3 %
Percentage of loans in forbearance:				
Percentage of loans in an extended grace period ⁽⁵⁾		0.8 %		0.2 %
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 June 30, 2024 and 2023, totaled approximately \$169 million and \$77 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, if re-age eligible, 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 \$115 million and \$30 million at June 30, 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 \$154 million at June 30, 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 decreased to 3.3 percent at June 30, 2024 from 3.7 percent at June 30, 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 2.8 percent at June 30, 2024 from 3.3 percent at June 30, 2023. The percentage of Private Education Loans in hardship and other forbearances (excluding loans in an extended grace period) was 1.0 percent at both June 30, 2024 and June 30, 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	\$ 1,345,431	\$ 1,475,379	\$ 1,335,105	\$ 1,353,631
Transfer from unfunded commitment liability ⁽¹⁾	29,715	28,188	161,329	176,701
Provision for credit losses:				
Provision, current period	72,862	96,102	167,338	152,436
Loan sale reduction to provision	(102,751)	(136,531)	(235,955)	(136,531)
Total provision	(29,889)	(40,429)	(68,617)	15,905
Net charge-offs:				
Charge-offs	(91,042)	(114,550)	(184,916)	(209,635)
Recoveries	11,377	11,706	22,691	23,692
Net charge-offs	(79,665)	(102,844)	(162,225)	(185,943)
Ending balance	\$ 1,265,592	\$ 1,360,294	\$ 1,265,592	\$ 1,360,294
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized	6.07 %	6.45 %	6.07 %	6.45 %
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment ⁽²⁾⁽³⁾	8.62 %	9.03 %	8.62 %	9.03 %
Allowance coverage of net charge-offs (annualized)	3.97	3.31	3.90	3.66
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽²⁾	2.19 %	2.69 %	2.17 %	2.41 %
Ending total loans, gross	\$ 19,619,531	\$ 19,938,363	\$ 19,619,531	\$ 19,938,363
Average loans in repayment ⁽²⁾	\$ 14,543,669	\$ 15,269,101	\$ 14,977,567	\$ 15,448,931
Ending loans in repayment ⁽²⁾	\$ 14,231,581	\$ 14,652,527	\$ 14,231,581	\$ 14,652,527
Accrued interest to be capitalized	\$ 1,231,754	\$ 1,136,973	\$ 1,231,754	\$ 1,136,973
Accrued interest to be capitalized on loans in repayment ⁽³⁾	\$ 453,150	\$ 408,923	\$ 453,150	\$ 408,923

⁽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, looking for opportunities to enhance and streamline, and may periodically modify these practices based upon performance, industry conventions, and/or regulatory feedback.

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, as of the end of the reporting period, the borrower was required to make three consecutive monthly payments at the reduced payment amount in order to qualify for enrollment in a modification program and, if applicable, for the loan to re-age. Any loan that has received a previous rate reduction or permanent extension is generally not re-age eligible following a modification. In that case, following the modification, the loan will remain in delinquency unless and until all past due amounts are paid and the loan is brought current.

Under our programs, we limit the granting of a permanent extension of the final maturity date of a loan to one time over the life of the loan, and limit the number of interest rate reductions to twice over the life of the loan. Where appropriate, we will permit two consecutive rate reductions so long as the borrower qualifies. 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 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 June 30, 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 1.3 percent. At June 30, 2024, approximately 74 percent of our Private Education Loans (held for investment) in forbearance status have been in active repayment status fewer than 25 months.

**Private Education Loans Held for Investment
Aged by Number of Months in Active Repayment Status**

As of June 30, 2024 (dollars in millions)	0 to 12	13 to 24	25 to 36	37 to 48	More than 48	Not Yet in Repayment	Total
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,129	\$ 5,129
Loans in forbearance	148	45	25	15	27	—	260
Loans in repayment - current	4,577	2,663	1,897	1,244	3,376	—	13,757
Loans in repayment - delinquent 30-59 days	50	41	36	25	72	—	224
Loans in repayment - delinquent 60-89 days	34	22	20	15	35	—	126
Loans in repayment - 90 days or greater past due	33	22	20	14	35	—	124
Total	\$ 4,842	\$ 2,793	\$ 1,998	\$ 1,313	\$ 3,545	\$ 5,129	19,620
Deferred origination costs and unamortized premium/(discount)							79
Allowance for credit losses							(1,266)
Total Private Education Loans, net							\$ 18,433
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	1.02 %	0.31 %	0.17 %	0.10 %	0.19 %	— %	1.79 %

**Private Education Loans Held for Investment
Aged by Number of Months in Active Repayment Status**

As of June 30, 2023 (dollars in millions)	0 to 12	13 to 24	25 to 36	37 to 48	More than 48	Not Yet in Repayment	Total
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,102	\$ 5,102
Loans in forbearance	98	32	19	14	21	—	184
Loans in repayment - current	4,665	3,009	1,800	1,476	3,163	—	14,113
Loans in repayment - delinquent 30-59 days	71	54	37	31	72	—	265
Loans in repayment - delinquent 60-89 days	42	29	18	15	34	—	138
Loans in repayment - 90 days or greater past due	43	26	18	15	34	—	136
Total	\$ 4,919	\$ 3,150	\$ 1,892	\$ 1,551	\$ 3,324	\$ 5,102	19,938
Deferred origination costs and unamortized premium/(discount)							71
Allowance for credit losses							(1,360)
Total Private Education Loans, net							\$ 18,649
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	0.66 %	0.22 %	0.13 %	0.09 %	0.14 %	— %	1.24 %

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 June 30, 2024 and December 31, 2023.

As of June 30, 2024 (dollars in thousands)	Signature and Other	Parent Loan ⁽¹⁾	Smart Option	Career Training ⁽²⁾	Graduate Loan	Total
\$ in repayment ⁽³⁾	\$ 218,418	\$ 182,474	\$ 12,510,948	\$ 1,639	\$ 1,318,102	\$ 14,231,581
\$ in total	\$ 309,828	\$ 183,270	\$ 17,257,501	\$ 1,663	\$ 1,867,269	\$ 19,619,531

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⁾
June 30, 2024	\$ 1,367,482	\$ 6,602	\$ 8,500
December 31, 2023	\$ 1,354,565	\$ 8,373	\$ 9,897
June 30, 2023	\$ 1,275,741	\$ 7,011	\$ 8,224

(1) The allowance for uncollectible interest at June 30, 2024 and 2023 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (at June 30, 2024 and 2023, relates to \$136 million and \$139 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 \$1.1 billion, at June 30, 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 \$5.8 million and \$6.5 million of accrued interest receivable on those loans that are in repayment that is/was not expected to be capitalized and \$0.8 million and \$0.5 million that is/was expected to be capitalized, at June 30, 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 was not expected to be capitalized and \$0.6 million that was 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.

At June 30, 2024 and December 31, 2023, our sources of liquidity included liquid investments with unrealized losses of \$129.3 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. We hold 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)	June 30, 2024		December 31, 2023	
Sources of primary liquidity:				
Unrestricted cash and liquid investments:				
Holding Company and other non-bank subsidiaries	\$	7,406	\$	3,224
Sallie Mae Bank ⁽¹⁾		5,255,042		4,146,614
Available-for-sale investments		1,680,722		1,988,295
Total unrestricted cash and liquid investments	\$	6,943,170	\$	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 June 30,		Six Months Ended June 30,					
	2024	2023	2024	2023				
Sources of primary liquidity:								
Unrestricted cash and liquid investments:								
Holding Company and other non-bank subsidiaries	\$	9,216	\$	6,480	\$	6,702	\$	6,281
Sallie Mae Bank ⁽¹⁾		4,372,445		4,051,693		4,059,440		3,887,661
Available-for-sale investments		1,671,328		1,996,426		1,778,595		1,999,253
Total unrestricted cash and liquid investments	\$	6,052,989	\$	6,054,599	\$	5,844,737	\$	5,893,195

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

Deposits

The following table summarizes total deposits at June 30, 2024 and December 31, 2023.

(Dollars in thousands)	June 30, 2024	December 31, 2023
Deposits - interest-bearing	\$ 20,741,110	\$ 21,651,657
Deposits - non-interest-bearing	2,920	1,531
Total deposits	\$ 20,744,030	\$ 21,653,188

Our total deposits of \$20.7 billion were comprised of \$10.0 billion in brokered deposits and \$10.7 billion in retail and other deposits at June 30, 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 June 30, 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 \$6.9 billion and \$7.6 billion of our deposit total as of June 30, 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 \$2 million and \$3 million in the three months ended June 30, 2024 and 2023, respectively, and placement fee expense of \$5 million and \$6 million in the six months ended June 30, 2024 and 2023, respectively. There were no fees paid to third-party brokers related to brokered CDs for the three months ended June 30, 2024 and June 30, 2023. There were no fees paid to third-party brokers related to brokered CDs for the six months ended June 30, 2024. Fees paid to third-party brokers related to brokered CDs were \$3 million for the six months June 30, 2023.

Interest bearing deposits at June 30, 2024 and December 31, 2023 are summarized as follows:

(Dollars in thousands)	June 30, 2024		December 31, 2023	
	Amount	Qtr.-End Weighted Average Stated Rate ⁽¹⁾	Amount	Year-End Weighted Average Stated Rate ⁽¹⁾
Money market	\$ 9,485,016	4.64 %	\$ 10,258,292	4.85 %
Savings	976,727	4.34	945,000	4.35
Certificates of deposit	10,279,367	3.81	10,448,365	3.69
Deposits - interest bearing	\$ 20,741,110		\$ 21,651,657	

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

As of June 30, 2024 and December 31, 2023, there were \$495 million and \$478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was \$85 million and \$91 million at June 30, 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 June 30, 2024, \$1.3 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 92.6 percent and 7.4 percent, respectively, of our total notional derivative contracts of \$1.4 billion at June 30, 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 June 30, 2024 was \$(30) million and \$(2) 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 June 30, 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 \$6 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 June 30, 2024.

As of June 30, 2024 (dollars in thousands)	SLM Corporation and Sallie Mae Bank Contracts	
Total exposure, net of collateral	\$	6,246
Exposure to counterparties with credit ratings, net of collateral	\$	6,246
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 June 30, 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 June 30, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

(Dollars in thousands)	Adjusted Transition Amounts	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Year Ended	Phase-In Amounts for the Six Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
	December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	June 30, 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 June 30, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$110 million and \$115 million, net of tax of \$35 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 June 30, 2024⁽³⁾:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,122,582	13.4 %	\$ 1,631,764	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,122,582	13.4 %	\$ 1,981,427	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,423,131	14.7 %	\$ 2,447,645	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,122,582	10.8 %	\$ 1,154,807	≥ 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 June 30, 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 \$138 million and \$298 million in dividends to the Company for the three and six months ended June 30, 2024, respectively, and \$300 million and \$300 million in dividends to the Company for the three and six months ended June 30, 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 June 30, 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)	June 30, 2024			December 31, 2023		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	\$ —	\$ 993,810	\$ 993,810	\$ —	\$ 992,200	\$ 992,200
Total unsecured borrowings	—	993,810	993,810	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,691,111	3,691,111	—	3,585,254	3,585,254
Variable-rate	—	718,091	718,091	—	650,058	650,058
Total Private Education Loan term securitizations	—	4,409,202	4,409,202	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	4,409,202	4,409,202	—	4,235,312	4,235,312
Total	\$ —	\$ 5,403,012	\$ 5,403,012	\$ —	\$ 5,227,512	\$ 5,227,512

Short-term Borrowings

On May 7, 2024 and June 14, 2024, we amended our Secured Borrowing Facility to extend the maturity of the facility. The amount that can be borrowed under the facility is \$2 billion. We hold 100 percent of the residual interest in the Secured Borrowing Facility trust. Under the Secured Borrowing Facility, we incur financing costs on unused borrowing capacity and on outstanding advances. The amended Secured Borrowing Facility extended the revolving period, during which we may borrow, repay, and reborrow funds, until June 13, 2025. The scheduled amortization period, during which amounts outstanding under the Secured Borrowing Facility must be repaid, ends on June 13, 2026 (or earlier, if certain material adverse events occur). At both June 30, 2024, and December 31, 2023, there were no secured borrowings outstanding under the Secured Borrowing Facility.

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks which totaled \$125 million at June 30, 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 six months ended June 30, 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 June 30, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled \$1.2 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 six months ended June 30, 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 June 30, 2024, we had \$1.3 billion of outstanding contractual loan commitments that we expect to fund during the upcoming 2024/2025 academic year. At June 30, 2024, we had a \$49 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.

Allowance for Credit Losses

We maintain an allowance for credit losses for the lifetime expected credit losses on loans in our portfolios, as well as for future loan commitments, at the reporting date.

In determining the lifetime expected credit losses on our Private Education Loan portfolio loan segments, we use a discounted cash flow method. This method requires us to project future principal and interest cash flows on our loans in those portfolios.

To estimate the future expected cash flows, we use statistical loan-level models that consider life of loan expectations for defaults, prepayments, recoveries, and any other qualitative adjustments deemed necessary, to determine the adequacy of the allowance at each balance sheet date. These cash flows are discounted at the loan's effective interest rate to calculate the present value of those cash flows. Management adjusts the effective interest rate used to discount expected cash flows to incorporate expected prepayments. The difference between the present value of those cash flows and the amortized cost basis of the underlying loans is the allowance for credit losses. Entities that measure credit losses based on the present value of expected future cash flows are permitted to report the entire change in present value as credit loss expense, but may alternatively report the change in present value due to the passage of time as interest income. We have elected to report the entire change in present value as credit loss expense.

We estimate future default rates used in our current expected credit losses at a loan level using historical loss experience, current borrower characteristics, current conditions, and economic factors forecasted over a reasonable and supportable period. At the end of the reasonable and supportable forecast period, we immediately revert our forecasted economic factors to long-term historical averages.

We estimate future prepayment speeds used in our current expected credit losses at a loan level using historical prepayment experience, current borrower characteristics, current conditions, and economic factors forecasted over a reasonable and supportable period. At the end of the reasonable and supportable forecast period, we immediately revert our forecasted economic factors to long-term historical averages.

The reasonable and supportable forecast period is meant to represent the period in which we believe we can estimate the impact of forecasted economic factors in our expected losses. We use a two-year reasonable and supportable forecast period, although this period is subject to change as our view evolves on our ability to reasonably forecast economic conditions to estimate future losses.

In estimating future default rates and prepayment speeds in our current expected credit losses, we use a combination of expected economic scenarios coupled with our historical experience to derive a base case adjusted for any qualitative factors (as described below). We also develop an adverse and favorable economic scenario. At each reporting date, we determine the appropriate weighting of these alternate scenarios based upon the current economic conditions and our view of the risks of alternate outcomes. This weighting of expectations is used in calculating our current expected credit losses recorded each period.

In estimating recoveries, we use both estimates of what we would receive from the sale of defaulted loans as well as historical borrower payment behavior to estimate the timing and amount of future recoveries on charged-off loans.

In addition to the above modeling approach, we also take certain other qualitative factors into consideration when calculating the allowance for credit losses, which could result in management overlays (increases or decreases to the allowance for credit losses). These management overlays can encompass a broad array of factors not captured by model inputs, including, but not limited to, changes in lending policies and procedures, including changes in underwriting standards, changes in servicing policies and collection administration practices, state law changes that could impact servicing and collection practices, charge-offs, recoveries not already included in the analysis, the effect of other external factors such as legal and regulatory requirements on the level of estimated current expected credit losses, the performance of the model over time versus actual losses, and any other operational or regulatory changes that could affect our estimate of future losses.

The evaluation of the allowance for credit losses is inherently subjective, as it requires material estimates that may be susceptible to significant changes. If actual future performance in delinquency, charge-offs, and recoveries is significantly different than estimated, or management assumptions or practices were to change, this could materially affect the estimate of the allowance for credit losses, the timing of when losses are recognized, and the related provision for credit losses in our consolidated statements of income.

When calculating our allowance for credit losses and liability for unfunded commitments, we incorporate several inputs that are subject to change period to period. These include, but are not limited to, CECL model inputs and any overlays deemed necessary by management. The most impactful CECL model inputs include:

- Economic forecasts;
- Weighting of economic forecasts; and
- Recovery rates.

Of the model inputs outlined above, economic forecasts, weighting of economic forecasts, and recovery rates are subject to estimation uncertainty, and changes in these inputs could have a material impact to our allowance for credit losses and the related provision for credit losses.

In the second quarter of 2024, we implemented a loan-level future default rate model that includes current portfolio characteristics and forecasts of real gross domestic product and college graduate unemployment. In the second quarter of 2024, we also implemented a future prepayment speeds model to include forecasts of real gross domestic product, retail sales, SOFR, and the U.S. 10-year treasury rate. These models reduce the reliance on certain qualitative overlays compared to the previous default rate and prepayment speeds models. Prior to these changes, our loss models used forecasts of college graduate unemployment, retail sales, home price index, and median family income. Both the future default rate model and the future prepayment speeds model are used in determining the adequacy of the allowance for credit losses. The combined impact of these model enhancements and the changes in the related qualitative overlays did not have a material impact on the overall level of our allowance for credit losses.

We obtain forecasts for our loss model inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurrence. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At June 30, 2024, December 31, 2023, and June 30, 2023, we used the Baseline (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario - 10 percent likelihood of occurring)/S3 (unfavorable (or downside) scenario - 10 percent likelihood of occurring) 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.

To demonstrate the sensitivity of the allowance for credit losses for our Private Education Loan portfolio to a more pessimistic forecast of expected economic outcomes, we considered what our allowance for credit losses would be if we applied a 100 percent probability weighting to the S3 unfavorable (or downside) scenario (with a concomitant 0 percent weighting for both the Baseline and S1 stronger near-term growth scenarios) under the range of scenarios noted above. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in our allowance for credit losses as of June 30, 2024 of \$153 million or 11.7 percent. This scenario does not reflect our current expectations as of June 30, 2024, nor does it capture other qualitative adjustments or all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical pessimistic conditions. The estimated impact was calculated for the two-year reasonable and supportable period, but was not calculated for the remaining periods since long-term assumptions used to calculate the allowance for the remaining periods are based on longer term averages and only change when we determine there is a fundamental change that will affect the long-term rate.

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 June 30, 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 June 30, 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 June 30, 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 continues to evaluate this trend to determine if and when further actions are necessary to manage EVE sensitivity.

As of June 30,	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	-4.7%	-1.5%	+1.3%	+3.7%	-0.5%	-0.1%	0.0%	-0.3%
EAR - Ramp	-2.5%	-0.8%	+0.7%	+1.9%	0.0%	0.0%	-0.1%	-0.5%
EVE	-24.3%	-8.4%	+8.6%	+25.8%	-18.4%	-6.5%	+6.5%	+19.0%

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 June 30, 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 June 30, 2024 (dollars in millions) Index	Frequency of Variable Resets	Assets	Funding ⁽¹⁾	Funding Gap
Fed Funds Effective Rate	daily/weekly/monthly	\$ —	\$ 544.9	\$ (544.9)
SOFR Rate	daily/weekly/monthly	6,097.6	4,036.3	2,061.3
3-month SOFR	quarterly	—	251.1	(251.1)
3-month Treasury bill	weekly	77.9	—	77.9
Prime	monthly	0.4	—	0.4
Non-Discrete reset ⁽²⁾	daily/weekly	5,465.2	3,702.3	1,762.9
Fixed-Rate ⁽³⁾		17,127.8	20,234.3	(3,106.5)
Total		\$ 28,768.9	\$ 28,768.9	\$ —

⁽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, Non-Discrete reset, and fixed-rate categories. Changes in the Fed Funds Effective Rate, the Non-Discrete reset, 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 \$2.0 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 June 30, 2024.

As of June 30, 2024 (averages in years)	Weighted Average Life
Earning assets	
Education loans	5.32
Cash and investments	1.24
Total earning assets	<u>4.17</u>
Deposits	
Short-term deposits	0.69
Long-term deposits	1.71
Total deposits	<u>0.89</u>
Borrowings	
Long-term borrowings	3.40
Total borrowings	<u>3.40</u>

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 June 30, 2024. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 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 June 30, 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 June 30, 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:				
April 1 - April 30, 2024	802	\$ 21.43	798	\$ 606,000
May 1 - May 31, 2024	859	\$ 21.39	859	\$ 588,000
June 1 - June 30, 2024	1,277	\$ 20.86	1,273	\$ 562,000
Total second-quarter 2024	2,938	\$ 21.17	2,930	

⁽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 June 30, 2024, we had \$562 million in capacity 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 second quarter of 2024, we repurchased 2.9 million shares under 10b5-1 trading plans. 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 June 28, 2024 was \$20.79.

Item 3. Defaults Upon Senior Securities

Nothing to report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

In the second quarter of 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934, as amended) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” for the purchase or sale of securities of the Company, each within the meaning of Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

- 10.1 [Form of SLM Corporation 2021 Omnibus Incentive Plan, Independent Director Restricted Stock Agreement - 2024.](#)
- 10.2 [SLM Corporation Amended and Restated Change in Control Severance Plan for Senior Officers effective June 18, 2024.](#)
- 10.3 [SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers effective June 18, 2024.](#)
- 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).

SLM Corporation 2021 Omnibus Incentive Plan**2024 Independent Director Restricted Stock Agreement**

Pursuant to the terms and conditions of the SLM Corporation 2021 Omnibus Incentive Plan (the “Plan”), SLM Corporation (the “Corporation”) hereby grants to _____ (the “Grantee”) _____ shares of common stock of the Corporation, par value \$0.20 (the “Restricted Stock”), on June 18, 2024 (the “Grant Date”) subject to the terms and conditions below. All capitalized terms used herein that are not defined shall have the meanings as set forth in the Plan.

100 percent of the Restricted Stock is subject to a risk of forfeiture and is non-transferable on the Grant Date.

Upon the Corporation’s 2025 annual meeting of stockholders (the “Vesting Event”), 100 percent of the Restricted Stock will vest and become transferable unless vested earlier as set forth below.

The Restricted Stock will vest and become transferable prior to the Vesting Event upon any of the following events: (i) the Grantee’s death or Disability or (ii) upon a Change in Control.

100 percent of the Restricted Stock will be forfeited if the Grantee ceases to be a director of the Corporation’s Board of Directors prior to the Vesting Event for any reason other than death, Disability (as defined below) or a Change in Control.

The Restricted Stock will be held in an account in the Grantee’s name at the Corporation’s transfer agent, currently Computershare. The Grantee is entitled to vote the shares of Restricted Stock.

Dividends declared on unvested shares of Restricted Stock 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 Restricted Stock is subject. Upon vesting of any portion of the Restricted Stock, the amount of Dividend Equivalents allocable to such Restricted Stock (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). Dividend Equivalents declared on unvested shares of Restricted Stock are not subject to income tax until vesting, at which time they are taxed as ordinary income.

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 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.

As an essential term of this 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 this 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 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.

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 Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line 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 Grantee's term of service with the Corporation and thereafter until withdrawn in writing by Grantee.

"Disability" means the absence of the Grantee from the Corporation's Board of Directors duties for 180 consecutive days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and reasonably acceptable to the Grantee or the Grantee's legal representative.

The Grantee is deemed to accept this award of Restricted Stock under this Agreement and to agree that such award is subject to the terms and conditions set forth in this Agreement and the Plan unless the Grantee provides the Corporation written notification of the Grantee's rejection of this award of Restricted Stock not later than 30 days after the Grantee's receipt of notice of the posting of this Agreement on-line or through electronic means (in which case such award will be forfeited and the Grantee shall have no further right or interest therein as of such date).

SLM CORPORATION

Amended and Restated Change in Control Severance Plan for Senior Officers

As Amended and Restated Effective June 18, 2024

ARTICLE 1

NAME, PURPOSE AND EFFECTIVE DATE

1.01. Name and Purpose of Plan. The name of this plan is the SLM Corporation Amended and Restated Change in Control Severance Plan for Senior Officers (the "**Plan**"). The purpose of the Plan is to provide compensation and benefits to certain senior level officers of SLM Corporation (the "**Corporation**"), Sallie Mae Bank and each of their subsidiaries upon certain change in control events of SLM Corporation.

1.02. Effective Date. The effective date of the Plan is January 1, 2006. The Plan was amended on March 19, 2008. The Plan was further amended effective January 1, 2009 and on December 8, 2010, March 31, 2011, September 22, 2011, June 25, 2015 and June 18, 2024. The compensation and benefits payable under this Plan are payable upon a Change in Control that occurs after the effective date of this Plan.

1.03. Employment Contracts Govern; Executive Severance Plan. To the extent that an Eligible Officer is a party to an employment or other contract or agreement that provides for any severance payments upon such Eligible Officer's termination of employment with the Corporation or any of its subsidiaries, then that contract or agreement governs, and not this Plan. Upon the expiration of such contract or agreement, this Plan will govern. In addition, an Eligible Officer shall not be entitled to receive benefits more than once under this Plan as a result of holding titles with multiple entities with the Corporation and the group of companies under common control with the Corporation. In addition, in the event that the Eligible Officer experiences a termination of employment, but such termination of employment does not occur within the six (6) month period prior to the occurrence of a Change in Control or the twenty-four (24) month period following the occurrence of a Change in Control, then the Executive Severance Plan will govern, and not this Plan.

1.04. ERISA Status. This Plan is intended to be an unfunded plan that is maintained primarily to provide severance compensation and benefits to a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA.

ARTICLE 2

DEFINITIONS

The following words and phrases will have the following meanings unless a different meaning is plainly required by the context:

2.01. "Base Salary" means the greater of the annual base rate of compensation payable to an Eligible Officer at the time of (a) (a) a Change in Control or (b) (b) a Termination Date (or, in the case of a Termination of Employment For Good Reason under Section 2.18(b), as of the date immediately prior to such reduction in Base Salary), such annual base rate of compensation not reduced by any pre-tax deferrals under any tax-qualified plan, non-qualified deferred compensation plan, qualified transportation fringe benefit plan under Code Section 132(f), or cafeteria plan under Code Section 125 maintained by the Corporation or any of its subsidiaries, but excluding the following: incentive or other bonus plan payments, accrued vacation, commissions, sick leave, holidays, jury duty, bereavement, other paid leaves of absence, short-term disability payments, recruiting/job referral bonuses, severance, hiring bonuses, long-term disability payments, payments from a non-qualified deferred compensation plan maintained by the Corporation or any of its subsidiaries, or amounts paid on account of the exercise of stock options or on account of the award or vesting of restricted or performance stock or other stock-based compensation.

2.02. "Board of Directors" means the Board of Directors of the Corporation and Sallie Mae Bank.

2.03. "Change in Control" means the occurrence of any of the following events:

(a) an acquisition (other than directly from the Corporation) of any voting securities of the Corporation (the "**Voting Securities**") by any "**person or group**" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), other than an employee benefit plan of the Corporation, immediately after which such person has "**Beneficial Ownership**" (within the meaning of Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Corporation's then outstanding Voting Securities;

(b) during any period of twelve (12) consecutive months, the Directors serving on the Board of Directors as of Effective Date plus any new Director whose appointment or election by the Board or nomination for election by the stockholders of the Corporation was approved or recommended by a vote of a majority of the Directors then still in office who either were Directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved or recommended (the "**Incumbent Directors**") cease for any reason to constitute a majority of the number of Directors serving on the Board of Directors;

(c) the consummation of a merger, consolidation, amalgamation or reorganization involving the Corporation (such transaction, a "**Corporate Event**," and such corporation resulting from the merger, consolidation, amalgamation or reorganization, the "**Surviving Corporation**") unless (i)(i) the stockholders of the Corporation immediately before such Corporate Event continue to hold at least fifty percent (50%) of the combined voting power of the Surviving Corporation in substantially the same proportion as their ownership immediately before such Corporate Event or (ii) at least a majority of the members of the Board of Directors of the Surviving Corporation were Incumbent Directors immediately prior to the execution of the agreement providing for such Corporate Event;

(d) the consummation of the sale or other disposition of all or substantially all of the assets of the Corporation; or

(e) the consummation of a complete liquidation or dissolution of the Corporation.

2.04. “**Code**” means the Internal Revenue Code of 1986, as amended, and includes any regulations, rulings or procedures issued thereunder.

2.05. “**Committee**” means the Compensation Committee of the Board of Directors (or, in the event of a delegation by the Compensation Committee, such subcommittee thereof) or other committee designated by the Board of Directors.

2.06. “**Disability**” has the meaning set forth in the Corporation’s long-term disability plan, policy or similar arrangement in effect at the time of termination.

2.07. “**Director**” means (i) an individual serving as a member of the Board of Directors who is not an employee and (ii) any individual who has agreed to become a director of the Corporation or any of its subsidiaries and actually becomes a director following such date of agreement.

2.08. “**Executive Officer**” means an “officer” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934.

2.09. “**Executive Severance Plan**” means the SLM Corporation Executive Severance Plan for Senior Officers, as may be amended from time to time.

2.10. “**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 Eligible Officer’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 Eligible Officer is subject (including, but not limited to, those restrictive covenants set forth in the Eligible Officer’s New Hire Attestations).

2.11. “**Multiplier**” means (i) for an Eligible Officer with the title of Chief Executive Officer, two and a half (2.5); (ii) for an Eligible Officer with a title higher than Senior Vice President, such as Senior Executive Vice President, Vice Chairman, and Executive Vice President but not including the Chief Executive Officer, two (2); and (iii) for an Eligible Officer with a title of Senior Vice President, one and a half (1.5).

2.12. “**Plan**” means this SLM Corporation Amended and Restated Change in Control Severance Plan for Senior Officers, as amended from time to time.

2.13. “**Target Bonus Opportunity**” means the applicable Eligible Officer's target bonus opportunity, as provided for under the SLM Corporation Annual Incentive Plan or any successor plan thereto (or, if such Eligible Officer does not participate in the Annual Incentive Plan, any similar short-term incentive compensation plan, policy, agreement or arrangement), as determined by (x) for Executive Officers, the Committee and (y) for all other Eligible Officers, the Chief People Officer and/or the Eligible Officer's appropriate supervisor or manager.

2.14. “**Termination Date**” means the Eligible Officer’s last date of employment with the Corporation and its subsidiaries.

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

2.16. “**Termination of Employment for Good Reason**” means a termination of an Eligible Officer’s employment by the Eligible Officer due to: (a) a reduction in the position or responsibilities of the Eligible Officer not including a change in title only; (b) a reduction in the Eligible Officer’s Base Salary or a reduction in the Eligible Officer’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 reduction in compensation); or (c) a relocation of the Eligible Officer’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 Plan, unless such relocation results in the Eligible Officer’s primary work location being closer to his or her then-primary residence or does not substantially increase the average commuting time of such Eligible Officer; provided that a “Termination of Employment For Good Reason” shall not include any requirement by the Corporation or any of its subsidiaries that the Eligible Officer 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 Eligible Officer by the Corporation or any of its subsidiaries. If an Eligible Officer 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 Eligible Officer shall be deemed to have given his or her consent to such event and the Eligible Officer shall not be eligible for a Severance Payment under this Plan as a result of that event and shall be deemed to have waived all rights in regard to such event.

2.17. “**Termination of Employment Without Cause**” means a termination of an Eligible Officer’s employment by the Corporation or any of its subsidiaries for any reason other than a Termination of Employment for Cause, a termination of employment on account of death or Disability.

ARTICLE 3

ELIGIBILITY AND SEVERANCE BENEFITS

3.01. Eligible Officers. Officers at the level of Senior Vice President and above of the Corporation and any of its subsidiaries are eligible for benefits under this Plan (the “**Eligible Officers**”).

3.02. Limited Equity Acceleration Change-in-Control Benefits. Except as otherwise set forth in the applicable Eligible Officer’s award agreement, in the event of a Change in Control under Section 2.03(a) or Section 2.03(c), if the terms of such transaction or Corporate Event do not provide for the Surviving Corporation to adopt and assume the Eligible Officer’s equity awards under the SLM Corporation 2012 Omnibus Incentive Plan or the SLM Corporation 2021 Omnibus Incentive Plan (with any appropriate adjustment to the number and type of shares subject to such equity awards) on the same terms and conditions (including vesting conditions and treatment upon a termination of service) as such outstanding equity awards, all equity awards shall vest and (if applicable) become exercisable at the greater of (i) 100% target level set forth in the vesting schedule therein or (ii) the actual level of performance as set forth in the applicable award agreement, as determined by the Committee as of the most recent practicable date prior to such Change in Control. In addition, any holding period set forth in the Eligible Officer’s applicable award agreement shall not apply.

3.03. Double Trigger Change-in-Control Severance Benefits.

(a) An Eligible Officer will be entitled to receive a severance payment (“**Severance Payment**”) if, within the six (6) month period prior to the occurrence of a Change in Control or the twenty-four (24) month period following the occurrence of a Change in Control, after any of the following events (each, a “**Termination Event**”): (i) upon a Termination of Employment Without Cause; or (ii) upon a Termination of Employment For Good Reason; *provided* that, if such termination is on account of a decision to resign due to clause (a) of the definition of “Termination of Employment For Good Reason,” such Eligible Officer continues his or her employment for a transition period, not to exceed six (6) months, mutually agreed to by the Corporation and the Eligible Officer.

(b) The amount of the Severance Payments upon an Eligible Officer’s Termination of Employment Without Cause or Termination of Employment for Good Reason will include an amount equal to (x) the Multiplier multiplied by (y) the sum of (1) the Eligible Officer’s Base Salary and (2) the Eligible Officer’s Target Bonus Opportunity.

(c) An Eligible Officer will be entitled to continuation of medical, dental and vision insurance benefits and outplacement services from the Corporation or the Corporation’s service provider(s) after any of the following events: (i) upon a Termination of Employment Without Cause or (ii) upon a Termination of Employment For Good Reason; *provided* that, if such termination is on account of a decision to resign due to clause (a) of the definition of “Termination of Employment For Good Reason,” such Eligible Officer continues his or her employment for a transition period, not to exceed six (6) months, mutually agreed to by the Corporation and the Eligible Officer. Following the Eligible Officer’s Termination Date, if the Eligible Officer properly elects continuation coverage through the Consolidated Omnibus Budget Reconciliation Act (as amended, “**COBRA**”), the Corporation will pay the employer portion of the total cost of the Eligible Officer’s medical, dental and vision insurance premiums until the earlier of (i) the last day of such period that is determined by multiplying (x) twelve months by (y)

the Multiplier above and (ii) such date the Eligible Officer becomes eligible to obtain coverage under medical, dental and/or vision insurance plans of a subsequent employer (the “**COBRA Continuation Period**,” and such payments, “**COBRA Payments**”); provided, that, if payment of such premiums would result in excise tax or other penalties imposed on the Corporation, a dollar amount equal to such premiums that the Corporation would have paid under this Section 3.03(c) during the applicable payment period shall be paid to the Eligible Officer, instead of such premium, as additional cash severance pay.

(d) Any outstanding and unvested equity awards held by an Eligible Officer shall be governed by the terms and conditions applicable to such grants, except as provided in Section 3.02 hereof.

(e) All payments and benefits provided under this Section 3.03 are conditioned on the Eligible Officer’s continuing compliance with this Plan and the Eligible Officer’s execution and nonrevocation of a release of claims and covenant not to sue and noncompetition and non-solicitation provisions (to the extent permitted by applicable law) substantially in the form provided in Exhibit A hereto, as may be amended by the Committee in good faith (the “**Release**”). Contingent upon signing and not revoking the Release, the Severance Payment will be made to the Eligible Officer in a single lump sum cash payment within sixty (60) calendar days after the Eligible Officer’s Termination Date, subject to Section 3.05. Notwithstanding anything to the contrary herein, in no event shall a Severance Payment paid to an Eligible Officer hereunder exceed three (3) times the sum of the Eligible Officer’s Base Salary and target bonus opportunity (the “**Payment Limit**”), and if a Severance Payment hereunder were to exceed such amount, then such payment shall be reduced to the highest amount that does not exceed the Payment Limit. For the avoidance of doubt, the Payment Limit applies to the Severance Payment; the treatment of outstanding but unvested equity awards (as set forth in Section 3.02 and 3.03(c)) and the continuation of benefits (as set forth in 3.03(b)) shall not be considered in the determination of whether the Severance Payment has exceeded the Payment Limit.

3.04. Tax Effect of Payments.

(a) No Excise Tax Gross-Up. In the event it is determined that any compensation by or benefit from the Corporation to the Eligible Officer or for the Eligible Officer’s benefit, whether pursuant to the terms of this Plan or otherwise (“**Total Payments**”), (i)(i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii)(ii) would be subject to taxes of any state, local or federal taxing authority that would not have been imposed but for a change of control, including any excise tax under Section 4999 of the Code, and any successor or comparable provision (“**Excise Tax**”), then the Eligible Officer’s benefits under this Plan or otherwise shall be either (x) delivered in full or (y) delivered as to such lesser extent which would result in no portion of the Total Payments being subject to Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Eligible Officer on an after-tax basis of the greatest amount of benefits, notwithstanding that all or some portion of the Total Payments may be taxable under Section 4999 of the Code. In the event that the payments and/or benefits are to be reduced pursuant to this Section 3.04(a), such payments and benefits shall be reduced such that the reduction of after-tax compensation to be provided to the Eligible Officer as a result of this Section 3.04(a) is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. In addition, the Corporation may in its discretion,

include in the lesser benefits paid under (y) above, a reasonable cushion amount to take into account that the final value of the benefits delivered to the Eligible Officer could be determined at a later point in time. Each Eligible Officer shall cooperate fully with the Company to determine the benefits applicable under this Section.

(b) Determination by Auditors. All mathematical determinations and all determinations of whether any of the Total Payments are “parachute payments” (within the meaning of section 280G of the Code) that are required to be made under this Section 3, shall be made by the independent auditors retained by the Corporation most recently prior to the Change in Control (the “**Auditors**”), who shall provide their determination (the “**Determination**”), together with detailed supporting calculations, both to the Corporation and to the Eligible Officer promptly following the Eligible Officer’s Termination Date, if applicable, or such earlier time as is requested by the Corporation. Any Determination by the Auditors shall be binding upon the Corporation and the Eligible Officer, absent a binding determination by a governmental taxing authority that a greater or lesser amount of taxes is payable by the Eligible Officer. The Corporation shall pay the fees and costs of the Auditors. If the Auditors do not agree to perform the tasks contemplated by this Section 3, then the Corporation shall promptly select another nationally recognized accounting firm to perform such tasks.

3.05. Section 409A. With respect to Severance Payments subject to Section 409A of the Code, this Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of this Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and this Plan shall be operated accordingly. If any provision of this Plan or any term would otherwise frustrate or conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything herein to the contrary, to the extent that the Committee determines, in its sole discretion, that any payments or benefits to be provided hereunder to or for the benefit of an Eligible Officer who is also a “specified employee” (as such term is defined under Section 409A of the Code) would be subject to the additional tax imposed under Section 409A of the Code, the commencement of such payments and/or benefits will be delayed until the earlier of (x) the date that is six months following the Termination Date or (y) the date of the Eligible Officer’s death (such date is referred to herein as the “**Distribution Date**”). In the event that the Committee determines that the commencement of any of the benefits to be provided under Section 3.03(b) shall be delayed pursuant to the preceding sentence, the Corporation will require the Eligible Officer to bear the full cost of such benefits until the Distribution Date at which time the Corporation will reimburse the Eligible Officer for all such costs. In addition, if the period during which the Eligible Officer is permitted to consider and sign and not revoke the Release (as described further in Section 3.03(d)) begins in one calendar year and ends in the next calendar year, the first installment of the Severance Payment will not occur until the second calendar year. Notwithstanding the foregoing, the tax treatment of the benefits provided under this Plan is not warranted or guaranteed, and in no event shall the Corporation be liable for all or any portion of any taxes, interest, penalties or other expenses that may be incurred by an Eligible Officer on account of noncompliance with Section 409A of the Code.

3.06. No Duty to Mitigate. No Eligible Officer shall be required to mitigate, by seeking employment or otherwise, the amount of any payment that the Corporation becomes obligated to make under this Plan, and, except as expressly provided in this Plan, amounts or other benefits to be paid or provided to an Eligible Officer pursuant to this Plan shall not be reduced by reason of the Eligible Officer’s obtaining other employment or receiving similar payments or benefits from another employer.

ARTICLE 4

ACTIONS BY THE COMMITTEE

4.01. Powers. The Committee will have full power, discretion and authority to interpret, construe and administer the Plan and any part hereof, and the Committee's interpretation and construction hereof, and any actions hereunder will be binding on all persons for all purposes. The Committee will provide for the keeping of detailed, written minutes of its actions. The Committee, in fulfilling its responsibilities may (by way of illustration and not of limitation) do any or all of the following:

- (i) allocate among its members, and/or delegate to one or more other persons selected by it, responsibility for fulfilling some or all of its responsibilities under the Plan;
- (ii) designate one or more of its members to sign on its behalf directions, notices and other communications to any entity or other person;
- (iii) establish rules and regulations with regard to the Committee's conduct and the fulfillment of its responsibilities under the Plan;
- (iv) prepare any agreement and release based on the form of Confidential Agreement and Release set forth in Exhibit A, subject to any amendments or changes that the Committee may deem necessary or appropriate to comply with changes in applicable law;
- (v) designate other persons to render advice with respect to any responsibility or authority pursuant to the Plan being carried out by it or any of its delegates under the Plan; and
- (vi) employ legal counsel, consultants and agents as it may deem desirable in the administration of the Plan and rely on the opinion of such counsel.

4.02. Action By Majority. A majority of the members of the Committee in office at the time will constitute a quorum for the transaction of business. All resolutions or other actions taken by the Committee will be by the vote of the majority at any meeting or by written instrument signed by the majority.

ARTICLE 5

CLAIM FOR BENEFITS UNDER THIS PLAN

5.01. Claims for Benefits Under This Plan. A condition precedent to receipt of Severance Payments is the execution of an unaltered release of claims in form and substance prescribed by the Corporation. If an Eligible Officer believes that an individual should have been eligible to participate in the Plan or disputes the amount of benefits under the Plan, such individual may submit a claim for benefits in writing, within sixty (60) days after the individual's termination of employment, to the Committee. If such claim for benefits is wholly or partially denied, the Committee will, within a reasonable period of time, but no later than ninety (90) days after receipt of the written claim, notify the individual of the denial of the claim. If an extension of time for processing the claim is required, the Committee may take up to an additional ninety (90) days; *provided* that the Committee sends the individual written notice of the extension before the expiration of the original ninety (90) day period. The notice provided to the individual will describe why an extension is required and when a decision is expected to be made. If a claim is wholly or partially denied, the denial notice: (1) will be in writing, (2) will be written in a manner calculated to be understood by the individual and (3) will contain (a) the reasons for the denial, including specific reference to the pertinent Plan provisions upon which the denial is based; (b) a description of any additional information or materials necessary to complete the claim and an explanation of why such information is necessary; (c) an explanation of the steps to be taken to appeal the adverse determination; and (d) a statement of the individual's right to bring a civil action under Section 502(a) of ERISA following an adverse decision after appeal. If notice of denial of a claim is not furnished in accordance with this Section 5.01, the claim will be deemed denied and the claimant will be permitted to exercise his or her rights to review pursuant to Section 5.02 and 5.03.

5.02. Right to Request Review of Benefit Denial. Within sixty (60) days of the individual's receipt of the written notice of denial of the claim, the individual may file a written request for a review of the denial of the individual's claim for benefits. In connection with the individual's appeal of the denial of his or her benefit, such individual may submit comments, records, documents, or other information supporting the appeal, regardless of whether such information was considered in the prior benefits decision. Upon request and free of charge, such individual will be provided reasonable access to and copies of all documents, records and other information relevant to such individual's claim.

5.03. Disposition of Claim. The Committee will deliver to the individual a written decision on the claim promptly, but not later than sixty (60) days after the receipt of the individual's written request for review, except that if there are special circumstances which require an extension of time for processing, the sixty (60) day period will be extended to one hundred and twenty (120) days; *provided* that the appeal reviewer sends written notice of the extension before the expiration of the original sixty (60) day period. If the appeal is wholly or partially denied, the denial notice will: (1) be written in a manner calculated to be understood by the individual, (2) contain references to the specific plan provision(s) upon which the decision was based; (3) contain a statement that, upon request and free of charge, the individual will be provided reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and (4) contain a statement of the individual's right to bring a civil action under Section 502(a) of ERISA.

5.04. Exhaustion. An individual must exhaust the Plan's claims procedures prior to bringing any claim for benefits under the Plan in a court of competent jurisdiction.

5.05 Legal Fees. The Corporation agrees to pay as incurred (within thirty (30) days following the Corporation's receipt of an invoice from the Eligible Officer), at any time from the date of a Change in Control through the Eligible Officer's remaining lifetime, to the fullest extent permitted by applicable law, all legal fees and expenses that the Eligible Officer may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Corporation, the Eligible Officer or others of the validity or enforceability of, or liability under, any provision of this Plan or any guarantee of performance thereof whether such contest is between the Corporation and the Eligible Officer or between either of them and any third party (including as a result of any contest by the Eligible Officer about the amount of any payment pursuant to this Plan and any audit by the Internal Revenue Service).

ARTICLE 6

MISCELLANEOUS

6.01. Successors.

(a) Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Corporation's business and/or assets, or all or substantially all of the business and/or assets of a business segment of the Corporation will be obligated under this Plan in the same manner and to the same extent as the Corporation would be required to perform it in the absence of a succession.

(b) This Plan and all rights of the Eligible Officer hereunder will inure to the benefit of, and be enforceable by, the Eligible Officer's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6.02. Recovery of Incentive-based Compensation. Notwithstanding anything to the contrary herein, any payments made to Section 16 Officers of the Corporation pursuant to Sections 3.02 or 3.03(b) hereof are subject to the Corporation's Financial Statement Compensation Recovery Policy.

6.03. Creditor Status of Eligible Officers. In the event that any Eligible Officer acquires a right to receive payments from the Corporation under the Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation.

6.04. Limitation of Responsibility. Neither the establishment of the Plan, any modifications thereof, nor the payment of any amounts under the Plan will be construed as giving to any employee or other person any legal or equitable right against the Corporation, any of its subsidiaries, the Board of Directors, the Committee, or any officer or employee thereof, except as herein provided. Nothing in this Plan will interfere with the right of the Corporation or any of its subsidiaries to terminate the employment of any employee at any time for any reason.

6.05. Facility of Payment. If it will be found that (a) an Eligible Officer entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment and to give a valid release therefor, and (b) another person or an institution is then maintaining or has custody of such Eligible Officer, and no guardian, committee, or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the payment may be made to such other person or institution referred to in (b) above, and the release will be a valid and complete discharge for the payment.

6.06. Notice of Address. Each Eligible Officer entitled to benefits under the Plan must file with the Corporation, in writing, his or her post office address and each change of post office address. Any communication, statement or notice addressed to such Eligible Officer at such address will be deemed sufficient for all purposes of the Plan, and there will be no obligation on the part of the Corporation or the Committee to search for or to ascertain the location of such Eligible Officer.

6.07. Data. Each Eligible Officer entitled to benefits under the Plan will furnish to the Committee such documents, evidence or other information, as the Committee considers necessary or desirable, for the purposes of administering the Plan or to protect the Plan. The Committee will be entitled to rely on representations made by Eligible Officers unless it knows said representations are false.

6.08. Headings. The headings of the Plan are inserted for convenience and reference only and shall have no effect upon the meaning of the provisions hereof.

6.09. Choice of Law. The Plan shall be construed, regulated and administered under the laws of the State of Delaware (excluding the choice-of-law rules thereto), except that if any such laws are superseded by any applicable Federal law or statute, such Federal law or statute shall apply. Any action or proceeding to enforce the provisions of the Plan will be brought only in a state or federal court located

in the state of Delaware, and each party consents to the venue and jurisdiction of such court. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

6.10. Construction. Whenever used herein, a masculine pronoun shall be deemed to include the masculine and feminine gender, a singular word shall be deemed to include the singular and plural and vice versa in all cases where the context requires.

6.11 Termination; Amendment; Waiver.

(a) Prior to the occurrence of Change in Control, the Board of Directors, the Committee, or a delegated committee of the Board of Directors, may amend or terminate the Plan at any time and from time to time. Termination or amendment of the Plan will not affect any obligation of the Corporation under the Plan that has accrued and is unpaid as of the effective date of the termination or amendment. Unless and until a Change in Control shall have occurred, an Eligible Officer shall not have any vested rights under the Plan or any agreement entered into pursuant to the Plan.

(b) From and after the occurrence of a Change in Control, no provision of this Plan shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Eligible Officer and by an authorized officer of the Corporation (other than the Eligible Officer). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Notwithstanding anything herein to the contrary, the Board of Directors may, in its sole discretion, amend the Plan (which amendment shall be effective upon its adoption or at such other time designated by the Board of Directors) at any time prior to a Change in Control as may be necessary to avoid the imposition of the additional tax under Section 409A of the Code; provided, however, that any such amendment shall be implemented in such a manner as to preserve, to the greatest extent possible, the terms and conditions of the Plan as in existence immediately prior to any such amendment.

6.12. Whole Agreement. This Plan contains all the legally binding understandings and agreements between the Eligible Officer and the Corporation pertaining to the subject matter thereof and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

6.13. Withholding Taxes. All payments made under this Plan shall be subject to reduction to reflect taxes required to be withheld by law.

6.14 No Assignment. The rights of an Eligible Officer to payments or benefits under this Plan shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including, but not limited to, bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 6.13 shall be void.

Exhibit A

CONFIDENTIAL AGREEMENT AND RELEASE

SLM Corporation and its subsidiaries, predecessors, and affiliates (collectively “SLM”) and I, [Name], have reached the following confidential understanding and agreement. In exchange for the Plan Benefits and other consideration listed below, I agree to comply fully with the terms of this Confidential Agreement and Release (“Agreement”). In exchange for my agreement, SLM agrees to provide me with the Plan Benefits and other consideration listed below, to which I am not otherwise entitled.

(1) Plan Benefits and Other Consideration:

(a) Termination of Employment. Effective as of the close of business on [Date] (the “Effective Date”), I will no longer serve as [Position] of SLM and any subsidiary of SLM, including Sallie Mae Bank (the “Bank”), and I will no longer serve in any other offices and titles, boards of directors (or similar governing bodies), committees of such boards of directors (or similar governing bodies) and SLM’s committees and any other positions I may hold with SLM or any subsidiary of SLM, including the Bank.

(b) Rehiring. If I am rehired as an employee of SLM or any of its subsidiaries or affiliates within the time period of [] following my termination of employment, I hereby agree to repay the Plan Benefits, divided by [] multiplied by the number of months remaining in the [] month period following my termination, adjusted and reduced by the amount of taxes paid and withheld on that sum, within thirty (30) days after rehire, as a condition of rehire to SLM or any of its subsidiaries or affiliates.

(c) Plan Benefits. Unless I have revoked this Agreement pursuant to Section (17) below, [and *provided* I execute and do not revoke Schedule A (the “Reaffirmation”) on or immediately following (and in no event later than fifteen (15) days following) the Effective Date,] pursuant to the SLM Corporation Amended and Restated Change in Control Severance Plan for Senior Officers (the “Plan”), SLM will pay me severance in the following manner: a total amount of [\$XXX] less withholding taxes and other deductions required by law, which represents the product of (i) a multiplier as set forth in the Plan multiplied by (ii) the sum of (x) my base salary as of the Effective Date (\$[Base Salary]) plus (y) my target bonus for [Year] (\$[Target Bonus]) (such amount, the “Plan Benefits”).

(d) Medical/Dental/Vision Continuation. My current medical, dental, and vision coverage will continue through the end of the month of the Effective Date. Beginning on the first (1st) day of the month following the Effective Date, I will have the right to continue my current medical, dental, and vision coverage through the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) for up to _____ months following the Effective Date. Under the Plan, if I properly elect COBRA continuation coverage, SLM will pay the employer portion of the total cost of my medical, dental and vision insurance premiums until the earlier of the last day of the period from [Date] through [Date] and (ii) such date I become eligible to obtain coverage under medical, dental and/or vision insurance plans of a subsequent employer; *provided*, that, if payment of such premiums would result in excise tax or other penalties imposed on SLM, a dollar amount equal to such premiums that SLM would have paid under this Section (1)(d) during the applicable payment period shall be paid to me, instead of such premium, as additional cash severance pay (the “COBRA Benefit”).

(e) Benefit Programs. Effective as of the Effective Date, I waive future coverage and benefits under all SLM disability programs, but this Agreement does not affect my eligibility for other SLM medical, dental, life insurance, retirement, and benefit plans. Whether I sign this

Agreement or not, I understand that my rights and continued participation in those plans will be governed by their terms, and that I generally will become ineligible for them shortly after the Effective Date, after which I may be able to purchase continued coverage under certain of such plans. I understand that, except for the benefits that may be due under the 401(k) plans, deferred compensation, equity or pension plans to which I may be entitled under SLM's standard employee benefit plans for similarly situated employees and executives, I will not receive any other wage, paid time off, or other similar payments from SLM or any of the entities discussed in Section (2).

(f) Outplacement Services. I will be eligible to receive outplacement services from SLM or SLM's services provider(s) based upon SLM's outplacement policies and practices in effect as of the Effective Date (the "**Outplacement Services**").

(g) Payment Timing. Subject to any earlier payment provisions set forth above, the delay in payments required under Section 409A of the Code as set forth in Section (1)(i) below, and except for the benefits and payments described in Section (1)(d) (Medical/Dental/Vision Continuation) and (1)(e) (Benefit Programs), all payments or reimbursements described in this Section (1) shall be paid to me on or following the eighth (8th) calendar day after the date of my signature on this Agreement [and the Reaffirmation, as applicable] and no later than the thirtieth (30th) calendar day after the later of (i) the date of my signature on this Agreement [and the Reaffirmation, as applicable] and (ii) the Effective Date.

(h) Outstanding Equity Awards. Each unvested equity award has been granted pursuant to the SLM Corporation 2012 Omnibus Incentive Plan or the SLM Corporation 2021 Omnibus Incentive Plan (the "**Omnibus Incentive Plans**"), and has been evidenced by a term sheet and award agreement setting forth the terms and conditions of such equity award (the "**Award Agreement**"). I acknowledge that, in connection with this Agreement, my outstanding unvested equity awards will continue to be subject to the terms and conditions, including such vesting conditions, set forth in the applicable underlying Award Agreements. Whether I sign this Agreement or not, I understand that my rights to the equity awards and continued participation in the Omnibus Incentive Plans will be governed by the terms of the Omnibus Incentive Plans and the applicable Award Agreements.

(i) Section 409A. I acknowledge and agree that, to the extent that I may be a "specified employee" (as such term is defined under Section 409A(a)(2)(B)(i) of the Code), a portion of the payments and/or benefits that I may receive under this Agreement may be subject to an additional tax under Section 409A(a)(1)(B) of the Code unless the commencement of such payments and/or benefits will be delayed until the earlier of (x) the date that is six (6) months following the Effective Date or (y) the date of my death.

(j) [Plan Benefits Subject to Recovery Policy]. I acknowledge and agree that any of the benefits set forth in this Section 1 may be subject to SLM's Financial Restatement Compensation Recovery Policy (the "**Recovery Policy**").¹

(2) Release: In consideration of the Plan Benefits, COBRA Benefits and Outplacement Services provided in this Agreement, I agree to irrevocably and unconditionally fully and forever waive, release, and discharge SLM, the Bank, and all of their subsidiaries, affiliates, predecessors, successors, and all related companies, and all of their former and current officers, employees, directors, agents, representatives, advisors and employee benefit programs (and the trustees, administrators, fiduciaries, and insurers of such programs) of any of them (collectively, the "**Released Parties**") from any and all actions, charges, claims, demands, causes of actions, judgments, rights, fees, damages, debts, obligations, liabilities, and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown, which I now have or may have had through the date I sign this Agreement, except claims that the law does not permit me to

¹ This recovery provision only applies to Section 16 Officers of the Corporation

waive by signing this Agreement. For example, I am releasing (a) any and all claims I might have under the Age Discrimination in Employment Act (“**ADEA**”), the Worker Adjustment and Retraining Notification Act of 1980 (including any state or local equivalents), Title VII of the Civil Rights Act of 1964, Sections 1981 and 1983 of the Civil Rights Act of 1866, the National Labor Relations Act, the Americans with Disabilities Act (“**ADA**”), the Family and Medical Leave Act, the Genetic Information Non-Discrimination Act (“**GINA**”) of 2008, the Employee Retirement Income Security Act of 1974 (“**ERISA**”); (b) any and all claims for compensation of any type whatsoever, including but not limited to claims for salary, wages, bonuses, commissions, incentive compensation, vacation, and severance that may be legally waived and released; (c) any and all claims arising under common law, tort, contract, and quasi- contract law; and (d) any and all claims for monetary or equitable relief, including but not limited to attorneys’ fees, backpay, front pay, reinstatement, experts’ fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

It is understood and agreed that, by entering into this Agreement, SLM does not admit any violation of law, or any of my rights, and has entered into this Agreement solely in the interest of resolving finally all claims and issues relating to my employment and separation.

SLM and I, the Parties (“**Parties**”), expressly agree, however, that nothing in this Agreement shall preclude my participation as a member of a class in any suit or regulatory action brought against the Released Parties arising out of or relating to any alleged securities violations or diminution in the value of SLM securities. SLM agrees that the release under this Section (2) shall not cover, and I reserve and do not waive, my rights, directly or indirectly to seek further indemnification and/or contribution under the By-Laws of SLM. SLM hereby reaffirms that I am entitled to indemnification after the Effective Date, for actions taken in my capacity as an officer of SLM Corporation or applicable SLM Corporation subsidiaries under the by-laws of the applicable subsidiary or SLM (subject to the provisions of the By-Laws, which limit indemnity in certain circumstances).

(3) Covenant Not To Sue: I agree not to sue the Released Parties with respect to any claims, demands, liabilities or obligations released by this Agreement. The Parties agree, however, that nothing contained in this covenant not to sue or elsewhere in this Agreement shall:

(a) prevent me from challenging, under the Older Workers Benefits Protection Act (29 U.S.C. § 626), the knowing and voluntary nature of my release of any age claims in this Agreement before a court, the Equal Employment Opportunity Commission (“**EEOC**”), or any other federal, state, or local agency; or

(b) prevent me from enforcing any future claims or rights that arise under the ADEA after I have signed this Agreement

(4) Employee Protections: Nothing in this Agreement or otherwise:

(a) limits my 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 SLM. SLM may not retaliate against me for any of these activities, and nothing in this Agreement requires me to waive any monetary award or other relief that I might become entitled to from the SEC or any other Government Agency; and

(b) prohibits or restricts me from: (i) making any disclosure of information required by law; (ii) filing a charge, initiating, making disclosures, testifying in, providing information to, or assisting in an investigation or proceeding brought by or to any governmental or regulatory body or official, or in any judicial or administrative action; (iii) communicating directly with and

providing information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission or any other governmental or regulatory body or official regarding possible legal violations, without disclosure to SLM; (iv) making disclosures that are required or protected under the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934, and any other law, rule or regulation, subject to the jurisdiction of the Securities and Exchange Commission; or (v) testifying, participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal or state employment law or any federal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

(5) Additional Representations and Promises: I further acknowledge and agree that:

(a) To the extent any payments owed to me under this Agreement, including the Plan Benefits, are subject to any withholding taxes or deduction, SLM is authorized to make any such withholdings or deductions as required by law, and I will not be eligible for any additional payments in relation to such withholdings or deductions.

(b) I will return all SLM and Released Parties' property in my possession or control to them, except as set forth in Section (4).

(c) Except for such disclosures as permitted by Section (4) of this Agreement or otherwise, I have disclosed to SLM any information I have concerning any conduct involving SLM that I have reason to believe may be unlawful or that involves any false claims to the United States. I promise to cooperate fully in any investigation SLM undertakes into matters occurring during my employment with SLM, except as set forth in Section (4). In addition, to the fullest extent permitted by law, I hereby irrevocably assign to the U.S. government any right I might have to any proceeds or awards in connection with any false claims proceedings against SLM.

(d) If I breach any provisions of this Agreement, I agree that I will pay for all costs incurred by any Released Parties, or any entities or individuals covered by this Agreement, including reasonable attorneys' fees, in defending against my claim and seeking to uphold my release.

(e) I agree to keep the terms of this Agreement completely confidential except as may be required or permitted by statute, regulation or court order, and except as set forth in Section (4) of this Agreement or otherwise. In addition, and notwithstanding the foregoing, I may disclose such information as permitted under Section (4) or Sections (7) through (14) or to my immediate family and professional representatives, so long as they are informed and agree to be bound by this confidentiality clause. This Agreement shall not be offered or received in evidence in any action or proceeding in any court, arbitration, administrative agency or other tribunal for any purpose whatsoever other than to carry out or enforce the provisions of this Agreement.

(f) I understand that SLM in the future may change employee benefits or pay. I understand that my job may be refilled.

(g) I have not suffered any job-related wrongs or injuries, such as any type of discrimination, for which I might still be entitled to compensation or relief in the future. I have properly reported all hours that I have worked, and I have been paid all wages, overtime, commissions, compensation, benefits, and other amounts that SLM or any Released Party should have paid me in the past, other than with respect to any benefit plan terminations or distributions authorized as of the Effective Date.

(h) I intentionally am releasing claims that I do not know I might have and that, with hindsight, I might regret having released. I have not assigned or given away any of the claims that I am releasing.

(i) If I initially did not think any representation I am making in this Agreement was true, or if I initially was uncomfortable making it, I resolved all my concerns before signing this

Agreement. I have carefully read this Agreement; I fully understand what it means; I am entering into it knowingly and voluntarily; and all my representations in it are true. SLM would not have signed this Agreement but for my promises and representations.

(j) [I acknowledge and agree that any compensation or benefits I may receive under this Agreement or the Plan may be subject to recovery under the Recovery Policy, and that the Recovery Policy is hereby incorporated by reference to this Agreement.]²

(6) Arbitration of Disputes: Except with respect to the proviso in Section (2) concerning securities litigation, SLM and I agree to resolve any disputes we may have with each other through final and binding arbitration. For example, I am agreeing to arbitrate any dispute about the validity of this Agreement or any discrimination claim, which means that an Arbitrator and not a court of law will decide issues of arbitrability and of liability with respect to any claim I may bring; *provided, however*, that either party may pursue a temporary restraining order and/or preliminary injunctive relief, with expedited discovery where necessary, in a court of competent jurisdiction to protect common law or contractual trade secret or confidential information rights and to enforce the post-employment restrictions in Sections (7) through (13). I also agree to resolve through final and binding arbitration any disputes I have with SLM, its affiliates, or any current or former officers, employees or directors who elect to arbitrate those disputes under this subsection. Arbitrations shall be conducted by JAMS (also known as Judicial Arbitration & Mediation Services) in accordance with its employment dispute resolution rules. This agreement to arbitrate does not apply to government agency proceedings, but does apply to any lawsuit I might bring, including but not limited to any lawsuit related to a government agency proceeding. By agreeing to this Agreement, I understand that I am waiving my right to a jury trial.

(7) Acknowledgement: I hereby acknowledge that I previously signed an Agreement Regarding Confidentiality, Intellectual Property, and Non-Solicitation and that I continue to be bound by the terms of that agreement except as modified in Section (4) or Sections (8) through (15). I hereby acknowledge that I continue to be bound by the terms of any agreements concerning confidentiality, intellectual property or non-solicitation that I may have signed during my employment with SLM, in addition to the following provisions set forth below in Sections (8) through (15).

(8) Confidentiality: I recognize that my work as an employee of SLM brought or may have brought me into close contact with confidential information of SLM 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.

I expressly acknowledge and agree that SLM’s confidential information is proprietary and confidential and that, if any of the confidential information was imparted or became known by any persons, including me, engaging in a business in any way competitive with SLM, such disclosure would result in hardship, loss, irreparable injury and damage to SLM, the measurement of which would be difficult, if not impossible, to determine. I further expressly agree that SLM has a legitimate interest in protecting the confidential information and its business goodwill, and that it is necessary for SLM to protect its business from such hardship, loss, irreparable injury and damage. I further acknowledge that the preservation and protection of the confidential information is an essential part of my duties of employment and that, as a result of my

² This recovery provision only applies to Section 16 Officers of the Corporation.

employment with SLM, I have a duty of fidelity, loyalty, and trust to SLM in handling the confidential information.

I agree to keep secret all such confidential information and trade secrets of SLM and agree not to, directly or indirectly, other than as necessary in SLM's business and in the scope of my employment, disclose or use any such confidential information at any time (including any time following the Effective Date) except as (1) provided in Section (4); (2) required or permitted by statute, regulation or court order; or (3) pursuant to written consent given by SLM's General Counsel. In addition, I recognize that I may have been exposed, by reason of my employment, to certain information, which is confidential or proprietary to third parties. I agree that I will not disclose or use at any time, without the prior written consent of such third party and SLM, any such confidential or proprietary information. I agree that all written and computer-stored materials (including correspondence, memoranda, manuals, notes, and notebooks) which were in my possession from time to time (whether or not written or prepared by me) embodying confidential information should be and remain SLM's sole property and I will use all reasonable precautions to assure that all such written and computer-stored materials are properly protected and kept from unauthorized persons. I further agree to deliver same, including all copies, promptly to SLM upon termination of my employment, or at any time it may request. In the event that I am unsure whether certain material or information is confidential, I agree to consult SLM's Legal Department for resolution and agree to be bound by the Legal Department's decision.

Pursuant to the Defend Trade Secrets Act of 2016, SLM and I acknowledge and agree that I 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 I file a lawsuit for retaliation by SLM for reporting a suspected violation of law, I may disclose the trade secret to my attorney and may use the trade secret information in the court proceeding, if I (X) file any document containing the trade secret under seal and (Y) do not disclose the trade secret, except pursuant to court order.

(9) Intellectual Property: I agree that all Inventions (as defined below) conceived of or made, produced or written by me alone or with others, whether or not during usual business hours, during the period of my employment by SLM, shall belong to SLM, unless specifically disclaimed by SLM, provided such Inventions grew out of my work with SLM or are related in any manner to the business actually engaged in or actively anticipated during my employment at SLM (i.e., if I invent a new lawn mower, SLM shall not own such invention because the invention did not grow out of my work with SLM and it is not related to SLM's actual or anticipated business). For purposes of this Agreement, the term "**Inventions**" means any of the following materials and information (whether or not reduced to writing, whether or not patentable, whether or not reduced to practice, and all copyright and copyrightable material) which I discover, conceive of or develop, in whole or in part, either solely or jointly with others, as a direct or indirect result of my employment with SLM, in the course of my employment with SLM (in any capacity, whether employee, managerial, planning, sales, research, or otherwise) or through the use of any of SLM's facilities or resources (including, but not limited to, SLM's Trade Secrets): discoveries, improvements, processes, devices, designs, apparatuses, practices, concepts, compositions, formulas, techniques, machines, articles of manufacture, methods (including business methods), product concepts and ideas, the nature and results of research and development activities, technical information on product or program performance and reliability, formulas, "know-how," computer programs, source code, object code, or specifications.

I hereby agree that all inventions, patents and copyrights covered by this Agreement are and will be the sole property of SLM and SLM is free to use them in any way in its best interest. For

instance, but without limitation, the rights enjoyed by SLM hereunder may be assigned, licensed or sold without my consent at any time to any successor-in-interest of SLM, or to any parent, sister corporation, affiliate or subsidiary of SLM or any third party. SLM and its licensees, successors, and assigns (direct or indirect) are not required to designate me as an author of any Invention which is subject to this provision, when it is distributed, publicly or otherwise, or to secure my permission to change or otherwise alter its integrity.

I further agree that I will, if I have not yet already: (a) promptly and fully disclose such Inventions to SLM; (b) assign to SLM or its nominee for its sole use and benefit all my rights, title, and interest in and to such inventions for the United States and all foreign countries; and (c) sign and deliver promptly to SLM written instruments and give testimony or furnish other data as may be necessary or proper in the opinion of SLM to obtain, maintain and enforce patents and/or copyrights or assignments thereof (as applicable) for such inventions in the United States and all foreign countries. I hereby assign, sell, transfer, and release to SLM all my right, title and interest in and to each and every invention (and improvements therein and thereto) required to be disclosed by the terms of the Agreement. These obligations shall continue beyond the termination of my employment with respect to such inventions made or conceived by me during the period of my employment.

If any, attached to this Agreement as Schedule B is a complete list of any inventions, patented or unpatented, including brief descriptions thereof or title and dates and documents describing the invention, which I conceived or made prior to the employment by SLM and which I wish to exclude from this Agreement.

(10) Non-Competition: I shall not, directly or indirectly, provide Competing Services (as defined herein) for any person, trade or business that engages in a Competing Business (as defined herein) with SLM or its subsidiaries or affiliates during the course of my employment and for a period of [~~twenty-four (24) months~~]³[~~eighteen (18) months~~]⁴ after the Effective Date (the “**Non-Compete Period**”). For the purposes of this Section (10), “**Competing Services**” means owning, managing, operating, financing, working, consulting, advising, representing, or providing the same or similar services with or without compensation in any capacity as those I provided to SLM within the last two (2) years of my employment, including any role as director and/or officer, to any Competing Business. “**Competing Business**” means any person, trade or business, including any business unit of such person, trade or business, engaged in the origination, servicing, marketing, underwriting and/or sale/purchase of private education loans.

(11) Non-Solicitation: I agree that, during the two (2) year period following the Effective Date, I shall not solicit or encourage any employee, consultant or other individual independent contractor with whom I communicated within the last year of my employment to leave the employ or engagement of SLM, or hire any such employees. Further, during this two (2) year period following the Effective Date, I shall not, directly or indirectly, contact or accept business that SLM could otherwise perform from any of SLM’s customers or prospective customers with whom I communicated within the last two (2) years of my employment.

(12) Non-Disparagement: Except for such truthful disclosures as permitted by Section (4) of this Agreement or otherwise, I further agree not to disparage, place in a false or negative light or criticize, or make any false statements that may damage the reputation of, orally or in writing, SLM, its business practices, products, policies, services, decisions, directors, officers, employees, agents, representatives, advisors or any other entity or person covered by this Agreement.

(13) I expressly agree that the markets served by SLM extend nationally and are not dependent on the geographic location of the personnel or the businesses by which they are

³ For Eligible Officers with a title higher than Senior Vice President, including Chief Executive Officer, Senior Executive Vice President, Vice Chairman, and Executive Vice President.

⁴ For Eligible Officers with a title of Senior Vice President.

employed and that the restrictions set forth in Sections (7) through (12) have been designed to be reasonable and are no greater than are required for the protection of SLM and do not prevent me from earning a livelihood by working in positions that do not compete with SLM. 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 SLM. I further acknowledge that my employment at SLM is employment at-will and this Agreement does not alter this at-will relationship. I acknowledge and agree that this covenant has unique, substantial and immeasurable value to SLM, that I have sufficient skills to provide a livelihood for me while this covenant remains in force, and that this covenant will not interfere with my ability to work consistent with my experience, training, and education. To enable SLM to monitor compliance with the obligations imposed by this Agreement, I further agree to inform in writing Sallie Mae's Chief People Officer of the identity of my subsequent employer(s) and my prospective job title and responsibilities prior to beginning employment. I agree that this notice requirement shall remain in effect during the Non-Compete Period.

(14) Sections (7) through (13) do not in any way restrict or impede me 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.

(15) The illegality, unenforceability, or ineffectiveness of any provision of Sections (7) through (14) shall not affect the legality, enforceability, or effectiveness of any other provision of this Agreement. Notwithstanding the confidentiality provisions identified in Section (8) of this Agreement or otherwise, I may disclose my SLM restrictive covenants to prospective employers and agree that SLM may provide a copy of this Agreement to my prospective or future employers.

(16) Review Period: I hereby acknowledge (a) that I initially received a copy of the original draft of this Agreement on or before [Date]; (b) that I was offered a period of [twenty-one (21)][forty-five (45)] calendar days to review and consider it; (c) that I understand I could use as much of the [twenty-one (21)][forty-five (45)] calendar-day period as I wished prior to signing; and (d) that I was strongly encouraged to consult with an attorney in writing before signing this Agreement, and understood whether or not to do so was my decision. I waive any rights to further time to consider the Agreement.

(17) Revocation of Claims: I understand that I may revoke the waiver of the ADEA claims made in this Agreement within seven (7) days of my signing. In the event that I revoke my waiver and release of claims under ADEA, the Agreement shall not be effective or enforceable and I will not receive Plan Benefits, COBRA Benefits and Outplacement Services described in Section (1) above. Revocation of claims can be made by delivering a written notice of revocation to the General Counsel, SLM Corporation, 300 Continental Drive, Newark, DE 19713. Such revocation shall also be sent by email to the Chief People Officer.

(18) I acknowledge that I have read and understand all of the provisions of this Agreement. This Agreement represents the entire agreement between the Parties concerning the subject matter hereof and shall not be altered, amended, modified, or otherwise changed except by a writing executed by both Parties. I understand and agree that this Agreement, if not timely revoked pursuant to Section (17), is final and binding when executed by me. I sign this document freely, knowingly and voluntarily. I acknowledge that I have not relied upon any representation or statement, written or oral, not set forth in this Agreement. If any provision of this Agreement is held by a court of competent jurisdiction or by an arbitrator to be unenforceable or contrary to law, the remainder of that provision and the remaining provisions of this Agreement will remain

in full force and effect to the maximum extent permitted by applicable law. If this Agreement is held to be unenforceable or contrary to law, I agree to repay the Plan Benefit I received. This Agreement is governed by federal laws and the laws of the State of Delaware.

(19) In addition, except as set forth in Section (4), and in consideration of the Plan Benefits, COBRA Benefits, Outplacement Services and other consideration described above, I further agree to cooperate with SLM, its affiliates, and its legal counsel in any legal proceedings currently pending or brought in the future against SLM, including, but not limited to: (1) participation as a witness; (2) drafting, producing, and reviewing documents; (3) assisting with interviews, depositions, discovery, hearings, and trial; and (4) contacting SLM. In the event I am requested, with reasonable notice, to travel as part of this litigation cooperation, SLM agrees to pay my reasonable out of pocket expenses.

(20) This Agreement may be executed and delivered (including by electronic mail in portable document format (PDF), facsimile, or other electronic transmission) by the Parties in two or more counterparts, each of which is deemed to be an original, with all such counterparts constituting one and the same instrument, and all signatures need not appear on any one counterpart.

Before you sign this Agreement, please read through each section and carefully consider it. SLM recommends that you discuss it with your personal attorney (any personal attorney fees are not covered under the terms of this Agreement). You have up to [forty-five (45)] [twenty-one (21)] calendar days to consider this Agreement. You may not make any changes to the terms of this Agreement. By signing this Agreement, you will be waiving any claims whether known or unknown.

Name

Name [Title]
SLM Corporation

Date

Date

REAFFIRMATION PAGE

This page represents your reaffirmation of the commitments set forth in the Agreement from the date you signed the Agreement through the date that you sign this Reaffirmation, and you hereby agree that the release of claims pursuant to Section (2) of the Agreement will be extended to cover any act, omission or occurrence occurring up to and including the date you sign this Reaffirmation. You will have seven (7) days following your execution of this Reaffirmation to revoke your signature by notifying, in writing, to the Chief People Officer of SLM, with a copy to the General Counsel, of this fact within such seven (7) day period.

I ratify and reaffirm the commitments set forth in the Agreement:

Name

Date

SLM CORPORATION

Amended and Restated Executive Severance Plan for Senior Officers

As Amended and Restated Effective June 18, 2024

ARTICLE 1

NAME, PURPOSE AND EFFECTIVE DATE

1.01 Name and Purpose of Plan. The name of this plan is the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers (“**Plan**”). The purpose of the Plan is to provide compensation and benefits to certain senior level officers of SLM Corporation (the “**Corporation**”) and its subsidiaries unless such subsidiary is otherwise ineligible under the Plan upon employment termination.

1.02 Effective Date. The Plan originally was adopted effective May 22, 2009, and was subsequently amended on September 22, 2011 and June 25, 2015. The Plan was subsequently further amended and restated effective as of April 1, 2023 and June 18, 2024. Eligible Officers (as defined herein) whose employment is terminated after the effective date of this Plan will be covered by this Plan.

1.03 Employment Contracts Govern; Change in Control Severance Plan. To the extent that an Eligible Officer is a party to an employment or other contract or agreement that provides for any severance payments upon such Eligible Officer’s termination of employment with the Corporation or any of its subsidiaries, then that contract or agreement governs, and not this Plan. Upon the expiration of such contract or agreement, this Plan will govern. In addition, an Eligible Officer shall not be entitled to receive benefits more than once under this Plan as a result of holding titles with multiple entities with the Corporation and the group of companies under common control with the Corporation. In addition, to the extent that the SLM Corporation Change in Control Severance Plan for Senior Officers, as may be amended from time to time (the “**CIC Severance Plan**”), provides for severance payments upon an Eligible Officer’s termination of employment with the Corporation or any of its subsidiaries, then the CIC Severance Plan will govern, and not this Plan.

1.04 ERISA Status. This Plan is intended to be an unfunded plan that is maintained primarily to provide severance compensation and benefits to a select group of “management or highly compensated employees” within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA.

ARTICLE 2

DEFINITIONS

The following words and phrases will have the following meanings unless a different meaning is plainly required by the context:

2.01 “Base Salary” means the annual base rate of compensation payable to an Eligible Officer as of the Termination Date (or, in the case of a Termination of Employment For Good Reason under Section 2.16(b), as of the date immediately prior to such reduction in Base Salary), such annual base rate of compensation not reduced by any pre-tax deferrals under any tax-qualified plan, non-qualified deferred compensation plan, qualified transportation fringe benefit plan under Code Section 132(f), or cafeteria plan under Code Section 125 maintained by the Corporation or any of its subsidiaries, but excluding the following: incentive or other bonus plan payments, accrued vacation, commissions, sick leave, holidays, jury duty, bereavement, other paid leaves of absence, short-term disability payments, recruiting/job referral bonuses, severance, hiring bonuses, long-term disability payments, payments from a non-qualified deferred compensation plan maintained by the Corporation or any of its subsidiaries, or amounts paid on account of the exercise of stock options or on account of the award or vesting of restricted or performance stock or other stock-based compensation.

2.02 “Board of Directors” means the Board of Directors of the Corporation and Sallie Mae Bank.

2.03 “Code” means the Internal Revenue Code of 1986, as amended, and includes any regulations, rulings or procedures issued thereunder.

2.04 “Committee” means the Administrative Committee as defined in Section 4.01 hereof.

2.05 “Compensation Committee” means the Compensation Committee of the Board of Directors (or, in the event of a delegation by the Compensation Committee, such subcommittee thereof).

2.06 “Disability” has the meaning set forth in the Corporation’s long-term disability policy in effect at the time of termination.

2.07 “Executive Committee” means the Executive Committee as appointed by the CEO of the Corporation, consisting of Executive Officers and such other officers as may be determined by the CEO.

2.08 “Executive Officer” means an “officer” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended.

2.09 “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 Eligible Officer’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 Eligible Officer is subject (including, but not limited to, those restrictive covenants set forth in the Eligible Officer’s New Hire Attestations).

2.10 “Multiplier” means (i) for an Eligible Officer with the title of Chief Executive Officer, two (2); (ii) for an Eligible Officer with a title higher than Executive Vice President, such as Senior Executive Vice President and Vice Chairman but not including the Chief Executive Officer, one and one half (1.5); (iii) for an Eligible Officer with a title of Executive Vice President or Senior Vice President, one (1) and (iv) for an Eligible Officer with a title of Vice President, zero and three quarters (0.75).

2.11 “Plan” means this SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers, as amended from time to time.

2.12 “Target Bonus Opportunity” means the applicable Eligible Officer's target bonus opportunity, as provided under the SLM Corporation Annual Incentive Plan (or such other similar plan under which the Eligible Officer participates), with such amount to be determined (x) for Executive Officers, by the Committee and set forth in the Corporation's Annual Incentive Plan, as in effect as of the Termination Date and (y) for all other Eligible Officers, by the Chief People Officer and/or appropriate supervisors/managers, as applicable, subject to the approval of the Compensation Committee (or such other committee as designated by the Board of Directors or the Compensation Committee).

2.13 “Termination Date” means the Eligible Officer's last date of employment with the Corporation and its subsidiaries.

2.14 “Termination of Employment By Job Abolishment” means a termination of an Eligible Officer's employment by the Corporation or any of its subsidiaries because a position has been eliminated. Examples of this type of termination, which may occur at any time and for any reason, include reduction in force, plant closing or reorganization.

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

2.16 “Termination of Employment For Good Reason” means a termination of an Eligible Officer's employment by the Eligible Officer due to: (a) a material reduction in the position or responsibilities of the Eligible Officer not including a change in title only; (b) a material reduction in the Eligible Officer's Base Salary or a material reduction in the Eligible Officer'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 Eligible Officer'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 Plan, unless such relocation results in the Eligible Officer's primary work location being closer to his or her then-primary residence or does not substantially increase the average commuting time of such Eligible Officer; *provided* that a “Termination of Employment For Good Reason” shall not include any requirement by the Corporation or any of its subsidiaries that the Eligible Officer 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 Eligible Officer by the Corporation or any of its subsidiaries. If an Eligible Officer 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 Eligible Officer shall be deemed to have given his or her consent to such event and the

Eligible Officer shall not be eligible for a Severance Payment under this Plan as a result of that event and shall be deemed to have waived all rights in regard to such event.

2.17 “Termination of Employment Without Cause” means a termination of an Eligible Officer’s employment by the Corporation or any of its subsidiaries for any reason other than a Termination of Employment For Cause, a termination of employment on account of death or Disability or a Termination of Employment By Job Abolishment.

ARTICLE 3

ELIGIBILITY AND SEVERANCE BENEFITS

3.01 Eligible Officers. Those officers at the level of Vice President and above of the Corporation and any of its subsidiaries unless such subsidiary is otherwise ineligible under the Plan (each such officer, an “**Eligible Officer**”) will be eligible to participate in the Plan.

3.02 Severance Benefits.

(a) An Eligible Officer will be entitled to receive a severance payment (“**Severance Payment**”) after any of the following events (each a “**Termination Event**”): (i) upon a Termination of Employment Without Cause, (ii) upon a Termination of Employment For Good Reason; *provided* that, if such termination is on account of a decision to resign due to clause (a) of the definition of “Termination of Employment For Good Reason,” such Eligible Officer continues his or her employment for a transition period mutually agreed to by the Corporation and the Eligible Officer; (iii) upon a Termination of Employment By Job Abolishment; or (iv) upon termination of employment on account of death.

(b) **Severance Payments.**

(i) The amount of the Severance Payments upon an Eligible Officer’s Termination of Employment Without Cause, Termination of Employment For Good Reason or Termination of Employment By Job Abolishment will include an amount equal to (x) the Multiplier multiplied by (y) the sum of (1) the Eligible Officer’s Base Salary and (2) a lump sum payment equal to the Eligible Officer’s Target Bonus Opportunity.

(ii) The Committee or the Compensation Committee may, in its sole discretion, reduce the amount of the Severance Payments, including to zero, if, based on the findings presented to the Committee or the Compensation Committee by the Chief Risk Officer of the Corporation, or such other findings as deemed appropriate by the Committee or the Compensation Committee, either the Committee or the Compensation Committee determines that there is a risk element by which the Severance Payments must be reduced, regardless of whether the Eligible Officer was involved in the risk element.

(iii) The amount of the Severance Payments upon termination of employment on account of death will include an amount equal to the Eligible Officer’s Base Salary multiplied by the applicable Multiplier.

(c) The Severance Payments shall be subject to adjustment, recoupment or clawback as may be required by applicable law or listing standards or as set forth in any compensation adjustment, recoupment or clawback policy of the Corporation as may be in effect at such time, including, without limitation, the Corporation’s Incentive Compensation Adjustment Policy (the “**Adjustment Policy**”) and for Section 16 Officers of the Corporation, the Corporation’s Financial Restatement Compensation Recovery Policy (the “**Recovery Policy**”).

(d) An Eligible Officer will be entitled to continuation of medical, dental and vision insurance benefits and outplacement services from the Corporation or the Corporation’s service provider(s) after any of the following events: (i) upon a Termination of Employment Without Cause, (ii) upon a Termination of Employment For Good Reason; *provided* that, if such termination is on account of a decision to resign due to clause (a) of the definition of “Termination of Employment For Good Reason,” such Eligible Officer continues his or her employment for a transition period mutually agreed to by the Corporation and the Eligible Officer or (iii) upon a Termination of Employment By Job Abolishment.

(i) Following the Eligible Officer's Termination Date, if the Eligible Officer properly elects continuation coverage through the Consolidated Omnibus Budget Reconciliation Act (as amended, "**COBRA**"), the Corporation will pay the employer portion of the total cost of the Eligible Officer's medical, dental and vision insurance premiums until the earlier of (i) the last day of such period that is determined by multiplying (x) 12 months by (y) the Multiplier above and (ii) such date the Eligible Officer becomes eligible to obtain coverage under medical, dental and/or vision insurance plans of a subsequent employer (the "**COBRA Continuation Period**," and such payments, "**COBRA Payments**"); *provided* that, if payment of such premiums would result in excise tax or other penalties imposed on the Corporation, a dollar amount equal to such premiums that the Corporation would have paid under this Section 3.02(d) during the applicable payment period shall be paid to the Eligible Officer, instead of such premium, as additional cash severance pay.

(e) Any outstanding and unvested equity awards held by an Eligible Officer shall be governed by the terms and conditions applicable to such grants.

(f) All payments and benefits provided under this Section 3.02 are conditioned on the Eligible Officer's continuing compliance with this Plan and the Eligible Officer's execution (and nonrevocation) of a release, and reaffirmation of the release, if applicable, of claims and covenant not to sue and noncompetition and nonsolicitation provisions (to the extent permitted by applicable law) substantially in the form provided in Exhibit A hereto, as may be amended by the Committee, its designee(s) and/or its delegate(s), in its sole discretion (the "**Release**"). Contingent upon signing and not revoking the Release, the Severance Payment will be made to the Eligible Officer in a single lump sum cash payment within sixty (60) calendar days after the Eligible Officer's Termination Date, subject to Section 3.03. Notwithstanding anything to the contrary herein, in no event shall a Severance Payment paid to an Eligible Officer hereunder exceed three (3) times the sum of the Eligible Officer's Base Salary and target bonus opportunity (the "**Payment Limit**"), and if a Severance Payment hereunder were to exceed such amount, then such payment shall be reduced to the highest amount that does not exceed the Payment Limit. Pursuant to Section 3.02(c), in the event that, on or before the three (3) year anniversary of the Termination Date, if the Eligible Officer's employment as of the Termination Date entitled the Eligible Officer to Severance Payments, and it is determined by a senior officer in Human Resources with a title of "Vice President" or above that (i) the Eligible Officer's employment could have been classified as a Termination of Employment For Cause or (ii) the Eligible Officer has violated any restrictive covenant to which the Eligible Officer is subject, including with respect to noncompetition, nondisclosure or nonsolicitation (including, without limitation, those set forth in the Release), then the Eligible Officer shall be required to repay the Severance Payments to the Corporation at such time the Corporation requires such repayment.

3.03 Section 409A. With respect to Severance Payments subject to Section 409A of the Code, this Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of this Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and this Plan shall be operated accordingly. If any provision of this Plan or any term would otherwise frustrate or conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything herein to the contrary, to the extent that the Committee determines, in its sole discretion, that any payments or benefits to be provided hereunder to or for the benefit of an Eligible Officer who is also a "specified employee" (as such term is defined under Section 409A of the Code) would be subject to the additional tax imposed under Section 409A of the Code, the commencement of such payments and/or benefits will be delayed until the earlier of (x) the date that is six months following the Termination Date or (y) the date of the Eligible Officer's death (such date is referred to herein as the "**Distribution Date**"). In the event that the Committee determines that the commencement of any of the benefits to be provided under Section 3.02(b) are to be delayed pursuant to the preceding sentence, the Corporation will require the Eligible Officer to bear the full cost of such benefits until the Distribution Date at which time the Corporation will reimburse the Eligible Officer for all such costs. In addition, if the period during which the Eligible Officer is permitted to consider and sign and not revoke the Release (as

described further in Section 3.02(f)) begins in one calendar year and ends in the next calendar year, the first installment of the Severance Payment will not occur until the second calendar year. Notwithstanding the foregoing, the tax treatment of the benefits provided under this Plan is not warranted or guaranteed, and in no event shall the Corporation be liable for all or any portion of any taxes, interest, penalties or other expenses that may be incurred by an Eligible Officer on account of noncompliance with Section 409A of the Code.

3.04 Prior Credited Service. Years of service generally are equal to the Eligible Officer's period of employment with the Corporation or any of its participating subsidiaries. Prior credited service as an employee of any entity acquired by the Corporation before, during or after the effective date of this Plan (to the extent such entity becomes a participating subsidiary) will be considered continuous.

ARTICLE 4

ADMINISTRATIVE COMMITTEE

4.01 Administrative Committee. The Plan will be administered by a committee, consisting of the Corporation's Chief People Officer, Chief Operational Officer, and General Counsel (the "**Committee**"); *provided, however*, that nothing herein shall limit the authority of the Compensation Committee with respect to its right to review and approve, in the discretion of the Compensation Committee, any decisions made with respect to members of the Executive Committee or Executive Officers of the Corporation, or its discretion to otherwise administer the Plan, in which case the term "Committee" shall refer to the Compensation Committee.

4.02 Powers. The Committee will have full power, discretion and authority to interpret, construe and administer the Plan and any part hereof, and the Committee's interpretation and construction hereof, and any actions hereunder, will be binding on all persons for all purposes. The Committee will provide for the keeping of detailed, written minutes of its actions. The Committee, in fulfilling its responsibilities may (by way of illustration and not of limitation) do any or all of the following:

(a) allocate among its members, and/or delegate to one or more other persons selected by it, responsibility for fulfilling some or all of its responsibilities under the Plan;

(b) designate one or more of its members to sign on its behalf directions, notices and other communications to any entity or other person;

(c) establish rules and regulations with regard to its conduct and the fulfillment of its responsibilities under the Plan and prepare any agreement and release based on the Confidential Agreement and Release set forth in Exhibit A, subject to any amendments or changes that the Committee may deem necessary or appropriate in its sole discretion;

(d) designate other persons to render advice with respect to any responsibility or authority pursuant to the Plan being carried out by it or any of its delegates under the Plan; and

(e) employ legal counsel, consultants and agents as it may deem desirable in the administration of the Plan and rely on the opinion of such counsel.

4.03 Action By Majority. The majority of the members of the Committee in office at the time will constitute a quorum for the transaction of business. All resolutions or other actions taken by the Committee will be by the vote of the majority at any meeting or by written instrument signed by the majority.

ARTICLE 5

CLAIM FOR BENEFITS UNDER THIS PLAN

5.01 Claims for Benefits Under This Plan. A condition precedent to receipt of Severance Payments is the execution of an unaltered release and reaffirmation of the release, if applicable, of claims in form and substance prescribed by the Corporation. If an Eligible Officer believes that an individual should have been eligible to participate in the Plan or disputes the amount of benefits under the Plan, such individual may submit a claim for benefits in writing, within sixty (60) days after the individual's termination of employment, to the Committee; *provided* that, in the event that such Eligible Officer is a member of the Executive Committee or is otherwise an Executive Officer of the Corporation, such claim shall be submitted to the Compensation Committee. If such claim for benefits is wholly or partially denied, the Committee (or, in the case of a claim submitted by a member of the Executive Committee or an Executive Officer of the Corporation, the Compensation Committee) will, within a reasonable period of time, but no later than ninety (90) days after receipt of the written claim, notify the individual of the denial of the claim. If an extension of time for processing the claim is required, the Committee (or, in the case of a claim submitted by a member of the Executive Committee or an Executive Officer of the Corporation, the Compensation Committee) may take up to an additional ninety (90) days; *provided* that the Committee (or, in the case of a claim submitted by a member of the Executive Committee or an Executive Officer of the Corporation, the Compensation Committee) sends the individual written notice of the extension before the expiration of the original ninety (90) day period. The notice provided to the individual will describe why an extension is required and when a decision is expected to be made. If a claim is wholly or partially denied, the denial notice: (1) will be in writing, (2) will be written in a manner calculated to be understood by the individual and (3) will contain (a) the reasons for the denial, including specific reference to the pertinent Plan provisions upon which the denial is based; (b) a description of any additional information or materials necessary to complete the claim and an explanation of why such information is necessary; (c) an explanation of the steps to be taken to appeal the adverse determination; and (d) a statement of the individual's right to bring a civil action under Section 502(a) of ERISA following an adverse decision after appeal. The Committee (or, in the case of a claim submitted by a member of the Executive Committee or an Executive Officer of the Corporation, the Compensation Committee) will have full discretion consistent with their fiduciary obligations under ERISA to deny or grant a claim in whole or in part. If notice of denial of a claim is not furnished in accordance with this Section 5.01, the claim will be deemed denied and the claimant will be permitted to exercise his or her rights to review pursuant to Section 5.02 and 5.03.

5.02 Right to Request Review of Benefit Denial. Within sixty (60) days of the individual's receipt of the written notice of denial of the claim, the individual may file a written request for a review of the denial of the individual's claim for benefits. In connection with the individual's appeal of the denial of his or her benefit, the individual may submit comments, records, documents, or other information supporting the appeal, regardless of whether such information was considered in the prior benefits decision. Upon request and free of charge, the individual will be provided reasonable access to and copies of all documents, records and other information relevant to the claim.

5.03 Disposition of Claim. The Committee (or, in the case of a claim submitted by a member of the Executive Committee or an Executive Officer of the Corporation, the Compensation Committee) will deliver to the individual a written decision on the claim promptly, but not later than sixty (60) days after the receipt of the individual's written request for review, except that if there are special circumstances which require an extension of time for processing, the sixty (60) day period will be extended to one hundred and twenty (120) days; *provided* that the appeal reviewer sends written notice of the extension before the expiration of the original sixty (60) day period. If the appeal is wholly or partially denied, the denial notice will: (1) be written in a manner calculated to be understood by the individual; (2) contain references to the

specific plan provision(s) upon which the decision was based; (3) contain a statement that, upon request and free of charge, the individual will be provided reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and (4) contain a statement of the individual's right to bring a civil action under Section 502(a) of ERISA.

5.04 Exhaustion. An individual must exhaust the Plan's claims procedures prior to bringing any claim for benefits under the Plan in a court of competent jurisdiction.

ARTICLE 6

MISCELLANEOUS

6.01 Successors.

(a) Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Corporation's business and/or assets, or all or substantially all of the business and/or assets of a business segment of the Corporation will be obligated under this Plan in the same manner and to the same extent as the Corporation would be required to perform it in the absence of a succession.

(b) This Plan and all rights of the Eligible Officer hereunder will inure to the benefit of, and be enforceable by, the Eligible Officer's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6.02 Creditor Status of Eligible Officers. In the event that any Eligible Officer acquires a right to receive payments from the Corporation under the Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation.

6.03 Limitation of Responsibility. Neither the establishment of the Plan, any modifications thereof, nor the payment of any amounts under the Plan will be construed as giving to any employee or other person any legal or equitable right against the Corporation, any of its subsidiaries, the Board of Directors, the Compensation Committee, the Committee, or any officer or employee thereof, except as herein provided. Nothing in this Plan will interfere with the right of the Corporation or any of its subsidiaries to terminate the employment of any employee at any time for any reason.

6.04 Facility of Payment. If it will be found that (a) an Eligible Officer entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment and to give a valid release therefor, and (b) another person or an institution is then maintaining or has custody of such Eligible Officer, and no guardian, committee, or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the payment may be made to such other person or institution referred to in (b) above, and the release will be a valid and complete discharge for the payment.

6.05 Notice of Address. Each Eligible Officer entitled to benefits under the Plan must file with the Corporation, in writing, his or her post office address and each change of post office address. Any communication, statement or notice addressed to such Eligible Officer at such address will be deemed sufficient for all purposes of the Plan, and there will be no obligation on the part of the Corporation or the Committee to search for or to ascertain the location of such Eligible Officer.

6.06 Data. Each Eligible Officer entitled to benefits under the Plan will furnish to the Committee such documents, evidence or other information, as the Committee considers necessary or desirable, for the purposes of administering the Plan or to protect the Plan. The Committee will be entitled to rely on representations made by Eligible Officers unless it knows said representations are false.

6.07 Headings. The headings of the Plan are inserted for convenience and reference only and shall have no effect upon the meaning of the provisions hereof.

6.08 Choice of Law. The Plan shall be construed, regulated and administered under the laws of the State of Delaware (excluding the choice-of-law rules thereto), except that if any such laws are superseded by any applicable Federal law or statute, such Federal law or statute shall apply. Any action or proceeding to

enforce the provisions of the Plan will be brought only in a state or federal court located in the state of Delaware and each party consents to the venue and jurisdiction of such court. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

6.09 Construction. Whenever used herein, a masculine pronoun shall be deemed to include the masculine and feminine gender, a singular word shall be deemed to include the singular and plural and vice versa in all cases where the context requires.

6.10 Termination; Amendment; Waiver.

(a) Prior to the occurrence of a Termination Event, the Board of Directors, or a delegated Committee of the Board of Directors, may amend or terminate the Plan at any time and from time to time. Termination or amendment of the Plan will not affect any obligation of the Corporation under the Plan that has accrued and is unpaid as of the effective date of the termination or amendment. Unless and until a Termination Event shall have occurred, an Eligible Officer shall not have any vested rights under the Plan or any agreement entered into pursuant to the Plan.

(b) From and after the occurrence of a Termination Event, no provision of this Plan shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Eligible Officer and by an authorized officer of the Corporation (other than the Eligible Officer). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Notwithstanding anything herein to the contrary, the Board of Directors may, in its sole discretion, amend the Plan (which amendment shall be effective upon its adoption or at such other time designated by the Board of Directors) at any time prior to a Termination Event as may be necessary to avoid the imposition of the additional tax under Section 409A of the Code; *provided, however*, that any such amendment shall be implemented in such a manner as to preserve, to the greatest extent possible, the terms and conditions of the Plan as in existence immediately prior to any such amendment.

6.11 Whole Agreement. This Plan contains all the legally binding understandings and agreements between the Eligible Officer and the Corporation pertaining to the subject matter thereof and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

6.12 Withholding Taxes. All payments made under this Plan shall be subject to reduction to reflect taxes required to be withheld by law.

6.13 No Assignment. The rights of an Eligible Officer to payments or benefits under this Plan shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including, but not limited to, bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 6.13 shall be void.

Exhibit A

CONFIDENTIAL AGREEMENT AND RELEASE

SLM Corporation and its subsidiaries, predecessors, and affiliates (collectively “SLM”) and I, [Name], have reached the following confidential understanding and agreement. In exchange for the Plan Benefits and other consideration listed below, I agree to comply fully with the terms of this Confidential Agreement and Release (“Agreement”). In exchange for my agreement, SLM agrees to provide me with the Plan Benefits and other consideration listed below, to which I am not otherwise entitled.

(1) **Plan Benefits and Other Consideration:**

(a) **Termination of Employment.** Effective as of the close of business on [Date] (the “Effective Date”), I will no longer serve as [Position] of SLM and any subsidiary of SLM, including Sallie Mae Bank (the “Bank”), and I will no longer serve in any other offices and titles, boards of directors (or similar governing bodies), committees of such boards of directors (or similar governing bodies) and SLM’s committees and any other positions I may hold with SLM or any subsidiary of SLM, including the Bank.

(b) **Rehiring.** If I am rehired as an employee of SLM or any of its subsidiaries or affiliates within the time period of [___] following my termination of employment, I hereby agree to repay the Plan Benefits, divided by [___] multiplied by the number of months remaining in the [___] month period following my termination, adjusted and reduced by the amount of taxes paid and withheld on that sum, within thirty (30) days after rehire, as a condition of rehire to SLM or any of its subsidiaries or affiliates.

(c) **Plan Benefits.** Unless I have revoked this Agreement pursuant to Section (17) below, [and *provided* I execute and do not revoke Schedule A (the “Reaffirmation”) on or immediately following (and in no event later than fifteen (15) days following) the Effective Date,]¹ pursuant to the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers (the “Plan”), SLM will pay me severance in the following manner: a total amount of [\$XXX] less withholding taxes and other deductions required by law, which represents the product of (i) a multiplier as set forth in the Plan multiplied by (ii) the sum of (x) my base salary as of the Effective Date (\$ [Base Salary]) plus (y) my target bonus for [Year] (\$ [Target Bonus]) (such amount, the “Plan Benefits”).

(d) **Medical/Dental/Vision Continuation.** My current medical, dental, and vision coverage will continue through the end of the month of the Effective Date. Beginning on the first (1st) day of the month following the Effective Date, I will have the right to continue my current medical, dental, and vision coverage through the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) for up to _____ months following the Effective Date. Under the Plan, if I properly elect COBRA continuation coverage, SLM will pay the employer portion of the total cost of my medical, dental and vision insurance premiums until the earlier of the last day of the period from [Date] through [Date] and (ii) such date I become eligible to

¹ To be included in the event there is a transition period.

obtain coverage under medical, dental and/or vision insurance plans of a subsequent employer; *provided, however*, that, if payment of such premiums would result in excise tax or other penalties imposed on SLM, a dollar amount equal to such premiums that SLM would have paid under this Section (1)(d) during the applicable payment period shall be paid to me, instead of such premium, as additional cash severance pay (the “**COBRA Benefit**”).

(e) Benefit Programs. Effective as of the Effective Date, I waive future coverage and benefits under all SLM disability programs, but this Agreement does not affect my eligibility for other SLM medical, dental, life insurance, retirement, and benefit plans. Whether I sign this Agreement or not, I understand that my rights and continued participation in those plans will be governed by their terms, and that I generally will become ineligible for them shortly after the Effective Date, after which I may be able to purchase continued coverage under certain of such plans. I understand that, except for the benefits that may be due under the 401(k) plans, deferred compensation, equity or pension plans to which I may be entitled under SLM’s standard employee benefit plans for similarly situated employees and executives, I will not receive any other wage, paid time off, or other similar payments from SLM or any of the entities discussed in Section (2).

(f) Outplacement Services. I will be eligible to receive outplacement services from SLM or SLM’s services provider(s) based upon the Corporation’s outplacement policies and practices in effect as of the Effective Date (the “**Outplacement Services**”).

(g) Payment Timing. Subject to any earlier payment provisions set forth above, the delay in payments required under Section 409A of the Code as set forth in Section (1)(i) below, and except for the benefits and payments described in Section (1)(d) (Medical/Dental/Vision Continuation) and (1)(e) (Benefit Programs), all payments or reimbursements described in this Section (1) shall be paid to me on or following the eighth (8th) calendar day after the date of my signature on this Agreement [and the Reaffirmation, as applicable] and no later than the thirtieth (30th) calendar day after the later of (i) the date of my signature on this Agreement [and the Reaffirmation, as applicable] and (ii) the Effective Date.

(h) Outstanding Equity Awards. Each unvested equity award has been granted pursuant to the SLM Corporation 2012 Omnibus Incentive Plan or the SLM Corporation 2021 Omnibus Incentive Plan (the “**Omnibus Incentive Plans**”), and has been evidenced by a term sheet and award agreement setting forth the terms and conditions of such equity award (the “**Award Agreement**”). I acknowledge that, in connection with this Agreement, my outstanding unvested equity awards will continue to be subject to the terms and conditions, including such vesting conditions, set forth in the applicable underlying Award Agreements. Whether I sign this Agreement or not, I understand that my rights to the equity awards and continued participation in the Omnibus Incentive Plans will be governed by the terms of the Omnibus Incentive Plans and the applicable Award Agreements.

(i) Section 409A. I acknowledge and agree that, to the extent that I may be a “specified employee” (as such term is defined under Section 409A(a)(2)(B)(i) of the Code), a portion of the payments and/or benefits that I may receive under this Agreement may be subject to an additional tax under Section 409A(a)(1)(B) of the Code unless the commencement of such

payments and/or benefits will be delayed until the earlier of (x) the date that is six (6) months following the Effective Date or (y) the date of my death.

(j) Plan Benefits Subject to Adjustment Policy. I acknowledge and agree that any of the benefits set forth in this Section (1), including, without limitation, the Plan Benefits, the COBRA Benefits and the Outplacement Services will remain subject to adjustment, recoupment or clawback (i) in the event SLM determines that my employment could have been classified as a Termination of Employment For Cause (as defined in the Plan), (ii) in the event SLM determines that I have violated any of the Restrictive Covenants set forth in Sections (7) through (13) and (iii) under such other circumstances as may be required by applicable law or listing standards or as set forth in any compensation adjustment, recoupment or clawback policy of SLM as may be in effect at such time, including, without limitation, SLM's Incentive Compensation Adjustment Policy (the "**Adjustment Policy**") and for Section 16 Officers of the Corporation, the Corporation's Financial Restatement Compensation Recovery Policy (the "**Recovery Policy**").

(2) **Release:** In consideration of the Plan Benefits, COBRA Benefits and Outplacement Services provided in this Agreement, I agree to irrevocably and unconditionally fully and forever waive, release, and discharge SLM, the Bank, and all of their subsidiaries, affiliates, predecessors, successors, and all related companies, and all of their former and current officers, employees, directors, agents, representatives, advisors and employee benefit programs (and the trustees, administrators, fiduciaries, and insurers of such programs) of any of them (collectively, the "**Released Parties**") from any and all actions, charges, claims, demands, causes of actions, judgments, rights, fees, damages, debts, obligations, liabilities, and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown, which I now have or may have had through the date I sign this Agreement, except claims that the law does not permit me to waive by signing this Agreement. For example, I am releasing (a) any and all claims I might have under the Age Discrimination in Employment Act ("**ADEA**"), the Worker Adjustment and Retraining Notification Act of 1980 (including any state or local equivalents), Title VII of the Civil Rights Act of 1964, Sections 1981 and 1983 of the Civil Rights Act of 1866, the National Labor Relations Act, the Americans with Disabilities Act ("**ADA**"), the Family and Medical Leave Act, the Genetic Information Non-Discrimination Act ("**GINA**") of 2008, the Employee Retirement Income Security Act of 1974 ("**ERISA**"); (b) any and all claims for compensation of any type whatsoever, including but not limited to claims for salary, wages, bonuses, commissions, incentive compensation, vacation, and severance that may be legally waived and released; (c) any and all claims arising under common law, tort, contract, and quasi- contract law; and (d) any and all claims for monetary or equitable relief, including but not limited to attorneys' fees, backpay, front pay, reinstatement, experts' fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

It is understood and agreed that, by entering into this Agreement, SLM does not admit any violation of law, or any of my rights, and has entered into this Agreement solely in the interest of resolving finally all claims and issues relating to my employment and separation.

SLM and I, the Parties ("**Parties**"), expressly agree, however, that nothing in this Agreement shall preclude my participation as a member of a class in any suit or regulatory action brought against the Released Parties arising out of or relating to any alleged securities violations or diminution in the value of SLM securities. SLM agrees that the release under this Section (2) shall not cover, and I

reserve and do not waive, my rights, directly or indirectly to seek further indemnification and/or contribution under the By-Laws of SLM. SLM hereby reaffirms that I am entitled to indemnification after the Effective Date, for actions taken in my capacity as an officer of SLM Corporation or applicable SLM Corporation subsidiaries under the by-laws of the applicable subsidiary or SLM (subject to the provisions of the By-Laws, which limit indemnity in certain circumstances).

(3) **Covenant Not To Sue:** I agree not to sue the Released Parties with respect to any claims, demands, liabilities or obligations released by this Agreement. The Parties agree, however, that nothing contained in this covenant not to sue or elsewhere in this Agreement shall:

(a) prevent me from challenging, under the Older Workers Benefits Protection Act (29 U.S.C. § 626), the knowing and voluntary nature of my release of any age claims in this Agreement before a court, the Equal Employment Opportunity Commission (“EEOC”), or any other federal, state, or local agency; or

(b) prevent me from enforcing any future claims or rights that arise under the ADEA after I have signed this Agreement.

(4) **Employee Protections:** Nothing in this Agreement or otherwise:

(a) limits my 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 SLM. SLM may not retaliate against me for any of these activities, and nothing in this Agreement requires me to waive any monetary award or other relief that I might become entitled to from the SEC or any other Government Agency; and

(b) prohibits or restricts me from: (i) making any disclosure of information required by law; (ii) filing a charge, initiating, making disclosures, testifying in, providing information to, or assisting in an investigation or proceeding brought by or to any governmental or regulatory body or official, or in any judicial or administrative action; (iii) communicating directly with and providing information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission or any other governmental or regulatory body or official regarding possible legal violations, without disclosure to SLM; (iv) making disclosures that are required or protected under the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934, and any other law, rule or regulation, subject to the jurisdiction of the Securities and Exchange Commission; or (v) testifying, participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal or state employment law or any federal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

(5) **Additional Representations and Promises:** I further acknowledge and agree that:

(a) To the extent any payments owed to me under this Agreement, including the Plan Benefits, are subject to any withholding taxes or deduction, SLM is authorized to make

any such withholdings or deductions as required by law, and I will not be eligible for any additional payments in relation to such withholdings or deductions.

(b) I will return all SLM and Released Parties' property in my possession or control to them, except as set forth in Section (4).

(c) Except for such disclosures as permitted by Section (4) of this Agreement or otherwise, I have disclosed to SLM any information I have concerning any conduct involving SLM that I have reason to believe may be unlawful or that involves any false claims to the United States. I promise to cooperate fully in any investigation SLM undertakes into matters occurring during my employment with SLM, except as set forth in Section (4). In addition, to the fullest extent permitted by law, I hereby irrevocably assign to the U.S. government any right I might have to any proceeds or awards in connection with any false claims proceedings against SLM.

(d) If I breach any provisions of this Agreement, I agree that I will pay for all costs incurred by any Released Parties, or any entities or individuals covered by this Agreement, including reasonable attorneys' fees, in defending against my claim and seeking to uphold my release.

(e) I agree to keep the terms of this Agreement completely confidential except as may be required or permitted by statute, regulation or court order, and except as set forth in Section (4) of this Agreement or otherwise. In addition, and notwithstanding the foregoing, I may disclose such information as permitted under Section (4) or Sections (7) through (14) or to my immediate family and professional representatives, so long as they are informed and agree to be bound by this confidentiality clause. This Agreement shall not be offered or received in evidence in any action or proceeding in any court, arbitration, administrative agency or other tribunal for any purpose whatsoever other than to carry out or enforce the provisions of this Agreement.

(f) I understand that SLM in the future may change employee benefits or pay. I understand that my job may be refilled.

(g) I have not suffered any job-related wrongs or injuries, such as any type of discrimination, for which I might still be entitled to compensation or relief in the future. I have properly reported all hours that I have worked, and I have been paid all wages, overtime, commissions, compensation, benefits, and other amounts that SLM or any Released Party should have paid me in the past, other than with respect to any benefit plan terminations or distributions authorized as of the Effective Date.

(h) I intentionally am releasing claims that I do not know I might have and that, with hindsight, I might regret having released. I have not assigned or given away any of the claims that I am releasing.

(i) If I initially did not think any representation I am making in this Agreement was true, or if I initially was uncomfortable making it, I resolved all my concerns before signing this Agreement. I have carefully read this Agreement; I fully understand what it means; I am

entering into it knowingly and voluntarily; and all my representations in it are true. SLM would not have signed this Agreement but for my promises and representations.

(j) I acknowledge and agree that any compensation or benefits I may receive under this Agreement or the Plan will be subject to adjustment [or recovery] under the Adjustment Policy [and the Recovery Policy], and that the Adjustment Policy [and Recovery Policy] is/[are] hereby incorporated by reference to this Agreement.²

(6) **Arbitration of Disputes:** Except with respect to the proviso in Section (2) concerning securities litigation, SLM and I agree to resolve any disputes we may have with each other through final and binding arbitration. For example, I am agreeing to arbitrate any dispute about the validity of this Agreement or any discrimination claim, which means that an Arbitrator and not a court of law will decide issues of arbitrability and of liability with respect to any claim I may bring; *provided, however*, that either party may pursue a temporary restraining order and/or preliminary injunctive relief, with expedited discovery where necessary, in a court of competent jurisdiction to protect common law or contractual trade secret or confidential information rights and to enforce the post-employment restrictions in Sections (7) through (13). I also agree to resolve through final and binding arbitration any disputes I have with SLM, its affiliates, or any current or former officers, employees or directors who elect to arbitrate those disputes under this subsection. Arbitrations shall be conducted by JAMS (also known as Judicial Arbitration & Mediation Services) in accordance with its employment dispute resolution rules. This agreement to arbitrate does not apply to government agency proceedings, but does apply to any lawsuit I might bring, including but not limited to any lawsuit related to a government agency proceeding. By agreeing to this Agreement, I understand that I am waiving my right to a jury trial.

(7) **Acknowledgement:** I hereby acknowledge that I previously signed an Agreement Regarding Confidentiality, Intellectual Property, and Non-Solicitation and that I continue to be bound by the terms of that agreement except as modified in Section (4) or Sections (8) through (15). I hereby acknowledge that I continue to be bound by the terms of any agreements concerning confidentiality, intellectual property or non-solicitation that I may have signed during my employment with SLM, in addition to the following provisions set forth below in Sections (8) through (15).

(8) **Confidentiality:** I recognize that my work as an employee of SLM brought or may have brought me into close contact with confidential information of SLM 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.

I expressly acknowledge and agree that SLM's confidential information is proprietary and confidential and that, if any of the confidential information was imparted or became known by any persons, including me, engaging in a business in any way competitive with SLM, such disclosure would result in

² The Recovery Policy is only applicable to Section 16 Officers of the Corporation.

hardship, loss, irreparable injury and damage to SLM, the measurement of which would be difficult, if not impossible, to determine. I further expressly agree that SLM has a legitimate interest in protecting the confidential information and its business goodwill, and that it is necessary for SLM to protect its business from such hardship, loss, irreparable injury and damage. I further acknowledge that the preservation and protection of the confidential information is an essential part of my duties of employment and that, as a result of my employment with SLM, I have a duty of fidelity, loyalty, and trust to SLM in handling the confidential information.

I agree to keep secret all such confidential information and trade secrets of SLM and agree not to, directly or indirectly, other than as necessary in SLM's business and in the scope of my employment, disclose or use any such confidential information at any time (including any time following the Effective Date) except as (1) provided in Section (4); (2) required or permitted by statute, regulation or court order; or (3) pursuant to written consent given by SLM's General Counsel. In addition, I recognize that I may have been exposed, by reason of my employment, to certain information, which is confidential or proprietary to third parties. I agree that I will not disclose or use at any time, without the prior written consent of such third party and SLM, any such confidential or proprietary information. I agree that all written and computer-stored materials (including correspondence, memoranda, manuals, notes, and notebooks) which were in my possession from time to time (whether or not written or prepared by me) embodying confidential information should be and remain SLM's sole property and I will use all reasonable precautions to assure that all such written and computer-stored materials are properly protected and kept from unauthorized persons. I further agree to deliver same, including all copies, promptly to SLM upon termination of my employment, or at any time it may request. In the event that I am unsure whether certain material or information is confidential, I agree to consult SLM's Legal Department for resolution and agree to be bound by the Legal Department's decision.

Pursuant to the Defend Trade Secrets Act of 2016, SLM and I acknowledge and agree that I 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 I file a lawsuit for retaliation by SLM for reporting a suspected violation of law, I may disclose the trade secret to my attorney and may use the trade secret information in the court proceeding, if I (X) file any document containing the trade secret under seal and (Y) do not disclose the trade secret, except pursuant to court order.

(9) **Intellectual Property:** I agree that all Inventions (as defined below) conceived of or made, produced or written by me alone or with others, whether or not during usual business hours, during the period of my employment by SLM, shall belong to SLM, unless specifically disclaimed by SLM, provided such Inventions grew out of my work with SLM or are related in any manner to the business actually engaged in or actively anticipated during my employment at SLM (i.e., if I invent a new lawn mower, SLM shall not own such invention because the invention did not grow out of my work with SLM and it is not related to SLM's actual or anticipated business).

For purposes of this Agreement, the term "**Inventions**" means any of the following materials and information (whether or not reduced to writing, whether or not patentable, whether or not reduced to practice, and all copyright and copyrightable material) which I discover, conceive or develop, in whole or in part, either solely or jointly with others, as a direct or indirect result of my employment with SLM, in the course of my employment with SLM (in any capacity, whether employee, managerial, planning, sales, research, or otherwise) or through the use of any of SLM's facilities or resources

(including, but not limited to, SLM's Trade Secrets): discoveries, improvements, processes, devices, designs, apparatuses, practices, concepts, compositions, formulas, techniques, machines, articles of manufacture, methods (including business methods), product concepts and ideas, the nature and results of research and development activities, technical information on product or program performance and reliability, formulas, "know-how," computer programs, source code, object code, or specifications.

I hereby agree that all inventions, patents and copyrights covered by this Agreement are and will be the sole property of SLM and SLM is free to use them in any way in its best interest. For instance, but without limitation, the rights enjoyed by SLM hereunder may be assigned, licensed or sold without my consent at any time to any successor-in-interest of SLM, or to any parent, sister corporation, affiliate or subsidiary of SLM or any third party. SLM and its licensees, successors, and assigns (direct or indirect) are not required to designate me as an author of any Invention which is subject to this provision, when it is distributed, publicly or otherwise, or to secure my permission to change or otherwise alter its integrity.

I further agree that I will, if I have not yet already: (a) promptly and fully disclose such Inventions to SLM; (b) assign to SLM or its nominee for its sole use and benefit all my rights, title, and interest in and to such inventions for the United States and all foreign countries; and (c) sign and deliver promptly to SLM written instruments and give testimony or furnish other data as may be necessary or proper in the opinion of SLM to obtain, maintain and enforce patents and/or copyrights or assignments thereof (as applicable) for such inventions in the United States and all foreign countries. I hereby assign, sell, transfer, and release to SLM all my right, title and interest in and to each and every invention (and improvements therein and thereto) required to be disclosed by the terms of the Agreement. These obligations shall continue beyond the termination of my employment with respect to such inventions made or conceived by me during the period of my employment.

If any, attached to this Agreement as Schedule B is a complete list of any inventions, patented or unpatented, including brief descriptions thereof or title and dates and documents describing the invention, which I conceived or made prior to the employment by SLM and which I wish to exclude from this Agreement.

(10) **Non-Competition:** I shall not, directly or indirectly, provide Competing Services (as defined herein) for any person, trade or business that engages in a Competing Business (as defined herein) with SLM or its subsidiaries or affiliates during the course of my employment and for a period of [**twelve (12) months times the Multiplier**] after the Effective Date (the "**Non-Compete Period**"). For the purposes of this Section (10), "**Competing Services**" means owning, managing, operating, financing, working, consulting, advising, representing, or providing the same or similar services with or without compensation in any capacity as those I provided to SLM within the last two (2) years of my employment, including any role as director and/or officer, to any Competing Business. "**Competing Business**" means any person, trade or business, including any business unit of such person, trade or business, engaged in the origination, servicing, marketing, underwriting and/or sale/purchase of private education loans.

(11) **Non-Solicitation:** I agree that, during the two (2) year period following the Effective Date, I shall not solicit or encourage any employee, consultant or other individual independent contractor with whom I communicated within the last year of my employment to leave the employ or engagement of SLM, or hire any such employees. Further, during this two (2) year period following the Effective Date, I shall not, directly or indirectly, contact or accept business that SLM could otherwise

perform from any of SLM's customers or prospective customers with whom I communicated within the last two (2) years of my employment.

(12) **Non-Disparagement:** Except for such truthful disclosures as permitted by Section (4) of this Agreement or otherwise, I further agree not to disparage, place in a false or negative light or criticize, or make any false statements that may damage the reputation of, orally or in writing, SLM, its business practices, products, policies, services, decisions, directors, officers, employees, agents, representatives, advisors or any other entity or person covered by this Agreement.

(13) I expressly agree that the markets served by SLM 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 (12) have been designed to be reasonable and are no greater than are required for the protection of SLM and do not prevent me from earning a livelihood by working in positions that do not compete with SLM. 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 SLM. I further acknowledge that my employment at SLM is employment at-will and this Agreement does not alter this at-will relationship. I acknowledge and agree that this covenant has unique, substantial and immeasurable value to SLM, that I have sufficient skills to provide a livelihood for me while this covenant remains in force, and that this covenant will not interfere with my ability to work consistent with my experience, training, and education. To enable SLM to monitor compliance with the obligations imposed by this Agreement, I further agree to inform in writing Sallie Mae's Chief People Officer of the identity of my subsequent employer(s) and my prospective job title and responsibilities prior to beginning employment. I agree that this notice requirement shall remain in effect during the Non-Compete Period.

(14) Sections (7) through (13) do not in any way restrict or impede me 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.

(15) The illegality, unenforceability, or ineffectiveness of any provision of Sections (7) through (14) shall not affect the legality, enforceability, or effectiveness of any other provision of this Agreement. Notwithstanding the confidentiality provisions identified in Section (8) of this Agreement or otherwise, I may disclose my SLM restrictive covenants to prospective employers and agree that SLM may provide a copy of this Agreement to my prospective or future employers.

(16) **Review Period:** I hereby acknowledge (a) that I initially received a copy of the original draft of this Agreement on or before [Date]; (b) that I was offered a period of [twenty-one (21)][forty-five (45)] calendar days to review and consider it; (c) that I understand I could use as much of the [twenty-one (21)][forty-five (45)] calendar-day period as I wished prior to signing; and (d) that I was strongly encouraged to consult with an attorney in writing before signing this Agreement, and understood whether or not to do so was my decision. I waive any rights to further time to consider the Agreement.

(17) **Revocation of Claims:** I understand that I may revoke the waiver of the ADEA claims made in this Agreement within seven (7) days of my signing. In the event that I revoke my waiver and release of claims under ADEA, the Agreement shall not be effective or enforceable and I will not receive Plan Benefits, COBRA Benefits and Outplacement Services described in Section (1) above. Revocation of claims can be made by delivering a written notice of revocation to the General Counsel, SLM Corporation, 300 Continental Drive, Newark, DE 19713. Such revocation shall also be sent by email to the Chief People Officer.

(18) I acknowledge that I have read and understand all of the provisions of this Agreement. This Agreement represents the entire agreement between the Parties concerning the subject matter hereof and shall not be altered, amended, modified, or otherwise changed except by a writing executed by both Parties. I understand and agree that this Agreement, if not timely revoked pursuant to Section (17), is final and binding when executed by me. I sign this document freely, knowingly and voluntarily. I acknowledge that I have not relied upon any representation or statement, written or oral, not set forth in this Agreement. If any provision of this Agreement is held by a court of competent jurisdiction or by an arbitrator to be unenforceable or contrary to law, the remainder of that provision and the remaining provisions of this Agreement will remain in full force and effect to the maximum extent permitted by applicable law. If this Agreement is held to be unenforceable or contrary to law, I agree to repay the Plan Benefit I received. This Agreement is governed by federal laws and the laws of the State of Delaware.

(19) In addition, except as set forth in Section (4), and in consideration of the Plan Benefits, COBRA Benefits, Outplacement Services and other consideration described above, I further agree to cooperate with SLM, its affiliates, and its legal counsel in any legal proceedings currently pending or brought in the future against SLM, including, but not limited to: (1) participation as a witness; (2) drafting, producing, and reviewing documents; (3) assisting with interviews, depositions, discovery, hearings, and trial; and (4) contacting SLM. In the event I am requested, with reasonable notice, to travel as part of this litigation cooperation, SLM agrees to pay my reasonable out of pocket expenses.

(20) This Agreement may be executed and delivered (including by electronic mail in portable document format (PDF), facsimile, or other electronic transmission) by the Parties in two or more counterparts, each of which is deemed to be an original, with all such counterparts constituting one and the same instrument, and all signatures need not appear on any one counterpart.

Before you sign this Agreement, please read through each section and carefully consider it. SLM recommends that you discuss it with your personal attorney (any personal attorney fees are not covered under the terms of this Agreement). You have up to [forty-five (45)] [twenty-one (21)] calendar days to consider this Agreement. You may not make any changes to the terms of this Agreement. By signing this Agreement, you will be waiving any claims whether known or unknown.

Name

Name [Title]
SLM Corporation

Date

Date

REAFFIRMATION PAGE

This page represents your reaffirmation of the commitments set forth in the Agreement from the date you signed the Agreement through the date that you sign this Reaffirmation, and you hereby agree that the release of claims pursuant to Section (2) of the Agreement will be extended to cover any act, omission or occurrence occurring up to and including the date you sign this Reaffirmation. You will have seven (7) days following your execution of this Reaffirmation to revoke your signature by notifying, in writing, to the Chief People Officer of SLM, with a copy to the General Counsel, of this fact within such seven (7) day period.

I ratify and reaffirm the commitments set forth in the Agreement:

Name

Date

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)
July 26, 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, Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

July 26, 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 June 30, 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)
July 26, 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 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter M. Graham, Executive Vice President, Chief Financial Officer and Treasurer 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, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

July 26, 2024