

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-13251

**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  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of March 31, 2023, there were 242,249,757 shares of common stock outstanding.

**SLM CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**INDEX**

**Part I. Financial Information**

Item 1.	<a href="#">Financial Statements</a>	<a href="#">3</a>
Item 1.	<a href="#">Notes to the Financial Statements</a>	<a href="#">10</a>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">46</a>
Item 3.	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">71</a>
Item 4.	<a href="#">Controls and Procedures</a>	<a href="#">74</a>

**PART II. Other Information**

Item 1.	<a href="#">Legal Proceedings</a>	<a href="#">75</a>
Item 1A.	<a href="#">Risk Factors</a>	<a href="#">75</a>
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">75</a>
Item 3.	<a href="#">Defaults Upon Senior Securities</a>	<a href="#">75</a>
Item 4.	<a href="#">Mine Safety Disclosures</a>	<a href="#">75</a>
Item 5.	<a href="#">Other Information</a>	<a href="#">75</a>
Item 6.	<a href="#">Exhibits</a>	<a href="#">76</a>

**CONSOLIDATED BALANCE SHEETS (Unaudited)**

	March 31, 2023	December 31, 2022
<b>(Dollars in thousands, except share and per share amounts)</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 3,716,379	\$ 4,616,117
Investments:		
Trading investments at fair value (cost of \$41,282 and \$47,554, respectively)	51,342	55,903
Available-for-sale investments at fair value (cost of \$2,487,749 and \$2,554,332, respectively)	2,311,062	2,342,089
Other investments	98,067	94,716
Total investments	2,460,471	2,492,708
Loans held for investment (net of allowance for losses of \$1,479,306 and \$1,357,075, respectively)	21,087,563	19,626,868
Loans held for sale	26,202	29,448
Restricted cash	181,764	156,719
Other interest-earning assets	13,031	11,162
Accrued interest receivable	1,331,017	1,202,059
Premises and equipment, net	137,890	140,728
Goodwill and acquired intangible assets, net	116,001	118,273
Income taxes receivable, net	337,177	380,058
Tax indemnification receivable	2,858	2,816
Other assets	43,548	34,073
<b>Total assets</b>	<b>\$ 29,453,901</b>	<b>\$ 28,811,029</b>
<b>Liabilities</b>		
Deposits	\$ 21,803,666	\$ 21,448,071
Long-term borrowings	5,513,976	5,235,114
Other liabilities	309,164	400,874
<b>Total liabilities</b>	<b>27,626,806</b>	<b>27,084,059</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
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: 437.6 million and 435.1 million shares issued, respectively	87,530	87,025
Additional paid-in capital	1,121,082	1,109,072
Accumulated other comprehensive loss (net of tax benefit of (\$25,139) and (\$30,160), respectively)	(78,333)	(93,870)
Retained earnings	3,250,478	3,163,640
Total SLM Corporation stockholders' equity before treasury stock	4,631,827	4,516,937
Less: Common stock held in treasury at cost: 195.4 million and 194.4 million shares, respectively	(2,804,732)	(2,789,967)
<b>Total equity</b>	<b>1,827,095</b>	<b>1,726,970</b>
<b>Total liabilities and equity</b>	<b>\$ 29,453,901</b>	<b>\$ 28,811,029</b>

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

(Dollars in thousands, except per share amounts)	Three Months Ended March 31,	
	2023	2022
<b>Interest income:</b>		
Loans	\$ 582,784	\$ 458,044
Investments	11,331	5,479
Cash and cash equivalents	43,483	1,515
Total interest income	637,598	465,038
<b>Interest expense:</b>		
Deposits	183,531	49,537
Interest expense on short-term borrowings	3,018	2,875
Interest expense on long-term borrowings	45,981	37,594
Total interest expense	232,530	90,006
Net interest income	405,068	375,032
Less: provisions for credit losses	114,112	98,050
Net interest income after provisions for credit losses	290,956	276,982
<b>Non-interest income:</b>		
Gains (losses) on sales of loans, net	(9)	9,881
Gains (losses) on securities, net	1,711	(3,580)
Gains (losses) on derivatives and hedging activities, net	—	(5)
Other income	20,009	15,629
Total non-interest income	21,711	21,925
<b>Non-interest expenses:</b>		
Operating expenses:		
Compensation and benefits	87,649	71,981
FDIC assessment fees	11,529	5,684
Other operating expenses	55,361	54,341
Total operating expenses	154,539	132,006
Acquired intangible assets amortization expense	2,272	733
Total non-interest expenses	156,811	132,739
Income before income tax expense	155,856	166,168
Income tax expense	37,338	37,356
<b>Net income</b>	<b>118,518</b>	<b>128,812</b>
Preferred stock dividends	4,063	1,275
<b>Net income attributable to SLM Corporation common stock</b>	<b>\$ 114,455</b>	<b>\$ 127,537</b>
<b>Basic earnings per common share</b>	<b>\$ 0.47</b>	<b>\$ 0.46</b>
Average common shares outstanding	241,497	276,977
<b>Diluted earnings per common share</b>	<b>\$ 0.47</b>	<b>\$ 0.45</b>
Average common and common equivalent shares outstanding	243,549	280,654
Declared dividends per common share	\$ 0.11	\$ 0.11

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

(Dollars in thousands)	Three Months Ended	
	March 31,	
	2023	2022
<b>Net income</b>	\$ 118,518	\$ 128,812
Other comprehensive income (loss):		
Unrealized gains (losses) on investments	35,556	(81,041)
Unrealized gains (losses) on cash flow hedges	(14,999)	52,530
Total unrealized gains (losses)	20,557	(28,511)
Income tax (expense) benefit	(5,020)	6,894
Other comprehensive income (loss), net of tax (expense) benefit	15,537	(21,617)
<b>Total comprehensive income</b>	<b>\$ 134,055</b>	<b>\$ 107,195</b>

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							
<b>Balance at December 31, 2021</b>	2,510,696	432,013,372	(153,056,639)	278,956,733	\$ 251,070	\$ 86,403	\$ 1,074,384	\$ (17,897)	\$ 2,817,134	\$ (2,061,383)	\$ 2,149,711
Net income	—	—	—	—	—	—	—	—	128,812	—	128,812
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(21,617)	—	—	(21,617)
<b>Total comprehensive income</b>	—	—	—	—	—	—	—	—	—	—	107,195
<b>Cash dividends declared:</b>											
Common stock (\$0.11 per share)	—	—	—	—	—	—	—	—	(30,493)	—	(30,493)
Preferred Stock, Series B (\$0.51 per share)	—	—	—	—	—	—	—	—	(1,275)	—	(1,275)
<b>Dividend equivalent units related to employee stock-based compensation plans</b>	—	—	—	—	—	—	618	—	(634)	—	(16)
Issuance of common shares	—	2,594,817	—	2,594,817	—	519	(71)	—	—	—	448
Stock-based compensation expense	—	—	—	—	—	—	11,921	—	—	—	11,921
Common stock repurchased	—	—	(9,533,392)	(9,533,392)	—	—	—	—	—	(175,943)	(175,943)
Shares repurchased related to employee stock-based compensation plans	—	—	(934,602)	(934,602)	—	—	—	—	—	(17,341)	(17,341)
<b>Balance at March 31, 2022</b>	2,510,696	434,608,189	(163,524,633)	271,083,556	\$ 251,070	\$ 86,922	\$ 1,086,852	\$ (39,514)	\$ 2,913,544	\$ (2,254,667)	\$ 2,044,207

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

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

(Dollars in thousands)	Three Months Ended March 31,	
	2023	2022
<b>Operating activities</b>		
<b>Net income</b>	\$ 118,518	\$ 128,812
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provisions for credit losses	114,112	98,050
Income tax expense	37,338	37,356
Amortization of brokered deposit placement fee	3,121	3,425
Amortization of Secured Borrowing Facility upfront fee	723	569
Amortization of deferred loan origination costs and loan premium/(discounts), net	3,421	4,455
Net amortization of discount on investments	(622)	965
Increase in tax indemnification receivable	(42)	(108)
Depreciation of premises and equipment	4,524	4,189
Acquired intangible assets amortization expense	2,272	733
Stock-based compensation expense	11,536	11,921
Unrealized (gains) losses on derivatives and hedging activities, net	(56)	315
(Gains) losses on sales of loans, net	9	(9,881)
(Gains) losses on securities, net	(1,711)	3,580
Acquisition transaction costs, net	—	2,511
Other adjustments to net income, net	3,063	3,655
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(257,888)	(185,294)
Increase in non-marketable securities	—	(992)
(Increase) decrease in other interest-earning assets	(1,869)	328
Increase in other assets	(26,632)	(17,529)
Increase (decrease) in income taxes payable, net	2,483	(4,243)
Increase in accrued interest payable	20,358	14,779
Decrease in other liabilities	(23,770)	(34,808)
Total adjustments	(109,630)	(66,024)
<b>Total net cash provided by operating activities</b>	<b>8,888</b>	<b>62,788</b>
<b>Investing activities</b>		
Loans acquired and originated	(2,463,358)	(2,215,958)
Net proceeds from sales of loans held for investment	(9)	45,729
Proceeds from FFELP Loan claim payments	11,274	5,594
Net decrease in loans held for investment (other than loans acquired and originated, and loan sales)	912,681	1,153,297
Purchases of available-for-sale securities	(4,992)	(536,633)
Proceeds from sales and maturities of available-for-sale securities	73,352	686,806
Purchase of subsidiary, net of cash acquired	—	(127,702)
<b>Total net cash used in investing activities</b>	<b>(1,471,052)</b>	<b>(988,867)</b>
<b>Financing activities</b>		
Brokered deposit placement fee	(2,634)	(2,207)
Net increase (decrease) in certificates of deposit	515,909	(127,815)
Net increase (decrease) in other deposits	(167,836)	543,767
Borrowings collateralized by loans in securitization trusts - issued	569,871	—
Borrowings collateralized by loans in securitization trusts - repaid	(293,120)	(381,005)
Issuance costs for unsecured debt offering	—	(360)
Fees paid on Secured Borrowing Facility	(16)	—
Common stock dividends paid	(26,635)	(30,493)
Preferred stock dividends paid	(4,063)	(1,275)
Common stock repurchased	(4,005)	(169,322)
<b>Total net cash provided by (used in) financing activities</b>	<b>587,471</b>	<b>(168,710)</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	(874,693)	(1,094,789)
Cash, cash equivalents and restricted cash at beginning of period	4,772,836	4,545,344



Cash, cash equivalents and restricted cash at end of period	\$	3,898,143	\$	3,450,555
<b>Cash disbursements made for:</b>				
Interest	\$	198,874	\$	68,458
Income taxes paid	\$	4,700	\$	5,066
Income taxes refunded	\$	(7,273)	\$	(916)
<b>Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:</b>				
Cash and cash equivalents	\$	3,716,379	\$	3,262,595
Restricted cash		181,764		187,960
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$</b>	<b>3,898,143</b>	<b>\$</b>	<b>3,450,555</b>

See accompanying notes to consolidated financial statements.

## 1. Significant Accounting Policies

### ***Basis of Presentation***

The accompanying unaudited, consolidated financial statements of SLM Corporation (“Sallie Mae,” “SLM,” the “Company,” “we,” or “us”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of SLM Corporation and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results for the year ending December 31, 2023 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, 2022 (the “2022 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.

## 2. Investments

### Trading Investments

We periodically sell Private Education Loans 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 December 31, 2022 we had a \$5 million investment in a convertible debt security classified as a trading investment. In March 2023, this security, and the related accrued interest, was converted into equity securities classified as investments in non-marketable securities.

At March 31, 2023 and December 31, 2022, we had \$51 million and \$56 million, respectively, classified as trading investments.

### Available-for-Sale Investments

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

As of March 31, 2023 (dollars in thousands)	Amortized Cost	Allowance for credit losses <sup>(1)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Available-for-sale:</b>					
Mortgage-backed securities	\$ 387,158	\$ —	\$ 62	\$ (61,886)	\$ 325,334
Utah Housing Corporation bonds	3,460	—	—	(294)	3,166
U.S. government-sponsored enterprises and Treasuries	1,758,032	—	—	(92,548)	1,665,484
Other securities	339,099	—	334	(22,355)	317,078
<b>Total</b>	<b>\$ 2,487,749</b>	<b>\$ —</b>	<b>\$ 396</b>	<b>\$ (177,083)</b>	<b>\$ 2,311,062</b>

As of December 31, 2022 (dollars in thousands)	Amortized Cost	Allowance for credit losses <sup>(1)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Available-for-sale:</b>					
Mortgage-backed securities	\$ 389,067	\$ —	\$ 2	\$ (68,705)	\$ 320,364
Utah Housing Corporation bonds	3,584	—	—	(357)	3,227
U.S. government-sponsored enterprises and Treasuries	1,804,726	—	—	(115,416)	1,689,310
Other securities	356,955	—	33	(27,800)	329,188
<b>Total</b>	<b>\$ 2,554,332</b>	<b>\$ —</b>	<b>\$ 35</b>	<b>\$ (212,278)</b>	<b>\$ 2,342,089</b>

<sup>(1)</sup> 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
<b>As of March 31, 2023:</b>						
Mortgage-backed securities	\$ (1,138)	\$ 22,201	\$ (60,748)	\$ 297,543	\$ (61,886)	\$ 319,744
Utah Housing Corporation bonds	—	—	(294)	3,166	(294)	3,166
U.S. government-sponsored enterprises and Treasuries	(4,463)	193,623	(88,085)	1,471,861	(92,548)	1,665,484
Other securities	(8,451)	156,624	(13,904)	128,538	(22,355)	285,162
<b>Total</b>	<b>\$ (14,052)</b>	<b>\$ 372,448</b>	<b>\$ (163,031)</b>	<b>\$ 1,901,108</b>	<b>\$ (177,083)</b>	<b>\$ 2,273,556</b>
<b>As of December 31, 2022:</b>						
Mortgage-backed securities	\$ (13,956)	\$ 99,598	\$ (54,749)	\$ 220,576	\$ (68,705)	\$ 320,174
Utah Housing Corporation bonds	(357)	3,227	—	—	(357)	3,227
U.S. government-sponsored enterprises and Treasuries	(28,128)	689,300	(87,288)	1,000,010	(115,416)	1,689,310
Other securities	(15,852)	232,546	(11,948)	92,883	(27,800)	325,429
<b>Total</b>	<b>\$ (58,293)</b>	<b>\$ 1,024,671</b>	<b>\$ (153,985)</b>	<b>\$ 1,313,469</b>	<b>\$ (212,278)</b>	<b>\$ 2,338,140</b>

At March 31, 2023 and December 31, 2022, 182 of 193 and 191 of 194, 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 is 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 Bank, 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. The decline in value from December 31, 2022 to March 31, 2023 was driven by the current interest rate environment and is not credit related. We have the intent and ability to hold these bonds for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security. Based on this qualitative analysis, we have determined that no credit impairment exists.

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

## 2. Investments (Continued)

As of March 31, 2023, the amortized cost and fair value of securities, by contractual maturities, are summarized below. Contractual maturities versus actual maturities may differ due to the effect of prepayments.

As of March 31, 2023 Year of Maturity (dollars in thousands)	Amortized Cost	Estimated Fair Value
2023	\$ 114,993	\$ 113,061
2024	698,346	670,601
2025	298,066	286,613
2026	548,319	499,306
2027	98,309	95,902
2038	71	73
2039	718	719
2042	2,528	2,227
2043	4,434	4,055
2044	5,412	5,057
2045	5,443	4,940
2046	7,963	7,165
2047	8,386	7,586
2048	2,056	2,001
2049	16,374	14,836
2050	114,601	93,786
2051	161,035	130,855
2052	56,605	50,153
2053	109,892	100,141
2054	83,670	75,428
2055	98,051	94,030
2058	52,477	52,527
<b>Total</b>	<b>\$ 2,487,749</b>	<b>\$ 2,311,062</b>

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 \$530 million and \$547 million par value of securities pledged to this borrowing facility at March 31, 2023 and December 31, 2022, respectively, as discussed further in Notes to Consolidated Financial Statements, Note 9, "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. In March 2023 our \$5 million investment in a convertible debt security, classified as a trading investment, and the related accrued interest were converted into a equity securities and were reclassified to investments in non-marketable securities. As of March 31, 2023, and December 31, 2022, our total investment in these securities was \$14 million and \$8 million, respectively.

#### 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

## 2. Investments (Continued)

realization of federal tax credits and tax benefits from net operating losses on the underlying properties. Total carrying value of the LIHTC investments was \$78 million at March 31, 2023 and \$80 million at December 31, 2022. We are periodically required to provide additional financial support during the investment period. Our liability for these unfunded commitments was \$40 million at March 31, 2023 and \$46 million at December 31, 2022.

Related to these investments, we recognized tax credits and other tax benefits through tax expense of less than \$1 million at March 31, 2023 and \$9 million at December 31, 2022. 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, FFELP Loans, and Credit Cards. 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"). We use "Credit Cards" to refer to our suite of Credit Cards with bonus rewards. At September 30, 2022, we transferred our Credit Card portfolio to loans held for sale because we plan to sell our Credit Card portfolio. For additional information, see Notes to Consolidated Financial Statements, Note 4, "Loans Held for Sale" in this Form 10-Q.

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 LIBOR, the London interbank offered rate, or SOFR, the Secured Overnight Financing Rate. As of March 31, 2023 and December 31, 2022, 42 percent and 45 percent, respectively, of all of our Private Education Loans were indexed to LIBOR or 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 quarter of 2022, we recognized \$10 million in gains from the sale of approximately \$95 million of our Private Education Loans, including \$89 million of principal and \$6 million in capitalized interest, to an unaffiliated third party. There were VIEs created in the execution of certain of these loan sales; however, based on our consolidation analysis, we are not the primary beneficiary of these VIEs. These transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information, see Notes to Consolidated Financial Statements, Note 9, "Borrowings - Unconsolidated VIEs" in this Form 10-Q. There were no loan sales in the first quarter of 2023.

### 3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

(Dollars in thousands)	March 31, 2023	December 31, 2022
<b>Private Education Loans:</b>		
Fixed-rate	\$ 12,726,875	\$ 11,108,079
Variable-rate	9,171,128	9,195,609
Total Private Education Loans, gross	21,898,003	20,303,688
Deferred origination costs and unamortized premium/(discount)	75,051	69,656
Allowance for credit losses	(1,475,379)	(1,353,631)
Total Private Education Loans, net	20,497,675	19,019,713
<b>FFELP Loans</b>		
Deferred origination costs and unamortized premium/(discount)	592,318	609,050
Allowance for credit losses	1,497	1,549
Total FFELP Loans, net	(3,927)	(3,444)
<b>Loans held for investment, net</b>	<b>\$ 21,087,563</b>	<b>\$ 19,626,868</b>

The estimated weighted average life of education loans in our portfolio was approximately 5.0 years and 5.0 years at March 31, 2023 and December 31, 2022, respectively.

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

Three Months Ended March 31, (dollars in thousands)	2023		2022	
	Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
Private Education Loans	\$ 21,755,202	10.66 %	\$ 21,858,270	8.38 %
FFELP Loans	602,072	6.87	690,540	3.51
Credit Cards <sup>(1)</sup>	—	—	26,622	3.95
<b>Total portfolio</b>	<b>\$ 22,357,274</b>		<b>\$ 22,575,432</b>	

(1) Credit Card loans were transferred to loans held for sale at September 30, 2022.

#### **4. Loans Held for Sale**

We had \$26 million in loans held for sale at March 31, 2023 and \$29 million in loans held for sale at December 31, 2022. The balance at both March 31, 2023 and December 31, 2022 was comprised of our Credit Card loan portfolio. At September 30, 2022, we reversed \$2.4 million through the provisions for credit losses for the allowance related to these loans, when the loans were transferred to held for sale. At September 30, 2022, we wrote down this loan portfolio to its estimated fair value through a charge-off to the allowance for credit losses of \$1.5 million.

#### **5. 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 2022 Form 10-K for a more detailed discussion.



## 5. Allowance for Credit Losses (Continued)

### Allowance for Credit Losses Metrics

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

<sup>(1)</sup> See Note 6, "Unfunded Loan Commitments," for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

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

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

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

<sup>(4)</sup> 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).

<sup>(5)</sup> Accrued interest to be capitalized on Private Education Loans only.

<sup>(6)</sup> 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).

## 5. Allowance for Credit Losses (Continued)

Three Months Ended March 31, 2022 (dollars in thousands)	FFELP Loans	Private Education Loans	Credit Cards	Total
<b>Allowance for Credit Losses</b>				
<b>Beginning balance</b>	\$ 4,077	\$ 1,158,977	\$ 2,281	\$ 1,165,335
Transfer from unfunded commitment liability <sup>(1)</sup>	—	94,686	—	94,686
Provisions:				
Provision for current period	21	48,460	137	48,618
Loan sale reduction to provision	—	(5,247)	—	(5,247)
Total provisions <sup>(2)</sup>	21	43,213	137	43,371
Net charge-offs:				
Charge-offs	(99)	(83,856)	(111)	(84,066)
Recoveries	—	8,033	3	8,036
Net charge-offs	(99)	(75,823)	(108)	(76,030)
<b>Ending Balance</b>	<b>\$ 3,999</b>	<b>\$ 1,221,053</b>	<b>\$ 2,310</b>	<b>\$ 1,227,362</b>
<i>Allowance<sup>(3)</sup>:</i>				
Ending balance: collectively evaluated for impairment	\$ 3,999	\$ 1,221,053	\$ 2,310	\$ 1,227,362
<i>Loans<sup>(3)</sup>:</i>				
Ending balance: collectively evaluated for impairment	\$ 682,273	\$ 21,735,369	\$ 27,547	\$ 22,445,189
<i>Accrued interest to be capitalized<sup>(3)</sup>:</i>				
Ending balance: collectively evaluated for impairment	\$ —	\$ 993,698	\$ —	\$ 993,698
Net charge-offs as a percentage of average loans in repayment (annualized) <sup>(4)</sup>	0.07 %	1.89 %	1.63 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized <sup>(5)</sup>	0.59 %	5.37 %	8.39 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment <sup>(4)(5)</sup>	0.75 %	7.43 %	8.39 %	
Allowance coverage of net charge-offs (annualized)	10.10	4.03	5.35	
Ending total loans, gross	\$ 682,273	\$ 21,735,369	\$ 27,547	
Average loans in repayment <sup>(4)</sup>	\$ 543,303	\$ 16,013,289	\$ 26,551	
Ending loans in repayment <sup>(4)</sup>	\$ 535,080	\$ 16,095,157	\$ 27,547	
Accrued interest to be capitalized on loans in repayment <sup>(6)</sup>	\$ —	\$ 331,405	\$ —	

<sup>(1)</sup> See Note 6, "Unfunded Loan Commitments," for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

<sup>(2)</sup> 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.

<b>Consolidated Statements of Income</b>	
<b>Provisions for Credit Losses Reconciliation</b>	
<b>Three Months Ended March 31, 2022 (dollars in thousands)</b>	
<b>Private Education Loan provisions for credit losses:</b>	
Provisions for loan losses	\$ 43,213
Provisions for unfunded loan commitments	54,679
Total Private Education Loan provisions for credit losses	97,892
<b>Other impacts to the provisions for credit losses:</b>	
FFELP Loans	21
Credit Cards	137
Total	158
<b>Provisions for credit losses reported in consolidated statements of income</b>	<b>\$ 98,050</b>

<sup>(3)</sup> For the three months ended March 31, 2022, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

<sup>(4)</sup> 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).

<sup>(5)</sup> Accrued interest to be capitalized on Private Education Loans only.

<sup>(6)</sup> 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).

## 5. Allowance for Credit Losses (Continued)

### *Allowance for Credit Losses - Forecast Assumptions*

In the fourth quarter of 2022, we changed our loss model to include forecasts of college graduate unemployment, home price index, and median family income in determining the adequacy of the allowance for credit losses. Prior to this change, we used forecasts of college graduate unemployment and the Consumer Price Index in our loss forecasting models. We obtain forecasts for these inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurring. We determine which forecasts we will include in our estimation of the allowance for credit losses and the associated weightings for each of these inputs. At March 31, 2022, December 31, 2022, and March 31, 2023, we used the Base (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario with 10 percent likelihood of occurring)/S3 (downside scenario with 10 percent likelihood of occurring) scenarios and weighted them 40 percent, 30 percent, and 30 percent, respectively. Management reviews both the scenarios and their respective weightings each quarter in determining the allowance for credit losses.

Provisions for credit losses in the three months ended March 31, 2023 increased by \$16 million compared with the year-ago period. During the three months ended March 31, 2023, the increase in the provision for credit losses was primarily the result of new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook and recovery rates.

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

### *Loan Modifications to Borrowers Experiencing Financial Difficulty*

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

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

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

When we give a borrower facing financial difficulty an interest rate reduction, we temporarily reduce the contractual interest rate on a loan to 4.0 percent for a two-year period and, in the vast majority of cases, permanently extend the final maturity date of the loan. The combination of these two loan term changes helps reduce the monthly payment due from the borrower and increases the likelihood the borrower will remain current during the interest rate modification period as well as when the loan returns to its original contractual interest rate.

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 2022 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 2022 Form 10-K. If the loan has been previously restructured, we 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

## 5. Allowance for Credit Losses (Continued)

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. 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.

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

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

Three Months Ended March 31, 2022 (dollars in thousands)	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Loan Type:				
Private Education Loans	\$ 7,679	0.04 %	\$ 79,597	0.37 %
Total	\$ 7,679	0.04 %	\$ 79,597	0.37 %

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

Three Months Ended March 31, 2022			
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 10.09% to 4.00%	Private Education Loans	Added a weighted average 10.51 years to the life of loans
			Reduced average contractual rate from 9.43% to 4.00%

Private Education Loans are charged off at the end of the month in which they reach 120 days delinquent or otherwise when the loans are classified as a loss by us or our regulator. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies — Allowance for Credit Losses — Allowance for Private Education Loan Losses, and — Allowance for FFELP Loan Losses" in our 2022 Form 10-K for a more detailed discussion.

## 5. Allowance for Credit Losses (Continued)

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. The charge-offs and payment defaults for the year-ago period are presented for loans receiving a loan modification during the reporting period rather than within 12 months of the loan receiving a loan modification, as the effective date of adoption for the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2022-02, Troubled Debt Restructurings and Vintage Disclosures, was January 1, 2022. We define payment default as 60 days past due for purposes of this disclosure.

(Dollars in thousands)	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Modified Loans <sup>(1)(2)</sup>	Payment Default <sup>(3)</sup>	Charge-Offs <sup>(4)</sup>	Modified Loans <sup>(1)(2)</sup>	Payment Default <sup>(3)</sup>	Charge-Offs <sup>(4)</sup>
<b>Loan Type:</b>						
Private Education Loans	\$ 11,624	\$ 11,404	\$ 4,628	\$ 290	\$ 287	\$ —
Total	\$ 11,624	\$ 11,404	\$ 4,628	\$ 290	\$ 287	\$ —

- (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 (or within the reporting period, for the loans shown in the year-ago period, as the case may be).
- (2) For the three months ended March 31, 2023, the modified loans include \$10.4 million of interest rate reduction and term extension loan modifications and \$1.2 million of interest rate reduction only loan modifications. For the three months ended March 31, 2022, the modified loans include \$0.3 million of interest rate reduction and term extension loan modifications and no interest rate reduction only loan modifications.
- (3) Represents the unpaid principal balance at the time of payment default.
- (4) Represents the unpaid principal balance at the time of charge off.

We closely monitor performance of the loans to borrowers experiencing financial difficulty that are modified to understand the effectiveness of the modification efforts. The following tables depict the performance of loans that have been modified during the respective reporting periods (first-quarter 2023 and full year 2022, respectively).

At March 31, 2023 (dollars in thousands)	Payment Status (Amortized Cost Basis)					Total
	Deferment <sup>(1)</sup>	Current <sup>(2)(3)</sup>	30-59 Days Past Due <sup>(2)(3)</sup>	60-89 Days Past Due <sup>(2)(3)</sup>	90 Days or Greater Past Due <sup>(2)(3)</sup>	
<b>Loan Type:</b>						
Private Education Loans	\$ 412	\$ 92,213	\$ 1,353	\$ 358	\$ 346	\$ 94,682
Total	\$ 412	\$ 92,213	\$ 1,353	\$ 358	\$ 346	\$ 94,682

At December 31, 2022 (dollars in thousands)	Payment Status (Amortized Cost Basis)					Total
	Deferment <sup>(1)</sup>	Current <sup>(2)(3)</sup>	30-59 Days Past Due <sup>(2)(3)</sup>	60-89 Days Past Due <sup>(2)(3)</sup>	90 Days or Greater Past Due <sup>(2)(3)</sup>	
<b>Loan Type:</b>						
Private Education Loans	\$ 7,698	\$ 289,134	\$ 13,859	\$ 8,809	\$ 6,616	\$ 326,116
Total	\$ 7,698	\$ 289,134	\$ 13,859	\$ 8,809	\$ 6,616	\$ 326,116

- (1) Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make full principal and interest payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation). Deferment also includes loans that have entered a forbearance after the loan modification was granted.
- (2) Loans in repayment include loans on which borrowers are making full principal and interest payments after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

## 5. 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, stratified by key credit quality indicators.

As of March 31, 2023 (dollars in thousands)		Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination	2023 <sup>(1)</sup>	2022 <sup>(1)</sup>	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 and Prior <sup>(1)</sup>	Total <sup>(1)</sup>	% of Balance	
<b>Cosigners:</b>									
With cosigner	\$ 728,950	\$ 4,951,808	\$ 3,858,219	\$ 2,130,947	\$ 1,782,069	\$ 5,681,899	\$ 19,133,892	87 %	
Without cosigner	123,455	736,310	586,435	360,304	305,385	652,222	2,764,111	13	
<b>Total</b>	<b>\$ 852,405</b>	<b>\$ 5,688,118</b>	<b>\$ 4,444,654</b>	<b>\$ 2,491,251</b>	<b>\$ 2,087,454</b>	<b>\$ 6,334,121</b>	<b>\$ 21,898,003</b>	<b>100 %</b>	
<b>FICO at Origination<sup>(2)</sup>:</b>									
Less than 670	\$ 72,432	\$ 438,029	\$ 304,216	\$ 154,665	\$ 171,983	\$ 554,184	\$ 1,695,509	8 %	
670-699	125,846	785,900	602,706	346,297	327,433	1,077,557	3,265,739	15	
700-749	270,689	1,771,760	1,410,157	806,546	692,615	2,132,757	7,084,524	32	
Greater than or equal to 750	383,438	2,692,429	2,127,575	1,183,743	895,423	2,569,623	9,852,231	45	
<b>Total</b>	<b>\$ 852,405</b>	<b>\$ 5,688,118</b>	<b>\$ 4,444,654</b>	<b>\$ 2,491,251</b>	<b>\$ 2,087,454</b>	<b>\$ 6,334,121</b>	<b>\$ 21,898,003</b>	<b>100 %</b>	
<b>FICO Refreshed<sup>(2)(3)</sup>:</b>									
Less than 670	\$ 88,378	\$ 659,414	\$ 498,641	\$ 256,177	\$ 249,547	\$ 969,883	\$ 2,722,040	12 %	
670-699	128,620	792,523	571,683	277,061	235,805	706,213	2,711,905	12	
700-749	267,500	1,715,364	1,324,781	710,463	591,355	1,717,774	6,327,237	30	
Greater than or equal to 750	367,907	2,520,817	2,049,549	1,247,550	1,010,747	2,940,251	10,136,821	46	
<b>Total</b>	<b>\$ 852,405</b>	<b>\$ 5,688,118</b>	<b>\$ 4,444,654</b>	<b>\$ 2,491,251</b>	<b>\$ 2,087,454</b>	<b>\$ 6,334,121</b>	<b>\$ 21,898,003</b>	<b>100 %</b>	
<b>Seasoning<sup>(4)</sup>:</b>									
1-12 payments	\$ 443,563	\$ 2,988,688	\$ 522,305	\$ 327,647	\$ 271,788	\$ 507,620	\$ 5,061,611	23 %	
13-24 payments	—	324,873	2,414,470	201,750	211,025	586,952	3,739,070	17	
25-36 payments	—	—	159,673	1,299,993	158,750	570,770	2,189,186	10	
37-48 payments	—	—	—	118,240	1,023,883	568,996	1,711,119	8	
More than 48 payments	—	—	—	—	62,249	3,448,382	3,510,631	16	
Not yet in repayment	408,842	2,374,557	1,348,206	543,621	359,759	651,401	5,686,386	26	
<b>Total</b>	<b>\$ 852,405</b>	<b>\$ 5,688,118</b>	<b>\$ 4,444,654</b>	<b>\$ 2,491,251</b>	<b>\$ 2,087,454</b>	<b>\$ 6,334,121</b>	<b>\$ 21,898,003</b>	<b>100 %</b>	
2023 Current period <sup>(5)</sup> gross charge-offs	\$ —	\$ (2,262)	\$ (12,072)	\$ (10,615)	\$ (11,773)	\$ (58,363)	\$ (95,085)		
2023 Current period <sup>(5)</sup> recoveries	—	207	1,428	1,167	1,460	7,723	11,985		
2023 Current period <sup>(5)</sup> net charge-offs	\$ —	\$ (2,055)	\$ (10,644)	\$ (9,448)	\$ (10,313)	\$ (50,640)	\$ (83,100)		
<b>Total accrued interest by origination vintage</b>	<b>\$ 13,564</b>	<b>\$ 241,786</b>	<b>\$ 351,527</b>	<b>\$ 209,889</b>	<b>\$ 177,587</b>	<b>\$ 310,373</b>	<b>\$ 1,304,726</b>		

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

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

(3) Represents the FICO score updated as of the first-quarter 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 period from January 1, 2023 through March 31, 2023.

## 5. Allowance for Credit Losses (Continued)

As of December 31, 2022 (dollars in thousands)		Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination	2022 <sup>(1)</sup>	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>	2017 and Prior <sup>(1)</sup>	Total <sup>(1)</sup>	% of Balance	
<b>Cosigners:</b>									
With cosigner	\$ 3,656,111	\$ 3,941,921	\$ 2,208,033	\$ 1,853,619	\$ 1,402,828	\$ 4,626,491	\$ 17,689,003	87 %	
Without cosigner	620,422	605,238	376,589	319,041	213,014	480,381	2,614,685	13	
<b>Total</b>	<b>\$ 4,276,533</b>	<b>\$ 4,547,159</b>	<b>\$ 2,584,622</b>	<b>\$ 2,172,660</b>	<b>\$ 1,615,842</b>	<b>\$ 5,106,872</b>	<b>\$ 20,303,688</b>	<b>100 %</b>	
<b>FICO at Origination<sup>(2)</sup>:</b>									
Less than 670	\$ 326,991	\$ 307,646	\$ 158,606	\$ 177,098	\$ 143,674	\$ 439,587	\$ 1,553,602	8 %	
670-699	593,216	611,649	356,541	339,685	259,142	878,426	3,038,659	15	
700-749	1,336,765	1,440,510	834,819	719,777	537,680	1,722,068	6,591,619	32	
Greater than or equal to 750	2,019,561	2,187,354	1,234,656	936,100	675,346	2,066,791	9,119,808	45	
<b>Total</b>	<b>\$ 4,276,533</b>	<b>\$ 4,547,159</b>	<b>\$ 2,584,622</b>	<b>\$ 2,172,660</b>	<b>\$ 1,615,842</b>	<b>\$ 5,106,872</b>	<b>\$ 20,303,688</b>	<b>100 %</b>	
<b>FICO Refreshed<sup>(2)(3)</sup>:</b>									
Less than 670	\$ 443,868	\$ 461,589	\$ 242,310	\$ 237,105	\$ 204,894	\$ 773,324	\$ 2,363,090	12 %	
670-699	594,118	579,784	284,244	240,999	173,754	564,344	2,437,243	12	
700-749	1,322,558	1,378,910	748,368	628,060	449,701	1,388,090	5,915,687	29	
Greater than or equal to 750	1,915,989	2,126,876	1,309,700	1,066,496	787,493	2,381,114	9,587,668	47	
<b>Total</b>	<b>\$ 4,276,533</b>	<b>\$ 4,547,159</b>	<b>\$ 2,584,622</b>	<b>\$ 2,172,660</b>	<b>\$ 1,615,842</b>	<b>\$ 5,106,872</b>	<b>\$ 20,303,688</b>	<b>100 %</b>	
<b>Seasoning<sup>(4)</sup>:</b>									
1-12 payments	\$ 2,448,884	\$ 636,073	\$ 384,334	\$ 330,316	\$ 235,878	\$ 424,636	\$ 4,460,121	22 %	
13-24 payments	—	2,477,764	255,510	195,753	166,045	455,782	3,550,854	18	
25-36 payments	—	—	1,366,398	257,534	126,223	489,157	2,239,312	11	
37-48 payments	—	—	127	1,008,418	224,805	451,102	1,684,452	8	
More than 48 payments	—	—	—	—	643,611	2,830,285	3,473,896	17	
Not yet in repayment	1,827,649	1,433,322	578,253	380,639	219,280	455,910	4,895,053	24	
<b>Total</b>	<b>\$ 4,276,533</b>	<b>\$ 4,547,159</b>	<b>\$ 2,584,622</b>	<b>\$ 2,172,660</b>	<b>\$ 1,615,842</b>	<b>\$ 5,106,872</b>	<b>\$ 20,303,688</b>	<b>100 %</b>	
2022 Current period <sup>(5)</sup> gross charge-offs	\$ (2,224)	\$ (25,698)	\$ (48,271)	\$ (62,071)	\$ (57,505)	\$ (231,647)	\$ (427,416)		
2022 Current period <sup>(5)</sup> recoveries	124	1,841	4,170	5,556	5,407	24,639	41,737		
2022 Current period <sup>(5)</sup> net charge-offs	\$ (2,100)	\$ (23,857)	\$ (44,101)	\$ (56,515)	\$ (52,098)	\$ (207,008)	\$ (385,679)		
<b>Total accrued interest by origination vintage</b>	<b>\$ 142,915</b>	<b>\$ 315,308</b>	<b>\$ 207,858</b>	<b>\$ 184,832</b>	<b>\$ 116,211</b>	<b>\$ 210,438</b>	<b>\$ 1,177,562</b>		

<sup>(1)</sup> Balance represents gross Private Education Loans held for investment.

<sup>(2)</sup> Represents the higher credit score of the cosigner or the borrower.

<sup>(3)</sup> Represents the FICO score updated as of the fourth-quarter 2022.

<sup>(4)</sup> 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.

<sup>(5)</sup> Current period refers to January 1, 2022 through December 31, 2022.



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

As of March 31, 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 <sup>(1)</sup>	\$ 408,842	\$ 2,374,557	\$ 1,348,206	\$ 543,621	\$ 359,759	\$ 651,401	\$ 5,686,386
Loans in forbearance <sup>(2)</sup>	1,256	20,755	42,385	27,115	28,094	101,553	221,158
Loans in repayment:							
Loans current	441,192	3,263,917	2,972,969	1,859,452	1,632,668	5,275,984	15,446,182
Loans delinquent 30-59 days <sup>(3)</sup>	1,115	17,902	38,446	28,762	31,442	149,333	267,000
Loans delinquent 60-89 days <sup>(3)</sup>	—	6,395	22,104	17,136	18,428	76,723	140,786
Loans 90 days or greater past due <sup>(3)</sup>	—	4,592	20,544	15,165	17,063	79,127	136,491
Total Private Education Loans in repayment	442,307	3,292,806	3,054,063	1,920,515	1,699,601	5,581,167	15,990,459
Total Private Education Loans, gross	852,405	5,688,118	4,444,654	2,491,251	2,087,454	6,334,121	21,898,003
Private Education Loans deferred origination costs and unamortized premium/(discount)	5,089	29,718	15,151	8,476	5,109	11,508	75,051
Total Private Education Loans	857,494	5,717,836	4,459,805	2,499,727	2,092,563	6,345,629	21,973,054
Private Education Loans allowance for losses	(61,767)	(372,947)	(296,851)	(170,497)	(138,625)	(434,692)	(1,475,379)
<b>Private Education Loans, net</b>	<b>\$ 795,727</b>	<b>\$ 5,344,889</b>	<b>\$ 4,162,954</b>	<b>\$ 2,329,230</b>	<b>\$ 1,953,938</b>	<b>\$ 5,910,937</b>	<b>\$ 20,497,675</b>
Percentage of Private Education Loans in repayment	51.9 %	57.9 %	68.7 %	77.1 %	81.4 %	88.1 %	73.0 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.3 %	0.9 %	2.7 %	3.2 %	3.9 %	5.5 %	3.4 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.3 %	0.6 %	1.4 %	1.4 %	1.6 %	1.8 %	1.4 %

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

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

## 5. Allowance for Credit Losses (Continued)

Private Education Loans Held for Investment - Delinquencies by Origination Vintage							
As of December 31, 2022 (dollars in thousands)	2022	2021	2020	2019	2018	2017 and Prior	Total
Loans in-school/grace/deferment <sup>(1)</sup>	\$ 1,827,649	\$ 1,433,322	\$ 578,253	\$ 380,639	\$ 219,280	\$ 455,910	\$ 4,895,053
Loans in forbearance <sup>(2)</sup>	16,046	64,360	38,613	37,802	30,583	91,681	279,085
Loans in repayment:							
Loans current	2,411,441	2,991,839	1,907,574	1,683,986	1,301,809	4,262,698	14,559,347
Loans delinquent 30-59 days <sup>(3)</sup>	14,164	30,740	30,877	35,213	31,366	144,948	287,308
Loans delinquent 60-89 days <sup>(3)</sup>	5,523	15,056	14,433	18,201	16,697	77,595	147,505
Loans 90 days or greater past due <sup>(3)</sup>	1,710	11,842	14,872	16,819	16,107	74,040	135,390
Total Private Education Loans in repayment	2,432,838	3,049,477	1,967,756	1,754,219	1,365,979	4,559,281	15,129,550
Total Private Education Loans, gross	4,276,533	4,547,159	2,584,622	2,172,660	1,615,842	5,106,872	20,303,688
Private Education Loans deferred origination costs and unamortized premium/(discount)	26,714	15,933	9,062	5,496	3,575	8,876	69,656
Total Private Education Loans	4,303,247	4,563,092	2,593,684	2,178,156	1,619,417	5,115,748	20,373,344
Private Education Loans allowance for losses	(304,943)	(323,506)	(181,915)	(141,424)	(101,023)	(300,820)	(1,353,631)
<b>Private Education Loans, net</b>	<b>\$ 3,998,304</b>	<b>\$ 4,239,586</b>	<b>\$ 2,411,769</b>	<b>\$ 2,036,732</b>	<b>\$ 1,518,394</b>	<b>\$ 4,814,928</b>	<b>\$ 19,019,713</b>
Percentage of Private Education Loans in repayment	56.9 %	67.1 %	76.1 %	80.7 %	84.5 %	89.3 %	74.5 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.9 %	1.9 %	3.1 %	4.0 %	4.7 %	6.5 %	3.8 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.7 %	2.1 %	1.9 %	2.1 %	2.2 %	2.0 %	1.8 %

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

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

## 5. 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 <sup>(1)</sup>
March 31, 2023	\$ 1,304,726	\$ 6,638	\$ 6,523
December 31, 2022	\$ 1,177,562	\$ 6,609	\$ 8,121

<sup>(1)</sup> The allowance for uncollectible interest at March 31, 2023 and December 31, 2022 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (at March 31, 2023 and December 31, 2022 relates to \$154 million and \$240 million, respectively, of accrued interest receivable) that is not expected to be capitalized. The accrued interest receivable that is expected to be capitalized (\$1.2 billion and \$937 million at March 31, 2023 and December 31, 2022, respectively) is reserved in the allowance for credit losses.

## 6. 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 2022 Form 10-K for additional information.

At March 31, 2023, we had \$684 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2022/2023 academic year. The tables below summarize the activity in the allowance recorded to cover lifetime expected credit losses on the unfunded commitments, which is recorded in "Other Liabilities" on the consolidated balance sheets, as well as the activity in the unfunded commitments balance.

Three Months Ended March 31, (dollars in thousands)	2023		2022	
	Allowance	Unfunded Commitments	Allowance	Unfunded Commitments
<b>Beginning Balance</b>	\$ 124,924	\$ 1,995,808	\$ 72,713	\$ 1,776,976
Provision/New commitments - net <sup>(1)</sup>	52,252	1,124,816	47,454	968,830
Other provision items	4,057	—	7,226	—
Transfer - funded loans <sup>(2)</sup>	(148,513)	(2,436,271)	(94,686)	(2,184,058)
<b>Ending Balance</b>	<b>\$ 32,720</b>	<b>\$ 684,353</b>	<b>\$ 32,707</b>	<b>\$ 561,748</b>

<sup>(1)</sup> Net of expirations of commitments unused.

<sup>(2)</sup> 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.

## 7. Goodwill and Acquired Intangible Assets

### Goodwill

We recorded as goodwill the excess of the purchase price over the estimated fair values of identifiable assets and liabilities acquired as part of the acquisition of the assets primarily used or held for use of Epic Research Education Services, LLC, which does business as Nitro College ("Nitro"), in the first quarter of 2022. 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 March 31, 2023 we had \$51 million in total goodwill. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies — Business Combination" in our 2022 Form 10-K for additional details on our acquisition of Nitro.

### Acquired Intangible Assets

Our intangible assets include acquired tradename and trademarks, customer relationships, and developed technology. 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)	Useful Life (in years) <sup>(1)</sup>	March 31, 2023			December 31, 2022		
		Cost Basis	Accumulated Amortization	Net	Cost Basis	Accumulated Amortization	Net
Tradenname and trademarks	10	\$ 68,470	\$ (7,418)	\$ 61,052	\$ 68,470	\$ (5,706)	\$ 62,764
Customer relationships	5	5,670	(2,178)	3,492	5,670	(1,723)	3,947
Developed technology	3	1,260	(455)	805	1,260	(350)	910
<b>Total acquired intangible assets</b>		<b>\$ 75,400</b>	<b>\$ (10,051)</b>	<b>\$ 65,349</b>	<b>\$ 75,400</b>	<b>\$ (7,779)</b>	<b>\$ 67,621</b>

<sup>(1)</sup> The weighted average useful life of acquired intangible assets related to the Nitro acquisition is 9.51 years.

We recorded amortization of acquired intangible assets totaling approximately \$2 million and \$1 million in the three months ended March 31, 2023 and 2022, 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 \$9 million, \$8 million, \$8 million, \$7 million, and \$7 million in 2023, 2024, 2025, 2026, and 2027, respectively.

## 8. Deposits

The following table summarizes total deposits at March 31, 2023 and December 31, 2022.

(Dollars in thousands)	March 31, 2023	December 31, 2022
Deposits - interest-bearing	\$ 21,801,666	\$ 21,446,647
Deposits - non-interest-bearing	2,000	1,424
<b>Total deposits</b>	<b>\$ 21,803,666</b>	<b>\$ 21,448,071</b>

Our total deposits of \$21.8 billion were comprised of \$10.3 billion in brokered deposits and \$11.5 billion in retail and other deposits at March 31, 2023, compared to total deposits of \$21.4 billion, which were comprised of \$9.9 billion in brokered deposits and \$11.5 billion in retail and other deposits, at December 31, 2022.

Interest-bearing deposits as of March 31, 2023 and December 31, 2022 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 include deposits from Educational 529 and Health Savings plans that diversify our funding sources and additional deposits we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$8.0 billion and \$8.0 billion of our deposit total as of March 31, 2023 and December 31, 2022, respectively.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of \$3 million and \$3 million in the three months ended March 31, 2023 and 2022, respectively. Fees paid to third-party brokers related to brokered CDs were \$3 million and \$2 million for the three months ended March 31, 2023 and 2022, respectively.

Interest bearing deposits at March 31, 2023 and December 31, 2022 are summarized as follows:

(Dollars in thousands)	March 31, 2023		December 31, 2022	
	Amount	Qtr.-End Weighted Average Stated Rate <sup>(1)</sup>	Amount	Year-End Weighted Average Stated Rate <sup>(1)</sup>
Money market	\$ 10,788,126	4.26 %	\$ 10,977,242	3.75 %
Savings	1,007,994	3.75	982,586	3.15
Certificates of deposit	10,005,546	2.97	9,486,819	2.57
<b>Deposits - interest bearing</b>	<b>\$ 21,801,666</b>		<b>\$ 21,446,647</b>	

<sup>(1)</sup> Includes the effect of interest rate swaps in effective hedge relationships.

## 8. Deposits (Continued)

Certificates of deposit remaining maturities are summarized as follows:

<u>(Dollars in thousands)</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
One year or less	\$	3,257,529	\$	3,224,573
After one year to two years		3,123,281		2,954,257
After two years to three years		2,199,697		1,904,919
After three years to four years		1,176,953		1,031,881
After four years to five years		207,676		324,375
After five years		40,410		46,814
<b>Total</b>	<b>\$</b>	<b>10,005,546</b>	<b>\$</b>	<b>9,486,819</b>

As of March 31, 2023 and December 31, 2022, there were \$471 million and \$615 million, respectively, of deposits exceeding Federal Deposit Insurance Corporation ("FDIC") insurance limits. These 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. Accrued interest on deposits was \$69 million and \$59 million at March 31, 2023 and December 31, 2022, respectively.

## 9. 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 2022 Form 10-K. The following table summarizes our borrowings at March 31, 2023 and December 31, 2022.

(Dollars in thousands)	March 31, 2023			December 31, 2022		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
<b>Unsecured borrowings:</b>						
Unsecured debt (fixed-rate)	\$ —	\$ 989,788	\$ 989,788	\$ —	\$ 988,986	\$ 988,986
<b>Total unsecured borrowings</b>	—	989,788	989,788	—	988,986	988,986
<b>Secured borrowings:</b>						
Private Education Loan term securitizations:						
Fixed-rate	—	3,759,190	3,759,190	—	3,462,363	3,462,363
Variable-rate	—	764,998	764,998	—	783,765	783,765
Total Private Education Loan term securitizations	—	4,524,188	4,524,188	—	4,246,128	4,246,128
Secured Borrowing Facility	—	—	—	—	—	—
<b>Total secured borrowings</b>	—	4,524,188	4,524,188	—	4,246,128	4,246,128
<b>Total</b>	\$ —	\$ 5,513,976	\$ 5,513,976	\$ —	\$ 5,235,114	\$ 5,235,114

### Short-term Borrowings

On May 17, 2022, 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 May 16, 2023. The scheduled amortization period, during which amounts outstanding under the Secured Borrowing Facility must be repaid, ends on May 16, 2024 (or earlier, if certain material adverse events occur). At both March 31, 2023, and December 31, 2022, there were no secured borrowings outstanding under the Secured Borrowing Facility.



## 9. Borrowings (Continued)

### Long-term Borrowings

#### Secured Financings

##### 2023 Transaction

On March 15, 2023, we executed our \$579 million SMB Private Education Loan Trust 2023-A term ABS transaction, which was accounted for as a secured financing. We sold \$579 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately \$572 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.06 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.53 percent. On March 31, 2023, \$639 million of our Private Education Loans, including \$598 million of principal and \$41 million in capitalized interest, were encumbered because of this transaction.

#### Secured Financings at Issuance

The following table summarizes our secured financings issued in the year ended December 31, 2022 and in the three months ended March 31, 2023.

Issue	Date Issued	Total Issued	Weighted Average Cost of Funds <sup>(1)</sup>	Weighted Average Life (in years)
<i>(Dollars in thousands)</i>				
<b>Private Education Loans:</b>				
2022-C	August 2022	\$ 575,000	SOFR plus 1.76%	4.69
<b>Total notes issued in 2022</b>		<u>\$ 575,000</u>		
<b>Total loan and accrued interest amount securitized at inception in 2022<sup>(2)</sup></b>		<u>\$ 674,387</u>		
2023-A	March 2023	\$ 579,000	SOFR plus 1.53%	5.06
<b>Total notes issued in 2023</b>		<u>\$ 579,000</u>		
<b>Total loan and accrued interest amount securitized at inception in 2023<sup>(3)</sup></b>		<u>\$ 644,573</u>		

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

<sup>(2)</sup> At March 31, 2023, \$610 million of our Private Education Loans, including \$572 million of principal and \$38 million in capitalized interest, were encumbered related to these transactions.

<sup>(3)</sup> At March 31, 2023, \$639 million of our Private Education Loans, including \$598 million of principal and \$41 million in capitalized interest, were encumbered related to these transactions.

## 9. Borrowings (Continued)

### Consolidated Funding Vehicles

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

As of March 31, 2023 (dollars in thousands)	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
	Short-Term	Long-Term	Total	Loans	Restricted Cash	Other Assets <sup>(1)</sup>	Total
Secured borrowings:							
Private Education Loan term securitizations	\$ —	\$ 4,524,188	\$ 4,524,188	\$ 5,728,010	\$ 181,764	\$ 322,715	\$ 6,232,489
Secured Borrowing Facility	—	—	—	—	—	360	360
<b>Total</b>	<b>\$ —</b>	<b>\$ 4,524,188</b>	<b>\$ 4,524,188</b>	<b>\$ 5,728,010</b>	<b>\$ 181,764</b>	<b>\$ 323,075</b>	<b>\$ 6,232,849</b>

As of December 31, 2022 (dollars in thousands)	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
	Short-Term	Long-Term	Total	Loans	Restricted Cash	Other Assets <sup>(1)</sup>	Total
Secured borrowings:							
Private Education Loan term securitizations	\$ —	\$ 4,246,128	\$ 4,246,128	\$ 5,433,602	\$ 156,719	\$ 286,093	\$ 5,876,414
Secured Borrowing Facility	—	—	—	—	—	1,066	1,066
<b>Total</b>	<b>\$ —</b>	<b>\$ 4,246,128</b>	<b>\$ 4,246,128</b>	<b>\$ 5,433,602</b>	<b>\$ 156,719</b>	<b>\$ 287,159</b>	<b>\$ 5,877,480</b>

(1) Other assets primarily represent accrued interest receivable.

### Unconsolidated VIEs

#### Private Education Loan Securitizations

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

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

(Dollars in thousands)	March 31, 2023			December 31, 2022		
	Debt Interests <sup>(1)</sup>	Equity Interests <sup>(2)</sup>	Total Exposure	Debt Interests <sup>(1)</sup>	Equity Interests <sup>(2)</sup>	Total Exposure
Private Education Loan term securitizations	\$ 317,077	\$ 51,342	\$ 368,419	\$ 329,188	\$ 50,786	\$ 379,974

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

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

## 9. Borrowings (Continued)

### **Other Borrowing Sources**

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks, which totaled \$125 million at March 31, 2023. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2023 or in the year ended December 31, 2022.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Discount Window (the "Window"). The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2023 and December 31, 2022, the value of our pledged collateral at the FRB totaled \$2.1 billion and \$2.2 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2023 or in the year ended December 31, 2022.

## 10. 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 2022 Form 10-K for a full discussion of our risk management strategy.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2023, \$1.8 billion notional of our derivative contracts were cleared on the CME and \$0.2 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 90.0 percent and 10.0 percent, respectively, of our total notional derivative contracts of \$2.0 billion at March 31, 2023.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2023 was \$(47) million and \$(6) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2023 and December 31, 2022, 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 \$11 million and \$12 million, respectively.

## 10. Derivative Financial Instruments (Continued)

### Summary of Derivative Financial Statement Impact

The following tables summarize the fair values and notional amounts of all derivative instruments at March 31, 2023 and December 31, 2022, and their impact on earnings and other comprehensive income for the three months ended March 31, 2023 and March 31, 2022. Please refer to Notes to Consolidated Financial Statements, Note 13, "Derivative Financial Instruments" in our 2022 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)	Hedged Risk Exposure	Cash Flow Hedges		Fair Value Hedges		Trading		Total	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Fair Values<sup>(1)</sup></b>									
<b>Derivative Assets:<sup>(2)</sup></b>									
Interest rate swaps	Interest rate	\$ —	\$ 972	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 972
<b>Derivative Liabilities:<sup>(2)</sup></b>									
Interest rate swaps	Interest rate	(1,714)	—	(101)	(567)	—	—	(1,815)	(567)
<b>Total net derivatives</b>		<b>\$ (1,714)</b>	<b>\$ 972</b>	<b>\$ (101)</b>	<b>\$ (567)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,815)</b>	<b>\$ 405</b>

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

(Dollars in thousands)	Other Assets		Other Liabilities	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Gross position <sup>(1)</sup>	\$ —	\$ 972	\$ (1,815)	\$ (567)
Impact of master netting agreement	—	(567)	—	567
Derivative values with impact of master netting agreements (as carried on balance sheet)	—	405	(1,815)	—
Cash collateral pledged <sup>(2)</sup>	13,031	11,162	—	—
Net position	\$ 13,031	\$ 11,567	\$ (1,815)	\$ —

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

#### Notional Values

(Dollars in thousands)	Cash Flow		Fair Value		Trading		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Interest rate swaps	\$ 1,285,120	\$ 1,314,660	\$ 702,309	\$ 1,528,186	\$ —	\$ —	\$ 1,987,429	\$ 2,842,846
<b>Net total notional</b>	<b>\$ 1,285,120</b>	<b>\$ 1,314,660</b>	<b>\$ 702,309</b>	<b>\$ 1,528,186</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,987,429</b>	<b>\$ 2,842,846</b>

## 10. Derivative Financial Instruments (Continued)

As of March 31, 2023 and December 31, 2022, the following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustments for fair value hedges:

(Dollars in thousands)	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Deposits	\$ (677,893)	\$ (1,494,087)	\$ 24,224	\$ 31,259

### Impact of Derivatives on the Consolidated Statements of Income

(Dollars in thousands)	Three Months Ended March 31,	
	2023	2022
<b>Fair Value Hedges</b>		
Interest rate swaps:		
Interest recognized on derivatives	\$ (6,405)	\$ 17,287
Hedged items recorded in interest expense	(7,035)	51,268
Derivatives recorded in interest expense	7,096	(51,319)
<b>Total</b>	<b>\$ (6,344)</b>	<b>\$ 17,236</b>
<b>Cash Flow Hedges</b>		
Interest rate swaps:		
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	\$ 10,278	\$ (4,541)
<b>Total</b>	<b>\$ 10,278</b>	<b>\$ (4,541)</b>
<b>Trading</b>		
Interest rate swaps:		
Change in fair value of future interest payments recorded in earnings	\$ —	\$ (248)
<b>Total</b>	<b>\$ —</b>	<b>\$ (248)</b>
<b>Total</b>	<b>\$ 3,934</b>	<b>\$ 12,447</b>

## 10. Derivative Financial Instruments (Continued)

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

(Dollars in thousands)	Three Months Ended	
	March 31,	
	2023	2022
Amount of gain (loss) recognized in other comprehensive income (loss)	\$ (4,721)	\$ 47,989
Less: amount of gain (loss) reclassified in interest expense	10,278	(4,541)
<b>Total change in other comprehensive income (loss) for unrealized gains (losses) on derivatives, before income tax (expense) benefit</b>	<b>\$ (14,999)</b>	<b>\$ 52,530</b>

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 \$41 million will be reclassified as a decrease to interest expense.

#### **Cash Collateral**

As of March 31, 2023, cash collateral held and pledged excludes amounts that represent legal settlement of the derivative contracts held with the CME and LCH. There was no cash collateral held by us related to derivative exposure between us and our derivatives counterparties at March 31, 2023 and December 31, 2022, 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 \$13 million and \$11 million at March 31, 2023 and December 31, 2022, respectively. Collateral pledged is recorded in "Other interest-earning assets" on the consolidated balance sheets.

## 11. Stockholders' Equity

The following table summarizes our common share repurchases and issuances.

(Shares and per share amounts in actuals)	Three Months Ended March 31,	
	2023	2022
Common stock repurchased under repurchase programs <sup>(1)</sup>	—	9,533,392
Average purchase price per share <sup>(2)</sup>	\$ —	\$ 18.46
Shares repurchased related to employee stock-based compensation plans <sup>(3)</sup>	949,431	934,602
Average purchase price per share	\$ 15.55	\$ 18.55
Common shares issued <sup>(4)</sup>	2,523,744	2,594,817

<sup>(1)</sup> Common shares purchased under our share repurchase programs. We have utilized all capacity under our 2021 Share Repurchase Program. There was \$581 million of capacity remaining under the 2022 Share Repurchase Program at March 31, 2023.

<sup>(2)</sup> Average purchase price per share includes purchase commission costs.

<sup>(3)</sup> Comprised of shares withheld from stock option exercises and vesting of restricted stock for employees' tax withholding obligations and shares tendered by employees to satisfy option exercise costs.

<sup>(4)</sup> Common shares issued under our various compensation and benefit plans.

The closing price of our common stock on the NASDAQ Global Select Market on March 31, 2023 was \$12.39.

### Common Stock Dividends

In both March 2023 and March 2022, we paid a common stock dividend of \$0.11 per common share.

### Share Repurchases

On January 27, 2021, we announced a share repurchase program (the "2021 Share Repurchase Program"), which was effective upon announcement and expired on January 26, 2023, and originally 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.

In October 2021, our Board of Directors approved a \$250 million increase in the amount of common stock that may be repurchased under our 2021 Share Repurchase Program. This was in addition to the original \$1.25 billion of authorization announced on January 27, 2021, for a total 2021 Share Repurchase Program authorization of \$1.5 billion. Under the 2021 Share Repurchase Program, we repurchased 2.0 million shares of common stock for \$38 million in the three months ended March 31, 2022. We have utilized all capacity under the 2021 Share Repurchase Program.

On January 26, 2022, we announced a new share repurchase program (the "2022 Share Repurchase Program"), which was effective upon announcement and expires on January 25, 2024, and permits us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed \$1.25 billion. Under the 2022 Share Repurchase Program, we repurchased 7.5 million shares of common stock for \$138 million in the three months ended March 31, 2022. We did not repurchase shares of common stock in the three months ended March 31, 2023. We had \$581 million of capacity remaining under the 2022 Share Repurchase Program at March 31, 2023.

So long as there is unexpired capacity under a given repurchase program, repurchases under the programs may occur from time to time and through a variety of methods, including tender offers, open market repurchases, repurchases effected through Rule 10b5-1 trading plans, negotiated block purchases, accelerated share repurchase programs, or other similar transactions. The timing and volume of any repurchases under the 2022 Share Repurchase Program will be subject to market conditions, and there can be no guarantee that the Company will repurchase up to the limit of the program or at all.

#### Share Repurchases under Rule 10b5-1 trading plans

During the three months ended March 31, 2023 we did not repurchase shares of our common stock; during the three months ended March 31, 2022 we repurchased 9.5 million shares of our common stock at a total cost of \$176 million under Rule 10b5-1 trading plans authorized under our share repurchase programs.

## 12. 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 March 31,	
	2023	2022
<b>Numerator:</b>		
Net income	\$ 118,518	\$ 128,812
Preferred stock dividends	4,063	1,275
Net income attributable to SLM Corporation common stock	<u>\$ 114,455</u>	<u>\$ 127,537</u>
<b>Denominator:</b>		
Weighted average shares used to compute basic EPS	241,497	276,977
Effect of dilutive securities:		
Dilutive effect of stock options, restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan ("ESPP") <sup>(1)(2)</sup>	2,052	3,677
Weighted average shares used to compute diluted EPS	<u>243,549</u>	<u>280,654</u>
<b>Basic earnings per common share</b>	<u>\$ 0.47</u>	<u>\$ 0.46</u>
<b>Diluted earnings per common share</b>	<u>\$ 0.47</u>	<u>\$ 0.45</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> For the three months ended March 31, 2023 and 2022, securities covering approximately 4 million shares and 3 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.



### 13. 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 2022 Form 10-K.

During the three months ended March 31, 2023, there were no significant transfers of financial instruments between levels or changes in our methodology or assumptions used to value our financial instruments.

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

(Dollars in thousands)	Fair Value Measurements on a Recurring Basis							
	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Trading investments	\$ —	\$ —	\$ 51,342	\$ 51,342	\$ —	\$ —	\$ 55,903	\$ 55,903
Available-for-sale investments	—	2,311,062	—	2,311,062	—	2,342,089	—	2,342,089
Derivative instruments	—	—	—	—	—	972	—	972
<b>Total</b>	<b>\$ —</b>	<b>\$ 2,311,062</b>	<b>\$ 51,342</b>	<b>\$ 2,362,404</b>	<b>\$ —</b>	<b>\$ 2,343,061</b>	<b>\$ 55,903</b>	<b>\$ 2,398,964</b>
<b>Liabilities:</b>								
Derivative instruments	\$ —	\$ (1,815)	\$ —	\$ (1,815)	\$ —	\$ (567)	\$ —	\$ (567)
<b>Total</b>	<b>\$ —</b>	<b>\$ (1,815)</b>	<b>\$ —</b>	<b>\$ (1,815)</b>	<b>\$ —</b>	<b>\$ (567)</b>	<b>\$ —</b>	<b>\$ (567)</b>

13. Fair Value Measurements (Continued)

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

(Dollars in thousands)	March 31, 2023			December 31, 2022		
	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
<b>Earning assets:</b>						
Loans held for investment, net:						
Private Education Loans	\$ 23,088,030	\$ 20,497,675	\$ 2,590,355	\$ 21,062,548	\$ 19,019,713	\$ 2,042,835
FFELP Loans	601,203	589,888	11,315	618,186	607,155	11,031
Loans held for sale	26,202	26,202	—	29,448	29,448	—
Cash and cash equivalents	3,716,379	3,716,379	—	4,616,117	4,616,117	—
Trading investments	51,342	51,342	—	55,903	55,903	—
Available-for-sale investments	2,311,062	2,311,062	—	2,342,089	2,342,089	—
Accrued interest receivable	1,393,556	1,331,017	62,539	1,237,074	1,202,059	35,015
Tax indemnification receivable	2,858	2,858	—	2,816	2,816	—
Derivative instruments	—	—	—	972	972	—
<b>Total earning assets</b>	<b>\$ 31,190,632</b>	<b>\$ 28,526,423</b>	<b>\$ 2,664,209</b>	<b>\$ 29,965,153</b>	<b>\$ 27,876,272</b>	<b>\$ 2,088,881</b>
<b>Interest-bearing liabilities:</b>						
Money-market and savings accounts	\$ 11,671,878	\$ 11,796,120	\$ 124,242	\$ 11,854,849	\$ 11,959,828	\$ 104,979
Certificates of deposit	9,637,370	10,005,546	368,176	9,175,339	9,486,819	311,480
Long-term borrowings	5,106,299	5,513,976	407,677	4,813,233	5,235,114	421,881
Accrued interest payable	91,943	91,943	—	71,586	71,586	—
Derivative instruments	1,815	1,815	—	567	567	—
<b>Total interest-bearing liabilities</b>	<b>\$ 26,509,305</b>	<b>\$ 27,409,400</b>	<b>\$ 900,095</b>	<b>\$ 25,915,574</b>	<b>\$ 26,753,914</b>	<b>\$ 838,340</b>
<b>Excess of net asset fair value over carrying value</b>			<b>\$ 3,564,304</b>			<b>\$ 2,927,221</b>

Please refer to Notes to Consolidated Financial Statements, Note 17, "Fair Value Measurements" in our 2022 Form 10-K for a full discussion of the methods and assumptions used to estimate the fair value of each class of financial instruments.

#### 14. 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.

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 January 1, 2022, 25 percent of the adjusted transition amounts was phased in for regulatory capital purposes. On January 1, 2023, an additional 25 percent of the adjusted transition amounts was phased in for regulatory capital purposes. On January 1 of 2024 and 2025, the adjusted transition amounts will continue to be phased in for regulatory capital purposes at a rate of 25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each 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.

#### 14. Regulatory Capital (Continued)

At March 31, 2023, 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 Three Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
	December 31, 2021	December 31, 2022	March 31, 2023	March 31, 2023
Retained earnings	\$ 836,351	\$ (209,088)	\$ (209,088)	\$ 418,175
Allowance for credit losses	1,038,145	(259,536)	(259,536)	519,073
Liability for unfunded commitments	104,377	(26,094)	(26,094)	52,189
Deferred tax asset	306,171	(76,542)	(76,542)	153,087

The Bank's required and actual regulatory capital amounts and ratios under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At March 31, 2023 and December 31, 2022, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$133 million and \$160 million, respectively. The capital ratios would remain above the well capitalized thresholds if the unrealized loss became fully recognized into capital.

(Dollars in thousands)	Actual		U.S. Basel III Minimum Requirements Plus Buffer <sup>(1)(2)</sup>	
	Amount	Ratio	Amount	Ratio
<b>As of March 31, 2023<sup>(3)</sup>:</b>				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,979,433	12.0 %	\$ 1,738,576	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,979,433	12.0 %	\$ 2,111,128	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,297,674	13.3 %	\$ 2,607,863	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 2,979,433	10.0 %	\$ 1,188,369	≥ 4.0 %
<b>As of December 31, 2022<sup>(3)</sup>:</b>				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,040,662	12.9 %	\$ 1,645,807	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,040,662	12.9 %	\$ 1,998,480	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,338,645	14.2 %	\$ 2,468,711	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,040,662	10.3 %	\$ 1,185,280	≥ 4.0 %

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

<sup>(2)</sup> 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.

<sup>(3)</sup> For both March 31, 2023 and December 31, 2022, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2022 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 no dividends to the Company for the three months ended March 31, 2023 and \$108 million in dividends to the Company for the three months ended March 31, 2022, with the proceeds primarily used to fund the 2022 and 2021 Share

#### 14. Regulatory Capital (Continued)

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.

#### 15. Commitments, Contingencies and Guarantees

##### *Commitments*

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period that we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2023, we had \$684 million of outstanding contractual loan commitments which we expect to fund during the 2022/2023 academic year. At March 31, 2023, we had a \$33 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 2022 Form 10-K and Note 6, "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 2022 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.

#### 16. Subsequent Event

##### *2023 Loan Sale*

In April 2023, we identified a pool of \$2 billion of Private Education Loans that we intend to sell in a transaction that is expected to close in May 2023. The transaction will be recognized in the second-quarter 2023 consolidated financial statements.

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

The following information should be read in connection with SLM Corporation's Annual Report on Form 10-K for the year ended December 31, 2022 (filed with the Securities and Exchange Commission (the "SEC") on February 23, 2023) (the "2022 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 2022 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 our beliefs, opinions, or expectations and statements that assume or are dependent upon future events, are forward-looking statements. This includes, but is not limited to: statements regarding future developments surrounding COVID-19 or any other pandemic, including, without limitation, statements regarding the potential impact of COVID-19 or any other pandemic on the Company's business, results of operations, financial condition, and/or cash flows; our expectation and ability to pay a quarterly cash dividend on our common stock in the future, subject to the determination by our Board of Directors, and based on an evaluation of our earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks, and uncertainties; the Company's 2023 guidance; the Company's three-year horizon outlook; the Company's expectation and ability to execute loan sales and share repurchases; 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 that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A, "Risk Factors" and elsewhere in our 2022 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; 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 we are a party; credit risk associated with our exposure to third-parties, including counterparties to our derivative transactions; 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; 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 prepayment on the loans that we own; 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 us to make certain estimates and assumptions, including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect. All forward-looking statements contained in this quarterly report on Form 10-Q are qualified by these cautionary statements and are made only as of the date of this report. We do not undertake any obligation to update or revise these forward-looking statements to conform such statements to actual results or changes in our expectations.

We report financial results on a GAAP basis and also provide certain non-GAAP core earnings performance measures. The difference between our non-GAAP "Core Earnings" and GAAP results for the periods presented were the unrealized, mark-to-fair value gains/losses on derivative contracts (excluding current period accruals on the derivative instruments), net of tax. These are recognized in GAAP, but not in non-GAAP "Core Earnings" results. We provide non-GAAP "Core Earnings" measures because this is one of several measures management uses when making management decisions regarding our performance and the allocation of corporate resources. Our non-GAAP "Core Earnings" are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. For additional information, see "—Key Financial Measures" and "—Non-GAAP 'Core Earnings'" in this Form 10-Q for the

quarter ended March 31, 2023 for a further discussion and a complete reconciliation between GAAP net income and non-GAAP "Core Earnings."

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.

#### Impact of COVID-19 on Sallie Mae

For further discussion of the impact of the coronavirus 2019 or COVID-19 ("COVID-19") pandemic on the Company, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19 on Sallie Mae" in the 2022 Form 10-K.

The COVID-19 crisis was unprecedented and has had a significant impact on the economic environment globally and in the U.S. On April 10, 2023, President Biden signed into law a joint resolution that immediately terminates the COVID-19 national emergency. There still remains some uncertainty as to the length and breadth of the COVID-19 impact to the U.S. economy and, consequently, on us. Economists expect the impact of COVID-19 on the U.S. economy to continue to be significant into 2023 and beyond. See Part I, Item 1A. "Risk Factors — Pandemic Risk" in the 2022 Form 10-K for additional discussion regarding the risks associated with COVID-19.

#### Selected Financial Information and Ratios

(In thousands, except per share data and percentages)	Three Months Ended March 31,	
	2023	2022
Net income attributable to SLM Corporation common stock	\$ 114,455	\$ 127,537
Diluted earnings per common share	\$ 0.47	\$ 0.45
Weighted average shares used to compute diluted earnings per common share	243,549	280,654
Return on assets <sup>(1)</sup>	1.7 %	1.8 %
<b>Other Operating Statistics (Held for Investment)</b>		
Ending Private Education Loans, net	\$ 20,497,675	\$ 20,586,223
Ending FFELP Loans, net	589,888	680,044
Ending total education loans, net	\$ 21,087,563	\$ 21,266,267
Ending Credit Cards, net <sup>(2)</sup>	\$ —	\$ 25,408
Average education loans	\$ 22,357,274	\$ 22,548,810
Average Credit Cards <sup>(2)</sup>	\$ —	\$ 26,622

(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.

(2) Credit Card loans were transferred to loans held-for-sale at September 30, 2022.

## Overview

The following discussion and analysis presents a review of our business and operations as of and for the three months ended March 31, 2023.

## 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; funding sources; and non-GAAP "Core Earnings;") can be found in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Form 10-K.

## LIBOR Transition

Following announcements by the United Kingdom's Financial Conduct Authority ("UKFCA"), which regulates LIBOR, and ICE Benchmark Administration Limited, the administrator of LIBOR, publication of 1-week and 2-month USD LIBOR and all tenors for other currencies ceased after December 31, 2021. While publication of the remaining USD settings is expected to cease after June 30, 2023, U.S. banking and other global financial services regulators directed regulated institutions to cease entering into new LIBOR-based contracts as soon as practicable and in any event by the end of 2021.

In 2020, we launched a formal cross-functional replacement project with the goal of ensuring a smooth transition to a replacement index for our LIBOR-based assets and obligations with minimal negative impact on our customers, investors, and the Company's business, financial condition, and results of operations.

The Chief Financial Officer and the project team monitor developments, assess impacts, propose plans and, with the approval of an executive committee, implement changes. The Chief Financial Officer and/or project team reports status regularly to our Board of Directors. In 2020, we began accepting certain deposits based on SOFR. In the second quarter of 2021, we began issuing variable-rate Private Education Loans that are indexed to SOFR. In May 2022, we renewed the Secured Borrowing Facility with an index based on SOFR and, in the third quarter of 2022, we began issuing ABS that are indexed to SOFR.

Substantially all our assets, liabilities, and off-balance sheet items referencing LIBOR are comprised of Private Education Loans originated before April 2021, deposits, variable-rate ABS, and derivatives. In addition, our Series B Preferred Stock is indexed to LIBOR. We plan to transition these exposures to LIBOR by changing them to an alternative reference rate, either through modification or replacement, by June 30, 2023. Approximately \$157 million of our variable-rate ABS (those issued before November 2017) do not have fallback provisions for an alternative reference rate and we intend to rely upon the safe harbors provided by recently passed federal legislation to transition these ABS to an alternative reference rate. Generally, the safe harbors will shield parties from liability and damages for transitioning certain USD LIBOR-indexed contracts (generally, those that do not have provisions for an alternative reference rate) to a benchmark replacement rate based on SOFR and selected by the Federal Reserve Board. We have evaluated the potential basis risk associated with a mismatch in variable-rate assets and liabilities, including any mismatches related to (i) legacy assets and liabilities that remain indexed to LIBOR up to June 2023 and newly issued assets and liabilities that are, or will be, indexed to SOFR and (ii) term SOFR-indexed assets and liabilities and average SOFR assets and liabilities. In all such cases, we have determined the basis risk is immaterial on an aggregate basis.



The chart below depicts our current LIBOR exposure at March 31, 2023.

As of March 31, 2023 (dollars in thousands)	LIBOR Exposure
Private Education Loans	\$ 6,103,128
FFELP Loans	499,647
Available-for-sale investments	45,818
<b>Total Assets</b>	<b>\$ 6,648,593</b>
Deposits	\$ 1,872,573
Private Education Loan term securitizations - no contractual fallback	156,920
Private Education Loan term securitizations - alternative reference rate fallback	485,069
<b>Total Liabilities</b>	<b>2,514,562</b>
<b>Total Equity (preferred stock)</b>	<b>251,070</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,765,632</b>
<b>Off-Balance Sheet:</b>	
Pay LIBOR derivative notional	\$ 702,309
Receive LIBOR derivative notional	1,285,120
<b>Total derivative notional</b>	<b>1,987,429</b>
<b>Total Off-Balance Sheet</b>	<b>\$ 1,987,429</b>

See Part I, Item 1A. "Risk Factors" in the 2022 Form 10-K for additional discussion regarding the risks associated with the transition from LIBOR.

### Strategic Imperatives

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

During the first three months of 2023, we made the following progress on the above corporate strategic imperatives.

#### 2023-A Securitization

On March 15, 2023, we executed our \$579 million SMB Private Education Loan Trust 2023-A term ABS transaction, which was accounted for as a secured financing. We sold \$579 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately \$572 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.06 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.53 percent.

## Results of Operations

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

### GAAP Consolidated Statements of Income (Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31,		Increase (Decrease)	
	2023	2022	\$	%
<b>Interest income:</b>				
Loans	\$ 583	\$ 458	\$ 125	27 %
Investments	11	5	6	120
Cash and cash equivalents	44	2	42	2,100
Total interest income	638	465	173	37
Total interest expense	233	90	143	159
Net interest income	405	375	30	8
Less: provisions for credit losses	114	98	16	16
Net interest income after provisions for credit losses	291	277	14	5
<b>Non-interest income:</b>				
Gains on sales of loans, net	—	10	(10)	(100)
Gains (losses) on securities, net	2	(4)	6	150
Other income	20	16	4	25
Total non-interest income	22	22	—	—
<b>Non-interest expenses:</b>				
Total operating expenses	155	132	23	17
Acquired intangible assets amortization expense	2	1	1	100
Total non-interest expenses	157	133	24	18
Income before income tax expense	156	166	(10)	(6)
Income tax expense	37	37	—	—
<b>Net income</b>				
Preferred stock dividends	4	1	3	300
Net income attributable to SLM Corporation common stock	\$ 114	\$ 128	\$ (14)	(11)%
<b>Basic earnings per common share</b>				
	\$ 0.47	\$ 0.46	\$ 0.01	2 %
<b>Diluted earnings per common share</b>				
	\$ 0.47	\$ 0.45	\$ 0.02	4 %
<b>Declared dividends per common share</b>				
	\$ 0.11	\$ 0.11	\$ —	— %

## GAAP Consolidated Earnings Summary

### Three Months Ended March 31, 2023 Compared with Three Months Ended March 31, 2022

For the three months ended March 31, 2023, net income attributable to common stock was \$114 million, or \$0.47 diluted earnings per common share, compared with net income attributable to common stock of \$128 million, or \$0.45 diluted earnings per common share, for the three months ended March 31, 2022.

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

- Net interest income increased by \$30 million in the current quarter compared with the year-ago quarter primarily due to a 41-basis point increase in our net interest margin, which more than offset a \$192 million reduction in our average Private Education Loans and FFELP Loans outstanding. Our net interest margin increased in the current quarter from the year-ago quarter primarily because our interest-earning assets repriced faster than our cost of funds as interest rates increased dramatically over the past year. Historically, during a period of rising interest rates, our net interest margin will typically increase because the yields on interest-earnings assets reprice more quickly than our cost of funds, and during a period of declining interest rates, we typically see our net interest margin decline.
- Provision for credit losses in the current quarter was \$114 million, compared with \$98 million in the year-ago quarter. During the first quarter of 2023, the increase in the provision for credit losses was primarily the result of new loan commitments, net of expired commitments, slower prepayment rates, and changes in economic outlook and recovery rates.
- Gains on sales of loans, net, in the current quarter decreased \$10 million from the year-ago quarter, as there were no loan sales in the first quarter of 2023, versus \$95 million in loan sales that occurred in the year-ago quarter.
- Gains (losses) on securities, net, were \$2 million of gains in the current quarter compared with \$4 million of losses in the year-ago quarter. The increase was due to the change in mark-to-fair value of our trading investments.
- Other income was \$20 million in the first quarter of 2023, compared with \$16 million in the year-ago quarter. In the first quarter of 2023, there was a \$4 million increase in third-party servicing fees from the year-ago quarter and a \$1 million increase in Private Education Loan late fees from the year-ago quarter. The increase in third-party servicing fees was due to an additional \$2.4 billion of loans that we sold during the past year where we continue to service on behalf of the owners of the loans.
- First-quarter 2023 total operating expenses were \$155 million, compared with \$132 million in the year-ago quarter. The increase in total operating expenses was primarily driven by higher personnel costs, initiative spending, and higher FDIC assessment fees.
- During the first quarter of 2023, we recorded \$2 million in amortization of acquired intangible assets versus \$1 million in the year-ago quarter related to our acquisition of Nitro in the first quarter of 2022.
- First-quarter 2023 income tax expense was \$37 million, unchanged from \$37 million in the year-ago quarter. Our effective income tax rate increased to 24.0 percent in the first quarter of 2023 from 22.5 percent in the year-ago quarter. The increase in the effective rate for the first quarter of 2023 was primarily due to an increase in non-deductible expenses.

### Non-GAAP “Core Earnings”

We prepare financial statements in accordance with GAAP. However, we also produce and report our after-tax earnings on a separate basis that we refer to as “Core Earnings.” The difference between our non-GAAP “Core Earnings” and GAAP results for periods presented generally is driven by the unrealized, mark-to-fair value gains (losses) on derivative contracts recognized in GAAP, but not in non-GAAP “Core Earnings.”

Non-GAAP “Core Earnings” recognizes the difference in accounting treatment based upon whether a derivative qualifies for hedge accounting treatment. We enter into derivative instruments to economically hedge interest rate and cash flow risk associated with our portfolio. We believe that our derivatives are effective economic hedges and, as such, are a critical element of our interest rate risk management strategy. Those derivative instruments that qualify for hedge accounting treatment have their related cash flows recorded in interest income or interest expense along with the hedged item. Some of our derivatives do not qualify for hedge accounting treatment and the stand-alone derivative must be marked-to-fair value in the income statement with no consideration for the corresponding change in fair value of the hedged item. These gains and losses, recorded in “Gains (losses) on derivatives and hedging activities, net,” are primarily caused by interest rate volatility and changing credit spreads during the period as well as the volume and term of derivatives not receiving hedge accounting treatment. Cash flows on derivative instruments that do not qualify for hedge accounting are not recorded in interest income and interest expense; they are recorded in non-interest income: “Gains (losses) on derivatives and hedging activities, net.”

The adjustments required to reconcile from our non-GAAP “Core Earnings” results to our GAAP results of operations, net of tax, relate to differing treatments for those derivative instruments used to hedge our economic risks that do not qualify for hedge accounting treatment. The amount recorded in “Gains (losses) on derivatives and hedging activities, net” includes (i) the accrual of the current payment on the interest rate swaps that do not qualify for hedge accounting treatment, and (ii) the change in fair values related to future expected cash flows for derivatives that do not qualify for hedge accounting treatment. For purposes of non-GAAP “Core Earnings,” we include in GAAP earnings the current period accrual amounts (interest reclassification) on the swaps and exclude the change in fair values for those derivatives not qualifying for hedge accounting treatment. Non-GAAP “Core Earnings” is meant to represent what earnings would have been had these derivatives qualified for hedge accounting and there was no ineffectiveness.

Non-GAAP “Core Earnings” are not a substitute for reported results under GAAP. We provide a non-GAAP “Core Earnings” basis of presentation because we believe it better reflects the financial results for derivatives that are economic hedges of interest rate risk, but which do not qualify for hedge accounting treatment.

GAAP provides a uniform, comprehensive basis of accounting. Our non-GAAP “Core Earnings” basis of presentation differs from GAAP in the way it treats derivatives as described above.

The following table shows the amount in “Gains (losses) on derivatives and hedging activities, net” that relates to the interest reclassification on the derivative contracts for the three months ended March 31, 2022. There were no gains (losses) on derivative and hedging activities in the three months ended March 31, 2023.

	Three Months Ended March 31, 2022	
(Dollars in thousands)		
Unrealized gains (losses) on instruments not in a hedging relationship	\$	(248)
Interest reclassification		243
Gains (losses) on derivatives and hedging activities, net	\$	(5)

The following table reflects adjustments associated with our derivative activities.

(Dollars in thousands, except per share amounts)	Three Months Ended	
	March 31,	
	2023	2022
<b>Non-GAAP "Core Earnings" adjustments to GAAP:</b>		
GAAP net income	\$ 118,518	\$ 128,812
Preferred stock dividends	4,063	1,275
<b>GAAP net income attributable to SLM Corporation common stock</b>	<b>\$ 114,455</b>	<b>\$ 127,537</b>
Adjustments:		
Net impact of derivative accounting <sup>(1)</sup>	—	248
Net tax expense <sup>(2)</sup>	—	60
Total non-GAAP "Core Earnings" adjustments to GAAP	—	188
<b>Non-GAAP "Core Earnings" attributable to SLM Corporation common stock</b>	<b>\$ 114,455</b>	<b>\$ 127,725</b>
<b>GAAP diluted earnings per common share</b>	<b>\$ 0.47</b>	<b>\$ 0.45</b>
Derivative adjustments, net of tax	—	0.01
<b>Non-GAAP "Core Earnings" diluted earnings per common share</b>	<b>\$ 0.47</b>	<b>\$ 0.46</b>

(1) Derivative Accounting: Non-GAAP "Core Earnings" exclude periodic unrealized gains and losses caused by the mark-to-fair value valuations on derivatives that do not qualify for hedge accounting treatment under GAAP, but include current period accruals on the derivative instruments. Under GAAP, for our derivatives held to maturity, the cumulative net unrealized gain or loss over the life of the contract will equal \$0.

(2) Non-GAAP "Core Earnings" tax rate is based on the effective tax rate at the Bank where the derivative instruments are held.

## Financial Condition

### Average Balance Sheets

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

(Dollars in thousands)	Three Months Ended March 31,			
	2023		2022	
	Balance	Rate	Balance	Rate
<b>Average Assets</b>				
Private Education Loans	\$ 21,755,202	10.66 %	\$ 21,858,270	8.38 %
FFELP Loans	602,072	6.87	690,540	3.51
Credit Cards	27,722	12.28	26,622	3.95
Taxable securities	2,529,536	1.82	2,646,397	0.84
Cash and other short-term investments	3,919,113	4.52	3,535,198	0.20
Total interest-earning assets	28,833,645	8.97 %	28,757,027	6.56 %
Non-interest-earning assets	165,444		472,002	
<b>Total assets</b>	<b>\$ 28,999,089</b>		<b>\$ 29,229,029</b>	
<b>Average Liabilities and Equity</b>				
Brokered deposits	\$ 10,278,132	3.08 %	\$ 10,131,989	1.25 %
Retail and other deposits	11,681,489	3.86	11,058,963	0.66
Other interest-bearing liabilities <sup>(1)</sup>	5,243,091	3.36	5,779,749	2.87
Total interest-bearing liabilities	27,202,712	3.47 %	26,970,701	1.35 %
Non-interest-bearing liabilities	21,461		97,582	
Equity	1,774,916		2,160,746	
<b>Total liabilities and equity</b>	<b>\$ 28,999,089</b>		<b>\$ 29,229,029</b>	
<b>Net interest margin</b>		<b>5.70 %</b>		<b>5.29 %</b>

<sup>(1)</sup> 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	Change Due To <sup>(1)</sup>	
		Rate	Volume
<b>Three Months Ended March 31, 2023 vs. 2022</b>			
Interest income	\$ 172,560	\$ 171,321	\$ 1,239
Interest expense	142,524	141,743	781
Net interest income	\$ 30,036	\$ 29,036	\$ 1,000

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

## Summary of Our Loans Held for Investment Portfolio

### Ending Loans Held for Investment Balances, net

As of March 31, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment
<b>Total loan portfolio:</b>			
In-school <sup>(1)</sup>	\$ 4,306,839	\$ 57	\$ 4,306,896
Grace, repayment and other <sup>(2)</sup>	17,591,164	592,261	18,183,425
Total, gross	21,898,003	592,318	22,490,321
Deferred origination costs and unamortized premium/(discount)	75,051	1,497	76,548
Allowance for credit losses	(1,475,379)	(3,927)	(1,479,306)
<b>Total loans held for investment portfolio, net</b>	<b>\$ 20,497,675</b>	<b>\$ 589,888</b>	<b>\$ 21,087,563</b>
% of total	97 %	3 %	100 %

As of December 31, 2022 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment
<b>Total loan portfolio:</b>			
In-school <sup>(1)</sup>	\$ 3,659,323	\$ 57	\$ 3,659,380
Grace, repayment and other <sup>(2)</sup>	16,644,365	608,993	17,253,358
Total, gross	20,303,688	609,050	20,912,738
Deferred origination costs and unamortized premium/(discount)	69,656	1,549	71,205
Allowance for credit losses	(1,353,631)	(3,444)	(1,357,075)
<b>Total loans held for investment portfolio, net</b>	<b>\$ 19,019,713</b>	<b>\$ 607,155</b>	<b>\$ 19,626,868</b>
% of total	97 %	3 %	100 %

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

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

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

(Dollars in thousands)	Three Months Ended March 31,			
	2023		2022	
Private Education Loans	\$ 21,755,202	97 %	\$ 21,858,270	97 %
FFELP Loans	602,072	3	690,540	3
Credit Cards <sup>(1)</sup>	—	—	26,622	—
<b>Total portfolio</b>	<b>\$ 22,357,274</b>	<b>100 %</b>	<b>\$ 22,575,432</b>	<b>100 %</b>

(1) Credit Card loans were transferred to loans held-for-sale at September 30, 2022.

Loans Held for Investment, Net — Activity

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

Three Months Ended March 31, 2022 (dollars in thousands)	Private Education Loans	FFELP Loans	Credit Cards	Total Loans Held for Investment, net
<b>Beginning balance</b>	\$ 19,625,374	\$ 692,954	\$ 22,955	\$ 20,341,283
Acquisitions and originations:				
Fixed-rate	1,357,719	—	—	1,357,719
Variable-rate	836,916	—	21,323	858,239
Total acquisitions and originations	2,194,635	—	21,323	2,215,958
Capitalized interest and deferred origination cost premium amortization	114,691	6,567	(80)	121,178
Sales	(89,058)	—	—	(89,058)
Loan consolidations to third-parties	(499,431)	(8,683)	—	(508,114)
Allowance	(62,076)	78	(29)	(62,027)
Repayments and other	(697,912)	(10,872)	(18,761)	(727,545)
<b>Ending balance</b>	<b>\$ 20,586,223</b>	<b>\$ 680,044</b>	<b>\$ 25,408</b>	<b>\$ 21,291,675</b>

“Loan consolidations to third-parties” and “Repayments and other” are both significantly affected by the volume of loans in our held for investment portfolio in full principal and interest repayment status. The amount of loans in full principal and interest repayment status in our Private Education Loans held for investment portfolio at March 31, 2023



decreased by 3 percent compared with March 31, 2022, and now totals 41 percent of our Private Education Loans held for investment portfolio at March 31, 2023.

“Loan consolidations to third-parties” for the three months ended March 31, 2023 total 3.4 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status at March 31, 2023, or 1.4 percent of our total Private Education Loans held for investment portfolio at March 31, 2023, compared with the year-ago period of 5.7 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status, or 2.4 percent of our total Private Education Loans held for investment portfolio, respectively. 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. In addition, in higher interest rate environments, such as occurred in the first quarter of 2023, we typically experience reduced loan consolidated activity.

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

#### Private Education Loan Originations

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

(Dollars in thousands)	Three Months Ended March 31,			
	2023	%	2022	%
Smart Option - interest only <sup>(1)</sup>	\$ 478,162	20 %	\$ 430,329	20 %
Smart Option - fixed pay <sup>(1)</sup>	808,246	33	711,395	32
Smart Option - deferred <sup>(1)</sup>	1,002,888	41	867,108	40
Graduate Loan <sup>(2)</sup>	151,912	6	150,460	7
Parent Loan <sup>(3)</sup>	38	—	29,365	1
<b>Total Private Education Loan originations</b>	<b>\$ 2,441,246</b>	<b>100 %</b>	<b>\$ 2,188,657</b>	<b>100 %</b>
Percentage of loans with a cosigner	89.1 %		88.0 %	
Average FICO at approval <sup>(4)</sup>	746		748	

<sup>(1)</sup> 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 2022 Form 10-K for a further discussion.

<sup>(2)</sup> For the three months ended March 31, 2023, the Graduate Loan originations include \$10.4 million of Smart Option Loans where the student was in a graduate status. For the three months ended March 31, 2022, the Graduate Loan originations include \$1.4 million of Parent Loans and \$9.7 million of Smart Option Loans where the student was in a graduate status.

<sup>(3)</sup> 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 December 2022.

<sup>(4)</sup> Represents the higher credit score of the cosigner or the borrower.

## Allowance for Credit Losses

### Allowance for Credit Losses Activity

Three Months Ended March 31, (dollars in thousands)	2023				2022			
	Private Education Loans	FFELP Loans	Credit Cards	Total Portfolio	Private Education Loans	FFELP Loans	Credit Cards	Total Portfolio
<b>Beginning balance</b>	\$ 1,353,631	\$ 3,444	\$ —	\$ 1,357,075	\$ 1,158,977	\$ 4,077	\$ 2,281	\$ 1,165,335
Transfer from unfunded commitment liability <sup>(1)</sup>	148,513	—	—	148,513	94,686	—	—	94,686
Less:								
Charge-offs	(95,085)	(256)	(741)	(96,082)	(83,856)	(99)	(111)	(84,066)
Plus:								
Recoveries	11,986	—	11	11,997	8,033	—	3	8,036
Provisions for credit losses:								
Provision, current period	56,334	739	730	57,803	48,460	21	137	48,618
Loan sale reduction to provision	—	—	—	—	(5,247)	—	—	(5,247)
Total provisions for credit losses <sup>(2)</sup>	56,334	739	730	57,803	43,213	21	137	43,371
<b>Ending balance</b>	<b>\$ 1,475,379</b>	<b>\$ 3,927</b>	<b>\$ —</b>	<b>\$ 1,479,306</b>	<b>\$ 1,221,053</b>	<b>\$ 3,999</b>	<b>\$ 2,310</b>	<b>\$ 1,227,362</b>

<sup>(1)</sup> See Notes to Consolidated Financial Statements, Note 6, "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.

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

#### Consolidated Statements of Income Provisions for Credit Losses Reconciliation

Three Months Ended March 31, (dollars in thousands)	2023	2022
Private Education Loan provisions for credit losses:		
Provisions for loan losses	\$ 56,334	\$ 43,213
Provisions for unfunded loan commitments	56,309	54,679
Total Private Education Loan provisions for credit losses	112,643	97,892
Other impacts to the provisions for credit losses:		
FFELP Loans	739	21
Credit Cards	730	137
Total	1,469	158
<b>Provisions for credit losses reported in consolidated statements of income</b>	<b>\$ 114,112</b>	<b>\$ 98,050</b>

*Private Education Loan Allowance for Credit Losses*

In establishing the allowance for Private Education Loan losses as of March 31, 2023, 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 41 percent of our total Private Education Loans held for investment portfolio at March 31, 2023, compared with 42 percent at March 31, 2022.

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 2022 Form 10-K.

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

Private Education Loans Held for Investment March 31, (dollars in thousands)	2023		2022	
	Balance	%	Balance	%
Loans in-school/grace/deferment <sup>(1)</sup>	\$ 5,686,386		\$ 5,405,952	
Loans in forbearance <sup>(2)</sup>	221,158		234,260	
Loans in repayment and percentage of each status:				
Loans current	15,446,182	96.6 %	15,530,080	96.5 %
Loans delinquent 30-59 days <sup>(3)</sup>	267,000	1.7	260,535	1.6
Loans delinquent 60-89 days <sup>(3)</sup>	140,786	0.9	169,060	1.1
Loans 90 days or greater past due <sup>(3)</sup>	136,491	0.8	135,482	0.8
Total Private Education Loans in repayment	15,990,459	100.0 %	16,095,157	100.0 %
Total Private Education Loans, gross	21,898,003		21,735,369	
Private Education Loans deferred origination costs and unamortized premium/(discount)	75,051		71,907	
Total Private Education Loans	21,973,054		21,807,276	
Private Education Loans allowance for losses	(1,475,379)		(1,221,053)	
Private Education Loans, net	\$ 20,497,675		\$ 20,586,223	
Percentage of Private Education Loans in repayment		73.0 %		74.1 %
Delinquencies as a percentage of Private Education Loans in repayment		3.4 %		3.5 %
Loans in forbearance as a percentage of Private Education Loans in repayment and forbearance		1.4 %		1.4 %

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

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

Delinquencies as a percentage of Private Education Loans (held for investment) in repayment decreased to 3.4 percent at March 31, 2023 from 3.5 percent at March 31, 2022, and the forbearance rate remained unchanged at 1.4 percent at March 31, 2023 and March 31, 2022. The delinquency rate at March 31, 2023 was slightly lower than the year-ago quarter due to several factors, including the improving collection practices and staffing we implemented in late

2022 to address the prior trend of increasing credit losses. In addition, the year-ago quarter's delinquencies were affected by certain loans whose borrowers took a "gap year" during the pandemic entering full principal and interest repayment status starting in late 2021 and early 2022. See additional discussion related to collections activity and the COVID-19 pandemic in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19 on Sallie Mae — Customers and Credit Performance" and "—Financial Condition — Allowance for Credit Losses — Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool" in the 2022 Form 10-K.

#### Changes in Allowance for Private Education Loan Losses

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

(Dollars in thousands)	Three Months Ended March 31,	
	2023	2022
<b>Beginning balance</b>	\$ 1,353,631	\$ 1,158,977
Transfer from unfunded commitment liability <sup>(1)</sup>	148,513	94,686
Provision for credit losses:		
Provision, current period	56,334	48,460
Loan sale reduction to provision	—	(5,247)
Total provision	56,334	43,213
Net charge-offs:		
Charge-offs	(95,085)	(83,856)
Recoveries	11,986	8,033
Net charge-offs	(83,099)	(75,823)
<b>Ending balance</b>	<b>\$ 1,475,379</b>	<b>\$ 1,221,053</b>
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized	6.40 %	5.37 %
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment <sup>(2)</sup>	9.00 %	7.43 %
Allowance coverage of net charge-offs (annualized)	4.44	4.03
Net charge-offs as a percentage of average loans in repayment (annualized) <sup>(2)</sup>	2.11 %	1.89 %
Delinquencies as a percentage of ending loans in repayment <sup>(2)</sup>	3.40 %	3.51 %
Loans in forbearance as a percentage of ending loans in repayment and forbearance <sup>(2)</sup>	1.36 %	1.43 %
Ending total loans, gross	\$ 21,898,003	\$ 21,735,369
Average loans in repayment <sup>(2)</sup>	\$ 15,764,143	\$ 16,013,289
Ending loans in repayment <sup>(2)</sup>	\$ 15,990,459	\$ 16,095,157
Accrued interest to be capitalized	\$ 1,150,802	\$ 993,698
Accrued interest to be capitalized on loans in repayment <sup>(3)</sup>	\$ 408,263	\$ 331,405

<sup>(1)</sup> See Notes to Consolidated Financial Statements, Note 6, "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.

<sup>(2)</sup> 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).

<sup>(3)</sup> 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.

### 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 (but for purposes of the tables below, do not include those loans while they are in forbearance). Our experience shows that the percentage of loans in forbearance status generally decreases the longer the loans have been in active repayment status. At March 31, 2023, 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 1.0 percent. Approximately 73 percent of our Private Education Loans (held for investment) in forbearance status have been in active repayment status fewer than 25 months. The March 31, 2022 Form 10-Q incorrectly reported the breakout of the "aged by number of months in active repayment status" categories; the March 31, 2022 table below reflects reclassifications in "aged by number of months in active repayment status" categories to be consistent with the current period presentation. There was no effect to the total loan portfolio balances.

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

As of March 31, 2022 (dollars in millions)	Private Education Loans Held for Investment Aged by Number of Months in Active Repayment Status					Not Yet in Repayment	Total
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48		
Loans in-school/grace/deferment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,406	\$ 5,406
Loans in forbearance	141	35	23	15	20	—	234
Loans in repayment - current	4,772	3,353	2,456	1,655	3,294	—	15,530
Loans in repayment - delinquent 30-59 days	92	48	38	28	55	—	261
Loans in repayment - delinquent 60-89 days	71	28	22	16	32	—	169
Loans in repayment - 90 days or greater past due	56	24	18	12	25	—	135
Total	\$ 5,132	\$ 3,488	\$ 2,557	\$ 1,726	\$ 3,426	\$ 5,406	21,735
Deferred origination costs and unamortized premium/(discount)							72
Allowance for credit losses							(1,221)
Total Private Education Loans, net							\$ 20,586
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	0.86 %	0.21 %	0.15 %	0.09 %	0.12 %	— %	1.43 %

#### Private Education Loans Held for Investment Types

The following table provides information regarding the loans in repayment balance and total loan balance by Private Education Loan held for investment product type at March 31, 2023 and December 31, 2022.

As of March 31, 2023 (dollars in thousands)	Signature and Other	Parent Loan <sup>(1)</sup>	Smart Option	Career Training <sup>(2)</sup>	Graduate Loan	Total
\$ in repayment <sup>(3)</sup>	\$ 218,517	\$ 246,043	\$ 14,404,070	\$ 3,745	\$ 1,118,084	\$ 15,990,459
\$ in total	\$ 304,344	\$ 246,828	\$ 19,749,090	\$ 3,804	\$ 1,593,937	\$ 21,898,003

As of December 31, 2022 (dollars in thousands)	Signature and Other	Parent Loan <sup>(1)</sup>	Smart Option	Career Training <sup>(2)</sup>	Graduate Loan	Total
\$ in repayment <sup>(3)</sup>	\$ 216,513	\$ 261,316	\$ 13,599,750	\$ 4,565	\$ 1,047,406	\$ 15,129,550
\$ in total	\$ 308,884	\$ 262,602	\$ 18,218,925	\$ 4,602	\$ 1,508,675	\$ 20,303,688

(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 December 2022.

(2) In May 2022, we discontinued offering our Career Training loan product. Applications for those loans received before the offering termination date will continue to be processed, with final disbursements under those loans to occur until May 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 <sup>(1)</sup>
March 31, 2023	\$ 1,304,726	\$ 6,638	\$ 6,523
December 31, 2022	\$ 1,177,562	\$ 6,609	\$ 8,121
March 31, 2022	\$ 1,241,574	\$ 6,292	\$ 5,505

<sup>(1)</sup> The allowance for uncollectible interest at March 31, 2023, December 31, 2022, and March 31, 2022 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (at March 31, 2023, December 31, 2022, and March 31, 2022, relates to \$154 million, \$240 million, and \$248 million, respectively, of accrued interest receivable) that is not expected to be capitalized. The accrued interest receivable that is expected to be capitalized (\$1.2 billion, \$937 million, and \$994 million, at March 31, 2023, December 31, 2022, and March 31, 2022, respectively) is reserved in the allowance for credit losses.

## Liquidity and Capital Resources

### Funding and Liquidity Risk Management

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

Interest-bearing deposits as of March 31, 2023 and December 31, 2022 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest-bearing deposits include deposits from Educational 529 and Health Savings plans that diversify our funding sources and additional deposits we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$8.0 billion and \$8.0 billion of our deposit total as of March 31, 2023 and December 31, 2022, respectively. These 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.

It is our policy to manage operations so liquidity needs are fully satisfied through normal operations to avoid unplanned loan sales under all but the most dire emergency conditions. Our liquidity management is governed by policies approved by our Board of Directors. Oversight of these policies is performed in the Asset and Liability Committee, a management-level committee.

These policies take into account the volatility of cash flow forecasts, expected asset and liability maturities, anticipated loan demand, and a variety of other factors to establish minimum liquidity guidelines.

Key risks associated with our liquidity relate to our ability to access the capital markets and the markets for bank deposits at reasonable rates. This ability may be affected by our performance, competitive pressures, the macroeconomic environment, and the impact they have on the availability of funding sources in the marketplace. We target maintaining sufficient on-balance sheet and contingent sources of liquidity to enable us to meet all contractual and contingent obligations under various stress scenarios, including severe macroeconomic stresses as well as specific stresses that test the resiliency of our balance sheet. As the Bank has grown, we have improved our liquidity stress testing practices to align more closely with the industry, which resulted in our adopting increased liquidity requirements. Beginning in the second quarter of 2019, we began to increase our liquidity levels by increasing cash and marketable investments held as part of our ongoing efforts to enhance our ability to maintain a strong risk management position. By early 2020 and continuing through 2022, we held a significant liquidity buffer of cash and securities, which we expect to maintain through 2023. Due to the seasonal nature of our business, our liquidity levels will likely vary from quarter to quarter.

### Sources of Liquidity and Available Capacity

#### Ending Balances

(Dollars in thousands)	March 31, 2023	December 31, 2022
<b>Sources of primary liquidity:</b>		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	\$ 3,506	\$ —
Sallie Mae Bank <sup>(1)</sup>	3,712,873	4,617,533
Available-for-sale investments	1,993,984	2,012,901
<b>Total unrestricted cash and liquid investments</b>	<b>\$ 5,710,363</b>	<b>\$ 6,630,434</b>

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



## Average Balances

(Dollars in thousands)	Three Months Ended March 31,	
	2023	2022
<b>Sources of primary liquidity:</b>		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	\$ 5,389	\$ 9,674
Sallie Mae Bank <sup>(1)</sup>	3,721,807	3,308,624
Available-for-sale investments	2,002,111	2,452,193
<b>Total unrestricted cash and liquid investments</b>	<b>\$ 5,729,307</b>	<b>\$ 5,770,491</b>

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

## Deposits

The following table summarizes total deposits.

(Dollars in thousands)	March 31, 2023	December 31, 2022
Deposits - interest-bearing	\$ 21,801,666	\$ 21,446,647
Deposits - non-interest-bearing	2,000	1,424
<b>Total deposits</b>	<b>\$ 21,803,666</b>	<b>\$ 21,448,071</b>

Our total deposits of \$21.8 billion were comprised of \$10.3 billion in brokered deposits and \$11.5 billion in retail and other deposits at March 31, 2023, compared to total deposits of \$21.4 billion, which were comprised of \$9.9 billion in brokered deposits and \$11.5 billion in retail and other deposits, at December 31, 2022.

Interest-bearing deposits as of March 31, 2023 and December 31, 2022 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest-bearing deposits include deposits from Educational 529 and Health Savings plans that diversify our funding sources and additional deposits we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented \$8.0 billion and \$8.0 billion of our deposit total as of March 31, 2023 and December 31, 2022, respectively.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of \$3 million and \$3 million in the three months ended March 31, 2023 and 2022, respectively. Fees paid to third-party brokers related to brokered CDs were \$3 million and \$2 million for the three months ended March 31, 2023 and 2022, respectively.

Interest bearing deposits at March 31, 2023 and December 31, 2022 are summarized as follows:

(Dollars in thousands)	March 31, 2023		December 31, 2022	
	Amount	Qtr.-End Weighted Average Stated Rate <sup>(1)</sup>	Amount	Year-End Weighted Average Stated Rate <sup>(1)</sup>
Money market	\$ 10,788,126	4.26 %	\$ 10,977,242	3.75 %
Savings	1,007,994	3.75	982,586	3.15
Certificates of deposit	10,005,546	2.97	9,486,819	2.57
<b>Deposits - interest bearing</b>	<b>\$ 21,801,666</b>		<b>\$ 21,446,647</b>	

<sup>(1)</sup> Includes the effect of interest rate swaps in effective hedge relationships.

As of March 31, 2023 and December 31, 2022, there were \$471 million and \$615 million, respectively, of deposits exceeding FDIC insurance limits. These 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. Accrued interest on deposits was \$69 million and \$59 million at March 31, 2023 and December 31, 2022, respectively.

### **Counterparty Exposure**

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

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

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

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

Title VII of the Dodd-Frank Act requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the CME and the LCH. All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2023, \$1.8 billion notional of our derivative contracts were cleared on the CME and \$0.2 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 90.0 percent and 10.0 percent, respectively, of our total notional derivative contracts of \$2.0 billion at March 31, 2023.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2023 was \$(47) million and \$(6) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure to the counterparty is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2023 and December 31, 2022, 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 \$11 million and \$12 million, respectively.

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

The table below highlights exposure related to our derivative counterparties as of March 31, 2023.

As of March 31, 2023 (dollars in thousands)	SLM Corporation and Sallie Mae Bank Contracts	
Total exposure, net of collateral	\$	11,216
Exposure to counterparties with credit ratings, net of collateral	\$	11,216
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 2023. As of March 31, 2023, 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.

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 January 1, 2022, 25 percent of the adjusted transition amounts was phased in for regulatory capital purposes. On January 1, 2023, an additional 25 percent of the adjusted transition amounts was phased in for regulatory capital purposes. On January 1 of 2024 and 2025, the adjusted transition amounts will continue to be phased in for regulatory capital purposes at a rate of

25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each year. The Bank's January 1, 2020 CECL transition amounts increased our allowance for credit losses by \$1.1 billion, increased the liability representing our off-balance sheet exposure for unfunded commitments by \$116 million, and increased our deferred tax asset by \$306 million, resulting in a cumulative effect adjustment that reduced retained earnings by \$953 million. This transition adjustment was inclusive of qualitative adjustments incorporated into our CECL allowance as necessary, to address any limitations in the models used.

At March 31, 2023, 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 Three Months Ended	Remaining Adjusted Transition Amounts to be Phased-In
	December 31, 2021	December 31, 2022	March 31, 2023	March 31, 2023
Retained earnings	\$ 836,351	\$ (209,088)	\$ (209,088)	\$ 418,175
Allowance for credit losses	1,038,145	(259,536)	(259,536)	519,073
Liability for unfunded commitments	104,377	(26,094)	(26,094)	52,189
Deferred tax asset	306,171	(76,542)	(76,542)	153,087

The Bank's required and actual regulatory capital amounts and ratios under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At March 31, 2023 and December 31, 2022, the unrealized loss on available-for-sale investments included in other comprehensive income totaled \$133 million and \$160 million, respectively. The capital ratios would remain above the well capitalized thresholds if the unrealized loss became fully recognized into capital.

(Dollars in thousands)	Actual		U.S. Basel III Minimum Requirements Plus Buffer <sup>(1)(2)</sup>	
	Amount	Ratio	Amount	Ratio
<b>As of March 31, 2023<sup>(3)</sup>:</b>				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,979,433	12.0 %	\$ 1,738,576	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 2,979,433	12.0 %	\$ 2,111,128	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,297,674	13.3 %	\$ 2,607,863	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 2,979,433	10.0 %	\$ 1,188,369	≥ 4.0 %
<b>As of December 31, 2022<sup>(3)</sup>:</b>				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,040,662	12.9 %	\$ 1,645,807	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	\$ 3,040,662	12.9 %	\$ 1,998,480	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	\$ 3,338,645	14.2 %	\$ 2,468,711	≥ 10.5 %
Tier 1 Capital (to Average Assets)	\$ 3,040,662	10.3 %	\$ 1,185,280	≥ 4.0 %

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

<sup>(2)</sup> 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.

<sup>(3)</sup> For March 31, 2023 and December 31, 2022, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2022 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 no dividends and \$108 million in dividends to the Company for the three months ended March 31, 2023 and 2022, respectively, with the proceeds primarily used to fund the 2022 and 2021 Share Repurchase Programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

## Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term ABS program and our Secured Borrowing Facility. The issuing entities for those secured borrowings are VIEs and are consolidated for accounting purposes. The following table summarizes our borrowings at March 31, 2023 and December 31, 2022, respectively. For additional information, see Notes to Consolidated Financial Statements, Note 9, "Borrowings" in this Form 10-Q.

(Dollars in thousands)	March 31, 2023			December 31, 2022		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
<b>Unsecured borrowings:</b>						
Unsecured debt (fixed-rate)	\$ —	\$ 989,788	\$ 989,788	\$ —	\$ 988,986	\$ 988,986
<b>Total unsecured borrowings</b>	—	989,788	989,788	—	988,986	988,986
<b>Secured borrowings:</b>						
Private Education Loan term securitizations:						
Fixed-rate	—	3,759,190	3,759,190	—	3,462,363	3,462,363
Variable-rate	—	764,998	764,998	—	783,765	783,765
Total Private Education Loan term securitizations	—	4,524,188	4,524,188	—	4,246,128	4,246,128
Secured Borrowing Facility	—	—	—	—	—	—
<b>Total secured borrowings</b>	—	4,524,188	4,524,188	—	4,246,128	4,246,128
<b>Total</b>	\$ —	\$ 5,513,976	\$ 5,513,976	\$ —	\$ 5,235,114	\$ 5,235,114

### Short-term Borrowings

On May 17, 2022, 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 May 16, 2023. The scheduled amortization period, during which amounts outstanding under the Secured Borrowing Facility must be repaid, ends on May 16, 2024 (or earlier, if certain material adverse events occur). At both March 31, 2023, and December 31, 2022, 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 March 31, 2023. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2023 or in the year ended December 31, 2022.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Window. The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2023 and December 31, 2022, the value of our pledged collateral at the FRB totaled \$2.1 billion and \$2.2 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2023 or in the year ended December 31, 2022.

#### **Contractual Loan Commitments**

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2023, we had \$684 million of outstanding contractual loan commitments that we expect to fund during the 2022/2023 academic year. At March 31, 2023, we had a \$33 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 2022 Form 10-K and Note 6, "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 2022 Form 10-K.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

#### Interest Rate Sensitivity Analysis

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

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

A number of potential interest rate scenarios are simulated using our asset liability management system. The Bank is the primary source of interest rate risk within the Company. At present, a significant portion of the Bank’s earning assets and a large balance of deposits are indexed to 1-month LIBOR. Therefore, 1-month LIBOR is considered a core rate in our interest rate risk analysis. 1-month LIBOR and other rates are shocked in parallel for shock scenarios unless otherwise indicated. In addition, key rates are modeled with a floor, which indicates how low each specific rate is likely to move in practice. On April 1, 2021, we began offering variable-rate Private Education Loans based on the 30-day average SOFR, replacing 1-month LIBOR for new originations. 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, including both 1-month LIBOR and 30-day average SOFR, with the resulting changes in other indices correlated accordingly. Interest rate ramps represent a linear increase in those key rates over the course of 12 months, with the resulting changes in other indices correlated accordingly.

The following table summarizes the potential effect on earnings over the next 24 months and the potential effect on market values of balance sheet assets and liabilities at March 31, 2023 and 2022, 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 new assets, liabilities, commitments, or hedging instruments that may arise in the future.

Due to the low interest rate environment in early 2022, results for downward 100 and 300-basis point rate shocks were not presented because they did not provide a meaningful indication of interest rate sensitivity at that time. As interest rates rose, the 100-basis point downward rate shock was added to the model in the second quarter of 2022 and the 300-basis point downward rate shock was added in the fourth quarter of 2022. The EAR results for March 31, 2023 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 results from one year ago, but remain well within established trigger and threshold limits.

As of March 31,	2023				2022			
	+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	-0.1%	-0.1%	0.0%	-0.2%	-0.1%	0.0%	N/A	N/A
EAR - Ramp	+0.7%	+0.2%	-0.3%	-0.9%	-0.3%	-0.1%	N/A	N/A
EVE	-12.7%	-4.7%	+5.1%	+15.1%	-13.3%	-4.5%	N/A	N/A

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

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

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

#### Asset and Liability Funding Gap

The table below presents our assets and liabilities (funding) arranged by underlying indices as of March 31, 2023. In the following GAAP presentation, the funding gap only includes derivatives that qualify as effective hedges (those derivatives which are reflected in net interest income, as opposed to those reflected in the "gains (losses) on derivatives and hedging activities, net" line on the consolidated statements of income). The difference between the asset and the funding is the funding gap for the specified index. This represents at a high level our exposure to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices may reset at different frequencies or may not move in the same direction or at the same magnitude. (Note that all fixed-rate assets and liabilities are aggregated into one line item, which does not capture the differences in time due to maturity.)

As of March 31, 2023 (dollars in millions) Index	Frequency of Variable Resets	Assets	Funding <sup>(1)</sup>	Funding Gap
Fed Funds Effective Rate	daily/weekly/monthly	\$ —	\$ 1,456.7	\$ (1,456.7)
SOFR Rate	daily/weekly/monthly	3,125.9	2,996.3	129.6
3-month Treasury bill	weekly	92.7	—	92.7
Prime	monthly	26.6	—	26.6
3-month LIBOR	quarterly	—	251.1	(251.1)
1-month LIBOR	monthly	6,149.0	1,931.7	4,217.3
1-month LIBOR	daily	499.6	—	499.6
Non-Discrete reset <sup>(2)</sup>	daily/weekly	3,949.5	3,976.2	(26.7)
Fixed-Rate <sup>(3)</sup>		15,610.6	18,841.9	(3,231.3)
Total		\$ 29,453.9	\$ 29,453.9	\$ —

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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, 3-month LIBOR, 1-Month LIBOR monthly, 1-Month LIBOR daily, and fixed-rate categories. Changes in the Fed Funds Effective Rate, 3-month LIBOR, and 1-Month LIBOR categories are generally quite highly correlated and the rates should offset each other relatively effectively. The funding in the fixed-rate bucket includes \$1.6 billion of equity and \$0.3 billion of non-interest bearing liabilities. We consider the overall repricing risk to be moderate, which is supported by other analyses of interest rate sensitivity.

We use interest rate swaps and other derivatives to achieve our risk management objectives. Our asset liability management strategy is to match assets with debt (in combination with derivatives) that have the same underlying index and reset frequency or have interest rate characteristics that we believe are highly correlated. The use of funding with index types and reset frequencies that are different from our assets exposes us to interest rate risk in the form of basis and repricing risk. This could result in our cost of funds not moving in the same direction or with the same magnitude as the yield on our assets. While we believe this risk is low, as all of these indices are short-term with rate movements that



are highly correlated over a long period of time, market disruptions (which have occurred in recent years) can lead to a temporary divergence between indices, resulting in a negative impact to our earnings.

#### Weighted Average Life

The following table reflects the weighted average lives of our earning assets and liabilities at March 31, 2023.

As of March 31, 2023 (averages in years)	Weighted Average Life
<b>Earning assets</b>	
Education loans	5.00
Cash and investments	1.42
Total earning assets	4.20
<b>Deposits</b>	
Short-term deposits	0.91
Long-term deposits	2.24
Total deposits	1.26
<b>Borrowings</b>	
Long-term borrowings	3.47
Total borrowings	3.47

#### **Item 4. Controls and Procedures**

##### ***Disclosure Controls and Procedures***

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2023. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2023, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

##### ***Changes in Internal Control over Financial Reporting***

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2023 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 2022 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 2022 Form 10-K.

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

#### Share Repurchases

The following table provides information relating to our purchase of shares of our common stock in the three months ended March 31, 2023.

(In thousands, except per share data)	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)(3)</sup>	Approximate Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs <sup>(2)</sup>
Period:				
January 1 - January 31, 2023	267	\$ 16.97	—	\$ 581,000
February 1 - February 28, 2023	668	\$ 15.02	—	\$ 581,000
March 1 - March 31, 2023	14	\$ 13.61	—	\$ 581,000
<b>Total first-quarter 2023</b>	<b>949</b>	<b>\$ 15.55</b>	<b>—</b>	

<sup>(1)</sup> 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.

<sup>(2)</sup> As of March 31, 2023, we had \$581 million remaining under the 2022 Share Repurchase Program.

<sup>(3)</sup> In the first quarter of 2023, we did not repurchase shares under any 10b5-1 trading plan. See Note 11, "Stockholders' Equity" to our consolidated financial statements in this Form 10-Q for further discussion.

The closing price of our common stock on the NASDAQ Global Select Market on March 31, 2023 was \$12.39.

### Item 3. Defaults Upon Senior Securities

Nothing to report.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Nothing to report.

## Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

- 10.1 [Form of SLM Corporation 2021 Omnibus Incentive Plan, 2023 Restricted Stock Unit Term Sheet.](#)
- 10.2 [Form of SLM Corporation 2021 Omnibus Incentive Plan, 2023 Performance Stock Unit Term Sheet.](#)
- 10.3 [Retention Agreement between Steven J. McGarry and the Company dated March 2, 2023.](#)
- 10.4 [Agreement and Release between Daniel Kennedy and the Company effective March 30, 2023.](#)
- 10.5 [SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on February 21, 2023\).](#)
- 31.1 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
  - 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

**SIGNATURES**

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

SLM CORPORATION  
(Registrant)

By: \_\_\_\_\_ /s/ STEVEN J. MCGARRY

Steven J. McGarry  
Executive Vice President and Chief Financial Officer  
*(Principal Financial Officer)*

Date: April 26, 2023

**SLM CORPORATION 77**

SLM Corporation 2021 Omnibus Incentive Plan  
2023 Restricted Stock Unit Term Sheet

This Restricted Stock Unit Term Sheet (this “Agreement”) further describes the terms of the RSUs granted to Grantee on February 17, 2023 (the “Grant Date”) pursuant to the Restricted Stock Unit Grant Notice. The Restricted Stock Unit Grant Notice and the SLM Corporation 2021 Omnibus Incentive Plan (the “Plan”) are incorporated herein in their entirety.

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

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

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

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

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

“**Termination of Employment For Cause**” means a termination of a Grantee’s employment by the Corporation or any of its subsidiaries because (i) there has been a willful and continuing failure of the Grantee to perform substantially his or her duties and

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

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

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

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

- a. In the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall become

100 percent vested; *provided, however*, the conversion of the accelerated portion of the RSUs into shares of common stock (i.e., the settlement of the Award) will nevertheless be made at the same time or times as if such RSUs had vested in accordance with the vesting schedule set forth in Section 1 or, if earlier, upon the termination of Grantee's employment for reasons other than due to a Termination of Employment For Cause.

- b. If the Grantee's employment terminates within twenty-four (24) months following a Change in Control for any reason other than (i) due to a Termination of Employment For Cause or (ii) by Grantee's voluntary termination of employment that is not a Termination of Employment for Good Reason, as defined in the SLM Corporation Change in Control Severance Plan for Senior Officers (if applicable to the Grantee), any portion of the Award not previously vested shall immediately become vested, and shall be converted into shares of common stock, upon such employment termination.
4. Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's common stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Compensation Committee (the "Committee") hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). Dividends declared on an unvested Award will not be paid in cash currently except in the case of fractional shares as set forth below. Instead, an account established on behalf of the Grantee will be credited with an amount equal to such dividends, which amount shall be reinvested in additional shares of the Corporation's common stock ("Dividend Equivalent"). The value of the Dividend Equivalents will be calculated in the same manner as dividends paid to holders of common stock. Such Dividend Equivalents will be subject to the same vesting schedule to which the Award is subject. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest and will be converted into shares of the Corporation's common stock (provided that any fractional share amount shall be paid in cash).
5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all RSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the RSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated RSUs will not be settled by virtue of such acceleration until and unless the Grantee has a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of



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

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

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

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

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

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

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

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

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

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

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

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

If to the Corporation to:

Human Resources Department  
ATTN: Total Rewards  
300 Continental Drive  
Newark, DE 19713  
[HR\\_Inbox@salliemae.com](mailto:HR_Inbox@salliemae.com)

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

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

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

SLM Corporation 2021 Omnibus Incentive Plan  
2023 Performance Stock Unit Term Sheet

Pursuant to the terms and conditions of the SLM Corporation 2021 Omnibus Incentive Plan (the "Plan"), the Compensation Committee (the "Committee") of the SLM Corporation Board of Directors hereby grants to \_\_\_\_\_ (the "Grantee") on February 17, 2023 (the "Grant Date") a target award (the "Award") of \_\_\_\_\_ shares of Performance Stock Units ("PSUs"), which represent the right to acquire shares of common stock of SLM Corporation (the "Corporation"), subject to the following terms and conditions (this "Agreement"):

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of the Corporation's common stock, based on the following vesting terms:
  - A specified number of the total PSUs granted to each executive shall vest in amounts based on the Corporation's total shareholder return ("TSR") as measured during the performance period from February 17, 2023 through February 17, 2026 (the "Performance Period"), as shown on the attached chart in Appendix A. Each vested PSU shall be subject to the Transfer Restrictions (as defined below) set forth herein. Following the lapse of the Transfer Restrictions, each vested PSU will be settled in shares of the Corporation's common stock.
  - "TSR" shall be determined with respect to the Corporation and the members of its Peer Group (as that term is defined below) by dividing (i) the difference (whether positive or negative) between (x) such company's twenty (20) day trading average, using the closing prices, for the twenty (20) trading days immediately preceding February 17, 2026 (the "Measurement End Date") and (y) such company's twenty (20) day trading average, using the closing prices, concluding on the twentieth (20th) trading day immediately following the Grant Date (the "Measurement Start Date") by (ii) such company's twenty (20) day trading average, using the closing prices, concluding on the Measurement Start Date. Both twenty (20) day averages will assume dividend reinvestment on the ex-dividend dates, as applicable. If the Measurement Start Date or the Measurement End Date are not trading dates, the twenty (20) day trading average concluding on the immediately preceding trading date shall be the applicable average for purposes of determining the Corporation's or any Peer Group member's TSR. Also for this purpose, each trading average will include only trading days, which will be determined on a separate basis for the Corporation and each Peer Group member, based on trading on the primary exchange on which such company's shares are traded. Any non-cash distributions shall be ascribed such dollar value as may be determined.
  - The "Peer Group" of the Corporation is set forth in Appendix A.

- The performance goals shall equitably and proportionally be adjusted to preserve the intended incentives of PSUs and exclude or mitigate the impact of, as the case may be, the effects of a stock split, reverse stock split, spin off, extraordinary stock dividend, or other equity restructuring events.
  - The calculation of TSR shall be independently validated by the Chief Risk Officer of the Corporation and certified by the Committee.
  - PSUs shall vest on the later of (i) February 17, 2026 and (ii) the date by which the Committee has certified the level of attainment of TSR (such later date, the “Vesting Date”). The Vesting Date shall be no later than March 31, 2026. Following the Vesting Date, the PSUs shall be fully vested but subject to Transfer Restrictions and forfeiture conditions set forth herein, with such Transfer Restrictions and forfeiture conditions to lapse on the one (1) year anniversary of the Vesting Date (such date, the “Restriction Lapse Date,” and such period between the Vesting Date and the Restriction Lapse Date, the “Holding Period”). Upon such lapsing of the Transfer Restrictions and no later than March 31, 2027, the PSUs shall be settled in shares of the Corporation’s common stock.
  - During the Holding Period, none of the PSUs under the Award may be sold, transferred or otherwise assigned during the Holding Period, except as set forth in Section 12 of the Plan (the “Transfer Restrictions”). If, during the Holding Period, the Corporation terminates the Grantee’s employment due to a Termination of Employment For Cause, the Grantee shall forfeit the Award in its entirety as of the date of such termination of employment. If the Corporation terminates the Grantee’s employment for any reason other than due to a Termination of Employment For Cause, or the Grantee terminates his or her employment for any reason during the Holding Period, the Award will remain subject to the Transfer Restrictions through the Restriction Lapse Date.
  - The Committee has discretion to increase or decrease the shares issuable pursuant to the Award; provided that in no event shall the number of shares granted under the Award exceed 200% of the target award.
2. Employment Termination; Death; Disability. Except as provided below, if, prior to the Vesting Date, the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) for any reason (except as explicitly set forth below) or experiences a Termination of Employment For Cause (as defined below), he or she shall forfeit, for no consideration, any portion of the Award that has not vested, in either case, as of the date of such termination of employment (for the avoidance of doubt, even if the Performance Period is complete).

If not previously vested, the Award will continue to vest, and will be settled in shares of the Corporation’s common stock, subject to the original performance goal, Performance Period and Holding Period set forth above on the original vesting terms set forth above and on the Restriction Lapse Date in the event that (i) the Grantee’s employment is terminated by the Corporation for any reason other than due to a Termination of



Employment For Cause, as determined by the Corporation in its sole discretion; (ii) the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) and meets the Corporation's retirement eligibility requirements under the Corporation's then-current retirement eligibility policy, which shall be determined by the Corporation in its sole discretion; or (iii) the Grantee (x) is an "Eligible Officer" eligible to participate in the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers (the "**Executive Severance Plan**") and (y) terminates his or her employment under such circumstances that give rise to a Termination of Employment For Good Reason.

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

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

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

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

"Termination of Employment For Good Reason" means a termination of a Grantee's employment by the Grantee due to: (a) a material reduction in the position or responsibilities of the Grantee not including a change in title only; (b) a material reduction in the Grantee's Base Salary (as defined in the Executive Severance Plan) or a material reduction in the Grantee's compensation arrangements or benefits (provided that variability in the value of stock-based compensation or in the compensation provided

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

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

a. In the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall vest at the greater of (i) 100% target level set forth in the vesting schedule herein or (ii) the actual level based on the relative TSR as measured on the date of such Change in Control, and the Holding Period set forth herein shall not apply; *provided, however*, the settlement of the accelerated portion of the PSUs into shares of common stock (i.e., the settlement of the Award) will nevertheless be made at the same time or times as if such PSUs had vested (without regard to any Holding Period) in accordance with the vesting schedule set forth in Section 1 or, if earlier, upon the termination of the Grantee's employment for reasons other than due to a Termination of Employment For Cause.

b. If the Grantee's employment terminates within twenty-four (24) months following a Change in Control for any reason other than (i) due to a Termination of Employment For Cause or (ii) by the Grantee's voluntary termination of employment that is not a Termination of Employment For Good Reason, as defined in the SLM Corporation Change in Control Severance Plan for Senior Officers (if applicable to the Grantee), any portion of the Award not previously vested shall immediately become common stock, upon such employment termination (without regard to any Holding Period).

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

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

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

PSUs from the Grantee (whether or not such individual is currently employed by the Corporation) during the three (3) year period following the date on which the conduct resulting in the material misstatement occurred, or the date such violation, fraud or Misconduct occurred, as determined by the Board or the applicable committee. The Board or such committee shall consider all factors, with particular scrutiny when one of the Senior Vice Presidents or above are involved, in determining whether and to what extent such involvement described herein occurred and the amount of such reimbursement. Notwithstanding anything to the contrary herein, this provision shall be subject to adjustment and amendment to conform with any current or subsequently adopted policy or amendment relating to the clawback of compensation as may be adopted by the Board or an appropriate committee thereof.

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

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

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

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

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

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

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

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

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

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

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

If to the Corporation to:

Human Resources Department  
ATTN: Total Rewards  
300 Continental Drive

Newark, DE 19713  
[HR\\_Inbox@salliemae.com](mailto:HR_Inbox@salliemae.com)

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

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





March 2, 2023

Steven J. McGarry  
c/o SLM Corporation  
300 Continental Drive  
Newark, DE 19713

Subject: Retention Agreement

Dear Steve:

In recognition of your years of service with SLM Corporation (the "**Company**"), your leadership role as the Company's long-time Chief Financial Officer and your agreement to remain as the Company's Executive Vice President and Chief Financial Officer through February 29, 2024 (the "**Effective Date**"), the Company has agreed to offer you the retention benefits set forth in this letter agreement (this "**Agreement**"). This Agreement sets forth our mutual understanding concerning your retirement as an employee of the Company effective as of the Effective Date.

**1. EFFECTIVE DATE AND TERM; DUTIES AND RESPONSIBILITIES**

- a. Effective Date and Term: Your employment with the Company as its Executive Vice President and Chief Financial Officer will hereby continue in effect through the Effective Date, as of which you hereby resign, effective as of the Effective Date. Your employment with the Company will otherwise terminate in all capacities as of the Effective Date, including from all other officer positions, committee memberships, directorships and other positions that you hold with the Company, Sallie Mae Bank (the "**Bank**") and each of their subsidiaries and affiliates (together with the Company and the Bank, the "**Company Group**"). You agree that you will cooperate with the Company Group in connection with any such resignations. On and after the Effective Date, you will not represent yourself as being an employee, officer, director, agent or representative of the Company Group.

300 Continental Drive  
Newark, DE 19713

- b. Duties and Responsibilities: Through and until the Effective Date, you will continue to devote all of your attention and time during working hours to the affairs and business of the Company Group and use your best efforts to perform such duties and responsibilities as are consistent with your position and as shall, from time to time, be reasonably assigned to you by the Chief Executive Officer of the Company or the Board of Directors (the "Board") of the Company consistent therewith.

## 2. COMPENSATION AND BENEFITS

- a. Annual base salary: Your annual base salary will be increased to \$700,000 effective March 1, 2023, payable in installments in accordance with the Company's payroll procedures in effect from time to time (the "Base Salary").
- b. Annual bonus: You shall be eligible to participate in the Company's Annual Incentive Plan (the "AIP"), on such terms and conditions as set forth in the AIP. For 2023, your target bonus will be equivalent to 150% of your Base Salary (Target bonus opportunity of \$1,050,000). Subject to your continued employment through the Effective Date, your annual bonus will be paid in accordance with the terms of the AIP and will be paid at such time as such bonuses under the AIP are paid to other executive officers of the Company; *provided* that you will be eligible to receive your annual bonus as long as you remain employed by the Company through the Effective Date, even if such annual bonus is paid after the Effective Date.
- c. Annual Long-Term Incentive Compensation: You are eligible to participate in the Company's 2023 Long-Term Incentive Plan (the "2023 LTIP") and the Company's 2024 Long-Term Incentive Plan (the "2024 LTIP"), in each case subject to the terms and conditions of the 2023 LTIP and 2024 LTIP, when established. Long-term incentive awards are governed by terms and conditions of the SLM Corporation 2021 Omnibus Incentive Plan and the award agreements issued thereunder. The target value of the equity awards you will receive under the 2023 LTIP will be equal to \$1,000,000. The form of long-term incentive awards, which may

include stock options, restricted stock units or performance stock units, or a combination thereof, will be determined by the Compensation Committee of the Board (the "**Committee**").

- d. **Retention Bonus:** Except as set forth below, you will be eligible to receive a cash retention bonus of \$1,750,000 if you remain employed by the Company through the Effective Date (the "**Retention Bonus**"). The Retention Bonus will be subject to the following additional terms: (A) the Committee makes a good faith determination that you have (i) adequately performed your duties to the Company through the Effective Date, (ii) you satisfactorily participated in the development of your successor as Chief Financial Officer of the Company and (iii) you reasonably assisted in the transition of your duties and responsibilities to such successor, (B) you execute and deliver to the Company, simultaneously with your execution of this Agreement, a general release of claims, substantially in the form set forth in Exhibit A (the "**Release**"), which is not revoked before it becomes irrevocable, and (C) as of the Effective Date, (x) the Committee determines that you have satisfied those conditions set forth in Sections 2(d)(A) and 2(d)(B), (y) a successor Chief Financial Officer of the Company has assumed that position prior to or on the Effective Date, unless waived by the Board, and (z) you execute and deliver to the Company, on or immediately following the Effective Date, a reaffirmation of the Release (the "**Reaffirmation**") which is not revoked before it becomes irrevocable.

The Retention Bonus will be paid to you within thirty (30) days following the date you execute the Reaffirmation if the Release and such Reaffirmation has not been revoked by you; *provided* that, in the event you do not execute the Reaffirmation within sixty (60) days following the Effective Date (or such later date as approved by the Committee), you will not be eligible to receive the Retention Bonus.

In the event your employment is terminated by the Company other than due to a Termination of Employment For Cause (as such term is defined in the SLM Corporation Amended and Restated Executive Severance Plan for Senior Officers,



effective as of April 1, 2023 (the “**Severance Plan**”)), subject to the Committee’s determination that you have been complying in good faith with the terms set forth in this Section 2(d), you will be eligible to receive the Retention Bonus.

The Retention Bonus will not be payable to you in the event you voluntarily resign from your employment for any reason prior to the Effective Date, including with respect to your retirement, and you agree that the Retention Bonus is not eligible for any special vesting in connection with your retirement.

- e. **Benefit Programs:** You and your eligible family members are eligible for participation in employee benefit plans, policies and programs provided by the Company on such terms and conditions as are generally provided to other senior executives of the Company. Please be aware that nothing in this Agreement shall limit the Company’s ability to change, modify, cancel or amend any such policies or plans.

### 3. **TERMINATION OF EMPLOYMENT**

- a. **No Severance.** You acknowledge that the resignation of your employment recognized in the Agreement is intended to be a voluntary resignation and you do not qualify to receive severance benefits under the Severance Plan due to such resignation of employment. You further agree that, in the event that you receive the Retention Bonus, either through meeting the conditions set forth in Section 2(d) above or as otherwise determined by the Committee, you waive any right you may have to any payments or benefits set forth in the Severance Plan, and the Retention Bonus is your sole payment in respect of your termination of employment. You agree that you otherwise waive any rights or benefits you may have under the Severance Plan or other severance plan, policy, arrangement or agreement of the Company providing for payments or benefits upon a termination of employment.
- b. **Treatment of Long-Term Incentive Awards.** All of the long-term incentive awards granted to you under the 2023 LTIP and 2024 LTIP, as well as any

long-term incentive awards you have previously received during your employment, shall be treated in accordance with the respective terms and conditions applicable to such awards as set forth in the applicable award agreements.

- c. **Continued Employment.** If the Company appoints a new Chief Financial Officer prior to the Effective Date (the "**Appointment Date**"), then, subject to your continued compliance with the obligations set forth in this Agreement, you agree that you will resign as the Chief Financial Officer as of the Appointment Date. You will remain an employee of the Company, and continue to receive your existing compensation and benefits, through the Effective Date. You acknowledge and agree that the appointment of a new Chief Financial Officer, and your subsequent resignation as Chief Financial Officer on the Appointment Date, will not constitute a Termination of Employment under the Severance Plan and you will not be eligible to receive any severance payments or benefits under any severance policy, plan, arrangement or agreement.

4. Any amounts you receive with respect to the Retention Bonus, AIP, 2023 LTIP and 2024 LTIP 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 Company as may be in effect at such time, including, without limitation, the Company's Incentive Compensation Adjustment Policy.

## 5. RESTRICTIVE COVENANTS

You are subject to existing restrictions with respect to confidentiality, noncompetition or nonsolicitation, including those set forth in your agreement relating to Confidential, Intellectual Property and Non-Solicitation, and you may enter into future agreements following the date of this Agreement relating to restrictive covenants. Such restrictive covenants shall remain in full force and effect throughout the term of this Agreement and, by your execution of this Agreement, you hereby reaffirm and ratify such restrictions, and acknowledge that, in the event you violate such restrictive covenants, the Company may require your repayment of the Retention Bonus.

Further, you agree to that you are subject to such restrictive covenants set forth in the Release, and will continue to be bound by such restrictive covenants following the Effective Date and acknowledge that, in the event you violate such restrictive covenants, the Company may require your repayment of the Retention Bonus.

You acknowledge and agree that, with respect to any post-employment restrictive covenants, including with respect to non-competition and non-solicitation, and including those set forth in the Release, such post-employment restricted period shall begin on the Effective Date regardless of whether your employment is terminated for any reason terminates prior to the Effective Date.

**6. MISCELLANEOUS**

- a. Notices. Notices given pursuant to this Agreement shall be in writing and shall be deemed received when personally delivered, or on the date of written confirmation of receipt by (i) overnight carrier, (ii) registered or certified mail, return receipt requested, postage prepaid, or (iii) such other method of delivery as provides a written confirmation of delivery. Notice to the Company shall be directed to:

Nicolas Jafarieh  
Executive Vice President and Chief  
Legal, Government Affairs, and  
Communications Officer  
SLM Corporation  
300 Continental Drive  
Newark, DE 19713

Notices to or with respect to you will be directed to you, or in the event of your death, your executors, personal representatives or distributees, at your home address as set forth in the records of the Company.

- b. Assignment of this Agreement. This Agreement is personal to you and shall not be assignable by you without the prior written consent of the Company. This Agreement shall inure to the benefit of and be binding upon the Company and its respective successors and assigns. The Company may assign this Agreement, without your consent, to any



successor (whether directly or indirectly, by agreement, purchase, merger, consolidation, operation of law or otherwise) to all, substantially all or a substantial portion of the business and/or assets of the Company, as applicable. If and to the extent that this Agreement is so assigned, the "Company" as used throughout this Agreement shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid. In the event of your death, all amounts and benefits then payable or otherwise due to you will be paid or provided to your estate, except to the extent you have appointed a beneficiary in writing pursuant to the terms of any particular plan, policy or arrangement.

- c. Merger of Terms. Except as expressly provided herein, this Agreement supersedes all prior discussions and agreements between you and the Company or any member of the Company Group with respect to the subject matters covered herein.
- d. Governing Law; Amendments. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. This Agreement may not be amended or modified other than by a written agreement executed by you and an authorized employee of the Company.
- e. Dispute Resolution. You agree to resolve any disputes you may have through final and binding arbitration. You are 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 you 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 Section 5. You also agree to resolve through final and binding arbitration any disputes you have with the Company, its affiliates, or any current or former officers, employees or directors

who elects 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 you might bring, including but not limited to any lawsuit related to a government agency proceeding. **BY AGREEING TO THIS AGREEMENT, YOU UNDERSTAND THAT YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL.**

- f. Severability; Captions. In the event that any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law. The captions in this Agreement are not part of the provisions of this Agreement and will have no force or effect.
  
- g. Section 409A. The provisions of this subparagraph will only apply if and to the extent required to avoid the imposition of taxes, interest and penalties on you under Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"). Section 409A applies to nonqualified deferred compensation which exists if an individual has a "legally binding right" to compensation that is or may be payable in a later year. In furtherance of the objective of this subparagraph, to the extent that any regulations or other guidance issued under Section 409A would result in your being subject to payment of taxes, interest or penalties under Section 409A, you and the Company agree to use our best efforts to amend this Agreement in order to avoid or limit the imposition of any such taxes, interest or penalties, while maintaining to the maximum extent practicable the original intent of the applicable provisions. This subparagraph 5(g) does not guarantee that you will not be subject to taxes, interest or penalties under Section 409A with respect to compensation or benefits described or referenced in this Agreement.



Furthermore and notwithstanding any provision of this Agreement to the contrary, to the extent necessary to avoid the imposition of taxes, interest and penalties on you under Section 409A, if at the time of the termination of your employment you are a "specified employee" (as defined in Section 409A), you will not be entitled to any payments upon termination of employment until the first day of the seventh month after the termination of employment and any such payments to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after the termination of employment.

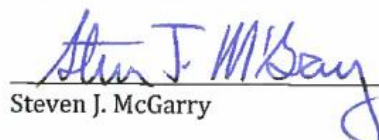
- h. Withholding Requirements. All amounts paid or provided to you under this Agreement shall be subject to any applicable income, payroll or other tax withholding requirements.
- i. Survival. The provisions of Sections 3, 4 and 5 shall survive the expiration of the term of this Agreement and the termination of your employment.

Please acknowledge your agreement with the terms of this Agreement by signing and dating the enclosed copy and returning it to me on or before March 23, 2023.

Sincerely,

 Date: 3/2/23  
Jon Witter  
Chief Executive Officer

Agreed and Signed by:

 Date: 3/2/23  
Steven J. McGarry



Daniel Kennedy

**AGREEMENT AND RELEASE**

SLM Corporation and its subsidiaries, predecessors, successors, and affiliates (collectively "SLM") and I, **Dan Kennedy**, have reached the following understanding and agreement. In exchange for the Plan Benefits and Other Consideration listed below, I agree to comply fully with the terms of this Agreement and Release ("Agreement and Release"). 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.

Effective as of the close of business on March 1, 2023 (the "Effective Date"), my employment or service with respect to any and all offices and titles, board of directors (or similar governing bodies), committees and any positions I may hold with SLM or any subsidiary of SLM, including Sallie Mae Bank (the "Bank"), shall terminate automatically and without further action by the parties or any person or entity.

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

(a) **Rehiring:** If I am rehired as an employee of SLM or any of its subsidiaries or affiliates within twelve (12) months following the Effective Date, I hereby agree to repay the Plan Benefits, divided by twelve (12) multiplied by the number of months remaining in the twelve (12) month period following my termination, adjusted and reduced by the amount of taxes paid and withheld on that sum, within 30 days after rehire, as a condition of rehire to SLM or any of its subsidiaries, successors or affiliates.

(b) **Plan Benefits:** Unless I have revoked this Agreement and Release pursuant to Section (8) and provided I remain in compliance with the terms of this Agreement and Release and the SLM Corporation Executive Severance Plan for Senior Officers (the "Plan"), SLM will pay me (or my estate, in the event of my death prior to when payment is made of the Plan Benefits) severance in the total amount of **\$1,225,740.63**, less withholding taxes and other deductions required by law, paid in a lump-sum payment pursuant to the Plan which has been calculated as follows: (i) **\$1,072,850.00**, which represents the sum of (A) my base salary of **\$489,250.00** as of the Effective Date and (B) my Average Bonus of **\$583,600.00** (together, the "Cash Severance"); and (ii) **\$152,890.63**, which represents my target bonus for 2023, prorated to reflect three (3) months for which I will have been employed in 2023 as of the Effective Date (the "Target Bonus," and, together with the Cash Severance, the "Plan Benefits"). The value of the Average Bonus is subject to change based on the relative achievement of SLM's performance metrics through the Effective Date. For the avoidance of doubt, the Target Bonus set forth herein will be paid in lieu of, and not in addition to any annual incentive bonus I would otherwise have been entitled to receive under the SLM Corporation Executive Annual Incentive Plan. The Plan Benefits will be made in a lump sum no earlier than the eighth (8<sup>th</sup>) calendar day following my execution of the Agreement and Release and no later than the thirtieth (30<sup>th</sup>) day following my execution of the Agreement and Release.

(c) **Medical/Dental/Vision Continuation:** My current medical, dental and vision coverage will continue through the end of the month of my termination. The first day of the month following my Termination Date, April 1, 2023, I may be eligible to continue my current

medical, dental and vision coverage through the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If I become eligible for coverage under any other group health plan which does not contain an exclusion or limitation with respect to preexisting conditions of me or my beneficiaries, I may not be eligible for COBRA continuation coverage under SLM's medical, dental and/or vision plans. If I am eligible and 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 (i) the last day of the period from April 1, 2023 through March 31, 2024 and (ii) such date I become eligible to obtain coverage under medical, dental and/or vision insurance plans of a subsequent employer (the "COBRA Benefit"). Following March 31, 2024, I may continue my medical, dental and vision coverage under COBRA at the then current full employee contribution amounts which will be higher than the previous costs of coverage. I may have the right to continue remaining under COBRA medical, dental and vision coverage at the full expense for a maximum period of 18 months from the last day of the month following my termination of employment. 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)(c) during the applicable payment period shall be paid to me, instead of such premium, as additional cash severance pay.

(d) **Benefit Programs:** Effective on the Effective Date, I waive future coverage and benefits under all SLM disability programs, but this Agreement and Release does not affect my eligibility for other SLM medical, dental, life insurance, retirement, and benefit plans. Whether I sign this Agreement and Release 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 and any accrued but unused Paid Time Off ("PTO"), that I will not receive any other wage, PTO, or other similar payments from SLM or any of the entities discussed in Section (2). I understand and agree that if I owe any amounts to SLM due to a negative PTO balance, I will pay those amounts within one week of my termination. I will retain whatever rights I may have under SLM's equity programs (such as stock options or restricted stock), subject in all respects to the terms and provisions of the SLM stock plan under which they are issued, the applicable terms and conditions of such plan, and the option agreement or certificates.

(e) **Outplacement:** I will be eligible to receive, at my option, professional outplacement services from Oi Partners, an outplacement firm that has pre-negotiated services through SLM to assist me in seeking a new position in an amount of up to \$15,000. Information related to the firms will be provided to me separately (the "Outplacement Benefit," and, together with the COBRA Benefit, the "Other Consideration").

(f) **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.

(g) **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 and Release 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 months following the Effective Date or (y) the date of my death.

(2) **Release:** In consideration of the Plan Benefits and Other Consideration described above in Section (1), I agree to release SLM, and all of its subsidiaries, affiliates, predecessors, successors, and all related companies, and all of its former and current officers, employees, directors, and employee benefit programs (and the trustees, administrators, fiduciaries, and insurers of such programs) of any of them (collectively “Released Parties”) from all actions, charges, claims, demands, damages or liabilities of any kind or character whatsoever, known or unknown, which I now have or may have had through the date I sign this Agreement and Release except claims that the law does not permit me to waive by signing this Agreement and Release. For example, I am releasing all common law contract, tort, or other claims I might have, as well as 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, National Labor Relations Act (NLRA), the Americans with Disabilities Act (ADA), Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974 (ERISA), Genetic Information Nondiscrimination Act (“GINA”) of 2008, individual relief under the Sarbanes-Oxley Act of 2002 or The American Recovery and Reinvestment Act of 2009, or individual relief under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Delaware Labor and Civil Rights laws including, but not limited to the Delaware Fair Employment Practices Act – Del. Code Ann. tit. 19, §710 et seq.; Delaware Statutory Provision Regarding Retaliation/Discrimination for Filing a Workers Compensation Claim – Del. Code Ann. tit. 19, §2365; Delaware AIDS Testing Confidentiality Act – Del. Code Ann. tit. 16, §1201 et seq.; Delaware Equal Pay Law – Del. Code Ann. tit. 19, §1107A; Delaware Persons with Disabilities Employment Protections Act – Del. Code Ann. tit. 19, §720 et seq.; Delaware Whistleblowers’ Protection Act – Del. Code Ann. tit. 29, §1701 et seq.; Delaware Wage Payment and Work Hour Laws; Delaware Discrimination in Employment Act - Del. Code Ann. tit. 19, §710 et seq.; Delaware Medical Marijuana Act - Del. Code Ann. tit. 16, §4901A et seq.; Delaware Workplace Fraud Act - Del. Code Ann. tit. 19, §3501 et seq.; Delaware False Claims and Reporting Act- Del. Code Ann. tit. 6, §1201 et seq.; Delaware Clean Indoor Air Act - Del. Code Ann. tit. 16, §2901 et seq.; Delaware Employment First Act - Del. Code Ann. tit. 19, §740 et seq.; Victims’ Bill of Rights laws; Right to Inspect Personnel Files law, Del. Code Ann. tit. 19, §730 et seq., all federal and state whistleblower law claims to the maximum extent allowed by law, and any other federal, state or local laws. Except as required by law or as set forth in this Agreement and Release, I further waive any right to payment of attorneys’ fees, which I may have incurred. It is understood and agreed that by entering into this Agreement and Release, SLM does not admit any violation of law, or any of employee’s rights, and has entered into this Agreement and Release 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 and Release 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.

(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 and Release. The Parties agree, however, that nothing contained in this covenant not to sue or elsewhere in this Agreement and Release 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 and Release before a court, the Equal Employment Opportunity Commission ("EEOC"), or any other federal, state, or local agency;

(b) prevent me from enforcing any future claims or rights that arise under the Age Discrimination in Employment Act ("ADEA") after I have signed this Agreement and Release; or

(c) prohibit or restrict 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.

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

(a) To the extent any payments owed to me under this Agreement and Release, including the Plan Benefits, are subject to any withholdings, 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 agree to return all SLM and Released Parties' property in my possession or control to them by no later than the Effective Date.

(c) I hereby acknowledge that to the extent I know or have reason to know of any illegal or potentially illegal conduct or activities involving SLM or that involves any false claims to the United States, I represent and warrant that I have disclosed such illegal or potentially illegal conduct or activities or false claims to the United States to SLM's General Counsel. I promise to cooperate fully in any investigation SLM undertakes into matters occurring during my employment with SLM. I understand that nothing in this Agreement and Release prevents me from cooperating with any investigation by any Government Agency (as defined below). 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 provision of this Agreement and Release, I agree that I will pay for all costs incurred by any of the Released Parties, including reasonable attorneys' fees, in defending against my claim and seeking to uphold my release.

(e) Unless disclosure is required under the Securities Exchange Act of 1934, including any regulations promulgated thereunder, I agree to keep the terms of this Agreement and Release completely confidential except as may be required or permitted by statute, regulation or court order. Notwithstanding the foregoing, I may disclose such information to my immediate family and professional representatives, so long as they are informed and agree to be bound by this confidentiality clause. This Agreement and Release 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 and Release.

(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 of the Released Parties should have paid me in the past, other than with respect to any benefit plan termination or distributions authorized as of the date of the Agreement and Release.

(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 SLM or I successfully assert that any provision in this Agreement and Release is void, the rest of the Agreement and Release shall remain valid and enforceable unless the other party to this Agreement and Release elects to cancel it. If this Agreement and Release is cancelled by me, I will repay the Plan Benefits I received for signing it.

(j) If I initially did not think any representation I am making in this Agreement and Release was true, or if I initially was uncomfortable making it, I resolved all my concerns before signing this Agreement and Release. I have carefully read this Agreement and Release, 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 and Release but for my promises and representations.

(k) The Plan Benefits shall be subject to 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").

(5) **Arbitration of Disputes:** 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 and Release 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 SLM 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 (as defined below) and to enforce the post-employment restrictions in Section (6). I also agree to resolve through final and binding arbitration any disputes I have with any other Released Party who elects 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 and Release, I understand that I am waiving my right to a jury trial.

(6) **Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation:**

(a) Except as required or permitted by statute, regulation or court order, or pursuant to written consent given by SLM's General Counsel, I agree not to disclose to anyone else any of the information or materials which are proprietary or trade secrets of SLM or are otherwise confidential.

(b) Further, at all times during my employment and thereafter, including for the avoidance of doubt from the date of this Agreement and Release through the Effective Date, and after the Effective Date, except as required or permitted by statute, regulation or court order, or pursuant to written consent given by SLM's General Counsel, I agree not to disclose to anyone any of the Confidential Information or materials that are proprietary or trade secrets of SLM or are otherwise confidential. For purposes of this Agreement and Release, Confidential Information includes, but is not limited to: business processes, practices, methods, policies, plans, publications, documents, research, operations, strategies, techniques, agreements, contracts, transactions, negotiations, trade secrets, computer programs, computer software, applications, operating systems, software design, web design, work-in-process, databases, device configurations, embedded data, compilations, metadata, algorithms, technologies, records, systems, material, sources of material, financial information, accounting information, legal information, marketing information, pricing information, credit information, personnel information, vendor lists, developments, reports, internal controls, security procedures, graphics, market studies, product plans, designs, styles, models, ideas, audiovisual programs, inventions, original works of authorship, customer information, user IDs, passwords, information security, general business, operations, know-how, formulations, developments, new products, plans for future developments, computer code and/or design of proprietary systems, and information about costs, revenue, profits, markets, and sales. This list is merely illustrative and Confidential Information is not limited to the illustrations. Notwithstanding the foregoing, nothing in this Agreement and Release or otherwise 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 and Release requires me to waive any monetary award or other relief that I might become entitled to from the SEC or any Government Agency.

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.

(c) 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, apparatus, 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.

(d) Notwithstanding the foregoing, in consideration of the Plan Benefits and Other Consideration, I agree as follows: 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 after the date of termination of my employment for whatever reason ("Non-competition Period"). "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.

(e) In further consideration of the Plan Benefits and Other Consideration described above in this Agreement and Release, I agree that during for a period of twenty-four (24) months after the Effective Date ("Non-solicitation Period"), I shall not directly or indirectly solicit or encourage any employee of SLM with whom I communicated within the last year of my employment to leave the employ of SLM, or directly or indirectly hire any such employees. Further, during the Non-solicitation Period, 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.

(f) I further agree not to disparage, place in a false or negative light or criticize, or make false statements that may damage the reputation of, orally or in writing, SLM, its business practices, products, policies and services, decisions, directors, officers, employees, agents, representatives, advisors, the Released Parties, or any other entity or person covered by this Agreement and Release.

(g) I expressly agree that the markets served by SLM extend nationally 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 this Section (6) 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 and Release is unenforceable, the Parties shall request that the court construe this Agreement and Release in such a fashion as to render it enforceable and to revise time, geographic and functional limits to those minimum limits that the court believes are reasonable to protect the interests of SLM. 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 and Release, I further agree to inform in writing Sallie Mae's Executive Vice President, Human Resources 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 for twenty-four (24) months following the termination of my employment.

(h) In the event that the Board of Directors of SLM or its successor reasonably determines that I have violated any of the post-employment restrictions of the Agreement and Release or if a court at my request determines that all or a substantial part of such restrictions are held to be unenforceable, I will return to SLM all payments made under the Plan Benefits and Other Consideration (less withholdings previously withheld by law). The illegality, unenforceability, or ineffectiveness of any provision of this Section (6) shall not affect the legality, enforceability, or effectiveness of any other provision of this Agreement and Release. Notwithstanding the confidentiality provisions identified in this Agreement and Release, I may disclose my SLM restrictive covenants to prospective employers and agree that SLM may provide a copy of this Agreement and Release to my prospective or future employers.

(7) **Review Period:** I hereby acknowledge (a) that I initially received a copy of the original draft of this Agreement and Release on or before March 1, 2023; (b) that I was offered a period of 45 calendar days to review and consider it; (c) that I understand I could use as much of the 45 calendar day period as I wish prior to signing; and (d) that I was strongly encouraged to consult with an attorney in writing before signing this Agreement and Release, and understood whether or not to do so was my decision. I waive any rights to further time to consider the Agreement and Release.

(8) **Revocation of Claims:** I understand that I may revoke the waiver of the Age Discrimination in Employment Act (ADEA) claims made in this Agreement and Release within seven (7) days of my signing. In the event that I revoke my waiver and release of claims under ADEA, this Agreement and Release shall not be effective or enforceable and I will not receive the Plan Benefits or Other Consideration described in Section (1) above. Revocation of claims can be made by delivering a written notice of revocation to William Wolf, Executive Vice President, Human Resources, Sallie Mae, 300 Continental Drive, Newark, DE 19713.

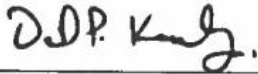
(9) **Acknowledgment:** I acknowledge that I have read and understand all of the provisions of this Agreement and Release. This Agreement and Release represents the entire agreement between the Parties concerning the subject matter hereof and shall not be altered, amended, modified, or otherwise changed except by a writing executed by both Parties. I understand and agree that this Agreement and Release, if not timely revoked pursuant to Section (8), 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 and Release. If any provision of this Agreement and Release 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 and Release will remain in full force and effect to the maximum extent permitted by applicable law. If this Agreement and Release is held to be unenforceable or contrary to law as a result of an action I initiate, I agree to repay the Plan Benefits and Other Consideration identified in Section (1). This Agreement and Release is governed by federal laws and the laws of the State of Delaware.

(10) **Cooperation:** In addition, in consideration of the Plan Benefits 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. I am entitled to indemnification after termination of my employment subject to the provisions of the By-Laws, which limit indemnity in certain circumstances.

(11) **Execution and Delivery:** This Agreement and Release 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 and Release, 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 and Release). You have up to 45 calendar days to consider this Agreement and Release. You may not make any changes to the terms of this Agreement and Release. By signing this Agreement and Release, you will be waiving any claims whether known or unknown.**



Daniel Kennedy

27 Mar 2023

Date



William Wolf, Executive Vice President, Chief  
People Officer on behalf of SLM

30 MAR 2023

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

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Jonathan W. Witter  
Chief Executive Officer  
(Principal Executive Officer)  
April 26, 2023

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

I, Steven J. McGarry, 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/ STEVEN J. MCGARRY

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Steven J. McGarry

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

April 26, 2023

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

In connection with the Quarterly Report of SLM Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2023, 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JONATHAN W. WITTER

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Jonathan W. Witter  
Chief Executive Officer  
(Principal Executive Officer)  
April 26, 2023



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

In connection with the Quarterly Report of SLM Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven J. McGarry, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ STEVEN J. MCGARRY

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Steven J. McGarry  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)  
April 26, 2023