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 September 30, 2024

or

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

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

SLM Corporation

(Exact name of registrant as specified in its charter)

Delaware		**52-2013874**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**
300 Continental Drive	**Newark, Delaware**	**19713**
(Address of principal executive offices)		**(Zip Code)**

(302) 451-0200
(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑		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 September 30, 2024, there were 212,330,467 shares of common stock outstanding.

SLM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

INDEX

CONSOLIDATED BALANCE SHEETS (Unaudited)

(Dollars in thousands, except share and per share amounts)	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 4,489,539	$ 4,149,838
Investments:		
Trading investments at fair value (cost of $43,373 and $43,412, respectively)	54,840	54,481
Available-for-sale investments at fair value (cost of $2,113,257 and $2,563,984, respectively)	2,022,605	2,411,622
Other investments	114,210	91,567
Total investments	2,191,655	2,557,670
Loans held for investment (net of allowance for losses of $1,413,621 and $1,339,772, respectively)	20,459,933	20,306,357
Loans held for sale	485,701	—
Restricted cash	170,984	149,669
Other interest-earning assets	5,820	9,229
Accrued interest receivable	1,537,594	1,379,904
Premises and equipment, net	122,972	129,501
Goodwill and acquired intangible assets, net	64,877	68,711
Income taxes receivable, net	428,778	366,247
Other assets	54,914	52,342
Total assets	$ 30,012,767	$ 29,169,468
Liabilities		
Deposits	$ 21,445,457	$ 21,653,188
Long-term borrowings	6,036,527	5,227,512
Other liabilities	397,033	407,971
Total liabilities	27,879,017	27,288,671
Commitments and contingencies		
Equity		
Preferred stock, par value $0.20 per share, 20 million shares authorized:		
Series B: 2.5 million and 2.5 million shares issued, respectively, at stated value of $100 per share	251,070	251,070
Common stock, par value $0.20 per share, 1.125 billion shares authorized: 440.5 million and 438.2 million shares issued, respectively	88,106	87,647
Additional paid-in capital	1,185,187	1,148,689
Accumulated other comprehensive loss (net of tax benefit of ($16,210) and ($24,176), respectively)	(50,339)	(75,104)
Retained earnings	4,034,640	3,624,859
Total SLM Corporation stockholders' equity before treasury stock	5,508,664	5,037,161
Less: Common stock held in treasury at cost: 228.2 million and 217.9 million shares, respectively	(3,374,914)	(3,156,364)
Total equity	2,133,750	1,880,797
Total liabilities and equity	$ 30,012,767	$ 29,169,468

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Dollars in thousands, except per share amounts)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Interest income:				
Loans	$ 565,046	$ 581,080	$ 1,726,991	$ 1,732,206
Investments	16,299	13,268	45,945	36,636
Cash and cash equivalents	71,294	57,902	184,737	154,911
Total interest income	652,639	652,250	1,957,673	1,923,753
Interest expense:				
Deposits	225,749	209,921	657,480	584,859
Interest expense on short-term borrowings	3,467	3,576	10,339	9,893
Interest expense on long-term borrowings	64,020	54,125	171,263	152,674
Total interest expense	293,236	267,622	839,082	747,426
Net interest income	359,403	384,628	1,118,591	1,176,327
Less: provisions for credit losses	271,465	198,023	300,336	329,864
Net interest income after provisions for credit losses	87,938	186,605	818,255	846,463
Non-interest income:				
Gains (losses) on sales of loans, net	(31)	(5)	254,937	124,740
Gains (losses) on securities, net	(3,836)	1,490	385	1,988
Other income	28,390	22,753	85,164	63,275
Total non-interest income	24,523	24,238	340,486	190,003
Non-interest expenses:				
Operating expenses:				
Compensation and benefits	87,566	83,577	269,303	249,459
FDIC assessment fees	12,973	12,283	38,012	33,663
Other operating expenses	70,259	71,542	181,122	192,983
Total operating expenses	170,798	167,402	488,437	476,105
Acquired intangible assets amortization expense	1,225	2,834	3,834	7,351
Total non-interest expenses	172,023	170,236	492,271	483,456
Income (loss) before income tax expense (benefit)	(59,562)	40,607	666,470	553,010
Income tax expense (benefit)	(14,410)	11,242	169,698	140,062
Net income (loss)	(45,152)	29,365	496,772	412,948
Preferred stock dividends	4,648	4,642	13,929	12,979
Net income (loss) attributable to SLM Corporation common stock	$ (49,800)	$ 24,723	$ 482,843	$ 399,969
Basic earnings (loss) per common share	$ (0.23)	$ 0.11	$ 2.21	$ 1.71
Average common shares outstanding	214,873	226,120	218,059	234,170
Diluted earnings (loss) per common share	$ (0.23)	$ 0.11	$ 2.18	$ 1.69
Average common and common equivalent shares outstanding	214,873	228,800	221,553	236,593
Declared dividends per common share	$ 0.11	$ 0.11	$ 0.33	$ 0.33

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net income (loss)	$ (45,152)	$ 29,365	$ 496,772	$ 412,948
Other comprehensive income (loss):				
Unrealized gains (losses) on investments	53,748	(17,686)	61,150	3,358
Unrealized gains (losses) on cash flow hedges	(16,110)	(5,767)	(28,419)	(13,191)
Total unrealized gains (losses)	37,638	(23,453)	32,731	(9,833)
Income tax (expense) benefit	(9,168)	5,702	(7,966)	2,388
Other comprehensive income (loss), net of tax (expense) benefit	28,470	(17,751)	24,765	(7,445)
Total comprehensive income (loss)	$ (16,682)	$ 11,614	$ 521,537	$ 405,503

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

		Common Stock Shares									
(In thousands, except share and per share amounts)	Preferred Stock Shares	Issued	Treasury	Outstanding	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity
Balance at June 30, 2023	2,510,696	437,993,893	(211,913,035)	226,080,858	$ 251,070	$ 87,599	$ 1,129,537	$ (83,564)	$ 3,485,732	$ (3,064,010)	$ 1,806,364
Net income	—	—	—	—	—	—	—	—	29,365	—	29,365
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(17,751)	—	—	(17,751)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	11,614
Cash dividends declared:											
Common stock ($0.11 per share)	—	—	—	—	—	—	—	—	(24,879)	—	(24,879)
Preferred Stock, Series B ($1.85 per share)	—	—	—	—	—	—	—	—	(4,642)	—	(4,642)
Issuance of common shares	—	200,886	—	200,886	—	40	2,590	—	(1)	—	2,629
Stock-based compensation expense	—	—	—	—	—	—	8,472	—	—	—	8,472
Common stock repurchased	—	—	—	—	—	—	—	—	—	(161)	(161)
Shares repurchased related to employee stock-based compensation plans	—	—	(10,687)	(10,687)	—	—	—	—	—	(173)	(173)
Balance at September 30, 2023	2,510,696	438,194,779	(211,923,722)	226,271,057	$ 251,070	$ 87,639	$ 1,140,599	$ (101,315)	$ 3,485,575	$ (3,064,344)	$ 1,799,224

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock Shares	Common Stock Shares Issued	Common Stock Shares Treasury	Common Stock Shares Outstanding	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
Balance at June 30, 2024	2,510,696	440,279,647	(222,818,287)	217,461,360	$ 251,070	$ 88,056	$ 1,173,735	$ (78,809)	$ 4,107,980	$ (3,258,794)	$ 2,283,238
Net loss	—	—	—	—	—	—	—	—	(45,152)	—	(45,152)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	28,470	—	—	28,470
Total comprehensive loss	—	—	—	—	—	—	—	—	—	—	(16,682)
Cash dividends declared:											
Common stock ($0.11 per share)	—	—	—	—	—	—	—	—	(23,529)	—	(23,529)
Preferred Stock, Series B ($1.85 per share)	—	—	—	—	—	—	—	—	(4,648)	—	(4,648)
Issuance of common shares	—	249,049	—	249,049	—	50	3,078	—	(11)	—	3,117
Stock-based compensation expense	—	—	—	—	—	—	8,374	—	—	—	8,374
Common stock repurchased	—	—	(5,345,026)	(5,345,026)	—	—	—	—	—	(115,338)	(115,338)
Shares repurchased related to employee stock-based compensation plans	—	—	(34,916)	(34,916)	—	—	—	—	—	(782)	(782)
Balance at September 30, 2024	2,510,696	440,528,696	(228,198,229)	212,330,467	$ 251,070	$ 88,106	$ 1,185,187	$ (50,339)	$ 4,034,640	$ (3,374,914)	$ 2,133,750

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock Shares	Common Stock Shares			Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity
		Issued	Treasury	Outstanding							
Balance at December 31, 2022	2,510,696	435,121,140	(194,445,696)	240,675,444	$ 251,070	$ 87,025	$ 1,109,072	$ (93,870)	$ 3,163,640	$ (2,789,967)	$ 1,726,970
Net income	—	—	—	—	—	—	—	—	412,948	—	412,948
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(7,445)	—	—	(7,445)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	405,503
Cash dividends declared:											
Common stock ($0.33 per share)	—	—	—	—	—	—	—	—	(76,817)	—	(76,817)
Preferred Stock, Series B ($5.17 per share)	—	—	—	—	—	—	—	—	(12,979)	—	(12,979)
Issuance of common shares	—	3,073,639	—	3,073,639	—	614	3,227	—	(1,217)	—	2,624
Stock-based compensation expense	—	—	—	—	—	—	28,300	—	—	—	28,300
Common stock repurchased	—	—	(16,389,696)	(16,389,696)	—	—	—	—	—	(257,563)	(257,563)
Shares repurchased related to employee stock-based compensation plans	—	—	(1,088,330)	(1,088,330)	—	—	—	—	—	(16,814)	(16,814)
Balance at September 30, 2023	2,510,696	438,194,779	(211,923,722)	226,271,057	$ 251,070	$ 87,639	$ 1,140,599	$ (101,315)	$ 3,485,575	$ (3,064,344)	$ 1,799,224

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock Shares	Common Stock Shares			Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
		Issued	Treasury	Outstanding							
Balance at December 31, 2023	2,510,696	438,230,416	(217,886,532)	220,343,884	$ 251,070	$ 87,647	$ 1,148,689	$ (75,104)	$ 3,624,859	$ (3,156,364)	$ 1,880,797
Net income	—	—	—	—	—	—	—	—	496,772	—	496,772
Other comprehensive income, net of tax	—	—	—	—	—	—	—	24,765	—	—	24,765
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	521,537
Cash dividends declared:											
Common stock ($0.33 per share)	—	—	—	—	—	—	—	—	(71,834)	—	(71,834)
Preferred Stock, Series B ($5.55 per share)	—	—	—	—	—	—	—	—	(13,929)	—	(13,929)
Issuance of common shares	—	2,298,280		2,298,280	—	459	4,757	—	(1,228)	—	3,988
Stock-based compensation expense	—	—	—	—	—	—	31,741	—	—	—	31,741
Common stock repurchased	—	—	(9,585,395)	(9,585,395)	—	—	—	—	—	(203,996)	(203,996)
Shares repurchased related to employee stock-based compensation plans	—	—	(726,302)	(726,302)	—	—	—	—	—	(14,554)	(14,554)
Balance at September 30, 2024	2,510,696	440,528,696	(228,198,229)	212,330,467	$ 251,070	$ 88,106	$ 1,185,187	$ (50,339)	$ 4,034,640	$ (3,374,914)	$ 2,133,750

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating activities		
Net income	$ 496,772	$ 412,948
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provisions for credit losses	300,336	329,864
Income tax expense	169,698	140,062
Amortization of brokered deposit placement fee	8,101	8,818
Amortization of Secured Borrowing Facility upfront fee	1,762	2,149
Amortization of deferred loan origination costs and loan premium/(discounts), net	9,203	9,831
Net amortization of discount on investments	(1,480)	(2,012)
Increase in tax indemnification receivable	—	(129)
Depreciation of premises and equipment	13,489	13,404
Acquired intangible assets amortization expense	3,834	7,351
Stock-based compensation expense	31,741	28,300
Unrealized (gains) losses on derivatives and hedging activities, net	62	(280)
Gains on sales of loans, net	(254,937)	(124,740)
Gains on securities, net	(385)	(1,988)
Acquisition transaction costs, net	—	997
Other adjustments to net income, net	8,856	12,279
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(829,087)	(777,125)
Increase in non-marketable securities	(10,553)	(853)
Decrease in other interest-earning assets	3,409	75
Increase in other assets	(41,899)	(31,211)
Decrease in income taxes payable, net	(234,743)	(163,077)
(Decrease) increase in accrued interest payable	(6,121)	27,829
Decrease in other liabilities	(1,992)	(9,988)
Total adjustments	(830,706)	(530,444)
Total net cash used in operating activities	(333,934)	(117,496)
Investing activities		
Loans acquired and originated	(6,071,409)	(5,600,123)
Net proceeds from sales of loans held for investment and loans held for sale	3,761,691	2,157,024
Proceeds from FFELP Loan claim payments	27,579	39,836
Net decrease in loans held for investment and loans held for sale (other than loans acquired and originated, and loan sales)	2,021,627	2,338,426
Purchases of available-for-sale securities	(76,963)	(70,790)
Proceeds from sales and maturities of available-for-sale securities	744,798	215,042
Purchase of subsidiary, net of cash acquired	—	(14,654)
Total net cash provided by (used in) investing activities	407,323	(935,239)
Financing activities		
Brokered deposit placement fee	(5,906)	(6,904)
Net increase in certificates of deposit	508,686	886,475
Net decrease in other deposits	(727,932)	(796,218)
Issuance costs for collateralized borrowings	—	(15)
Borrowings collateralized by loans in securitization trusts - issued	1,529,461	1,135,054
Borrowings collateralized by loans in securitization trusts - repaid	(727,688)	(863,230)
Fees paid on Secured Borrowing Facility	(2,333)	(2,850)
Common stock dividends paid	(71,834)	(76,817)
Preferred stock dividends paid	(13,929)	(12,979)
Common stock repurchased	(200,898)	(259,331)
Total net cash provided by financing activities	287,627	3,185
Net increase (decrease) in cash, cash equivalents and restricted cash	361,016	(1,049,550)
Cash, cash equivalents and restricted cash at beginning of period	4,299,507	4,772,836

Cash, cash equivalents and restricted cash at end of period	$ 4,660,523	$ 3,723,286
Cash disbursements made for:		
Interest	$ 824,375	$ 691,632
Income taxes paid	$ 235,675	$ 171,022
Income taxes refunded	$ (1,251)	$ (8,157)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:		
Cash and cash equivalents	$ 4,489,539	$ 3,548,225
Restricted cash	170,984	175,061
Total cash, cash equivalents and restricted cash	$ 4,660,523	$ 3,723,286

See accompanying notes to consolidated financial statements.

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of SLM Corporation (“Sallie Mae,” “SLM,” the “Company,” “we,” or “us”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of SLM Corporation and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results for the year ending December 31, 2024 or for any other period. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”).

Consolidation

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

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

Allowance for Credit Losses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We obtain forecasts for our loss model inputs from Moody’s Analytics. Moody’s Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurrence. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At September 30, 2024, December 31, 2023, and September 30, 2023, we used the Baseline (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario - 10 percent likelihood of occurring)/S3 (unfavorable (or downside) scenario - 10 percent likelihood of occurring) and weighted them 40 percent, 30 percent, and 30 percent, respectively. Management reviews both the scenarios and their respective weightings each quarter in determining the allowance for credit losses.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Specifically, the new guidance requires disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker, and an amount for other segment items by reportable segment, with a description of its composition. In addition, the amendment provides new segment disclosure requirements for entities with a single reportable segment. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We do not expect the impact of this amendment to be material to our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The ASU requires entities to disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items where the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income/loss by the applicable statutory income tax rate. Additionally, entities are required to disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by jurisdiction. The standard is effective for fiscal years beginning after December 15, 2024. We do not expect the impact of this amendment to be material to our consolidated financial statements.

2. Investments

Trading Investments

We periodically sell Private Education Loans (as hereinafter defined) through securitization transactions where we are required to retain a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitizations). We classify those vertical risk retention interests related to the transactions as available-for-sale investments, except for the interest in the residual classes, which we classify as trading investments recorded at fair value with changes recorded through earnings. At September 30, 2024 and December 31, 2023, we had $55 million and $54 million, respectively, classified as trading investments.

Available-for-Sale Investments

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

As of September 30, 2024 (dollars in thousands)	Amortized Cost	Allowance for credit losses[1]	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale:					
Mortgage-backed securities	$ 515,923	$ —	$ 1,664	$ (54,875)	$ 462,712
Utah Housing Corporation bonds	2,849	—	—	(318)	2,531
U.S. government-sponsored enterprises and Treasuries	997,530	—	—	(31,323)	966,207
Other securities	596,955	—	7,024	(12,824)	591,155
Total	$ 2,113,257	$ —	$ 8,688	$ (99,340)	$ 2,022,605

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

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

2. **Investments (Continued)**

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

(Dollars in thousands)	Less than 12 months		12 months or more		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
As of September 30, 2024:						
Mortgage-backed securities	$ (101)	$ 34,601	$ (54,774)	$ 309,842	$ (54,875)	$ 344,443
Utah Housing Corporation bonds	—	—	(318)	2,531	(318)	2,531
U.S. government-sponsored enterprises and Treasuries	—	—	(31,323)	966,207	(31,323)	966,207
Other securities	(123)	22,933	(12,701)	206,952	(12,824)	229,885
Total	$ (224)	$ 57,534	$ (99,116)	$ 1,485,532	$ (99,340)	$ 1,543,066
As of December 31, 2023:						
Mortgage-backed securities	$ (531)	$ 51,391	$ (61,949)	$ 300,318	$ (62,480)	$ 351,709
Utah Housing Corporation bonds	—	—	(279)	3,129	(279)	3,129
U.S. government-sponsored enterprises and Treasuries	—	—	(66,870)	1,578,739	(66,870)	1,578,739
Other securities	(2,221)	90,725	(21,818)	241,253	(24,039)	331,978
Total	$ (2,752)	$ 142,116	$ (150,916)	$ 2,123,439	$ (153,668)	$ 2,265,555

At September 30, 2024 and December 31, 2023, 194 of 278 and 213 of 248, respectively, of our available-for-sale securities were in an unrealized loss position.

Impairment

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

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

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

As of September 30, 2024, the amortized cost and fair value of securities, by contractual maturities, are summarized below. Contractual maturities versus actual maturities may differ due to the effect of prepayments.

As of September 30, 2024 Year of Maturity (dollars in thousands)	Amortized Cost	Estimated Fair Value
2024	$ 49,998	$ 49,922
2025	299,564	296,634
2026	549,052	522,070
2027	98,916	97,582
2038	66	68
2039	561	563
2042	2,152	1,914
2043	3,813	3,512
2044	4,125	3,867
2045	4,567	4,170
2046	7,014	6,318
2047	6,980	6,339
2048	1,706	1,597
2049	14,973	13,648
2050	102,417	84,272
2051	146,699	119,429
2052	59,033	53,601
2053	312,243	310,480
2054	132,881	128,397
2055	75,043	73,470
2056	200,334	202,800
2058	41,120	41,952
Total	$ 2,113,257	$ 2,022,605

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 $610 million and $612 million par value of securities pledged to this borrowing facility at September 30, 2024 and December 31, 2023, 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 the third quarter of 2024, we funded a new investment in non-marketable securities of an issuer whose securities we have not previously purchased. As of September 30, 2024 and December 31, 2023, our total investment in non-marketable securities was $24 million and $14 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 realization of federal tax credits and tax benefits from net operating losses on the underlying properties. Total carrying value of the LIHTC investments was $84 million at September 30, 2024 and $72 million at December 31, 2023. We are periodically required to provide additional financial support during the investment period. Our liability for these unfunded commitments was $33 million at September 30, 2024 and $30 million at December 31, 2023.

Related to these investments, we recognized tax credits and other tax benefits through tax (benefit) expense of $2 million at September 30, 2024 and $11 million at December 31, 2023. Tax credits and other tax benefits are recognized as part of our annual effective tax rate used to determine tax expense in a given quarter. Accordingly, the portion of a year’s expected tax benefits recognized in any given quarter may differ from 25 percent.

3. Loans Held for Investment

Loans held for investment consist of Private Education Loans. 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”). At September 30, 2024, we transferred our remaining FFELP Loan portfolio to loans held for sale. For additional information, see Notes to Consolidated Financial Statements, Note 4, “Loans Held for Sale”.

Our Private Education Loans are made largely to bridge the gap between the cost of higher education and the amount funded through financial aid, government loans, and customers’ resources. Private Education Loans bear the full credit risk of the customer. We manage this risk through risk-performance underwriting strategies and qualified cosigners. Private Education Loans may be fixed-rate or may carry a variable interest rate indexed to SOFR, the Secured Overnight Financing Rate. As of September 30, 2024 and December 31, 2023, 24 percent and 33 percent, respectively, of all of our Private Education Loans were indexed to SOFR. We provide incentives for customers to include a cosigner on the loan, and the vast majority of Private Education Loans in our portfolio are cosigned. We also encourage customers to make payments while in school.

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

In the first nine months of 2024, we recognized $255 million in gains from the sale of approximately $3.69 billion of Private Education Loans, including $3.42 billion of principal and $274 million in capitalized interest, to unaffiliated third parties. In the first nine months of 2023, we recognized $128 million in gains from the sale of approximately $2.10 billion of Private Education Loans, including $1.96 billion of principal and $144 million in capitalized interest, to an unaffiliated third party. There were VIEs created in the execution of certain of these loan sales; however, based on our consolidation analysis, we are not the primary beneficiary of those VIEs. Those transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of those loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information, see Notes to Consolidated Financial Statements, Note 9, “Borrowings - Unconsolidated VIEs” in this Form 10-Q.

3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Private Education Loans:		
Fixed-rate	$ 16,510,149	$ 13,985,791
Variable-rate	5,267,317	7,040,053
Total Private Education Loans, gross	21,777,466	21,025,844
Deferred origination costs and unamortized premium/(discount)	96,088	81,554
Allowance for credit losses	(1,413,621)	(1,335,105)
Total Private Education Loans, net	20,459,933	19,772,293
FFELP Loans[1]	—	537,401
Deferred origination costs and unamortized premium/(discount)	—	1,330
Allowance for credit losses	—	(4,667)
Total FFELP Loans, net	—	534,064
Loans held for investment, net	$ 20,459,933	$ 20,306,357

(1) FFELP Loans were transferred to loans held-for-sale at September 30, 2024.

The estimated weighted average life of education loans in our portfolio was approximately 5.4 years and 5.0 years at September 30, 2024 and December 31, 2023, respectively.

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

	2024		2023	
Three Months Ended September 30, (dollars in thousands)	**Average Balance**	**Weighted Average Interest Rate**	**Average Balance**	**Weighted Average Interest Rate**
Private Education Loans	$ 20,497,173	10.79 %	$ 20,649,663	10.96 %
FFELP Loans[1]	—	—	563,502	7.35
Total portfolio	$ 20,497,173		$ 21,213,165	

	2024		2023	
Nine Months Ended September 30, (dollars in thousands)	**Average Balance**	**Weighted Average Interest Rate**	**Average Balance**	**Weighted Average Interest Rate**
Private Education Loans	$ 20,805,777	10.90 %	$ 21,032,541	10.80 %
FFELP Loans[1]	—	—	583,427	7.10
Total portfolio	$ 20,805,777		$ 21,615,968	

(1) FFELP Loans were transferred to loans held for sale at September 30, 2024.

4. Loans Held for Sale

We had $486 million of loans held for sale at September 30, 2024, and no loans held for sale at December 31, 2023. The balance at September 30, 2024 was comprised of our FFELP Loan portfolio. At September 30, 2024, we wrote down this loan portfolio to its estimated fair value through an adjustment to the allowance for credit losses of $8 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 2023 Form 10-K for a more detailed discussion.

5. Allowance for Credit Losses (Continued)

Allowance for Credit Losses Metrics

Three Months Ended September 30, 2024 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	$ 4,060	$ 1,265,592	$ 1,269,652
Transfer from unfunded commitment liability[1]	—	115,421	115,421
Provisions:			
Provision for current period	4,368	109,196	113,564
Total provisions[2]	4,368	109,196	113,564
Net charge-offs:			
Charge-offs	(131)	(87,737)	(87,868)
Recoveries	—	11,149	11,149
Net charge-offs	(131)	(76,588)	(76,719)
Write-downs arising from transfer of loans to held for sale[3]	(8,297)	—	(8,297)
Ending Balance	$ —	$ 1,413,621	$ 1,413,621
Allowance[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,413,621	$ 1,413,621
Loans[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 21,777,466	$ 21,777,466
Accrued interest to be capitalized[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,390,774	$ 1,390,774
Net charge-offs as a percentage of average loans in repayment (annualized)[5]	— %	2.08 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized[6]	— %	6.10 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment[5][6]	— %	8.91 %	
Allowance coverage of net charge-offs (annualized)	—	4.61	
Ending total loans, gross	$ —	$ 21,777,466	
Average loans in repayment[5]	$ —	$ 14,708,205	
Ending loans in repayment[5]	$ —	$ 15,360,255	
Accrued interest to be capitalized on loans in repayment[7]	$ —	$ 513,121	

(1) See 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.

(2) Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of operations. 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 Operations
Provisions for Credit Losses Reconciliation

Three Months Ended September 30, 2024 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ 109,196
Provisions for unfunded loan commitments	157,901
Total Private Education Loan provisions for credit losses	267,097
Other impacts to the provisions for credit losses:	
FFELP Loans	4,368
Total	4,368
Provisions for credit losses reported in consolidated statements of operations	$ 271,465

(3) Represents fair value adjustments on loans transferred to held for sale.

(4) For the three months ended September 30, 2024, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

(5) 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).

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

(7) 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 September 30, 2023 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	$ 4,422	$ 1,360,294	$ 1,364,716
Transfer from unfunded commitment liability[1]	—	101,687	101,687
Provisions:			
Provision for current period	666	44,423	45,089
Total provisions[2]	666	44,423	45,089
Net charge-offs:			
Charge-offs	(272)	(104,865)	(105,137)
Recoveries	—	9,693	9,693
Net charge-offs	(272)	(95,172)	(95,444)
Ending Balance	$ 4,816	$ 1,411,232	$ 1,416,048
Allowance[3]:			
Ending balance: collectively evaluated for impairment	$ 4,816	$ 1,411,232	$ 1,416,048
Loans[3]:			
Ending balance: collectively evaluated for impairment	$ 554,309	$ 21,680,867	$ 22,235,176
Accrued interest to be capitalized[3]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,283,388	$ 1,283,388
Net charge-offs as a percentage of average loans in repayment (annualized)[4]	0.25 %	2.53 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized[5]	0.87 %	6.15 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment[4][5]	1.15 %	8.84 %	
Allowance coverage of net charge-offs (annualized)	4.43	3.71	
Ending total loans, gross	$ 554,309	$ 21,680,867	
Average loans in repayment[4]	$ 428,028	$ 15,023,993	
Ending loans in repayment[4]	$ 418,022	$ 15,505,145	
Accrued interest to be capitalized on loans in repayment[6]	$ —	$ 464,807	

[1] See 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.

[2] Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of operations. 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 Operations
Provisions for Credit Losses Reconciliation

Three Months Ended September 30, 2023 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ 44,423
Provisions for unfunded loan commitments	152,934
Total Private Education Loan provisions for credit losses	197,357
Other impacts to the provisions for credit losses:	
FFELP Loans	666
Total	666
Provisions for credit losses reported in consolidated statements of operations	$ 198,023

[3] For the three months ended September 30, 2023, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

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

[5] Accrued interest to be capitalized on Private Education Loans only.

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

5. Allowance for Credit Losses (Continued)

Nine Months Ended September 30, 2024 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	$ 4,667	$ 1,335,105	$ 1,339,772
Transfer from unfunded commitment liability[1]	—	276,750	276,750
Provisions:			
Provision for current period	4,010	276,534	280,544
Loan sale reduction to provision	—	(235,955)	(235,955)
Total provisions[2]	4,010	40,579	44,589
Net charge-offs:			
Charge-offs	(380)	(272,653)	(273,033)
Recoveries	—	33,840	33,840
Net charge-offs	(380)	(238,813)	(239,193)
Write-downs arising from transfer of loans to held for sale[3]	(8,297)	—	(8,297)
Ending Balance	$ —	$ 1,413,621	$ 1,413,621
Allowance[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,413,621	$ 1,413,621
Loans[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 21,777,466	$ 21,777,466
Accrued interest to be capitalized[4]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,390,774	$ 1,390,774
Net charge-offs as a percentage of average loans in repayment (annualized)[5]	— %	2.13 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized[6]	— %	6.10 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment[5][6]	— %	8.91 %	
Allowance coverage of net charge-offs (annualized)	—	4.44	
Ending total loans, gross	$ —	$ 21,777,466	
Average loans in repayment[5]	$ —	$ 14,944,421	
Ending loans in repayment[5]	$ —	$ 15,360,255	
Accrued interest to be capitalized on loans in repayment[7]	$ —	$ 513,121	

[1] See 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.

[2] Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of operations. 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 Operations
Provisions for Credit Losses Reconciliation

Nine Months Ended September 30, 2024 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ 40,579
Provisions for unfunded loan commitments	255,747
Total Private Education Loan provisions for credit losses	296,326
Other impacts to the provisions for credit losses:	
FFELP Loans	4,010
Total	4,010
Provisions for credit losses reported in consolidated statements of operations	$ 300,336

[3] Represents fair value adjustments on loans transferred to held for sale.

[4] For the nine months ended September 30, 2024, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.

[5] 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).

[6] Accrued interest to be capitalized on Private Education Loans only.

[7] 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)

Nine Months Ended September 30, 2023 (dollars in thousands)	FFELP Loans	Private Education Loans	Total
Allowance for Credit Losses			
Beginning balance	$ 3,444	$ 1,353,631	$ 1,357,075
Transfer from unfunded commitment liability[1]	—	278,388	278,388
Provisions:			
Provision for current period	2,225	196,859	199,084
Loan sale reduction to provision	—	(136,531)	(136,531)
Total provisions[2]	2,225	60,328	62,553
Net charge-offs:			
Charge-offs	(853)	(314,500)	(315,353)
Recoveries	—	33,385	33,385
Net charge-offs	(853)	(281,115)	(281,968)
Ending Balance	$ 4,816	$ 1,411,232	$ 1,416,048
Allowance[3]:			
Ending balance: collectively evaluated for impairment	$ 4,816	$ 1,411,232	$ 1,416,048
Loans[3]:			
Ending balance: collectively evaluated for impairment	$ 554,309	$ 21,680,867	$ 22,235,176
Accrued interest to be capitalized[3]:			
Ending balance: collectively evaluated for impairment	$ —	$ 1,283,388	$ 1,283,388
Net charge-offs as a percentage of average loans in repayment (annualized)[4]	0.26 %	2.44 %	
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized[5]	0.87 %	6.15 %	
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment[4][5]	1.15 %	8.84 %	
Allowance coverage of net charge-offs (annualized)	4.23	3.77	
Ending total loans, gross	$ 554,309	$ 21,680,867	
Average loans in repayment[4]	$ 440,716	$ 15,358,596	
Ending loans in repayment[4]	$ 418,022	$ 15,505,145	
Accrued interest to be capitalized on loans in repayment[6]	$ —	$ 464,807	

[1] See 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.
[2] Below is a reconciliation of the provisions for credit losses reported in the consolidated statements of operations. 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 Operations Provisions for Credit Losses Reconciliation

Nine Months Ended September 30, 2023 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ 60,328
Provisions for unfunded loan commitments	267,311
Total Private Education Loan provisions for credit losses	327,639
Other impacts to the provisions for credit losses:	
FFELP Loans	$ 2,225
Total	2,225
Provisions for credit losses reported in consolidated statements of operations	$ 329,864

[3] For the nine months ended September 30, 2023, there were no allowance for credit losses, loans, or accrued interest to be capitalized balances that were individually evaluated for impairment.
[4] Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).
[5] Accrued interest to be capitalized on Private Education Loans only.
[6] Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest repayment status after any applicable grace period (but, for purposes of the table, does not include the interest on those loans while they are in forbearance).

Allowance for Credit Losses

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

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

Provision for credit losses for the nine months ended September 30, 2024 decreased by $30 million compared with the year-ago period. During the nine months ended September 30, 2024, the provision for credit losses was primarily affected by $236 million in negative provisions recorded as a result of the $3.69 billion Private Education Loan sales during the first nine months of 2024, an improved economic outlook, and changes in management overlays and recovery rates, offset by new loan commitments, net of expired commitments, and increases to the provision as a result of decreases in our estimates of the historical long-term average prepayment speeds used after the two-year reasonable and supportable period. In the year-ago period, the provision for credit losses was primarily affected by new loan commitments, net of expired commitments, slower prepayment rates, management overlays, and changes in economic outlook, which were offset by $137 million in negative provisions recorded as a result of the $2.10 billion Private Education Loan sales during the first nine months of 2023 and an increase in recovery rates.

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

Loan Modifications to Borrowers Experiencing Financial Difficulty

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

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

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

When we give a borrower facing financial difficulty an interest rate reduction under our programs, we evaluate their ability to pay and provide customized repayment terms based upon their financial condition. Prior to the third quarter of 2024, as part of demonstrating the ability and willingness to pay, the borrower was required to make three consecutive monthly payments at the reduced payment amount in order to qualify for enrollment in a modification program and, if applicable, for the loan to re-age and be brought current. Beginning in the third quarter of 2024, we refined our practices in this area and, after we determine the borrower's ability to pay and they agree to the modification, the loan is modified immediately. Following the modification, the borrower is still required to make three consecutive monthly payments at the reduced payment amount in order for the loan to re-age and be brought current, if eligible. It continues to be our practice that any loan that has received a previous rate reduction or permanent extension is generally not re-age eligible following a modification. In that case, following the modification, the loan will remain in delinquency unless and until all past due amounts are paid and the loan is brought current.

Under our programs, we limit the granting of a permanent extension of the final maturity date of a loan to one time over the life of the loan, and limit the number of interest rate reductions to twice over the life of the loan. Where appropriate, we will permit two consecutive rate reductions so long as the borrower qualifies. We believe by tailoring the modification programs to the borrower's current financial condition and not having a one size fits all approach, we increase the likelihood the borrower will be able to make the modified payments and avoid default. This approach of giving different interest rate reductions to different borrowers experiencing more severe hardship also helps us better manage the overall assistance we provide to borrowers.

Within the Private Education Loan portfolio, we deem loans greater than 90 days past due as nonperforming. FFELP Loans are at least 97 percent guaranteed as to their principal and accrued interest by the federal government in the event of default and, therefore, we do not deem FFELP Loans as nonperforming from a credit risk perspective at any point in their life cycle prior to claim payment and continue to accrue interest on those loans through the date of claim.

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

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

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

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

As part of the additional modification programs that were launched in the fourth quarter of 2023, we also offered for a short period of time a permanent term extension with no interest rate reduction program. This program ended in the fourth quarter of 2023. The amortized cost of this program totaled $8.2 million, representing 0.04 percent of the total Private Education Loan portfolio. This program added a weighted average of 6.7 years to the life of loans in the program. As of September 30, 2024, $6.8 million of these loans were in a current or deferred status, $0.7 million of these loans were 30-59 days past due, $0.3 million of these loans were 60-89 days past due, and $0.4 million of these loans were 90 days or greater past due. For the three months ended September 30, 2024, there were $0.5 million modified loans[1] (with $0.5 mill

[1] Represents the period-end amortized cost basis of the applicable Private Education Loans as of September 30, 2024.

ion of unpaid principal balance at the time the loan became 60 days past due) in this program that became 60 days past due within 12 months of receiving the term extension and $0.2 million loans charged off within 12 months of receiving the term extension. For the nine months ended September 30, 2024, there were $1.1 million modified loans[2] (with $1.2 million of unpaid principal balance at the time the loan because 60 days past due) in this program that became 60 days past due within 12 months of receiving the term extension and $0.3 million loans charged off within 12 months of receiving the term extension.

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. The increases in loan modifications during the three and nine months ended September 30, 2024 compared to the year-ago periods are primarily due to additional modification programs implemented in the fourth quarter of 2023 and refinements to those programs, as previously described.

	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
Three Months Ended September 30, 2024 (dollars in thousands)	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type:	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Private Education Loans	$ 21,159	0.09 %	$ 449,484	1.92 %
Total	$ 21,159	0.09 %	$ 449,484	1.92 %

	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
Three Months Ended September 30, 2023 (dollars in thousands)	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type:	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Private Education Loans	$ 16,620	0.07 %	$ 90,193	0.39 %
Total	$ 16,620	0.07 %	$ 90,193	0.39 %

	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
Nine Months Ended September 30, 2024 (dollars in thousands)	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type:	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Private Education Loans	$ 28,633	0.12 %	$ 937,723	4.01 %
Total	$ 28,633	0.12 %	$ 937,723	4.01 %

[2] Represents the period-end amortized cost basis of the applicable Private Education Loans as of September 30, 2024.

Nine Months Ended September 30, 2023 (dollars in thousands)	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type:	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Private Education Loans	$ 39,263	0.17 %	$ 254,639	1.10 %
Total	$ 39,263	0.17 %	$ 254,639	1.10 %

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

Three Months Ended September 30, 2024			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 13.16% to 3.59%	Private Education Loans	Added a weighted average 9.42 years to the life of loans Reduced average contractual rate from 12.58% to 3.51%

Three Months Ended September 30, 2023			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 13.57% to 4.00%	Private Education Loans	Added a weighted average 10.22 years to the life of loans Reduced average contractual rate from 13.12% to 4.00%

Nine Months Ended September 30, 2024			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 13.18% to 3.59%	Private Education Loans	Added a weighted average 9.21 years to the life of loans Reduced average contractual rate from 12.69% to 3.60%

5. Allowance for Credit Losses (Continued)

Nine Months Ended September 30, 2023			
Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	**Financial Effect**	**Loan Type**	**Financial Effect**
Private Education Loans	Reduced average contractual rate from 13.29% to 4.00%	Private Education Loans	Added a weighted average 10.24 years to the life of loans Reduced average contractual rate from 12.84% to 4.00%

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

For the periods presented, the following tables provide, on both an amortized cost basis and unpaid principal balance basis, loan modifications that, at any point during the period presented, were 60 days or more past due within 12 months of the loan receiving a loan modification. Additionally, the table summarizes charge-offs occurring in the period presented within 12 months of the loan receiving a loan modification. The increases in loan modifications during the three and nine months ended September 30, 2024 compared to the year-ago periods are primarily due to the previously described additional modification programs implemented in the fourth quarter of 2023 and the refinements to those programs. The following tables do not include loans that received a permanent term extension with no interest rate reduction during the fourth quarter of 2023, which are discussed above.

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
(Dollars in thousands)	Modified Loans(1)(2)	Payment Default(4)	Charge-Offs(5)	Modified Loans(1)(2)	Payment Default(4)	Charge-Offs(5)
Loan Type:						
Private Education Loans	$ 87,722	$ 86,969	$ 18,056	$ 14,546	$ 14,129	$ 4,534
Total	$ 87,722	$ 86,969	$ 18,056	$ 14,546	$ 14,129	$ 4,534

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
(Dollars in thousands)	Modified Loans(1)(3)	Payment Default(4)	Charge-Offs(5)	Modified Loans(1)(3)	Payment Default(4)	Charge-Offs(5)
Loan Type:						
Private Education Loans	$ 121,032	$ 123,127	$ 20,564	$ 26,449	$ 27,672	$ 6,428
Total	$ 121,032	$ 123,127	$ 20,564	$ 26,449	$ 27,672	$ 6,428

(1) Represents period-end amortized cost basis of modified loans that were 60 days or more past due in the period presented and within 12 months of receiving a modification.

(2) For the three months ended September 30, 2024, the modified loans include $83.1 million of interest rate reduction and term extension loan modifications and $4.6 million of interest rate reduction only loan modifications. For the three months ended September 30, 2023, the modified loans include $12.4 million of interest rate reduction and term extension loan modifications and $2.1 million of interest rate reduction only loan modifications.

(3) For the nine months ended September 30, 2024, the modified loans include $115.4 million of interest rate reduction and term extension loan modifications and $5.7 million of interest rate reduction only loan modifications. For the nine months ended September 30, 2023, the modified loans include $23.0 million of interest rate reduction and term extension loan modifications and $3.4 million of interest rate reduction only loan modifications.

(4) Represents the unpaid principal balance at the time the modified loan became 60 days or more past due within 12 months of the loan receiving a loan modification.

(5) 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 table depicts the performance of loans that have been modified within the nine months prior to September 30, 2024, the 12 months prior to September 30, 2024, and the 12 months prior to December 31, 2023, respectively. Loans that received a permanent term extension with no interest rate reduction during the fourth quarter of 2023 are not included in the below table, but are discussed above.

	Nine Months Ended September 30, 2024		Twelve Months Ended September 30, 2024		Twelve Months Ended December 31, 2023	
(Dollars in thousands)	Balance	%	Balance	%	Balance	%
Payment Status (Amortized Cost Basis):						
Loan modifications in deferment[1]	$ 24,946		$ 28,327		$ 6,843	
Loan modifications in repayment:						
Loans current[2][3]	766,273	81 %	837,473	82 %	334,967	90 %
Loans delinquent 30-59 days[2][3]	74,279	8 %	77,145	8 %	17,205	4 %
Loans delinquent 60-89 days[2][3]	43,208	5 %	44,846	4 %	7,689	2 %
Loans 90 days or greater past due[2][3]	57,650	6 %	61,399	6 %	13,822	4 %
Total loan modifications in repayment	941,410	100 %	1,020,863	100 %	373,683	100 %
Total Private Education Loan modifications	$ 966,356		$ 1,049,190		$ 380,526	

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

(2) Represents loans in repayment, which include loans that have entered full principal and interest repayment status after any applicable grace period (but, for purposes of the table, do not include those loans while they are in forbearance).

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

Private Education Loans Held for Investment - Key Credit Quality Indicators

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

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

As of September 30, 2024 (dollars in thousands)	Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination Approval	2024[1]	2023[1]	2022[1]	2021[1]	2020[1]	2019 and Prior[1]	Total[1]	% of Balance
Cosigners:								
With cosigner	$ 3,734,881	$ 4,740,192	$ 2,775,372	$ 1,792,296	$ 1,185,946	$ 4,854,732	$ 19,083,419	88 %
Without cosigner	410,127	623,056	454,404	321,490	233,207	651,763	2,694,047	12
Total	$ 4,145,008	$ 5,363,248	$ 3,229,776	$ 2,113,786	$ 1,419,153	$ 5,506,495	$ 21,777,466	100 %
FICO at Origination Approval[2]:								
Less than 670	$ 246,464	$ 394,068	$ 261,780	$ 156,049	$ 96,605	$ 495,359	$ 1,650,325	8 %
670-699	509,488	751,734	450,549	288,455	201,741	937,664	3,139,631	14
700-749	1,256,692	1,649,606	1,010,936	673,104	463,935	1,861,249	6,915,522	32
Greater than or equal to 750	2,132,364	2,567,840	1,506,511	996,178	656,872	2,212,223	10,071,988	46
Total	$ 4,145,008	$ 5,363,248	$ 3,229,776	$ 2,113,786	$ 1,419,153	$ 5,506,495	$ 21,777,466	100 %
FICO Refreshed[2][3]:								
Less than 670	$ 350,534	$ 634,599	$ 460,995	$ 304,198	$ 195,926	$ 866,117	$ 2,812,369	13 %
670-699	530,612	722,522	411,258	247,461	142,707	599,235	2,653,795	12
700-749	1,240,651	1,541,321	904,821	581,250	371,047	1,464,960	6,104,050	28
Greater than or equal to 750	2,023,211	2,464,806	1,452,702	980,877	709,473	2,576,183	10,207,252	47
Total	$ 4,145,008	$ 5,363,248	$ 3,229,776	$ 2,113,786	$ 1,419,153	$ 5,506,495	$ 21,777,466	100 %
Seasoning[4]:								
1-12 payments	$ 2,276,316	$ 2,140,723	$ 420,171	$ 247,167	$ 149,269	$ 353,135	$ 5,586,781	25 %
13-24 payments	—	1,056,273	1,277,280	192,430	127,669	374,514	3,028,166	14
25-36 payments	—	—	619,637	855,419	116,659	484,079	2,075,794	10
37-48 payments	—	—	—	380,010	524,320	453,928	1,358,258	6
More than 48 payments	—	—	—	—	276,001	3,336,669	3,612,670	17
Not yet in repayment	1,868,692	2,166,252	912,688	438,760	225,235	504,170	6,115,797	28
Total	$ 4,145,008	$ 5,363,248	$ 3,229,776	$ 2,113,786	$ 1,419,153	$ 5,506,495	$ 21,777,466	100 %
2024 Current period[5] gross charge-offs	$ (672)	$ (16,359)	$ (48,389)	$ (38,496)	$ (27,088)	$ (141,649)	$ (272,653)	
2024 Current period[5] recoveries	37	1,268	4,876	4,317	2,886	20,456	33,840	
2024 Current period[5] net charge-offs	$ (635)	$ (15,091)	$ (43,513)	$ (34,179)	$ (24,202)	$ (121,193)	$ (238,813)	
Total accrued interest by origination vintage	$ 104,376	$ 452,478	$ 350,208	$ 226,175	$ 126,965	$ 269,612	$ 1,529,814	

(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 third-quarter 2024.

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

(5) Current period refers to period from January 1, 2024 through September 30, 2024.

5. Allowance for Credit Losses (Continued)

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

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

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

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

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

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

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

As of September 30, 2024 (dollars in thousands)	Private Education Loans Held for Investment - Delinquencies by Origination Vintage						
	2024	2023	2022	2021	2020	2019 and Prior	Total
Loans in-school/grace/deferment[1]	$ 1,868,692	$ 2,166,252	$ 912,688	$ 438,760	$ 225,235	$ 504,170	$ 6,115,797
Loans in forbearance[2]	4,394	60,324	67,024	40,094	28,002	101,576	301,414
Loans in repayment:							
Loans current	2,264,429	3,081,961	2,166,187	1,564,016	1,116,464	4,613,926	14,806,983
Loans delinquent 30-59 days[3]	5,536	31,829	41,997	34,974	23,902	147,233	285,471
Loans delinquent 60-89 days[3]	1,314	15,492	24,717	20,840	14,467	72,268	149,098
Loans 90 days or greater past due[3]	643	7,390	17,163	15,102	11,083	67,322	118,703
Total Private Education Loans in repayment	2,271,922	3,136,672	2,250,064	1,634,932	1,165,916	4,900,749	15,360,255
Total Private Education Loans, gross	4,145,008	5,363,248	3,229,776	2,113,786	1,419,153	5,506,495	21,777,466
Private Education Loans deferred origination costs and unamortized premium/(discount)	37,794	26,654	11,375	6,512	4,325	9,428	96,088
Total Private Education Loans	4,182,802	5,389,902	3,241,151	2,120,298	1,423,478	5,515,923	21,873,554
Private Education Loans allowance for losses	(212,169)	(313,135)	(235,225)	(155,737)	(95,729)	(401,626)	(1,413,621)
Private Education Loans, net	$ 3,970,633	$ 5,076,767	$ 3,005,926	$ 1,964,561	$ 1,327,749	$ 5,114,297	$ 20,459,933
Percentage of Private Education Loans in repayment	54.8 %	58.5 %	69.7 %	77.3 %	82.2 %	89.0 %	70.5 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.3 %	1.7 %	3.7 %	4.3 %	4.2 %	5.9 %	3.6 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.2 %	1.9 %	2.9 %	2.4 %	2.3 %	2.0 %	1.9 %

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

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

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

5. Allowance for Credit Losses (Continued)

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

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

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

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

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.

	Private Education Loans Accrued Interest Receivable		
(Dollars in thousands)	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest[1][2]
September 30, 2024	$ 1,529,814	$ 5,534	$ 7,426
December 31, 2023	$ 1,354,565	$ 8,373	$ 9,897

(1) The allowance for uncollectible interest at September 30, 2024 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment ($139 million of accrued interest receivable) that is not expected to be capitalized. The accrued interest receivable that is expected to be capitalized ($1.4 billion) is reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes $4.6 million of accrued interest receivable on those loans that are in repayment that is not expected to be capitalized and $0.9 million that is expected to be capitalized.

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

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 2023 Form 10-K for additional information.

At September 30, 2024, we had $2.5 billion of outstanding contractual loan commitments that we expect to fund during the remainder of the 2024/2025 academic year. The tables below summarize the activity in the allowance recorded to cover lifetime expected credit losses on the unfunded commitments, which is recorded in “Other Liabilities” on the consolidated balance sheets, as well as the activity in the unfunded commitments balance.

Three Months Ended September 30, (dollars in thousands)	2024		2023	
	Allowance	Unfunded Commitments	Allowance	Unfunded Commitments
Beginning Balance	$ 49,479	$ 1,300,393	$ 62,600	$ 1,562,856
Provision/New commitments - net[1]	157,901	3,934,921	152,934	3,258,234
Transfer - funded loans[2]	(115,421)	(2,758,529)	(101,687)	(2,451,203)
Ending Balance	$ 91,959	$ 2,476,785	$ 113,847	$ 2,369,887

Nine Months Ended September 30, (dollars in thousands)	2024		2023	
	Allowance	Unfunded Commitments	Allowance	Unfunded Commitments
Beginning Balance	$ 112,962	$ 2,221,077	$ 124,924	$ 1,995,808
Provision/New commitments - net[1]	255,747	6,287,149	267,311	5,912,418
Transfer - funded loans[2]	(276,750)	(6,031,441)	(278,388)	(5,538,339)
Ending Balance	$ 91,959	$ 2,476,785	$ 113,847	$ 2,369,887

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

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

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

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 did business as Nitro College (“Nitro”), in the first quarter of 2022, and the acquisition of the key assets of Scholly Inc. (“Scholly”) in the third quarter of 2023. Goodwill is not amortized but is tested periodically for impairment. We test goodwill for impairment annually in the fourth quarter of the year, or more frequently if we believe that indicators of impairment exist. At both September 30, 2024 and December 31, 2023, we had $56 million in total goodwill. See Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies — Business Combinations” in our 2023 Form 10-K for additional details on our acquisitions of Nitro and Scholly.

Acquired Intangible Assets

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

Acquired intangible assets include the following:

		September 30, 2024			December 31, 2023		
(Dollars in thousands)	Weighted Average Useful Life (in years)[1]	Cost Basis	Accumulated Amortization	Net	Cost Basis	Accumulated Amortization	Net
Trade name and trademarks[2]	4.0	$ 6,040	$ (1,762)	$ 4,278	$ 6,040	$ (629)	$ 5,411
Customer relationships	4.6	8,920	(5,931)	2,989	8,920	(4,013)	4,907
Developed technology	3.5	2,590	(1,473)	1,117	2,590	(908)	1,682
Partner relationships	2.5	730	(340)	390	730	(122)	608
Total acquired intangible assets		$ 18,280	$ (9,506)	$ 8,774	$ 18,280	$ (5,672)	$ 12,608

[1] The weighted average useful life of acquired intangible assets related to the Nitro acquisition is 4.6 years and the weighted average useful life of the acquired intangible assets related to the Scholly acquisition is 3.9 years.

[2] In 2023, we fully impaired the Nitro trade name and trademarks asset for $56 million.

We recorded amortization of acquired intangible assets totaling approximately $1 million and $4 million in the three and nine months ended September 30, 2024, respectively, and approximately $3 million and $7 million in the three and nine months ended September 30, 2023, respectively. We will continue to amortize our intangible assets with definite useful lives over their remaining estimated useful lives. We estimate amortization expense associated with these intangible assets will be approximately $5 million, $4 million, $3 million, and $1 million in 2024, 2025, 2026, and 2027, respectively.

8. Deposits

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

(Dollars in thousands)	September 30, 2024	December 31, 2023
Deposits - interest-bearing	$ 21,444,710	$ 21,651,657
Deposits - non-interest-bearing	747	1,531
Total deposits	$ 21,445,457	$ 21,653,188

Our total deposits of $21.4 billion were comprised of $9.8 billion in brokered deposits and $11.6 billion in retail and other deposits at September 30, 2024, compared to total deposits of $21.7 billion, which were comprised of $10.3 billion in brokered deposits and $11.4 billion in retail and other deposits, at December 31, 2023.

Interest-bearing deposits as of September 30, 2024 and December 31, 2023 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity money market deposits ("MMDAs"), and retail and brokered certificates of deposit ("CDs"). Interest-bearing deposits also include deposits from Educational 529 and Health Savings plans that diversify our funding sources and that we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented $7.0 billion and $7.6 billion of our deposit total as of September 30, 2024 and December 31, 2023, respectively. The omnibus accounts are structured in such a way that entitles the individual depositor pass-through deposit insurance (subject to Federal Deposit Insurance Corporation ("FDIC") rules and limitations), and the majority of these deposits have contractual minimum balances and maturity terms.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of $3 million and $3 million in the three months ended September 30, 2024 and 2023, respectively, and placement fee expense of $8 million and $9 million in the nine months ended September 30, 2024 and 2023, respectively. Fees paid to third-party brokers related to brokered CDs were $6 million and $4 million for the three months ended September 30, 2024 and September 30, 2023, respectively, and fees paid to third-party brokers related to brokered CDs were $6 million and $7 million for the nine months ended September 30, 2024 and September 30, 2023, respectively.

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

	September 30, 2024		December 31, 2023	
(Dollars in thousands)	Amount	Qtr.-End Weighted Average Stated Rate[(1)]	Amount	Year-End Weighted Average Stated Rate[(1)]
Money market	$ 9,499,233	4.66 %	$ 10,258,292	4.85 %
Savings	985,036	4.32	945,000	4.35
Certificates of deposit	10,960,441	4.17	10,448,365	3.69
Deposits - interest bearing	$ 21,444,710		$ 21,651,657	

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

Certificates of deposit remaining maturities are summarized as follows:

(Dollars in thousands)	September 30, 2024	December 31, 2023
One year or less	$ 6,018,238	$ 3,937,766
After one year to two years	3,318,933	4,112,902
After two years to three years	712,443	1,881,371
After three years to four years	258,183	327,295
After four years to five years	652,413	188,802
After five years	231	229
Total	$ 10,960,441	$ 10,448,365

As of September 30, 2024 and December 31, 2023, there were $513 million and $478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was $70 million and $91 million at September 30, 2024 and December 31, 2023, 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 2023 Form 10-K. The following table summarizes our borrowings at September 30, 2024 and December 31, 2023.

	September 30, 2024			December 31, 2023		
(Dollars in thousands)	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	$ —	$ 994,614	$ 994,614	$ —	$ 992,200	$ 992,200
Total unsecured borrowings	—	994,614	994,614	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	4,204,755	4,204,755	—	3,585,254	3,585,254
Variable-rate	—	837,158	837,158	—	650,058	650,058
Total Private Education Loan term securitizations	—	5,041,913	5,041,913	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	5,041,913	5,041,913	—	4,235,312	4,235,312
Total	$ —	$ 6,036,527	$ 6,036,527	$ —	$ 5,227,512	$ 5,227,512

Short-term Borrowings

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

Long-term Borrowings

Secured Financings

2024 Transactions

On May 15, 2024, we executed our $668 million SMB Private Education Loan Trust 2024-C term ABS transaction, which was accounted for as a secured financing. We sold $668 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately $668 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.36 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.19 percent. On September 30, 2024, $716 million of our Private Education Loans, including $656 million of principal and $60 million in capitalized interest, were encumbered because of this transaction.

On August 14, 2024, we executed our $868 million SMB Private Education Loan Trust 2024-E term ABS transaction, which was accounted for as a secured financing. We sold $868 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately $868 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.17 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.42 percent. On September 30, 2024, $933 million of our Private Education Loans, including $855 million of principal and $78 million in capitalized interest, were encumbered because of this transaction.

9. Borrowings (Continued)

Secured Financings at Issuance

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

Issue	Date Issued	Total Issued	Weighted Average Cost of Funds[1]	Weighted Average Life (in years)
(Dollars in thousands)				
Private Education Loans:				
2023-A	March 2023	$ 579,000	SOFR plus 1.53%	5.06
2023-C	August 2023	568,000	SOFR plus 1.69%	4.93
Total notes issued in 2023		$ 1,147,000		
Total loan and accrued interest amount securitized at inception in 2023[2]		$ 1,292,507		
2024-C	May 2024	$ 668,000	SOFR plus 1.19%	5.36
2024-E	August 2024	868,000	SOFR plus 1.42%	5.17
Total notes issued in 2024		$ 1,536,000		
Total loan and accrued interest amount securitized at inception in 2024[3]		$ 1,678,289		

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

[2] At September 30, 2024, $1.11 billion of our Private Education Loans, including $1.02 billion of principal and $85 million in capitalized interest, were encumbered related to these transactions.

[3] At September 30, 2024, $1.65 billion of our Private Education Loans, including $1.51 billion of principal and $138 million in capitalized interest, were encumbered related to these transactions.

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.

	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
As of September 30, 2024 (dollars in thousands)	Short-Term	Long-Term	Total	Loans	Restricted Cash	Other Assets[1]	Total
Secured borrowings:							
Private Education Loan term securitizations	$ —	$ 5,041,913	$ 5,041,913	$ 6,344,419	$ 170,982	$ 419,945	$ 6,935,34
Secured Borrowing Facility	—	—	—	—	—	1,636	1,63
Total	$ —	$ 5,041,913	$ 5,041,913	$ 6,344,419	$ 170,982	$ 421,581	$ 6,936,98

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

(1) Other assets primarily represent accrued interest receivable.

Unconsolidated VIEs

Private Education Loan Securitizations

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

2024-A Transaction

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

2024-R1 Transaction

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

2024-B Transaction

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

2024-D Transaction

On June 28, 2024, we closed an SMB Private Education Loan Trust 2024-D term ABS transaction (the "2024-D Transaction"), in which an unaffiliated third party sold to the trust approximately $1.5 billion of Private Education Loans that the third-party seller previously purchased from us on May 23, 2024. Sallie Mae Bank sponsored the 2024-D Transaction, is the servicer and administrator, and was the seller of an additional $79 million of Private Education Loans into the trust. The sale of such additional loans qualified for sale treatment and removed these loans from our balance sheet on the settlement date of the 2024-D Transaction and we recorded a $6 million gain on sale associated with this transaction. In connection with the 2024-D Transaction settlement, we retained a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitization). We classified those vertical risk retention interests related to the 2024-D Transaction as available-for-sale investments, except for the interest in the residual class, which we classified as a trading investment recorded at fair value with changes recorded through earnings.

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

	September 30, 2024			December 31, 2023		
(Dollars in thousands)	Debt Interests[1]	Equity Interests[2]	Total Exposure	Debt Interests[1]	Equity Interests[2]	Total Exposure
Private Education Loan term securitizations	$ 591,155	$ 54,840	$ 645,995	$ 423,327	$ 54,481	$ 477,808

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

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks, which totaled $125 million at September 30, 2024. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the nine months ended September 30, 2024 nor in the year ended December 31, 2023.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Discount Window (the "Window"). The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At September 30, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled $2.3 billion and $1.6 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the nine months ended September 30, 2024 nor in the year ended December 31, 2023.

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 2023 Form 10-K for a full discussion of our risk management strategy.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the Chicago Mercantile Exchange (“CME”) and the London Clearing House (“LCH”). All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of September 30, 2024, $855 million notional of our derivative contracts were cleared on the CME and $88 million were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 90.6 percent and 9.4 percent, respectively, of our total notional derivative contracts of $943 million at September 30, 2024.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of September 30, 2024 was $(20) million and $(1) 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 September 30, 2024 and December 31, 2023, we had a net positive exposure (derivative gain/loss positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of $6 million and $9 million, respectively.

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 September 30, 2024 and December 31, 2023, and their impact on earnings and other comprehensive income for the nine months ended September 30, 2024 and September 30, 2023. Please refer to Notes to Consolidated Financial Statements, Note 13, "Derivative Financial Instruments" in our 2023 Form 10-K for a full discussion of cash flow hedges, fair value hedges, and trading activities.

Impact of Derivatives on the Consolidated Balance Sheets

(Dollars in thousands)		Cash Flow Hedges September 30, 2024	Cash Flow Hedges December 31, 2023	Fair Value Hedges September 30, 2024	Fair Value Hedges December 31, 2023	Trading September 30, 2024	Trading December 31, 2023	Total September 30, 2024	Total December 31, 2023
Fair Values[1]	Hedged Risk Exposure								
Derivative Assets:[2]									
Interest rate swaps	Interest rate	$ 600	$ —	$ —	$ —	$ —	$ —	$ 600	$ —
Derivative Liabilities:[2]									
Interest rate swaps	Interest rate	—	(339)	(84)	(31)		—	(84)	(370)
Total net derivatives		$ 600	$ (339)	$ (84)	$ (31)	$ —	$ —	$ 516	$ (370)

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

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

(Dollars in thousands)	Other Assets September 30, 2024	Other Assets December 31, 2023	Other Liabilities September 30, 2024	Other Liabilities December 31, 2023
Gross position[1]	$ 600	$ —	$ (84)	$ (370)
Impact of master netting agreement	(84)	—	84	—
Derivative values with impact of master netting agreements (as carried on balance sheet)	516	—	—	(370)
Cash collateral pledged[2]	5,821	9,228	—	—
Net position	$ 6,337	$ 9,228	$ —	$ (370)

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

Notional Values

(Dollars in thousands)	Cash Flow September 30, 2024	Cash Flow December 31, 2023	Fair Value September 30, 2024	Fair Value December 31, 2023	Trading September 30, 2024	Trading December 31, 2023	Total September 30, 2024	Total December 31, 2023
Interest rate swaps	$ 661,765	$ 1,203,783	$ 281,520	$ 702,309	$ —	$ —	$ 943,285	$ 1,906,092
Net total notional	$ 661,765	$ 1,203,783	$ 281,520	$ 702,309	$ —	$ —	$ 943,285	$ 1,906,092

As of September 30, 2024 and December 31, 2023, the following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustments for fair value hedges:

(Dollars in thousands)	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	
Line Item in the Balance Sheet in Which the Hedged Item is Included:	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Deposits	$ (277,739)	$ (689,137)	$ 3,589	$ 12,910

Impact of Derivatives on the Consolidated Statements of Operations

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Fair Value Hedges				
Interest rate swaps:				
Interest recognized on derivatives	$ (3,275)	$ (6,701)	$ (12,379)	$ (19,086)
Hedged items recorded in interest expense	(3,648)	(4,346)	(9,321)	(10,504)
Derivatives recorded in interest expense	3,669	4,265	9,378	10,596
Total	$ (3,254)	$ (6,782)	$ (12,322)	$ (18,994)
Cash Flow Hedges				
Interest rate swaps:				
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	$ 9,719	$ 12,813	$ 34,475	$ 34,917
Total	$ 9,719	$ 12,813	$ 34,475	$ 34,917
Trading				
Interest rate swaps:				
Change in fair value of future interest payments recorded in earnings	$ —	$ —	$ —	$ —
Total	—	—	—	—
Total	$ 6,465	$ 6,031	$ 22,153	$ 15,923

10. Derivative Financial Instruments (Continued)

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

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Amount of gain (loss) recognized in other comprehensive income (loss)	$ (6,391)	$ 7,046	$ 6,056	$ 21,726
Less: amount of gain (loss) reclassified in interest expense	9,719	12,813	34,475	34,917
Total change in other comprehensive income (loss) for unrealized gains (losses) on derivatives, before income tax (expense) benefit	$ (16,110)	$ (5,767)	$ (28,419)	$ (13,191)

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 $20 million will be reclassified as a decrease to interest expense.

Cash Collateral

As of September 30, 2024, cash collateral held and pledged excludes amounts that represent legal settlement of the derivative contracts held with the CME and LCH. There was no cash collateral held by us related to derivative exposure between us and our derivatives counterparties at September 30, 2024 and December 31, 2023, respectively. Collateral held is recorded in "Other Liabilities" on the consolidated balance sheets. Cash collateral pledged by us related to derivative exposure between us and our derivatives counterparties was $6 million and $9 million at September 30, 2024 and December 31, 2023, 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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Common stock repurchased under repurchase programs[(1)]	5,345,026	—	9,585,395	16,389,696
Average purchase price per share[(2)]	$ 21.58	$ —	$ 21.28	$ 15.71
Shares repurchased related to employee stock-based compensation plans[(3)]	34,916	10,687	726,302	1,088,330
Average purchase price per share	$ 22.41	$ 16.14	$ 20.04	$ 15.45
Common shares issued[(4)]	249,049	200,886	2,298,280	3,073,639

(1) Common shares purchased under our share repurchase programs. The 2022 Share Repurchase Program expired on January 25, 2024. There was $448 million of capacity remaining under the 2024 Share Repurchase Program at September 30, 2024.

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

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

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

The closing price of our common stock on the NASDAQ Global Select Market on September 30, 2024 was $22.87.

Common Stock Dividends

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

Share Repurchases

On January 26, 2022, we announced a share repurchase program (the “2022 Share Repurchase Program”), which was effective upon announcement and expired on January 25, 2024, and permitted us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed $1.25 billion. We did not repurchase shares of common stock under the 2022 Share Repurchase Program in the nine months ended September 30, 2024. Under the 2022 Share Repurchase Program, we did not repurchase shares of common stock in the three months ended September 30, 2023, and we repurchased 16.4 million shares of common stock for $257 million in the nine months ended September 30, 2023.

On January 24, 2024, we announced a new share repurchase program (the "2024 Share Repurchase Program"), which became effective on January 26, 2024 and expires on February 6, 2026, and permits us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed $650 million. Under the 2024 Share Repurchase Program, we repurchased 5.3 million shares of common stock for $115 million in the three months ended September 30, 2024, and 9.6 million shares of common stock for $204 million in the nine months ended September 30, 2024. We had $448 million of capacity remaining under the 2024 Share Repurchase Program at September 30, 2024.

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

Share Repurchases under Rule 10b5-1 trading plans

During the three months ended September 30, 2024, we repurchased 5.3 million shares of our common stock at a total cost of $115 million. During the three months ended September 20, 2023, we did not repurchase shares of our common stock under any share repurchase program. During the nine months ended September 30, 2024 and 2023, we repurchased 9.6 million and 16.4 million shares, respectively, of our common stock at a total cost of $204 million and $257 million, respectively, under Rule 10b5-1 trading plans authorized under our share repurchase programs.

12. Earnings (Loss) per Common Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, except per share data)	2024	2023	2024	2023
Numerator:				
Net income (loss)	$ (45,152)	$ 29,365	$ 496,772	$ 412,948
Preferred stock dividends	4,648	4,642	13,929	12,979
Net income (loss) attributable to SLM Corporation common stock	$ (49,800)	$ 24,723	$ 482,843	$ 399,969
Denominator:				
Weighted average shares used to compute basic EPS	214,873	226,120	218,059	234,170
Effect of dilutive securities:				
Dilutive effect of stock options, restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan ("ESPP") (1) (2)	—	2,680	3,494	2,423
Weighted average shares used to compute diluted EPS	214,873	228,800	221,553	236,593
Basic earnings (loss) per common share	$ (0.23)	$ 0.11	$ 2.21	$ 1.71
Diluted earnings (loss) per common share	$ (0.23)	$ 0.11	$ 2.18	$ 1.69

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

(2) For the three months ended September 30, 2024 and 2023, securities covering approximately 6 million shares and 1 million shares, respectively, and for the nine months ended September 30, 2024 and 2023, securities covering approximately less than 1 million shares and 1 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

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 2023 Form 10-K.

During the nine months ended September 30, 2024, there were no significant transfers of financial instruments between levels or changes in our methodology or assumptions used to value our financial instruments.

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

	Fair Value Measurements on a Recurring Basis							
	September 30, 2024				December 31, 2023			
(Dollars in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Trading investments	$ —	$ —	$ 54,840	$ 54,840	$ —	$ —	$ 54,481	$ 54,481
Available-for-sale investments	—	2,019,695	2,910	2,022,605	—	2,411,622	—	2,411,622
Held for sale loans	—	485,701	—	485,701	—	—	—	—
Derivative instruments	—	600	—	600	—	—	—	—
Total	$ —	$ 2,505,996	$ 57,750	$ 2,563,746	$ —	$ 2,411,622	$ 54,481	$ 2,466,103
Liabilities:								
Derivative instruments	$ —	$ (84)	$ —	$ (84)	$ —	$ (370)	$ —	$ (370)
Total	$ —	$ (84)	$ —	$ (84)	$ —	$ (370)	$ —	$ (370)

13. Fair Value Measurements (Continued)

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

	Nine Months Ended September 30,					
	2024			2023		
	Investments			Investments		
(Dollars in thousands)	Available For Sale - Debt Securities	Trading - Residual Interests	Total	Available For Sale - Debt Securities	Trading - Residual Interests	Total
Balance, beginning of period	$ —	$ 54,481	$ 54,481	$ —	$ 50,786	$ 50,786
Total gains/(losses):						
Included in earnings (or changes in net assets)[1]	14	398	412	—	2,016	2,016
Included in other comprehensive income	83	—	83	—	—	—
Settlements	2,813	(39)	2,774	—	(241)	(241)
Transfers into level 3	—	—	—	—	—	—
Transfers out of level 3	—	—	—	—	—	—
Balance, end of period	$ 2,910	$ 54,840	$ 57,750	$ —	$ 52,561	$ 52,561
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	$ 83	$ —	$ 83	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period[2]	$ —	$ 398	$ 398	$ —	$ 2,016	$ 2,016

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

	Nine Months Ended September 30,	
(Dollars in thousands)	2024	2023
Interest Income - Investments	$ 14	$ —
Gains (losses) on securities, net	398	2,016
Total	$ 412	$ 2,016

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

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

(Dollars in thousands)	Fair Value at 9/30/2024	Valuation Technique	Unobservable Input	Range (Average)
Debt Securities	$ 2,910	Discounted cash flow	Constant Prepayment Rate	7.1%-11.1% (8.5%)
			Probability of default	4.0%-17.0% (11.5%)
Residual Interests	54,840	Discounted cash flow	Constant Prepayment Rate	7.1%-11.1% (8.5%)
			Probability of default	4.0%-17.0% (11.5%)
Total	$ 57,750			

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

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

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

	September 30, 2024			December 31, 2023		
(Dollars in thousands)	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Earning assets:						
Loans held for investment, net:						
Private Education Loans	$ 23,812,201	$ 20,459,933	$ 3,352,268	$ 22,229,045	$ 19,772,293	$ 2,456,752
FFELP Loans	—	—	—	542,775	534,064	8,711
Loans held for sale	485,701	485,701	—	—	—	—
Cash and cash equivalents	4,489,539	4,489,539	—	4,149,838	4,149,838	—
Trading investments	54,840	54,840	—	54,481	54,481	—
Available-for-sale investments	2,022,605	2,022,605	—	2,411,622	2,411,622	—
Accrued interest receivable	1,667,539	1,537,594	129,945	1,448,766	1,379,904	68,862
Derivative instruments	600	600	—	—	—	—
Total earning assets	$ 32,533,025	$ 29,050,812	$ 3,482,213	$ 30,836,527	$ 28,302,202	$ 2,534,325
Interest-bearing liabilities:						
Money-market and savings accounts	$ 10,477,366	$ 10,484,269	$ 6,903	$ 11,134,883	$ 11,203,292	$ 68,409
Certificates of deposit	11,027,258	10,960,441	(66,817)	10,380,684	10,448,365	67,681
Long-term borrowings	5,889,769	6,036,527	146,758	4,873,690	5,227,512	353,822
Accrued interest payable	98,945	98,945	—	105,066	105,066	—
Derivative instruments	84	84	—	370	370	—
Total interest-bearing liabilities	$ 27,493,422	$ 27,580,266	$ 86,844	$ 26,494,693	$ 26,984,605	$ 489,912
Excess of net asset fair value over carrying value			$ 3,569,057			$ 3,024,237

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

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.

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

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

14. Regulatory Capital (Continued)

At September 30, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

(Dollars in thousands)	Adjusted Transition Amounts December 31, 2021	Phase-In Amounts for the Year Ended December 31, 2022	Phase-In Amounts for the Year Ended December 31, 2023	Phase-In Amounts for the Nine Months Ended September 30, 2024	Remaining Adjusted Transition Amounts to be Phased-In September 30, 2024
Retained earnings	$ 836,351	$ (209,088)	$ (209,088)	$ (209,088)	$ 209,087
Allowance for credit losses	1,038,145	(259,536)	(259,536)	(259,536)	259,537
Liability for unfunded commitments	104,377	(26,094)	(26,094)	(26,095)	26,094
Deferred tax asset	306,171	(76,542)	(76,542)	(76,543)	76,544

The Bank's required and actual regulatory capital amounts and ratios, including applicable capital conservation buffers, under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At September 30, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled $69 million and $115 million, net of tax of $22 million and $37 million, respectively. The capital ratios would remain above the well capitalized thresholds, including applicable capital conservation buffers, if the unrealized loss became fully recognized into capital.

	Actual		U.S. Basel III Minimum Requirements Plus Buffer[(1)(2)]		
(Dollars in thousands)	Amount	Ratio	Amount		Ratio
As of September 30, 2024[(3)]:					
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 2,985,360	11.6 %	$ 1,803,995	≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 2,985,360	11.6 %	$ 2,190,566	≥	8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,318,657	12.9 %	$ 2,705,993	≥	10.5 %
Tier 1 Capital (to Average Assets)	$ 2,985,360	10.1 %	$ 1,185,423	≥	4.0 %
As of December 31, 2023[(3)]:					
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,019,973	12.3 %	$ 1,719,621	≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,019,973	12.3 %	$ 2,088,111	≥	8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,334,140	13.6 %	$ 2,579,432	≥	10.5 %
Tier 1 Capital (to Average Assets)	$ 3,019,973	10.2 %	$ 1,184,213	≥	4.0 %

(1) Reflects the U.S. Basel III minimum required ratio plus the applicable capital conservation buffer.
(2) The Bank's regulatory capital ratios also exceeded all applicable standards for the Bank to qualify as "well capitalized" under the prompt corrective action framework.
(3) For both September 30, 2024 and December 31, 2023, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2024 and 2023.

Bank Dividends

The Bank is chartered under the laws of the State of Utah and its deposits are insured by the FDIC. The Bank's ability to pay dividends is subject to the laws of Utah and the regulations of the FDIC. Generally, under Utah's industrial bank laws and regulations as well as FDIC regulations, the Bank may pay dividends from its net profits without regulatory approval if, following the payment of the dividend, the Bank's capital and surplus would not be impaired. The Bank declared $116 million and $414 million in dividends to the Company for the three and nine months ended September 30, 2024, respectively, and $100 million and $400 million in dividends to the Company for the three and nine months ended September 30, 2023, respectively, with the proceeds primarily used to fund share repurchase programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the

Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

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 September 30, 2024, we had $2.5 billion of outstanding contractual loan commitments that we expect to fund during the remainder of the 2024/2025 academic year. At September 30, 2024, we had a $92 million reserve recorded in “Other Liabilities” to cover expected losses that may occur during the one-year loss emergence period on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies - Allowance for Credit Losses — Off-Balance Sheet Exposure for Contractual Loan Commitments” in our 2023 Form 10-K and Note 6, “Unfunded Loan Commitments” in this Form 10-Q for additional information.

Regulatory Matters

In May 2014, the Bank received a Civil Investigative Demand (“CID”) from the Consumer Financial Protection Bureau (the “CFPB”) as part of the CFPB’s separate investigation relating to customer complaints, fees, and charges assessed in connection with the servicing of student loans and related collection practices of pre-Spin-Off SLM by entities now subsidiaries of Navient Corporation (“Navient”) during a time period prior to the Spin-Off (the “CFPB Investigation”). To the extent requested, the Bank has been cooperating fully with the CFPB. Given the timeframe covered by the CID and the CFPB Investigation, and the focus on practices and procedures previously conducted by Navient and its servicing subsidiaries prior to the Spin-Off, Navient is leading the response to these investigations. Consequently, we have no basis from which to estimate either the duration or ultimate outcome of this investigation.

We note that on January 18, 2017, the CFPB filed a complaint in federal court in Pennsylvania against Navient, along with its subsidiaries, Navient Solutions, Inc. and Pioneer Credit Recovery, Inc. The complaint alleges these Navient entities, among other things, engaged in deceptive practices with respect to their historic servicing and debt collection practices. Neither SLM, the Bank, nor any of their current subsidiaries are named in, or otherwise a party to, the lawsuit and are not alleged to have engaged in any wrongdoing. The CFPB’s complaint asserts Navient’s assumption of these liabilities under the Separation and Distribution Agreement for alleged conduct that predated the Spin-Off.

On September 12, 2024, the federal court in Pennsylvania in the above-referenced lawsuit entered a Stipulated Final Judgment and Order that was agreed to by the CFPB and the Navient defendants to settle and resolve all matters in dispute arising from Navient’s conduct alleged in the lawsuit. Neither SLM, the Bank, nor any of their current subsidiaries were named in, or otherwise a party to, that lawsuit, and no claims were asserted against them. The Company and the Bank were not parties to the settlement and have not contributed any of the relief to be provided in the settlement.

For additional information regarding our regulatory matters, see Notes to Consolidated Financial Statements, Note 21, “Commitments, Contingencies and Guarantees” in our 2023 Form 10-K. See also the section labeled “History” on page 3 of our 2023 Form 10-K for definitions and discussion regarding the “Spin Off” and “pre-Spin-Off SLM.”

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.

15. Commitments, Contingencies and Guarantees (Continued)

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

Declaration of Fourth Quarter 2024 Common Stock Dividend

A 2024 fourth-quarter common stock dividend of $0.13 per share has been declared and will be paid on December 16, 2024 to shareholders of record at the close of business on December 5, 2024.

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

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

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

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

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

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

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

Selected Financial Information and Ratios

(In thousands, except per share data and percentages)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net income (loss) attributable to SLM Corporation common stock	$ (49,800)	$ 24,723	$ 482,843	$ 399,969
Diluted earnings (loss) per common share	$ (0.23)	$ 0.11	$ 2.18	$ 1.69
Weighted average shares used to compute diluted earnings per common share	214,873	228,800	221,553	236,593
Return on Assets[1]	(0.6)%	0.4 %	2.3 %	1.9 %
Other Operating Statistics (Held for Investment)				
Ending Private Education Loans, net	$ 20,459,933	$ 20,348,308	$ 20,459,933	$ 20,348,308
Ending FFELP Loans, net[2]	—	550,873	—	550,873
Ending total education loans, net	$ 20,459,933	$ 20,899,181	$ 20,459,933	$ 20,899,181
Average education loans	$ 20,497,173	$ 21,213,165	$ 20,805,777	$ 21,615,968

(1) We calculate and report our Return on Assets as the ratio of (a) GAAP net income (loss) numerator (annualized) to (b) the GAAP total average assets denominator.
(2) FFELP Loans were transferred to loans held for sale at September 30, 2024.

Overview

The following discussion and analysis presents a review of our business and operations as of and for the three and nine months ended September 30, 2024.

Key Financial Measures

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

Strategic Imperatives

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

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

2024-C Securitization

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

2024-E Securitization

On August 14, 2024, we executed our $868 million SMB Private Education Loan Trust 2024-E term ABS transaction, which was accounted for as a secured financing. We sold $868 million of notes to third parties and retained a 100 percent interest in the residual certificates issued in the securitization, raising approximately $868 million of gross proceeds. The Class A and Class B notes had a weighted average life of 5.17 years and priced at a weighted average SOFR equivalent cost of SOFR plus 1.42 percent.

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

In the first nine months of 2024, we recognized $255 million in gains from the sale of approximately $3.69 billion of Private Education Loans, including $3.42 billion of principal and $274 million in capitalized interest, to unaffiliated third parties. The transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information regarding these transactions, see Notes to Consolidated Financial Statements, Note 3, “Loans Held for Investment” and Note 9, “Borrowings - Unconsolidated VIEs” in this Form 10-Q.

FFELP Loan Portfolio Transferred to Held for Sale

At September 30, 2024, we transferred the remaining $486 million FFELP Loan portfolio balance to held for sale because we intend to sell the portfolio to an unaffiliated third party. At September 30, 2024, we wrote down this loan portfolio to its estimated fair value through an adjustment to the allowance for credit losses of $8 million.

Secured Borrowing Facility

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

Share Repurchases under our Rule 10b5-1 Trading Plans

During the nine months ended September 30, 2024, we repurchased 9.6 million shares of our common stock at a total cost of $204 million under Rule 10b5-1 trading plans authorized under our 2024 Share Repurchase Program.

Results of Operations

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

GAAP Consolidated Statements of Operations (Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease) $	Increase (Decrease) %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease) $	Increase (Decrease) %
Interest income:								
Loans	$ 565	$ 581	$ (16)	(3)%	$ 1,727	$ 1,732	$ (5)	—
Investments	16	13	3	23	46	37	9	24
Cash and cash equivalents	71	58	13	22	185	155	30	19
Total interest income	653	652	—	—	1,958	1,924	34	2
Total interest expense	293	268	25	9	839	747	92	12
Net interest income	359	385	(26)	(7)	1,119	1,176	(57)	(5
Less: provisions for credit losses	271	198	73	37	300	330	(30)	(9
Net interest income after provisions for credit losses	88	187	(99)	(53)	818	846	(28)	(3
Non-interest income:								
Gains on sales of loans, net	—	—	—	—	255	125	130	104
Gains (losses) on securities, net	(4)	1	(5)	(500)	—	2	(2)	(100
Other income	28	23	5	22	85	63	22	35
Total non-interest income	24	24	—	—	340	190	150	79
Non-interest expenses:								
Total operating expenses	171	167	4	2	488	476	12	3
Acquired intangible assets amortization expense	1	3	(2)	(67)	4	7	(3)	(43
Total non-interest expenses	172	170	2	1	492	483	9	2
Income (loss) before income tax expense (benefit)	(59)	41	(100)	(244)	666	553	113	20
Income tax expense (benefit)	(14)	11	(25)	(227)	170	140	30	21
Net income (loss)	(45)	29	(74)	(255)	497	413	83	20
Preferred stock dividends	5	5	—	—	14	13	1	8
Net income (loss) attributable to SLM Corporation common stock	$ (50)	$ 25	$ (75)	(300)%	$ 483	$ 400	$ 82	21
Basic earnings (loss) per common share	$ (0.23)	$ 0.11	$ (0.34)	(309)%	$ 2.21	$ 1.71	$ 0.50	29
Diluted earnings (loss) per common share	$ (0.23)	$ 0.11	$ (0.34)	(309)%	$ 2.18	$ 1.69	$ 0.49	29
Declared dividends per common share	$ 0.11	$ 0.11	$ —	— %	$ 0.33	$ 0.33	$ —	—

Note: Due to rounding, amounts in this table may not sum to totals.

GAAP Consolidated Earnings Summary

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

For the three months ended September 30, 2024, net loss attributable to common stock was $50 million, or $0.23 loss per common share, compared with net income attributable to common stock of $25 million, or $0.11 diluted earnings per common share, for the three months ended September 30, 2023.

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

- Net interest income decreased by $26 million in the current quarter compared with the year-ago quarter primarily due to a 43-basis point decrease in our net interest margin and a $238 million decrease in our average Private Education Loans and FFELP Loans outstanding. Our net interest margin decreased in the current quarter from the year-ago quarter primarily because the yields on our interest-earning assets decreased but our cost of funds increased. This occurred primarily because the mix of our fixed-rate and variable-rate loans resulted in a higher proportion of fixed-rate loans in the current quarter. In a rising interest rate environment, as we experienced in 2022 and the beginning of 2023, our variable-rate loans repriced at higher rates than our fixed-rate loans. The impacts of the rising interest rate environment on our interest-bearing liabilities are delayed, resulting in a higher cost of funds in the current quarter. Additionally, the average cash and other short-term investments held in the current quarter is $939 million higher than in the year-ago quarter.

- Provision for credit losses in the current quarter was $271 million, compared with $198 million in the year-ago quarter. During the third quarter of 2024, the increase in the provision for credit losses was primarily affected by new loan commitments, net of expired commitments. In the year-ago quarter, the provision for credit losses was primarily affected by new loan commitments, net of expired commitments, slower prepayment rates, management overlays, and changes in economic outlook.

- There were no gains on sales of loans, net, in the current quarter or the year-ago quarter, as no loans were sold in either quarter.

- Gains (losses) on securities, net, were $4 million of losses in the current quarter compared with $1 million in gains in the year-ago quarter. The change quarter-over-quarter was due to the change in mark-to-fair value of our trading investments.

- Other income was $28 million in the third quarter of 2024, compared with $23 million in the year-ago quarter. The increase was primarily driven by a $6 million increase in third-party servicing fees compared to the year-ago quarter. The increase in third-party servicing fees was due to an additional $4.7 billion of loans that we sold during the past year where we continue to service on behalf of the owners of the loans.

- Third-quarter 2024 total operating expenses were $171 million, compared with $167 million in the year-ago quarter. The increase in total operating expenses was primarily driven by higher marketing costs and personnel costs, which were partially offset by reduced vendor costs associated with initiative spending.

- During the third quarter of 2024, we recorded $1 million in amortization of acquired intangible assets, down from $3 million in the year-ago quarter. The decrease is a result of the impairment write-down of the Nitro trade name intangible asset taken in the fourth quarter of 2023. For additional information, see Notes to Consolidated Financial Statements, Note 7, “Goodwill and Acquired Intangible Assets” in this Form 10-Q.

- Third-quarter 2024 income tax benefit was $14 million, compared with $11 million income tax expense in the year-ago quarter. Our effective income tax rate decreased to 24.2 percent in the third quarter of 2024 from 27.7 percent in the year-ago quarter. The decrease in the effective rate for the third quarter of 2024 was primarily due to a decrease in state income taxes.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

For the nine months ended September 30, 2024, net income attributable to common stock was $483 million, or $2.18 diluted earnings per common share, compared with net income attributable to common stock of $400 million, or $1.69 diluted earnings per common share, for the nine months ended September 30, 2023.

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

- Net interest income decreased by $57 million in the first nine months of 2024 compared with the year-ago period primarily due to a 27-basis point decrease in our net interest margin and a $308 million decrease in our average Private Education Loans and FFELP Loans outstanding. Our net interest margin decreased in the current period from the year-ago period primarily because our cost of funds increased more than the yields on our interest-earning assets. This occurred because as interest rates change, changes in the cost of our interest-bearing liabilities tend to lag compared to changes in the yields on our interest-earning assets. In a rising interest rate environment, as we experienced in 2022 and the first part of 2023, our variable-rate interest earning assets repriced faster than our cost of funds. As such, we saw an expansion in our net interest margin throughout most of 2023. As interest rates stabilized in the latter half of 2023 and into the first half of 2024, our cost of funds increased faster than our interest-earning assets yields and reduced our net interest margin.

- Provision for credit losses in the nine months ended September 30, 2024 was $300 million, compared with $330 million in the year-ago period. During the first nine months of 2024, the decrease in the provision for credit losses was primarily affected by $236 million negative provisions resulting from the $3.69 billion Private Education Loan sales during the period, an improved economic outlook, and changes in management overlays and recovery rates, offset by new loan commitments, net of expired commitments, and increases to the provision as a result of decreases in our estimates of the historical long-term average prepayment speeds used after the two-year reasonable and supportable period. In the year-ago period, the provision for credit losses was primarily affected by new loan commitments, net of expired commitments, slower prepayment rates, and management overlays, which were offset by negative provisions recorded as a result of Private Education Loan sales during the first nine months of 2023 and an increase in recovery rates.

- Gains on sales of loans, net, were $255 million in the nine months ended September 30, 2024, compared with $125 million in the year-ago period. The increase in gains on sales of loans was primarily the result of selling $3.69 billion of Private Education Loans in the first nine months of 2024, compared with the sale of $2.10 billion of Private Education Loans in the first nine months of 2023. We also sold our Credit Card loan portfolio in May 2023 and recorded a $3.5 million loss on the sale in the nine months ended September 30, 2023.

- Gains (losses) on securities, net, were less than $1 million of gains in the first nine months of 2024 compared with $2 million in gains in the year-ago period. The decrease from the year-ago period was due to the change in mark-to-fair value of our trading investments.

- Other income was $85 million in the first nine months of 2024, compared with $63 million in the year-ago period. In the first nine months of 2024, there was a $17 million increase in third-party servicing fees from the year-ago period. The increase in third-party servicing fees was due to an additional $4.7 billion of loans that we sold during the past year where we continue to service on behalf of the owners of the loans. There was also a $3 million increase in early withdrawal penalty fee income compared with the year-ago period, which was related to a health savings account provider who redeemed its deposits early and paid an early withdrawal penalty in the first quarter of 2024.

- Total operating expenses for the first nine months of 2024 were $488 million, compared with $476 million in the year-ago period. The increase in total operating expenses was primarily driven by higher personnel costs, higher marketing costs, and higher FDIC fees.

- During the first nine months of 2024, we recorded $4 million in amortization of acquired intangible assets, down from $7 million in the year-ago period. The decrease is a result of the impairment write-down of the Nitro trade name intangible asset taken in the fourth quarter of 2023. For additional information, see Notes to Consolidated Financial Statements, Note 7, “Goodwill and Acquired Intangible Assets” in this Form 10-Q.

- Income tax expense for the nine months ending September 30, 2024 was $170 million, compared with $140 million in the year-ago period. Our effective income tax rate increased slightly to 25.5 percent in the first nine months of 2024 from 25.3 percent in the year-ago period. The increase in the effective rate for the first nine months of 2024 was primarily due to an increase in state income taxes.

Financial Condition

Average Balance Sheets

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
(Dollars in thousands)	Balance	Rate	Balance	Rate	Balance	Rate	Balance	Rate
Average Assets								
Private Education Loans	$ 20,497,173	10.79 %	$ 20,649,663	10.96 %	$ 20,805,777	10.90 %	$ 21,032,541	10.80 %
FFELP Loans	477,869	7.48	563,502	7.35	502,018	7.48	583,427	7.10
Credit Cards	—	—	—	—	—	—	14,835	14.02
Taxable securities	2,374,419	2.73	2,549,512	2.06	2,401,533	2.56	2,539,391	1.93
Cash and other short-term investments	5,267,092	5.40	4,328,383	5.32	4,589,653	5.40	4,169,291	4.98
Total interest-earning assets	28,616,553	9.07 %	28,091,060	9.21 %	28,298,981	9.24 %	28,339,485	9.08 %
Non-interest-earning assets	605,065		367,179		462,404		271,866	
Total assets	$ 29,221,618		$ 28,458,239		$ 28,761,385		$ 28,611,351	
Average Liabilities and Equity								
Brokered deposits	$ 10,003,899	4.04 %	$ 9,231,432	3.32 %	$ 10,137,207	3.83 %	$ 9,641,234	3.15 %
Retail and other deposits	11,058,951	4.72	11,892,198	4.66	10,980,171	4.72	11,734,137	4.29
Other interest-bearing liabilities[(1)]	5,758,235	4.18	5,411,629	3.73	5,376,457	4.00	5,352,499	3.59
Total interest-bearing liabilities	26,821,085	4.35 %	26,535,259	4.00 %	26,493,835	4.23 %	26,727,870	3.74 %
Non-interest-bearing liabilities	206,072		116,645		130,574		71,137	
Equity	2,194,461		1,806,335		2,136,976		1,812,344	
Total liabilities and equity	$ 29,221,618		$ 28,458,239		$ 28,761,385		$ 28,611,351	
Net interest margin		5.00 %		5.43 %		5.28 %		5.55 %

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

Rate/Volume Analysis

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

(Dollars in thousands)	Increase (Decrease)	Change Due To[1] Rate	Change Due To[1] Volume
Three Months Ended September 30, 2024 vs. 2023			
Interest income	$ 389	$ (9,890)	$ 10,279
Interest expense	25,614	23,391	2,223
Net interest income	$ (25,225)	$ (31,183)	$ 5,958
Nine Months Ended September 30, 2024 vs. 2023			
Interest income	$ 33,920	$ 34,933	$ (1,013)
Interest expense	91,656	97,652	(5,996)
Net interest income	$ (57,736)	$ (57,190)	$ (546)

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

Summary of Our Loans Held for Investment Portfolio

Ending Loans Held for Investment Balances, net (FFELP Loans were transferred to loans held for sale at September 30, 2024)

As of September 30, 2024 (dollars in thousands)	Private Education Loans
Total loan portfolio:	
In-school[1]	$ 4,255,608
Grace, repayment and other[2]	17,521,858
Total, gross	21,777,466
Deferred origination costs and unamortized premium/(discount)	96,088
Allowance for credit losses	(1,413,621)
Total loans held for investment portfolio, net	$ 20,459,933

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

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

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

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

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

(3) FFELP Loans were transferred to loans held for sale at September 30, 2024.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in thousands)	2024		2023		2024		2023	
Private Education Loans	$ 20,497,173	100 %	$ 20,649,663	97 %	$ 20,805,777	100 %	$ 21,032,541	97 %
FFELP Loans[1]	—	—	563,502	3	—	—	583,427	3
Total portfolio	$ 20,497,173	100 %	$ 21,213,165	100 %	$ 20,805,777	100 %	$ 21,615,968	100 %

(1) FFELP Loans were transferred to loans held for sale at September 30, 2024.

Loans Held for Investment, Net — Activity

Three Months Ended September 30, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans[1]	Total Loans Held for Investment, net
Beginning balance	$ 18,432,600	$ 482,733	$ 18,915,333
Acquisitions and originations:			
Fixed-rate	2,583,116	—	2,583,116
Variable-rate	196,515	—	196,515
Total acquisitions and originations	2,779,631	—	2,779,631
Capitalized interest and deferred origination cost premium amortization	103,407	5,461	108,868
Loan consolidations to third parties	(189,196)	(7,364)	(196,560)
Allowance	(148,029)	4,060	(143,969)
Transfer to loans held for sale	—	(466,168)	(466,168)
Repayments and other	(518,480)	(18,722)	(537,202)
Ending balance	$ 20,459,933	$ —	$ 20,459,933

[1] FFELP Loans were transferred to loans held for sale at September 30, 2024.

Three Months Ended September 30, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	$ 18,648,904	$ 570,614	$ 19,219,518
Acquisitions and originations:			
Fixed-rate	2,353,735	—	2,353,735
Variable-rate	114,313	—	114,313
Total acquisitions and originations	2,468,048	—	2,468,048
Capitalized interest and deferred origination cost premium amortization	100,151	5,268	105,419
Loan consolidations to third parties	(234,781)	(7,874)	(242,655)
Allowance	(50,937)	(394)	(51,331)
Repayments and other	(583,077)	(16,741)	(599,818)
Ending balance	$ 20,348,308	$ 550,873	$ 20,899,181

Nine Months Ended September 30, 2024 (dollars in thousands)	Private Education Loans	FFELP Loans[(1)]	Total Loans Held for Investment, net
Beginning balance	$ 19,772,293	$ 534,064	$ 20,306,357
Acquisitions and originations:			
Fixed-rate	5,729,841	—	5,729,841
Variable-rate	341,568	—	341,568
Total acquisitions and originations	6,071,409	—	6,071,409
Capitalized interest and deferred origination cost premium amortization	334,144	16,796	350,940
Sales	(3,430,920)	—	(3,430,920)
Loan consolidations to third parties	(564,373)	(45,467)	(609,840)
Allowance	(78,516)	4,667	(73,849)
Transfer to loans held for sale	—	(466,168)	(466,168)
Repayments and other	(1,644,104)	(43,892)	(1,687,996)
Ending balance	$ 20,459,933	$ —	$ 20,459,933

(1) FFELP Loans were transferred to loans held for sale at September 30, 2024.

Nine Months Ended September 30, 2023 (dollars in thousands)	Private Education Loans	FFELP Loans	Total Loans Held for Investment, net
Beginning balance	$ 19,019,713	$ 607,155	$ 19,626,868
Acquisitions and originations:			
Fixed-rate	4,946,020	—	4,946,020
Variable-rate	628,326	—	628,326
Total acquisitions and originations	5,574,346	—	5,574,346
Capitalized interest and deferred origination cost premium amortization	339,118	16,872	355,990
Sales	(1,964,945)	—	(1,964,945)
Loan consolidations to third parties	(731,656)	(23,033)	(754,689)
Allowance	(57,600)	(1,372)	(58,972)
Repayments and other	(1,830,668)	(48,749)	(1,879,417)
Ending balance	$ 20,348,308	$ 550,873	$ 20,899,181

"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 September 30, 2024 decreased by 0.8 percent compared with September 30, 2023, totaling 38 percent of our Private Education Loans held for investment portfolio at September 30, 2024. The balance of loans held for investment in full principal and interest repayment status was affected in 2023 and in the first nine months of 2024 by loan sales.

"Loan consolidations to third parties" for the three months ended September 30, 2024 total 2.5 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status at September 30, 2024, or 0.9 percent of our total Private Education Loans held for investment portfolio at September 30, 2024, compared with the year-ago period of 3.0 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status, or 1.2 percent of our total Private Education Loans held for investment portfolio, respectively. The decrease in consolidations is attributable to higher interest rates in 2024 that made it less competitive for consolidators. Historical experience has shown that loan consolidation activity is heightened in the period when the loan initially enters full principal and interest repayment status and then subsides over time.

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

Private Education Loan Originations

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

	Three Months Ended September 30,			
(Dollars in thousands)	2024	%	2023	%
Smart Option - interest only[1]	$ 523,827	19 %	$ 449,141	18 %
Smart Option - fixed pay[1]	906,838	33	821,722	34
Smart Option - deferred[1]	1,091,297	40	1,005,987	41
Graduate Loan[2]	236,567	8	174,563	7
Total Private Education Loan originations	$ 2,758,529	100 %	$ 2,451,413	100 %
Percentage of loans with a cosigner	92.4 %		90.1 %	
Average FICO at approval[4]	754		749	

	Nine Months Ended September 30,			
(Dollars in thousands)	2024	%	2023	%
Smart Option - interest only[1]	$ 1,100,818	18 %	$ 1,024,261	18 %
Smart Option - fixed pay[1]	1,994,067	33	1,837,397	33
Smart Option - deferred[1]	2,428,201	40	2,258,488	41
Graduate Loan[2]	508,429	9	423,833	8
Parent Loan[3]	—	—	38	—
Total Private Education Loan originations	$ 6,031,515	100 %	$ 5,544,017	100 %
Percentage of loans with a cosigner	90.2 %		88.0 %	
Average FICO at approval[4]	751		747	

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

(2) For the three months ended September 30, 2024, the Graduate Loan originations include $10.0 million of Smart Option Loans where the student was in a graduate status. For the three months ended September 30, 2023, the Graduate Loan originations include $9.5 million of Smart Option Loans where the student was in a graduate status. For the nine months ended September 30, 2024, the Graduate Loan originations include $28.3 million of Smart Option Loans where the student was in a graduate status. For the nine months ended September 30, 2023, the Graduate Loan originations include $24.4 million of Smart Option Loans where the student was in a graduate status.

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

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

Allowance for Credit Losses

Allowance for Credit Losses Activity

Three Months Ended September 30, (dollars in thousands)	2024 Private Education Loans	2024 FFELP Loans	2024 Total Portfolio	2023 Private Education Loans	2023 FFELP Loans	2023 Total Portfolio
Beginning balance	$ 1,265,592	$ 4,060	$ 1,269,652	$ 1,360,294	$ 4,422	$ 1,364,716
Transfer from unfunded commitment liability[1]	115,421	—	115,421	101,687	—	101,687
Less:						
Charge-offs	(87,737)	(131)	(87,868)	(104,865)	(272)	(105,137)
Write-downs arising from transfer of loans to held for sale[2]	—	(8,297)	(8,297)	—	—	—
Plus:						
Recoveries	11,149	—	11,149	9,693	—	9,693
Provisions for credit losses:						
Provision, current period	109,196	4,368	113,564	44,423	666	45,089
Total provisions for credit losses[3]	109,196	4,368	113,564	44,423	666	45,089
Ending balance	$ 1,413,621	$ —	$ 1,413,621	$ 1,411,232	$ 4,816	$ 1,416,048

[1] 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.

[2] Represents fair value adjustments on loans transferred to held for sale.

[3] Below is a reconciliation of the provision for credit losses reported in the consolidated statements of operations. 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 Operations
Provisions for Credit Losses Reconciliation

Three Months Ended September 30, (dollars in thousands)	2024	2023
Private Education Loan provisions for credit losses:		
Provisions for loan losses	$ 109,196	$ 44,423
Provisions for unfunded loan commitments	157,901	152,934
Total Private Education Loan provisions for credit losses	267,097	197,357
Other impacts to the provisions for credit losses:		
FFELP Loans	4,368	666
Total	4,368	666
Provisions for credit losses reported in consolidated statements of operations	$ 271,465	$ 198,023

Nine Months Ended September 30, (dollars in thousands)	2024 Private Education Loans	2024 FFELP Loans	2024 Total Portfolio	2023 Private Education Loans	2023 FFELP Loans	2023 Total Portfolio
Beginning balance	$ 1,335,105	$ 4,667	$ 1,339,772	$ 1,353,631	$ 3,444	$ 1,357,075
Transfer from unfunded commitment liability[1]	276,750	—	276,750	278,388	—	278,388
Less:						
Charge-offs	(272,653)	(380)	(273,033)	(314,500)	(853)	(315,353)
Write-downs arising from transfer of loans to held for sale[2]	—	(8,297)	(8,297)	—	—	—
Plus:						
Recoveries	33,840	—	33,840	33,385	—	33,385
Provisions for credit losses:						
Provision, current period	276,534	4,010	280,544	196,859	2,225	199,084
Loan sale reduction to provision	(235,955)	—	(235,955)	(136,531)	—	(136,531)
Total provisions for credit losses[3]	40,579	4,010	44,589	60,328	2,225	62,553
Ending balance	$ 1,413,621	$ —	$ 1,413,621	$ 1,411,232	$ 4,816	$ 1,416,048

(1) 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.

(2) Represents fair value adjustments on loans transferred to held for sale.

(3) Below is a reconciliation of the provision for credit losses reported in the consolidated statements of operations. 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 Operations Provisions for Credit Losses Reconciliation

Nine Months Ended September 30, (dollars in thousands)	2024	2023
Private Education Loan provisions for credit losses:		
Provisions for loan losses	$ 40,579	$ 60,328
Provisions for unfunded loan commitments	255,747	267,311
Total Private Education Loan provisions for credit losses	296,326	327,639
Other impacts to the provisions for credit losses:		
FFELP Loans	4,010	2,225
Total	4,010	2,225
Provisions for credit losses reported in consolidated statements of operations	$ 300,336	$ 329,864

Private Education Loan Allowance for Credit Losses

In establishing the allowance for Private Education Loan losses as of September 30, 2024, we considered several factors with respect to our Private Education Loan portfolio, in particular, credit quality and delinquency, forbearance, and charge-off trends.

Private Education Loans held for investment in full principal and interest repayment status were 38 percent of our total Private Education Loans held for investment portfolio at both September 30, 2024 and September 30, 2023.

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

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

Private Education Loans Held for Investment	2024		2023	
September 30, (dollars in thousands)	Balance	%	Balance	%
Loans in-school/grace/deferment[1]	$ 6,115,797		$ 5,961,879	
Loans in forbearance[2]	301,414		213,843	
Loans in repayment and percentage of each status:				
Loans current	14,806,983	96.4 %	14,938,462	96.3 %
Loans delinquent 30-59 days[3]	285,471	1.8	283,621	1.8
Loans delinquent 60-89 days[3]	149,098	1.0	153,449	1.0
Loans 90 days or greater past due[3]	118,703	0.8	129,613	0.9
Total Private Education Loans in repayment	15,360,255	100.0 %	15,505,145	100.0 %
Total Private Education Loans, gross	21,777,466		21,680,867	
Private Education Loans deferred origination costs and unamortized premium/(discount)	96,088		78,673	
Total Private Education Loans	21,873,554		21,759,540	
Private Education Loans allowance for losses	(1,413,621)		(1,411,232)	
Private Education Loans, net	$ 20,459,933		$ 20,348,308	
Percentage of loans in repayment		70.5 %		71.5 %
Delinquencies as a percentage of loans in repayment		3.6 %		3.7 %
Percentage of loans in forbearance:				
Percentage of loans in an extended grace period[4]		0.9 %		0.2 %
Percentage of loans in hardship and other forbearances[5]		1.0 %		1.2 %

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

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

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

(4) We calculate the percentage of loans in an extended grace period as the ratio of (a) Private Education Loans in forbearance in an extended grace period numerator to (b) Private Education Loans in repayment and forbearance denominator. An extended grace period aligns with The Office of the Comptroller of the Currency definition of an additional, consecutive, one-time period during which no payment is required for up to six months after the initial grace period. We typically grant this extended grace period to customers who may be having difficulty finding employment before the full principal and interest repayment period starts or once it has begun. Loans in forbearance in an extended grace period were approximately $143 million and $30 million at September 30, 2024 and 2023, respectively. See "— Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool" below for additional details.

(5) We calculate the percentage of loans in hardship and other forbearances as the ratio of (a) Private Education Loans in hardship and other forbearances (excluding loans in an extended grace period) numerator to (b) Private Education Loans in repayment and forbearance denominator. If the customer is in financial hardship, we work with the customer and/or cosigner and identify any available alternative arrangements designed to reduce monthly payment obligations, which may include a short-term hardship forbearance. Loans in hardship and other forbearances (excluding loans in an extended grace period) were approximately $159 million and $183 million at September 30, 2024 and 2023, respectively. See "— Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool" below for additional details.

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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Beginning balance	$ 1,265,592	$ 1,360,294	$ 1,335,105	$ 1,353,631
Transfer from unfunded commitment liability[1]	115,421	101,687	276,750	278,388
Provision for credit losses:				
Provision, current period	109,196	44,423	276,534	196,859
Loan sale reduction to provision	—	—	(235,955)	(136,531)
Total provision	109,196	44,423	40,579	60,328
Net charge-offs:				
Charge-offs	(87,737)	(104,865)	(272,653)	(314,500)
Recoveries	11,149	9,693	33,840	33,385
Net charge-offs	(76,588)	(95,172)	(238,813)	(281,115)
Ending balance	$ 1,413,621	$ 1,411,232	$ 1,413,621	$ 1,411,232
Allowance as a percentage of the ending total loan balance and accrued interest to be capitalized	6.10 %	6.15 %	6.10 %	6.15 %
Allowance as a percentage of the ending loans in repayment and accrued interest to be capitalized on loans in repayment[2][3]	8.91 %	8.84 %	8.91 %	8.84 %
Allowance coverage of net charge-offs (annualized)	4.61	3.71	4.44	3.77
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	2.08 %	2.53 %	2.13 %	2.44 %
Ending total loans, gross	$ 21,777,466	$ 21,680,867	$ 21,777,466	$ 21,680,867
Average loans in repayment[2]	$ 14,708,205	$ 15,023,993	$ 14,944,421	$ 15,358,596
Ending loans in repayment[2]	$ 15,360,255	$ 15,505,145	$ 15,360,255	$ 15,505,145
Accrued interest to be capitalized	$ 1,390,774	$ 1,283,388	$ 1,390,774	$ 1,283,388
Accrued interest to be capitalized on loans in repayment[3]	$ 513,121	$ 464,807	$ 513,121	$ 464,807

(1) 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.

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

(3) Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest 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).

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

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

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

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

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

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

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

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

Management continually monitors our credit administration practices, looking for opportunities to enhance and streamline, and may periodically modify these practices based upon performance, industry conventions, and/or regulatory feedback.

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

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

When we give a borrower facing financial difficulty an interest rate reduction under our programs, we evaluate their ability to pay and provide customized repayment terms based upon their financial condition. Prior to the third quarter of 2024, as part of demonstrating the ability and willingness to pay, the borrower was required to make three consecutive monthly payments at the reduced payment amount in order to qualify for enrollment in a modification program and, if applicable, for the loan to re-age and be brought current. Beginning in the third quarter of 2024, we refined our practices in this area and, after we determine the borrower's ability to pay and they agree to the modification, the loan is modified immediately. Following the modification, the borrower is still required to make three consecutive monthly payments at the reduced payment amount in order for the loan to re-age and be brought current, if eligible. It continues to be our practice that any loan that has received a previous rate reduction or permanent extension is generally not re-age eligible following a modification. In that case, following the modification, the loan will remain in delinquency unless and until all past due amounts are paid and the loan is brought current.

Under our programs, we limit the granting of a permanent extension of the final maturity date of a loan to one time over the life of the loan, and limit the number of interest rate reductions to twice over the life of the loan. Where appropriate, we will permit two consecutive rate reductions so long as the borrower qualifies. We believe by tailoring the modification programs to the borrower's current financial condition and not having a one size fits all approach, we increase the likelihood the borrower will be able to make the modified payments and avoid default. This approach of giving different interest rate reductions to different borrowers experiencing more severe hardship also helps us better manage the overall assistance we provide to borrowers.

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

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

Delinquency Trends by Active Repayment Status

The tables below show the composition and status of the Private Education Loan portfolio held for investment aged by number of months in active repayment status (months for which a scheduled monthly payment was due). Active repayment status includes loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period. Our experience shows that the percentage of loans in forbearance status generally decreases the longer the loans have been in active repayment status. At September 30, 2024, for Private Education Loans (held for investment) that have been in active repayment status for fewer than 25 months, loans in forbearance status as a percentage of all loans in repayment and forbearance were 1.5 percent. At September 30, 2024, approximately 76 percent of our Private Education Loans (held for investment) in forbearance status have been in active repayment status fewer than 25 months.

As of September 30, 2024 (dollars in millions)	Private Education Loans Held for Investment Aged by Number of Months in Active Repayment Status					Not Yet in Repayment	Total
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48		
Loans in-school/grace/deferment	$ —	$ —	$ —	$ —	$ —	$ 6,116	$ 6,116
Loans in forbearance	181	48	28	17	27	—	301
Loans in repayment - current	5,239	2,888	1,968	1,283	3,430	—	14,808
Loans in repayment - delinquent 30-59 days	87	47	41	29	81	—	285
Loans in repayment - delinquent 60-89 days	49	25	21	15	39	—	149
Loans in repayment - 90 days or greater past due	31	20	18	14	36	—	119
Total	$ 5,587	$ 3,028	$ 2,076	$ 1,358	$ 3,613	$ 6,116	21,778
Deferred origination costs and unamortized premium/(discount)							96
Allowance for credit losses							(1,414)
Total Private Education Loans, net							$ 20,460
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	1.16 %	0.30 %	0.18 %	0.11 %	0.17 %	— %	1.92 %

As of September 30, 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	$ —	$ —	$ —	$ —	$ —	$ 5,962	$ 5,962
Loans in forbearance	118	35	24	15	22	—	214
Loans in repayment - current	5,147	3,180	1,898	1,504	3,209	—	14,938
Loans in repayment - delinquent 30-59 days	86	55	40	31	72	—	284
Loans in repayment - delinquent 60-89 days	48	28	22	14	40	—	152
Loans in repayment - 90 days or greater past due	33	26	20	14	37	—	130
Total	$ 5,432	$ 3,324	$ 2,004	$ 1,578	$ 3,380	$ 5,962	21,680
Deferred origination costs and unamortized premium/(discount)							79
Allowance for credit losses							(1,411)
Total Private Education Loans, net							$ 20,348
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	0.75 %	0.22 %	0.15 %	0.10 %	0.14 %	— %	1.36 %

Private Education Loans Held for Investment Types

The following table provides information regarding the loans in repayment balance and total loan balance by Private Education Loan held for investment product type at September 30, 2024 and December 31, 2023.

As of September 30, 2024 (dollars in thousands)	Signature and Other	Parent Loan[1]	Smart Option	Career Training[2]	Graduate Loan	Total
$ in repayment[3]	$ 214,216	$ 170,616	$ 13,562,896	$ 1,518	$ 1,411,009	$ 15,360,255
$ in total	$ 304,638	$ 171,475	$ 19,269,210	$ 1,545	$ 2,030,598	$ 21,777,466

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

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

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

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

Accrued Interest Receivable

The following table provides information regarding accrued interest receivable on our Private Education Loans held for investment. The table also discloses the amount of accrued interest on loans 90 days or greater past due as compared to our allowance for uncollectible interest. The majority of the total accrued interest receivable represents accrued interest on deferred loans where no payments are due while the borrower is in school and fixed-pay loans where the borrower makes a $25 monthly payment that is smaller than the interest accruing on 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.

	Private Education Loans Accrued Interest Receivable		
(Dollars in thousands)	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest[1][2]
September 30, 2024	$ 1,529,814	$ 5,534	$ 7,426
December 31, 2023	$ 1,354,565	$ 8,373	$ 9,897
September 30, 2023	$ 1,429,225	$ 6,756	$ 8,516

(1) The allowance for uncollectible interest at September 30, 2024 and 2023 represents the expected losses related to the portion of accrued interest receivable on those loans that are in repayment (at September 30, 2024 and 2023, relates to $139 million and $146 million, respectively, of accrued interest receivable) that is/was not expected to be capitalized. The accrued interest receivable that is/was expected to be capitalized ($1.4 billion and $1.3 billion, at September 30, 2024 and 2023, respectively) is reserved in the allowance for credit losses. The accrued interest receivable for the loans delinquent 90 days or greater includes $4.6 million and $6.3 million of accrued interest receivable on those loans that are in repayment that is/was not expected to be capitalized and $0.9 million and $0.5 million that is/was expected to be capitalized, at September 30, 2024 and 2023, respectively.

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

Liquidity and Capital Resources

Funding and Liquidity Risk Management

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

At September 30, 2024 and December 31, 2023, our sources of liquidity included liquid investments with unrealized losses of $84.9 million and $128.9 million, respectively. It is our policy to manage operations so liquidity needs are fully satisfied through normal operations to avoid unplanned loan or liquid investment sales under all but the most dire emergency conditions. Our liquidity management is governed by policies approved by our Board of Directors. Oversight of these policies is performed in the Asset and Liability Committee, a management-level committee. These policies take into account the volatility of cash flow forecasts, expected asset and liability maturities, anticipated loan demand, and a variety of other factors to establish minimum liquidity guidelines.

Key risks associated with our liquidity relate to our ability to access the capital markets and the markets for bank deposits at reasonable rates. This ability may be affected by our performance, competitive pressures, the macroeconomic environment, and the impact they have on the availability of funding sources in the marketplace. We target maintaining sufficient on-balance sheet and contingent sources of liquidity to enable us to meet all contractual and contingent obligations under various stress scenarios, including severe macroeconomic stresses as well as specific stresses that test the resiliency of our balance sheet. We hold a significant liquidity buffer of cash and securities, which we expect to maintain through 2024. Due to the seasonal nature of our business, our liquidity levels will likely vary from quarter to quarter.

Sources of Liquidity and Available Capacity

Ending Balances

(Dollars in thousands)	September 30, 2024	December 31, 2023
Sources of primary liquidity:		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	$ 17,190	$ 3,224
Sallie Mae Bank(1)	4,472,349	4,146,614
Available-for-sale investments	1,431,450	1,988,295
Total unrestricted cash and liquid investments	$ 5,920,989	$ 6,138,133

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

Average Balances

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	2024	2023	2024	2023
Sources of primary liquidity:				
Unrestricted cash and liquid investments:				
Holding Company and other non-bank subsidiaries	$ 10,703	$ 3,609	$ 8,232	$ 5,840
Sallie Mae Bank(1)	5,070,733	4,130,488	4,398,998	3,969,493
Available-for-sale investments	1,644,517	1,954,661	1,733,576	1,984,226
Total unrestricted cash and liquid investments	$ 6,725,953	$ 6,088,758	$ 6,140,806	$ 5,959,559

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

Deposits

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

(Dollars in thousands)	September 30, 2024	December 31, 2023
Deposits - interest-bearing	$ 21,444,710	$ 21,651,657
Deposits - non-interest-bearing	747	1,531
Total deposits	$ 21,445,457	$ 21,653,188

Our total deposits of $21.4 billion were comprised of $9.8 billion in brokered deposits and $11.6 billion in retail and other deposits at September 30, 2024, compared to total deposits of $21.7 billion, which were comprised of $10.3 billion in brokered deposits and $11.4 billion in retail and other deposits, at December 31, 2023.

Interest-bearing deposits as of September 30, 2024 and December 31, 2023 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest-bearing deposits also include deposits from Educational 529 and Health Savings plans that diversify our funding sources and that we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented $7.0 billion and $7.6 billion of our deposit total as of September 30, 2024 and December 31, 2023, respectively. The omnibus accounts are structured in such a way that entitles the individual depositor pass-through deposit insurance (subject to FDIC rules and limitations), and the majority of these deposits have contractual minimum balances and maturity terms.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of $3 million and $3 million in the three months ended September 30, 2024 and 2023, respectively, and placement fee expense of $8 million and $9 million in the nine months ended September 30, 2024 and 2023, respectively. Fees paid to third-party brokers related to brokered CDs were $6 million and $4 million for the three months ended September 30, 2024 and September 30, 2023, respectively, and fees paid to third-party brokers related to brokered CDs were $6 million and $7 million for the nine months ended September 30, 2024 and September 30, 2023, respectively.

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

	September 30, 2024		December 31, 2023	
(Dollars in thousands)	Amount	Qtr.-End Weighted Average Stated Rate[1]	Amount	Year-End Weighted Average Stated Rate[1]
Money market	$ 9,499,233	4.66 %	$ 10,258,292	4.85 %
Savings	985,036	4.32	945,000	4.35
Certificates of deposit	10,960,441	4.17	10,448,365	3.69
Deposits - interest bearing	$ 21,444,710		$ 21,651,657	

[1] Includes the effect of interest rate swaps in effective hedge relationships.

As of September 30, 2024 and December 31, 2023, there were $513 million and $478 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was $70 million and $91 million at September 30, 2024 and December 31, 2023, respectively.

Counterparty Exposure

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

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

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

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

Title VII of the Dodd-Frank Act requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the CME and the LCH. All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of September 30, 2024, $855 million notional of our derivative contracts were cleared on the CME and $88 million were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 90.6 percent and 9.4 percent, respectively, of our total notional derivative contracts of $943 million at September 30, 2024.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of September 30, 2024 was $(20) million and $(1) 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 September 30, 2024 and December 31, 2023, we had a net positive exposure (derivative gain/loss positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of $6 million and $9 million, respectively.

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

The table below highlights exposure related to our derivative counterparties as of September 30, 2024.

As of September 30, 2024 (dollars in thousands)	SLM Corporation and Sallie Mae Bank Contracts
Total exposure, net of collateral	$ 6,337
Exposure to counterparties with credit ratings, net of collateral	$ 6,337
Percent of exposure to counterparties with credit ratings below S&P AA- or Moody's Aa3	— %
Percent of exposure to counterparties with credit ratings below S&P A- or Moody's A3	— %

Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by federal and state banking authorities. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on our business, results of operations, and financial condition. Under U.S. Basel III and the regulatory framework for prompt corrective action, the Bank must meet specific capital standards that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and its classification under the prompt corrective action framework are also subject to qualitative judgments by the regulators about components of capital, risk weightings, and other factors.

Capital Management

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

We believe that current and projected capital levels are appropriate for 2024. As of September 30, 2024, the Bank’s risk-based and leverage capital ratios exceed the required minimum ratios and the applicable buffers under the fully phased-in U.S. Basel III standards as well as the “well capitalized” standards under the prompt corrective action framework.

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

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

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

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

At September 30, 2024, the adjusted transition amounts that were deferred and are being phased in for regulatory capital purposes are as follows:

(Dollars in thousands)	Adjusted Transition Amounts December 31, 2021	Phase-In Amounts for the Year Ended December 31, 2022	Phase-In Amounts for the Year Ended December 31, 2023	Phase-In Amounts for the Nine Months Ended September 30, 2024	Remaining Adjusted Transition Amounts to be Phased-In September 30, 2024
Retained earnings	$ 836,351	$ (209,088)	$ (209,088)	$ (209,088)	$ 209,087
Allowance for credit losses	1,038,145	(259,536)	(259,536)	(259,536)	259,537
Liability for unfunded commitments	104,377	(26,094)	(26,094)	(26,095)	26,094
Deferred tax asset	306,171	(76,542)	(76,542)	(76,543)	76,544

The Bank's required and actual regulatory capital amounts and ratios, including applicable capital conservation buffers, under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated. The Bank has elected to exclude accumulated other comprehensive income related to both available-for-sale investments and swap valuations from Common Equity Tier 1 Capital. At September 30, 2024 and December 31, 2023, the unrealized loss on available-for-sale investments included in other comprehensive income totaled $69 million and $115 million, net of tax of $22 million and $37 million, respectively. The capital ratios would remain above the well capitalized thresholds, including applicable capital conservation buffers, if the unrealized loss became fully recognized into capital.

(Dollars in thousands)	Actual Amount	Actual Ratio	U.S. Basel III Minimum Requirements Plus Buffer[(1)(2)] Amount		U.S. Basel III Minimum Requirements Plus Buffer[(1)(2)] Ratio
As of September 30, 2024[(3)]:					
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 2,985,360	11.6 %	$ 1,803,995	≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 2,985,360	11.6 %	$ 2,190,566	≥	8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,318,657	12.9 %	$ 2,705,993	≥	10.5 %
Tier 1 Capital (to Average Assets)	$ 2,985,360	10.1 %	$ 1,185,423	≥	4.0 %
As of December 31, 2023[(3)]:					
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,019,973	12.3 %	$ 1,719,621	≥	7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,019,973	12.3 %	$ 2,088,111	≥	8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,334,140	13.6 %	$ 2,579,432	≥	10.5 %
Tier 1 Capital (to Average Assets)	$ 3,019,973	10.2 %	$ 1,184,213	≥	4.0 %

(1) Reflects the U.S. Basel III minimum required ratio plus the applicable capital conservation buffer.
(2) The Bank's regulatory capital ratios also exceeded all applicable standards for the Bank to qualify as "well capitalized" under the prompt corrective action framework.
(3) For both September 30, 2024 and December 31, 2023, the actual amounts and the actual ratios include the adjusted transition amounts discussed above that were phased in at the beginning of 2024 and 2023.

Dividends

The Bank is chartered under the laws of the State of Utah and its deposits are insured by the FDIC. The Bank's ability to pay dividends is subject to the laws of Utah and the regulations of the FDIC. Generally, under Utah's industrial bank laws and regulations as well as FDIC regulations, the Bank may pay dividends from its net profits without regulatory approval if, following the payment of the dividend, the Bank's capital and surplus would not be impaired. The Bank declared $116 million and $414 million in dividends to the Company for the three and nine months ended September 30, 2024, respectively, and $100 million and $400 million in dividends to the Company for the three and nine months ended September 30, 2023, respectively, with the proceeds primarily used to fund share repurchase programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term ABS program and our Secured Borrowing Facility. The issuing entities for those secured borrowings are VIEs and are consolidated for accounting purposes. The following table summarizes our borrowings at September 30, 2024 and December 31, 2023, respectively. For additional information, see Notes to Consolidated Financial Statements, Note 9, "Borrowings" in this Form 10-Q.

	September 30, 2024			December 31, 2023		
(Dollars in thousands)	**Short-Term**	**Long-Term**	**Total**	**Short-Term**	**Long-Term**	**Total**
Unsecured borrowings:						
Unsecured debt (fixed-rate)	$ —	$ 994,614	$ 994,614	$ —	$ 992,200	$ 992,200
Total unsecured borrowings	—	994,614	994,614	—	992,200	992,200
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	4,204,755	4,204,755	—	3,585,254	3,585,254
Variable-rate	—	837,158	837,158	—	650,058	650,058
Total Private Education Loan term securitizations	—	5,041,913	5,041,913	—	4,235,312	4,235,312
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	5,041,913	5,041,913	—	4,235,312	4,235,312
Total	$ —	$ 6,036,527	$ 6,036,527	$ —	$ 5,227,512	$ 5,227,512

Short-term Borrowings

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

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks, which totaled $125 million at September 30, 2024. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the nine months ended September 30, 2024 nor in the year ended December 31, 2023.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Window. The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At September 30, 2024 and December 31, 2023, the value of our pledged collateral at the FRB totaled $2.3 billion and $1.6 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the nine months ended September 30, 2024 nor in the year ended December 31, 2023.

Contractual Loan Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At September 30, 2024, we had $2.5 billion of outstanding contractual loan commitments that we expect to fund during the remainder of the 2024/2025 academic year. At September 30, 2024, we had a $92 million reserve recorded in "Other Liabilities" to cover expected losses that may occur during the one-year loss emergence period on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses — Off-Balance Sheet Exposure for Contractual Loan Commitments" in our 2023 Form 10-K and Note 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 2023 Form 10-K.

Allowance for Credit Losses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We obtain forecasts for our loss model inputs from Moody’s Analytics. Moody’s Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurrence. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At September 30, 2024, December 31, 2023, and September 30, 2023, we used the Baseline (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario - 10 percent likelihood of occurring)/S3 (unfavorable (or downside) scenario - 10 percent likelihood of occurring) and weighted them 40 percent, 30 percent, and 30 percent, respectively. Management reviews both the scenarios and their respective weightings each quarter in determining the allowance for credit losses.

To demonstrate the sensitivity of the allowance for credit losses for our Private Education Loan portfolio to a more pessimistic forecast of expected economic outcomes, we considered what our allowance for credit losses would be if we applied a 100 percent probability weighting to the S3 unfavorable (or downside) scenario (with a concomitant 0 percent weighting for both the Baseline and S1 stronger near-term growth scenarios) under the range of scenarios noted above. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in our allowance for credit losses as of September 30, 2024 of $175 million or 11.6 percent. This scenario does not reflect our current expectations as of September 30, 2024, nor does it capture other qualitative adjustments or all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical pessimistic conditions. The estimated impact was calculated for the two-year reasonable and supportable period, but was not calculated for the remaining periods since long-term assumptions used to calculate the allowance for the remaining periods are based on longer term averages and only change when we determine there is a fundamental change that will affect the long-term rate.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity Analysis

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

- Earnings at Risk ("EAR"), which measures the impact of hypothetical changes in interest rates on net interest income; and

- Economic Value of Equity ("EVE"), which measures the sensitivity or change in the economic value of equity to changes in interest rates.

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

The following table summarizes the potential effect on earnings over the next 24 months and the potential effect on market values of balance sheet assets and liabilities at September 30, 2024 and 2023, based upon a sensitivity analysis performed by management assuming hypothetical increases in market interest rates of 100 and 300 basis points and a decrease of 100 and 300 basis points while credit and funding spreads remain constant. EAR analysis assumes a static balance sheet, with maturities of each product replaced with assumed issuance of new products of the same type. The EVE sensitivity is applied only to financial assets and liabilities, including hedging instruments, that existed at the balance sheet date, and does not reflect any impact of loan sales, new assets, liabilities, commitments, or hedging instruments that may arise in the future.

The EAR results for September 30, 2024 indicate a market risk profile of low sensitivity to rate changes, based on static balance sheet assumptions over the next two years. The higher mix of fixed-rate versus variable-rate loan disbursements continues, which results in our liabilities repricing more quickly than our assets over time. Planned loan sales, which are not included in the static EVE modeling, significantly reduce this exposure. The recent Fed Funds Effective Rate reduction and the corresponding rate decrease in other indices has improved EVE sensitivity as compared to the year-ago period. Management continues to evaluate this trend to determine if and when further actions are necessary to manage EVE sensitivity.

	2024				2023			
As of September 30,	+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	-7.0%	-2.2%	+1.9%	+5.3%	-2.5%	-0.8%	+0.5%	+1.5%
EAR - Ramp	-4.0%	-1.3%	+1.1%	+3.2%	-2.2%	-0.7%	+0.6%	+1.6%
EVE	-21.3%	-7.0%	+6.6%	+20.8%	-25.1%	-8.7%	+8.8%	+26.5%

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

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

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

Asset and Liability Funding Gap

The table below presents our assets and liabilities (funding) arranged by underlying indices as of September 30, 2024. In the following GAAP presentation, the funding gap only includes derivatives that qualify as effective hedges (those derivatives which are reflected in net interest income, as opposed to those reflected in the "gains (losses) on derivatives and hedging activities, net" line on the consolidated statements of operations). 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 September 30, 2024 (dollars in millions) Index	Frequency of Variable Resets	Assets	Funding [1]	Funding Gap
Fed Funds Effective Rate	daily/weekly/monthly	$ —	$ 546.4	$ (546.4)
SOFR Rate	daily/weekly/monthly	5,844.7	4,740.8	1,103.9
3-month SOFR	quarterly	—	251.1	(251.1)
3-month Treasury bill	weekly	75.4	—	75.4
Prime	monthly	0.3	—	0.3
Non-Discrete reset[2]	daily/weekly	4,715.4	3,632.5	1,082.9
Fixed-Rate[3]		19,377.0	20,842.0	(1,465.0)
Total		$ 30,012.8	$ 30,012.8	$ —

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

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

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

The "Funding Gap" in the above table shows primarily mismatches in the Fed Funds Effective Rate, SOFR rate, 3-month SOFR, Non-Discrete reset, and fixed-rate categories. Changes in the Fed Funds Effective Rate, the Non-Discrete reset, and the daily, weekly, and monthly SOFR, and 3-month SOFR categories are generally quite highly correlated and the rates would be expected to offset each other relatively effectively. The funding in the fixed-rate bucket includes $1.9 billion of equity and $0.4 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 September 30, 2024.

As of September 30, 2024 (averages in years)	Weighted Average Life
Earning assets	
Education loans	5.40
Cash and investments	1.27
Total earning assets	4.43
Deposits	
Short-term deposits	0.66
Long-term deposits	2.35
Total deposits	0.95
Borrowings	
Long-term borrowings	3.55
Total borrowings	3.55

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 September 30, 2024. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2024, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

On January 18, 2017, the CFPB filed a complaint in federal court in Pennsylvania against Navient, along with its subsidiaries, Navient Solutions, Inc. and Pioneer Credit Recovery, Inc. The complaint alleges these Navient entities, among other things, engaged in deceptive practices with respect to their historic servicing and debt collection practices. Neither SLM, the Bank, nor any of their current subsidiaries are named in, or otherwise a party to, the lawsuit and are not alleged to have engaged in any wrongdoing. The CFPB's complaint asserts Navient's assumption of these liabilities under the Separation and Distribution Agreement for alleged conduct that predated the Spin-Off.

On September 12, 2024, the federal court in Pennsylvania in the above-referenced lawsuit entered a Stipulated Final Judgment and Order that was agreed to by the CFPB and the Navient defendants to settle and resolve all matters in dispute arising from Navient's conduct alleged in the lawsuit. Neither SLM, the Bank, nor any of their current subsidiaries were named in, or otherwise a party to, that lawsuit, and no claims were asserted against them. The Company and the Bank were not parties to the settlement and have not contributed any of the relief to be provided in the settlement.

For additional information regarding our legal proceedings, see Part I, Item 3. "Legal Proceedings" in our 2023 Form 10-K. See also the section labeled "History" on page 3 of our 2023 Form 10-K for definitions and discussion regarding the "Spin Off" and "pre-Spin-Off SLM."

Item 1A. Risk Factors

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

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

Share Repurchases

The following table provides information relating to our purchase of shares of our common stock in the three months ended September 30, 2024.

(In thousands, except per share data)	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)(3)	Approximate Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs(2)
Period:				
July 1 - July 31, 2024	1,574	$ 22.40	1,570	$ 527,000
August 1 - August 31, 2024	2,003	$ 21.17	1,973	$ 486,000
September 1 - September 30, 2024	1,803	$ 21.33	1,802	$ 448,000
Total third-quarter 2024	5,380	$ 21.58	5,345	

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

(2) As of September 30, 2024, we had $448 million in capacity remaining under the 2024 Share Repurchase Program. The 2024 Share Repurchase Program was announced on January 24, 2024, with an effective date of January 26, 2024, and expires on February 6, 2026. See Note 11, "Stockholders' Equity" to our consolidated financial statements in this Form 10-Q for further discussion.

(3) In the third quarter of 2024, we repurchased 5.3 million shares under 10b5-1 trading plans. 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 September 30, 2024 was $22.87.

Item 3. Defaults Upon Senior Securities

Nothing to report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

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

Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

SLM CORPORATION
(Registrant)

By: /s/ PETER M. GRAHAM

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

Date: October 23, 2024

Exhibit 31.1

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

I, Jonathan W. Witter, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. WITTER

Jonathan W. Witter
Chief Executive Officer
(Principal Executive Officer)
October 23, 2024

Exhibit 31.2

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

I, Peter M. Graham, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PETER M. GRAHAM

Peter M. Graham
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
October 23, 2024

Exhibit 32.1

**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 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan W. Witter, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JONATHAN W. WITTER
Jonathan W. Witter
Chief Executive Officer
(Principal Executive Officer)
October 23, 2024

Exhibit 32.2

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 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter M. Graham, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER M. GRAHAM
Peter M. Graham
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
October 23, 2024