UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022

or

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

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

SLM Corporation

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2022, there were 271,083,556 shares of common stock outstanding.

SLM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

INDEX

Part I. Financial Information		
Item 1.	Financial Statements	3
Item 1.	Notes to the Financial Statements	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	47
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	73
Item 4.	Controls and Procedures	76
PART II. Other Information		
Item 1.	Legal Proceedings	77
Item 1A.	Risk Factors	77
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	77
Item 3.	Defaults Upon Senior Securities	77
Item 4.	Mine Safety Disclosures	77
Item 5.	Other Information	77
Item 6.	Exhibits	78

CONSOLIDATED BALANCE SHEETS (Unaudited)

(Dollars in thousands, except share and per share amounts)	March 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 3,262,595	$ 4,334,603
Investments:		
Trading investments at fair value (cost of $33,985 and $29,049, respectively)	38,820	37,465
Available-for-sale investments at fair value (cost of $2,440,204 and $2,535,568, respectively)	2,341,551	2,517,956
Other investments	139,108	140,037
Total investments	2,519,479	2,695,458
Loans held for investment (net of allowance for losses of $1,227,362 and $1,165,335, respectively)	21,291,675	20,341,283
Restricted cash	187,960	210,741
Other interest-earning assets	9,327	9,655
Accrued interest receivable	1,259,145	1,205,667
Premises and equipment, net	148,154	150,516
Goodwill and acquired intangible assets, net	125,267	—
Income taxes receivable, net	215,217	239,578
Tax indemnification receivable	8,155	8,047
Other assets	24,855	26,351
Total assets	$ 29,051,829	$ 29,221,899
Liabilities		
Deposits	$ 21,194,026	$ 20,828,124
Long-term borrowings	5,552,497	5,930,990
Other liabilities	261,099	313,074
Total liabilities	27,007,622	27,072,188
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: 434.6 million and 432.0 million shares issued, respectively	86,922	86,403
Additional paid-in capital	1,086,852	1,074,384
Accumulated other comprehensive loss (net of tax benefit of ($12,601) and ($5,707), respectively)	(39,514)	(17,897)
Retained earnings	2,913,544	2,817,134
Total SLM Corporation stockholders’ equity before treasury stock	4,298,874	4,211,094
Less: Common stock held in treasury at cost: 163.5 million and 153.1 million shares, respectively	(2,254,667)	(2,061,383)
Total equity	2,044,207	2,149,711
Total liabilities and equity	$ 29,051,829	$ 29,221,899

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)	Three Months Ended March 31, 2022	2021
Interest income:		
Loans	$ 458,044	$ 431,804
Investments	5,479	2,728
Cash and cash equivalents	1,515	1,626
Total interest income	465,038	436,158
Interest expense:		
Deposits	49,537	66,598
Interest expense on short-term borrowings	2,875	3,202
Interest expense on long-term borrowings	37,594	35,244
Total interest expense	90,006	105,044
Net interest income	375,032	331,114
Less: provisions for credit losses	98,050	(225,767)
Net interest income after provisions for credit losses	276,982	556,881
Non-interest income:		
Gains on sales of loans, net	9,881	399,111
Gains (losses) on derivatives and hedging activities, net	(5)	28
Other income	12,049	14,288
Total non-interest income	21,925	413,427
Non-interest expenses:		
Operating expenses:		
Compensation and benefits	71,981	71,581
FDIC assessment fees	5,684	5,188
Other operating expenses	54,341	47,730
Total operating expenses	132,006	124,499
Acquired intangible assets amortization expense	733	—
Restructuring expenses	—	1,077
Total non-interest expenses	132,739	125,576
Income before income tax expense	166,168	844,732
Income tax expense	37,356	203,525
Net income	128,812	641,207
Preferred stock dividends	1,275	1,201
Net income attributable to SLM Corporation common stock	$ 127,537	$ 640,006
Basic earnings per common share	$ 0.46	$ 1.77
Average common shares outstanding	276,977	361,042
Diluted earnings per common share	$ 0.45	$ 1.75
Average common and common equivalent shares outstanding	280,654	366,240
Declared dividends per common share	$ 0.11	$ 0.03

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income	$ 128,812	$ 641,207
Other comprehensive income (loss):		
Unrealized losses on investments	(81,041)	(10,071)
Unrealized gains on cash flow hedges	52,530	23,423
Total unrealized gains (losses)	(28,511)	13,352
Income tax (expense) benefit	6,894	(3,229)
Other comprehensive income (loss), net of tax (expense) benefit	(21,617)	10,123
Total comprehensive income	$ 107,195	$ 651,330

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 December 31, 2020	2,510,696	456,729,251	(81,441,252)	375,287,999	$ 251,070	$ 91,346	$ 1,331,247	$ (34,200)	$ 1,722,365	$ (798,993)	$ 2,562,835
Net income	—	—	—	—	—	—	—	—	641,207	—	641,207
Other comprehensive income, net of tax	—	—	—	—	—	—	—	10,123	—	—	10,123
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	651,330
Cash dividends declared:											
Common stock ($0.03 per share)	—	—	—	—	—	—	—	—	(10,906)	—	(10,906)
Preferred Stock, Series B ($0.48 per share)	—	—	—	—	—	—	—	—	(1,201)	—	(1,201)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	463	—	(479)	—	(16)
Issuance of common shares	—	2,826,387	—	2,826,387	—	565	1,496	—	—	—	2,061
Stock-based compensation expense	—	—	—	—	—	—	11,124	—	—	—	11,124
Common stock repurchased and cancelled	—	(28,502,460)	—	(28,502,460)	—	(5,700)	(466,110)	—	—	—	(471,810)
Common stock repurchased	—	—	(20,200,370)	(20,200,370)	—	—	174,684	—	—	(295,324)	(120,640)
Shares repurchased related to employee stock-based compensation plans	—	—	(1,059,980)	(1,059,980)	—	—	—	—	—	(14,313)	(14,313)
Balance at March 31, 2021	2,510,696	431,053,178	(102,701,602)	328,351,576	$ 251,070	$ 86,211	$ 1,052,904	$ (24,077)	$ 2,350,986	$ (1,108,630)	$ 2,608,464

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)	Three Months Ended March 31, 2022	2021
Operating activities		
Net income	$ 128,812	$ 641,207
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for credit losses	98,050	(225,767)
Income tax expense	37,356	203,525
Amortization of brokered deposit placement fee	3,425	4,307
Amortization of Secured Borrowing Facility upfront fee	569	773
Amortization of deferred loan origination costs and loan premium/(discounts), net	4,455	4,016
Net amortization of discount on investments	965	2,161
Reduction (increase) in tax indemnification receivable	(108)	2,814
Depreciation of premises and equipment	4,189	3,715
Acquired intangible assets amortization expense	733	—
Stock-based compensation expense	11,921	11,124
Unrealized (gains) losses on derivatives and hedging activities, net	315	10,872
Gains on sales of loans, net	(9,881)	(399,111)
Acquisition transaction costs, net	2,511	—
Other adjustments to net income, net	7,235	2,578
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(185,294)	(183,168)
Increase in non-marketable securities	(992)	(317)
Decrease in other interest-earning assets	328	19,282
Increase in other assets	(17,529)	(51,667)
Decrease in income taxes payable, net	(4,243)	(270)
Increase (decrease) in accrued interest payable	14,779	(9,081)
Increase (decrease) in other liabilities	(34,808)	8,759
Total adjustments	(66,024)	(595,455)
Total net cash provided by operating activities	62,788	45,752
Investing activities		
Loans acquired and originated	(2,215,958)	(2,076,635)
Net proceeds from sales of loans held for investment	45,729	3,436,391
Proceeds from FFELP Loan claim payments	5,594	4,602
Net decrease in loans held for investment (other than loan sales)	1,153,297	1,021,353
Purchases of available-for-sale securities	(536,633)	(200,716)
Proceeds from sales and maturities of available-for-sale securities	686,806	205,367
Purchase of subsidiary, net of cash acquired	(127,702)	—
Total net cash (used in) provided by investing activities	(988,867)	2,390,362
Financing activities		
Brokered deposit placement fee	(2,207)	—
Net decrease in certificates of deposit	(127,815)	(686,344)
Net increase in other deposits	543,767	850,408
Borrowings collateralized by loans in securitization trusts - repaid	(381,005)	(272,123)
Issuance costs for unsecured debt offering	(360)	(325)
Fees paid on Secured Borrowing Facility	—	(2,833)
Common stock dividends paid	(30,493)	(10,906)
Preferred stock dividends paid	(1,275)	(1,201)
Common stock repurchased	(169,322)	(550,790)
Total net cash used in financing activities	(168,710)	(674,114)
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,094,789)	1,762,000
Cash, cash equivalents and restricted cash at beginning of period	4,545,344	4,609,709
Cash, cash equivalents and restricted cash at end of period	$ 3,450,555	$ 6,371,709

Cash disbursements made for:		
Interest	$ 68,458	$ 76,491
Income taxes paid	$ 5,066	$ 887
Income taxes refunded	$ (916)	$ (1,049)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:		
Cash and cash equivalents	$ 3,262,595	$ 6,207,001
Restricted cash	187,960	164,708
Total cash, cash equivalents and restricted cash	$ 3,450,555	$ 6,371,709

See accompanying notes to consolidated financial statements.

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of SLM Corporation (“Sallie Mae,” “SLM,” the “Company,” “we,” or “us”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of SLM Corporation and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results for the year ending December 31, 2022 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, 2021 (the “2021 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.

Business Combination

On March 4, 2022, we completed the previously announced acquisition of the assets primarily used or held for use of Epic Research Education Services, LLC, which does business as Nitro College (“Nitro”). Nitro provides resources that help students and families evaluate how to responsibly pay for college and manage their financial responsibilities after graduation. The addition of Nitro will support our mission of providing students with the confidence needed to successfully navigate the higher education journey. Strategically, we expect the acquisition of the Nitro assets, including its employees and intellectual property, to immediately expand our digital marketing capabilities, reduce the cost to acquire customer accounts, and accelerate our progress to become a broader education solutions provider for students before, during, and immediately after college.

The acquisition was accounted for as a business combination using the acquisition method of accounting in accordance with the Financial Accounting Standards Board’s (“FASB’s”) Accounting Standard Codification 805, “Business Combinations,” whereby as of the acquisition date, the acquired tangible assets and liabilities were recorded at their estimated fair values. The identifiable intangible assets were recorded at fair values as determined by an independent appraiser. The final purchase price allocation for Nitro resulted in an excess purchase price over fair value of net assets acquired, or goodwill, of $51 million. Certain amounts are provisional and are subject to change, including final working capital adjustments and goodwill.

The results of operations of Nitro have been included in our consolidated financial statements since the acquisition date. We have not disclosed the pro forma impact of this acquisition to the results of operations for the three months ended March 31, 2022, as the pro forma impact was deemed immaterial. Transaction costs associated with the Nitro acquisition were approximately $3 million and were expensed as incurred within “Other operating expenses” in the consolidated statements of income.

Identifiable intangible assets at the acquisition date included definite life intangible assets with an aggregate fair value of approximately $75 million, including tradename and trademarks, customer relationships, and developed technology. The intangible assets will be amortized over a period of three to 10 years based on the estimated economic benefit derived from each of the underlying assets.

See Note 6, “Goodwill and Acquired Intangible Assets,” for additional details.

Recently Issued and Adopted Accounting Pronouncements

On March 31, 2022, the FASB issued Accounting Standards Update (“ASU”) No. 2022-02, “Troubled Debt Restructurings and Vintage Disclosures” (“ASU No. 2022-02”), which eliminates the accounting guidance for troubled debt restructurings (“TDRs”) while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The enhanced disclosures are required to be provided for modifications made starting in the period of adoption. Information about modifications in periods before adoption is not required to be provided.

ASU No. 2022-02 also requires that entities disclose current-period gross charge-offs by year of origination. For entities that have adopted the amendments in ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“CECL”), the amendment is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

Early adoption of the amendments in ASU No. 2022-02 is permitted if an entity has adopted CECL. The amendments should be applied prospectively. For the transition method related to the recognition and measurement of TDRs, an entity has the option to apply a modified retrospective transition method. We have elected to early adopt in all aspects ASU No. 2022-02 prospectively for the period beginning January 1, 2022. The adoption did not affect our consolidated financial statements. For additional information, see Note 4, "Allowance for Credit Losses".

2. Investments

Trading Investments

We periodically sell Private Education Loans through securitization transactions where we are required to retain a five percent vertical risk retention interest (i.e., five percent of each class issued in the securitizations). We classify those vertical risk retention interests related to the transactions as available-for-sale investments, except for the interest in the residual classes, which we classify as trading investments recorded at fair value with changes recorded through earnings. At March 31, 2022 and December 31, 2021, we had $39 million and $37 million, respectively, classified as trading investments.

Available-for-Sale Investments

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

As of March 31, 2022 (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	$ 400,647	$ —	$ 74	$ (29,641)	$ 371,080
Utah Housing Corporation bonds	4,926	—	—	(77)	4,849
U.S. government-sponsored enterprises and Treasuries	1,799,080	—	—	(63,830)	1,735,250
Other securities	235,551	—	—	(5,179)	230,372
Total	$ 2,440,204	$ —	$ 74	$ (98,727)	$ 2,341,551

As of December 31, 2021 (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	$ 376,313	$ —	$ 1,857	$ (7,073)	$ 371,097
Utah Housing Corporation bonds	6,943	—	18	—	6,961
U.S. government-sponsored enterprises and Treasuries	1,958,943	—	603	(11,893)	1,947,653
Other securities	193,369	—	439	(1,563)	192,245
Total	$ 2,535,568	$ —	$ 2,917	$ (20,529)	$ 2,517,956

(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.

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:

	Less than 12 months		12 months or more		Total	
(Dollars in thousands)	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
As of March 31, 2022:						
Mortgage-backed securities	$ (12,056)	$ 188,447	$ (17,585)	$ 176,659	$ (29,641)	$ 365,106
Utah Housing Corporation bonds	(77)	4,849	—	—	(77)	4,849
U.S. government-sponsored enterprises and Treasuries	(61,996)	1,647,055	(1,834)	63,176	(63,830)	1,710,231
Other securities	(3,266)	137,845	(1,913)	36,752	(5,179)	174,597
Total	$ (77,395)	$ 1,978,196	$ (21,332)	$ 276,587	$ (98,727)	$ 2,254,783
As of December 31, 2021:						
Mortgage-backed securities	$ (5,534)	$ 261,404	$ (1,540)	$ 36,587	$ (7,074)	$ 297,991
Utah Housing Corporation bonds	—	—	—	—	—	—
U.S. government-sponsored enterprises and Treasuries	(11,892)	1,199,367	—	—	(11,892)	1,199,367
Other securities	(1,563)	132,884	—	—	(1,563)	132,884
Total	$ (18,989)	$ 1,593,655	$ (1,540)	$ 36,587	$ (20,529)	$ 1,630,242

At March 31, 2022 and December 31, 2021, 158 of 186 and 60 of 180, respectively, of our available-for-sale securities were in an unrealized loss position.

Impairment

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

Our investment portfolio contains mortgage-backed securities issued by Ginnie Mae, Fannie Mae, and Freddie Mac, as well as Utah Housing Corporation bonds. We own these securities to meet our requirements under the Community Reinvestment Act ("CRA"). We also invest in other U.S. government-sponsored enterprise securities issued by the Federal Home Loan Bank, Freddie Mac, and the Federal Farm Credit Bank. Our mortgage-backed securities that were issued under Ginnie Mae programs carry a full faith and credit guarantee from the U.S. Government. The remaining mortgage-backed securities in a net loss position carry a principal and interest guarantee by Fannie Mae or Freddie Mac, respectively. Our Treasury and other U.S. government-sponsored enterprise bonds are rated Aaa by Moody's Investors Service or AA+ by Standard and Poor's. The decline in value from December 31, 2021 to March 31, 2022 was driven by the current interest rate environment and is not credit related. We have the intent and ability to hold these bonds for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security. Based on this qualitative analysis, we have determined that no credit impairment exists.

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

As of March 31, 2022, the amortized cost and fair value of securities, by contractual maturities, are summarized below. Contractual maturities versus actual maturities may differ due to the effect of prepayments.

As of March 31, 2022 Year of Maturity (dollars in thousands)	Amortized Cost	Estimated Fair Value
2022	$ 194,309	$ 193,447
2023	162,595	159,383
2024	597,268	577,077
2025	297,077	293,021
2026	547,832	512,323
2038	73	76
2039	873	916
2042	2,912	2,768
2043	5,415	5,336
2044	7,015	6,959
2045	6,158	6,018
2046	9,374	9,085
2047	9,957	9,751
2048	2,427	2,437
2049	18,261	17,902
2050	127,490	116,445
2051	174,646	159,542
2052	40,972	38,693
2053	132,336	128,621
2054	103,214	101,751
Total	$ 2,440,204	$ 2,341,551

Some of our 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 $720 million and $888 million par value of securities pledged to this borrowing facility at March 31, 2022 and December 31, 2021, respectively, as discussed further in Notes to Consolidated Financial Statements, Note 8, “Borrowings.”

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 in determining any changes in the value of the securities. As of March 31, 2022 and December 31, 2021, our total investment in these securities was $69 million and $69 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 $66 million at March 31, 2022 and $68 million at December 31, 2021. We are periodically required to provide additional financial support during the investment period. Our liability for these unfunded commitments was $28 million at March 31, 2022 and $30 million at December 31, 2021.

Related to these investments, we recognized tax credits and other tax benefits through tax expense of less than $1 million at March 31, 2022 and $7 million at December 31, 2021. Tax credits and other tax benefits are recognized as part of our annual effective tax rate used to determine tax expense in a given quarter. Accordingly, the portion of a year's expected tax benefits recognized in any given quarter may differ from 25 percent.

3. Loans Held for Investment

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

Our Private Education Loans are made largely to bridge the gap between the cost of higher education and the amount funded through financial aid, government loans, and customers' resources. Private Education Loans bear the full credit risk of the customer. We manage this risk through risk-performance underwriting strategies and qualified cosigners. Private Education Loans may be fixed-rate or may carry a variable interest rate indexed to LIBOR, the London interbank offered rate, or SOFR, the Secured Overnight Financing Rate. As of March 31, 2022 and December 31, 2021, 51 percent and 52 percent, respectively, of all of our Private Education Loans were indexed to LIBOR or SOFR. We provide incentives for customers to include a cosigner on the loan, and the vast majority of Private Education Loans in our portfolio are cosigned. We also encourage customers to make payments while in school.

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

In the first quarter of 2022, we recognized $10 million in gains from the sale of approximately $95 million of our Private Education Loans, including $89 million of principal and $6 million in capitalized interest, to an unaffiliated third party. In the first quarter of 2021, we recognized $399 million in gains from the sale of approximately $3.16 billion of our Private Education Loans, including $2.97 billion of principal and $193 million in capitalized interest, to an unaffiliated third party. There were VIEs created in the execution of certain of these loan sales; however, based on our consolidation analysis, we are not the primary beneficiary of these VIEs. These transactions qualified for sale treatment and removed the balance of the loans from our balance sheet on the respective settlement dates. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. For additional information, see Notes to Consolidated Financial Statements, Note 8, "Borrowings - Unconsolidated VIEs."

3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

(Dollars in thousands)	March 31, 2022	December 31, 2021
Private Education Loans:		
Fixed-rate	$ 10,685,053	$ 9,920,547
Variable-rate	11,050,316	10,796,316
Total Private Education Loans, gross	21,735,369	20,716,863
Deferred origination costs and unamortized premium/(discount)	71,907	67,488
Allowance for credit losses	(1,221,053)	(1,158,977)
Total Private Education Loans, net	20,586,223	19,625,374
FFELP Loans	682,273	695,216
Deferred origination costs and unamortized premium/(discount)	1,770	1,815
Allowance for credit losses	(3,999)	(4,077)
Total FFELP Loans, net	680,044	692,954
Credit Cards (fixed-rate)	27,547	25,014
Deferred origination costs and unamortized premium/(discount)	171	222
Allowance for credit losses	(2,310)	(2,281)
Total Credit Cards, net	25,408	22,955
Loans held for investment, net	$ 21,291,675	$ 20,341,283

The estimated weighted average life of education loans in our portfolio was approximately 4.8 years and 4.7 years at March 31, 2022 and December 31, 2021, respectively.

The average balance and the respective weighted average interest rates of loans in our portfolio are summarized as follows:

Three Months Ended March 31, (dollars in thousands)	2022 Average Balance	2022 Weighted Average Interest Rate	2021 Average Balance	2021 Weighted Average Interest Rate
Private Education Loans	$ 21,858,270	8.38 %	$ 20,984,491	8.22 %
FFELP Loans	690,540	3.51	734,289	3.41
Credit Cards	26,622	3.95	11,841	0.78
Total portfolio	$ 22,575,432		$ 21,730,621	

4. Allowance for Credit Losses

Our provision for credit losses represents the periodic expense of maintaining an allowance sufficient to absorb lifetime expected credit losses in the held for investment loan portfolios. The evaluation of the allowance for credit losses is inherently subjective, as it requires material estimates that may be susceptible to significant changes. We believe the allowance for credit losses is appropriate to cover lifetime losses expected to be incurred in the loan portfolios. See Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies — Allowance for Credit Losses - 2021 and 2020 — Allowance for Private Education Loan Losses - 2021 and 2020, — Allowance for FFELP Loan Losses - 2021 and 2020, and — Allowance for Credit Card Loans - 2021 and 2020” in our 2021 Form 10-K for a more detailed discussion.

4. Allowance for Credit Losses (Continued)

Allowance for Credit Losses Metrics

Three Months Ended March 31, 2022 (dollars in thousands)	FFELP Loans	Private Education Loans	Credit Cards	Total
Allowance for Credit Losses				
Beginning balance	$ 4,077	$ 1,158,977	$ 2,281	$ 1,165,335
Transfer from unfunded commitment liability[1]	—	94,686	—	94,686
Provisions:				
Provision for current period	21	48,460	137	48,618
Loan sale reduction to provision	—	(5,247)	—	(5,247)
Total provisions[2]	21	43,213	137	43,371
Net charge-offs:				
Charge-offs	(99)	(83,856)	(111)	(84,066)
Recoveries	—	8,033	3	8,036
Net charge-offs	(99)	(75,823)	(108)	(76,030)
Ending Balance	$ 3,999	$ 1,221,053	$ 2,310	$ 1,227,362
Allowance:				
Ending balance: individually evaluated for impairment	$ —	$ —	$ —	$ —
Ending balance: collectively evaluated for impairment	$ 3,999	$ 1,221,053	$ 2,310	$ 1,227,362
Loans:				
Ending balance: individually evaluated for impairment	$ —	$ —	$ —	$ —
Ending balance: collectively evaluated for impairment	$ 682,273	$ 21,735,369	$ 27,547	$ 22,445,189
Net charge-offs as a percentage of average loans in repayment (annualized)[3]	0.07 %	1.89 %	1.63 %	
Allowance as a percentage of the ending total loan balance	0.59 %	5.62 %	8.39 %	
Allowance as a percentage of the ending loans in repayment[3]	0.75 %	7.59 %	8.39 %	
Allowance coverage of net charge-offs (annualized)	10.10	4.03	5.35	
Ending total loans, gross	$ 682,273	$ 21,735,369	$ 27,547	
Average loans in repayment[3]	$ 543,303	$ 16,013,289	$ 26,551	
Ending loans in repayment[3]	$ 535,080	$ 16,095,157	$ 27,547	

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

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

Consolidated Statements of Income
Provisions for Credit Losses Reconciliation

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

(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.

4. Allowance for Credit Losses (Continued)

Three Months Ended March 31, 2021 (dollars in thousands)	FFELP Loans	Private Education Loans	Credit Cards	Total
Allowance for Credit Losses				
Beginning balance	$ 4,378	$ 1,355,844	$ 1,501	$ 1,361,723
Transfer from unfunded commitment liability(1)	—	126,880	—	126,880
Provisions:				
Provision for current period	29	(254,942)	(86)	(254,999)
Loan sale reduction to provision	—	(8,858)	—	(8,858)
Loans transferred from held-for-sale	—	1,887	—	1,887
Total provisions(2)	29	(261,913)	(86)	(261,970)
Net charge-offs:				
Charge-offs	(89)	(55,139)	(88)	(55,316)
Recoveries	—	7,703	1	7,704
Net charge-offs	(89)	(47,436)	(87)	(47,612)
Ending Balance	$ 4,318	$ 1,173,375	$ 1,328	$ 1,179,021
Allowance:				
Ending balance: individually evaluated for impairment	$ —	$ 95,536	$ —	$ 95,536
Ending balance: collectively evaluated for impairment	$ 4,318	$ 1,077,839	$ 1,328	$ 1,083,485
Loans:				
Ending balance: individually evaluated for impairment	$ —	$ 1,225,604	$ —	$ 1,225,604
Ending balance: collectively evaluated for impairment	$ 727,664	$ 19,516,236	$ 11,309	$ 20,255,209
Net charge-offs as a percentage of average loans in repayment (annualized)(3)	0.06 %	1.29 %	2.92 %	
Allowance as a percentage of the ending total loan balance	0.59 %	5.66 %	11.74 %	
Allowance as a percentage of the ending loans in repayment(3)	0.80 %	7.94 %	11.74 %	
Allowance coverage of net charge-offs (annualized)	12.13	6.18	3.82	
Ending total loans, gross	$ 727,664	$ 20,741,840	$ 11,309	
Average loans in repayment(3)	$ 554,510	$ 14,743,508	$ 11,909	
Ending loans in repayment(3)	$ 540,903	$ 14,777,939	$ 11,309	

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

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

Consolidated Statements of Income
Provisions for Credit Losses Reconciliation

Three Months Ended March 31, 2021 (dollars in thousands)	
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ (261,913)
Provisions for unfunded loan commitments	36,203
Total Private Education Loan provisions for credit losses	(225,710)
Other impacts to the provisions for credit losses:	
FFELP Loans	29
Credit Cards	(86)
Total	(57)
Provisions for credit losses reported in consolidated statements of income	$ (225,767)

(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.

Allowance for Credit Losses - Forecast Assumptions

In determining the adequacy of the allowance for credit losses, we include forecasts of college graduate unemployment and the Consumer Price Index in our loss forecasting models. We obtain forecasts for these two inputs from Moody's Analytics. Moody's Analytics provides a range of forecasts for each of these inputs with various likelihoods of occurring. We determine which forecasts we will include in our estimation of allowance for credit losses and the associated weightings for each of these inputs. At March 31, 2021, December 31, 2021, and March 31, 2022, we used the Base (50th percentile likelihood of occurring)/S1 (stronger near-term growth scenario with 10 percent likelihood of occurring)/S3 (downside scenario with 10 percent likelihood of occurring) scenarios and weighted them 40 percent, 30 percent and 30 percent, respectively. Management reviews both the scenarios and their respective weightings each quarter in determining the allowance for credit losses.

Provisions for credit losses in the three months ended March 31, 2022 increased by $324 million compared with the year-ago period. During the three months ended March 31, 2022, the provision for credit losses was primarily affected by increased commitments and additional management overlays, which were partially offset by improved economic forecasts and faster prepayment rates.

During the first quarter of 2021, we increased our estimates of future prepayment speeds during both the two-year reasonable and supportable period as well as the remaining term of the underlying loans. These faster estimated prepayment speeds during the two-year reasonable and supportable period reflected the significant improvement in economic forecasts, as well as the implementation of an updated prepayment speed model. We experienced higher prepayments during the COVID-19 pandemic, when unemployment rates were elevated, than we would have expected based upon our experience during past financial crises.

Loan Modifications to Borrowers Experiencing Financial Difficulty

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

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

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

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

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

For additional information, see Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies —Allowance for Credit Losses - 2021 and 2020," and Note 7, "Allowance for Credit Losses" in our 2021 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 2021 Form 10-K. In the first quarter of 2022, we adopted ASU No. 2022-02 (see Note 1, “Significant Accounting Policies” in this Form 10-Q). Under this new amendment, 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 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.

The following table shows the amortized cost basis at the end of the reporting period of the loans to borrowers experiencing financial difficulty that were modified during the period from January 1, 2022 (the effective date of our adoption of ASU No. 2022-02) through the end of the reporting 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.

At March 31, 2022 (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	$ 7,679	0.04 %	$ 79,597	0.37 %
Total	$ 7,679	0.04 %	$ 79,597	0.37 %

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

Interest Rate Reduction		Combination - Interest Rate Reduction and Term Extension	
Loan Type	Financial Effect	Loan Type	Financial Effect
Private Education Loans	Reduced average contractual rate from 10.09% to 4.00%	Private Education Loans	Added a weighted average 10.51 years to the life of loans Reduced average contractual rate from 9.43% to 4.00%

When a Private Education Loan reaches 120 days delinquent, the loan is charged off. 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 - 2021 and 2020 — Allowance for Private Education Loan Losses - 2021 and 2020, — Allowance for FFELP Loan Losses - 2021 and 2020, and — Allowance for Credit Card Loans - 2021 and 2020" in our 2021 Form 10-K for a more detailed discussion.

The following table provides the amount of financing receivables whose borrowers were experiencing financial difficulty and had a payment default and were modified during the period from January 1, 2022 (the effective date of our adoption of ASU No. 2022-02) through the end of the reporting period. We define payment default as 60 days past due for purposes of this disclosure.

At March 31, 2022 (dollars in thousands)	Modified Loans[(1)]	Payment Default
Loan Type:		
Private Education Loans	$ 290	$ 287
Total	$ 290	$ 287

(1) Represents amortized cost basis of loans that have been modified.

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 during the period from January 1, 2022 (the effective date of our adoption of ASU No. 2022-02) through the end of the reporting period.

	Payment Status (Amortized Cost Basis)				
At March 31, 2022 (dollars in thousands)	Deferment[(1)]	Current[(2)(3)]	30-59 Days Past Due[(2)(3)]	60-89 Days Past Due[(2)(3)]	90 Days or Greater Past Due[(2)(3)]
Loan Type:					
Private Education Loans	$ 649	$ 84,992	$ 1,295	$ 255	$ 85
Total	$ 649	$ 84,992	$ 1,295	$ 255	$ 85

(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).

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

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

4. Allowance for Credit Losses (Continued)

Private Education Loans Held for Investment - Key Credit Quality Indicators

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

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

As of March 31, 2022 (dollars in thousands)	Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination	2022[(1)]	2021[(1)]	2020[(1)]	2019[(1)]	2018[(1)]	2017 and Prior[(1)]	Total[(1)]	% of Balance
Cosigners:								
With cosigner	$ 664,611	$ 4,368,829	$ 3,450,387	$ 2,626,952	$ 1,898,677	$ 6,087,363	$ 19,096,819	88 %
Without cosigner	117,001	671,963	533,219	411,385	275,611	629,371	2,638,550	12
Total	$ 781,612	$ 5,040,792	$ 3,983,606	$ 3,038,337	$ 2,174,288	$ 6,716,734	$ 21,735,369	100 %
FICO at Origination[(2)]:								
Less than 670	$ 58,976	$ 333,682	$ 231,772	$ 241,643	$ 183,391	$ 561,766	$ 1,611,230	7 %
670-699	111,251	669,450	543,884	468,705	343,601	1,141,747	3,278,638	15
700-749	251,606	1,591,862	1,290,542	999,922	723,591	2,257,304	7,114,827	33
Greater than or equal to 750	359,779	2,445,798	1,917,408	1,328,067	923,705	2,755,917	9,730,674	45
Total	$ 781,612	$ 5,040,792	$ 3,983,606	$ 3,038,337	$ 2,174,288	$ 6,716,734	$ 21,735,369	100 %
FICO Refreshed[(2)(3)]:								
Less than 670	$ 72,244	$ 472,669	$ 310,819	$ 292,706	$ 245,690	$ 964,669	$ 2,358,797	11 %
670-699	115,446	670,147	453,846	343,831	236,812	738,916	2,558,998	12
700-749	249,052	1,561,528	1,203,084	911,247	631,484	1,855,009	6,411,404	29
Greater than or equal to 750	344,870	2,336,448	2,015,857	1,490,553	1,060,302	3,158,140	10,406,170	48
Total	$ 781,612	$ 5,040,792	$ 3,983,606	$ 3,038,337	$ 2,174,288	$ 6,716,734	$ 21,735,369	100 %
Seasoning[(4)]:								
1-12 payments	$ 417,858	$ 3,015,407	$ 597,296	$ 506,047	$ 384,057	$ 873,302	$ 5,793,967	27 %
13-24 payments	—	—	2,190,940	331,049	188,777	663,245	3,374,011	16
25-36 payments	—	—	188	1,483,980	285,486	613,350	2,383,004	11
37-48 payments	—	—	—	—	921,378	708,204	1,629,582	7
More than 48 payments	—	—	—	—	—	3,148,853	3,148,853	14
Not yet in repayment	363,754	2,025,385	1,195,182	717,261	394,590	709,780	5,405,952	25
Total	$ 781,612	$ 5,040,792	$ 3,983,606	$ 3,038,337	$ 2,174,288	$ 6,716,734	$ 21,735,369	100 %
2022 Current period[(5)] gross charge-offs	$ —	$ (1,618)	$ (7,397)	$ (12,931)	$ (12,579)	$ (49,331)	$ (83,856)	
2022 Current period[(5)] recoveries	—	107	507	989	1,030	5,400	8,033	
2022 Current period[(5)] net charge-offs	$ —	$ (1,511)	$ (6,890)	$ (11,942)	$ (11,549)	$ (43,931)	$ (75,823)	
Total accrued interest by origination vintage	$ 9,778	$ 180,992	$ 269,425	$ 271,083	$ 190,288	$ 320,007	$ 1,241,573	

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

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

(3) Represents the FICO score updated as of the first-quarter 2022.

(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, 2022 through March 31, 2022.

4. Allowance for Credit Losses (Continued)

As of December 31, 2021 (dollars in thousands)	Private Education Loans Held for Investment - Credit Quality Indicators							
Year of Origination	2021[1]	2020[1]	2019[1]	2018[1]	2017[1]	2016 and Prior[1]	Total[1]	% of Balance
Cosigners:								
With cosigner	$ 3,263,892	$ 3,604,553	$ 2,778,262	$ 2,025,463	$ 1,765,719	$ 4,753,775	$ 18,191,664	88 %
Without cosigner	558,469	561,730	438,263	294,597	212,514	459,626	2,525,199	12
Total	$ 3,822,361	$ 4,166,283	$ 3,216,525	$ 2,320,060	$ 1,978,233	$ 5,213,401	$ 20,716,863	100 %
FICO at Origination[2]:								
Less than 670	$ 248,368	$ 238,005	$ 251,157	$ 193,123	$ 166,048	$ 428,416	$ 1,525,117	7 %
670-699	508,264	564,497	493,237	363,313	329,807	884,981	3,144,099	15
700-749	1,210,833	1,348,269	1,057,001	770,452	660,270	1,753,709	6,800,534	33
Greater than or equal to 750	1,854,896	2,015,512	1,415,130	993,172	822,108	2,146,295	9,247,113	45
Total	$ 3,822,361	$ 4,166,283	$ 3,216,525	$ 2,320,060	$ 1,978,233	$ 5,213,401	$ 20,716,863	100 %
FICO Refreshed[2][3]:								
Less than 670	$ 326,613	$ 279,578	$ 273,652	$ 235,684	$ 233,022	$ 739,268	$ 2,087,817	10 %
670-699	506,021	475,674	365,133	256,400	209,536	570,605	2,383,369	12
700-749	1,209,493	1,285,015	978,763	682,024	568,766	1,448,692	6,172,753	30
Greater than or equal to 750	1,780,234	2,126,016	1,598,977	1,145,952	966,909	2,454,836	10,072,924	48
Total	$ 3,822,361	$ 4,166,283	$ 3,216,525	$ 2,320,060	$ 1,978,233	$ 5,213,401	$ 20,716,863	100 %
Seasoning[4]:								
1-12 payments	$ 2,265,811	$ 594,850	$ 515,328	$ 385,246	$ 340,242	$ 501,269	$ 4,602,746	22 %
13-24 payments	—	2,287,737	362,674	203,674	211,064	479,540	3,544,689	17
25-36 payments	—	173	1,565,203	312,049	164,575	482,369	2,524,369	12
37-48 payments	—	—	—	983,434	295,206	464,563	1,743,203	8
More than 48 payments	—	—	—	—	671,138	2,726,304	3,397,442	16
Not yet in repayment	1,556,550	1,283,523	773,320	435,657	296,008	559,356	4,904,414	25
Total	$ 3,822,361	$ 4,166,283	$ 3,216,525	$ 2,320,060	$ 1,978,233	$ 5,213,401	$ 20,716,863	100 %
2021 Current period[5] gross charge-offs	$ (1,183)	$ (8,604)	$ (23,866)	$ (32,741)	$ (37,186)	$ (126,011)	$ (229,591)	
2021 Current period[5] recoveries	35	540	2,092	3,693	4,450	18,684	29,494	
2021 Current period[5] net charge-offs	$ (1,148)	$ (8,064)	$ (21,774)	$ (29,048)	$ (32,736)	$ (107,327)	$ (200,097)	
Total accrued interest by origination vintage	$ 109,233	$ 247,418	$ 270,242	$ 198,816	$ 131,685	$ 229,729	$ 1,187,123	

(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 2021.

(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, 2021 through December 31, 2021.

4. Allowance for Credit Losses (Continued)

Delinquencies - Private Education Loans Held for Investment

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

As of March 31, 2022 (dollars in thousands)	Private Education Loans Held for Investment - Delinquencies by Origination Vintage						
	2022	2021	2020	2019	2018	2017 and Prior	Total
Loans in-school/grace/deferment[1]	$ 363,754	$ 2,025,385	$ 1,195,182	$ 717,261	$ 394,590	$ 709,780	$ 5,405,952
Loans in forbearance[2]	441	15,123	37,237	35,259	30,585	115,615	234,260
Loans in repayment:							
Loans current	415,657	2,972,685	2,690,157	2,205,417	1,674,303	5,571,861	15,530,080
Loans delinquent 30-59 days[3]	1,760	17,435	28,523	34,956	33,362	144,499	260,535
Loans delinquent 60-89 days[3]	—	6,557	18,618	25,590	23,023	95,272	169,060
Loans 90 days or greater past due[3]	—	3,607	13,889	19,854	18,425	79,707	135,482
Total Private Education Loans in repayment	417,417	3,000,284	2,751,187	2,285,817	1,749,113	5,891,339	16,095,157
Total Private Education Loans, gross	781,612	5,040,792	3,983,606	3,038,337	2,174,288	6,716,734	21,735,369
Private Education Loans deferred origination costs and unamortized premium/(discount)	9,615	20,732	14,883	8,753	5,380	12,544	71,907
Total Private Education Loans	791,227	5,061,524	3,998,489	3,047,090	2,179,668	6,729,278	21,807,276
Private Education Loans allowance for losses	(54,769)	(308,664)	(230,000)	(187,181)	(122,741)	(317,698)	(1,221,053)
Private Education Loans, net	$ 736,458	$ 4,752,860	$ 3,768,489	$ 2,859,909	$ 2,056,927	$ 6,411,580	$ 20,586,223
Percentage of Private Education Loans in repayment	53.4 %	59.5 %	69.1 %	75.2 %	80.4 %	87.7 %	74.1 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.4 %	0.9 %	2.2 %	3.5 %	4.3 %	5.4 %	3.5 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.1 %	0.5 %	1.3 %	1.5 %	1.7 %	1.9 %	1.4 %

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

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

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

4. Allowance for Credit Losses (Continued)

As of December 31, 2021 (dollars in thousands)	Private Education Loans Held for Investment - Delinquencies by Origination Vintage						
	2021	2020	2019	2018	2017	2016 and Prior	Total
Loans in-school/grace/deferment[1]	$ 1,556,550	$ 1,283,523	$ 773,320	$ 435,657	$ 296,008	$ 559,356	$ 4,904,414
Loans in forbearance[2]	11,951	55,844	52,364	43,613	41,355	96,110	301,237
Loans in repayment:							
Loans current	2,234,876	2,786,646	2,321,728	1,772,651	1,570,815	4,319,057	15,005,773
Loans delinquent 30-59 days[3]	15,148	29,146	46,616	43,197	41,695	132,757	308,559
Loans delinquent 60-89 days[3]	3,194	7,441	14,044	14,310	16,425	61,533	116,947
Loans 90 days or greater past due[3]	642	3,683	8,453	10,632	11,935	44,588	79,933
Total Private Education Loans in repayment	2,253,860	2,826,916	2,390,841	1,840,790	1,640,870	4,557,935	15,511,212
Total Private Education Loans, gross	3,822,361	4,166,283	3,216,525	2,320,060	1,978,233	5,213,401	20,716,863
Private Education Loans deferred origination costs and unamortized premium/(discount)	22,169	16,067	9,575	5,918	4,588	9,171	67,488
Total Private Education Loans	3,844,530	4,182,350	3,226,100	2,325,978	1,982,821	5,222,572	20,784,351
Private Education Loans allowance for losses	(248,102)	(239,507)	(195,223)	(129,678)	(99,982)	(246,485)	(1,158,977)
Private Education Loans, net	$ 3,596,428	$ 3,942,843	$ 3,030,877	$ 2,196,300	$ 1,882,839	$ 4,976,087	$ 19,625,374
Percentage of Private Education Loans in repayment	59.0 %	67.9 %	74.3 %	79.3 %	82.9 %	87.4 %	74.9 %
Delinquent Private Education Loans in repayment as a percentage of Private Education Loans in repayment	0.8 %	1.4 %	2.9 %	3.7 %	4.3 %	5.2 %	3.3 %
Loans in forbearance as a percentage of loans in repayment and forbearance	0.5 %	1.9 %	2.1 %	2.3 %	2.5 %	2.1 %	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.

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. The allowance for this portion of interest is included in our loan loss reserve.

	Private Education Loans Accrued Interest Receivable		
(Dollars in thousands)	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest
March 31, 2022	$ 1,241,574	$ 6,292	$ 5,505
December 31, 2021	$ 1,187,123	$ 3,635	$ 4,937

5. Unfunded Loan Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. See Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies - Allowance for Credit Losses - 2021 and 2020, — Off-Balance Sheet Exposure for Contractual Loan Commitments - 2021 and 2020” in our 2021 Form 10-K for additional information.

At March 31, 2022, we had $562 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2021/2022 academic year. The tables below summarize the activity in the allowance recorded to cover lifetime expected credit losses on the unfunded commitments, which is recorded in “Other Liabilities” on the consolidated balance sheets, as well as the activity in the unfunded commitments balance.

Three Months Ended March 31, (dollars in thousands)	2022 Allowance	2022 Unfunded Commitments	2021 Allowance	2021 Unfunded Commitments
Beginning Balance	$ 72,713	$ 1,776,976	$ 110,044	$ 1,673,018
Provision/New commitments - net[1]	47,454	968,830	40,197	843,161
Other provision items	7,226	—	(3,994)	—
Transfer - funded loans[2]	(94,686)	(2,184,058)	(126,880)	(2,058,726)
Ending Balance	$ 32,707	$ 561,748	$ 19,367	$ 457,453

(1) Net of expirations of commitments unused.

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

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

6. Goodwill and Acquired Intangible Assets

Goodwill

We recorded as goodwill the excess of the purchase price over the estimated fair values of identifiable assets and liabilities acquired as part of the Nitro acquisition in the first quarter of 2022. Goodwill is not amortized but is tested periodically for impairment. We plan to test goodwill for impairment annually in the fourth quarter of the year, or more frequently if we believe that indicators of impairment exist. At March 31, 2022 we had $51 million in total Goodwill. See Note 2, “Significant Accounting Policies” for additional details on our acquisition of Nitro.

Acquired Intangible Assets

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

Acquired intangible assets include the following:

		March 31, 2022		
(Dollars in thousands)	Useful Life (in years)[1]	Cost Basis	Accumulated Amortization	Net
Tradename and trademarks	10	$ 68,470	$ (515)	$ 67,955
Customer relationships	5	5,670	(186)	5,484
Developed technology	3	1,260	(32)	1,228
Total acquired intangible assets		$ 75,400	$ (733)	$ 74,667

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

We recorded amortization of acquired intangible assets totaling approximately $1 million in the three months ended March 31, 2022. There was no amortization of acquired intangible assets recorded in the three months ended March 31, 2021. 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 $8 million, $9 million, $8 million, $8 million and $7 million in 2022, 2023, 2024, 2025 and 2026, respectively.

7. Deposits

The following table summarizes total deposits at March 31, 2022 and December 31, 2021.

(Dollars in thousands)	March 31, 2022	December 31, 2021
Deposits - interest bearing	$ 21,192,004	$ 20,826,692
Deposits - non-interest bearing	2,022	1,432
Total deposits	$ 21,194,026	$ 20,828,124

Our total deposits of $21.2 billion were comprised of $10.0 billion in brokered deposits and $11.2 billion in retail and other deposits at March 31, 2022, compared to total deposits of $20.8 billion, which were comprised of $10.1 billion in brokered deposits and $10.7 billion in retail and other deposits, at December 31, 2021.

Interest bearing deposits as of March 31, 2022 and December 31, 2021 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity money market deposits ("MMDAs"), and retail and brokered certificates of deposit ("CDs"). Interest bearing deposits include deposits from Educational 529 and Health Savings plans that diversify our funding sources and additional deposits we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented $7.8 billion and $7.3 billion of our deposit total as of March 31, 2022 and December 31, 2021, respectively.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of $3 million and $4 million in the three months ended March 31, 2022 and 2021, respectively. Fees paid to third-party brokers related to brokered CDs were $2 million for the three months ended March 31, 2022. There were no related fees paid in the three months ended March 31, 2021.

Interest bearing deposits at March 31, 2022 and December 31, 2021 are summarized as follows:

	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Amount	Qtr.-End Weighted Average Stated Rate[1]	Amount	Year-End Weighted Average Stated Rate[1]
Money market	$ 10,984,116	0.79 %	$ 10,473,569	0.69 %
Savings	968,059	0.43	959,122	0.43
Certificates of deposit	9,239,829	1.37	9,394,001	1.20
Deposits - interest bearing	$ 21,192,004		$ 20,826,692	

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

As of March 31, 2022, and December 31, 2021, there were $532 million and $743 million, respectively, of deposits exceeding Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accrued interest on deposits was $42 million and $35 million at March 31, 2022 and December 31, 2021, respectively.

8. Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term asset-backed securitization ("ABS") program and our Private Education Loan multi-lender secured borrowing facility (the "Secured Borrowing Facility"). For additional information regarding our borrowings, see Notes to Consolidated Financial Statements, Note 11, "Borrowings" in our 2021 Form 10-K. The following table summarizes our borrowings at March 31, 2022 and December 31, 2021.

	March 31, 2022			December 31, 2021		
(Dollars in thousands)	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	$ —	$ 986,591	$ 986,591	$ —	$ 986,138	$ 986,138
Total unsecured borrowings	—	986,591	986,591	—	986,138	986,138
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,608,606	3,608,606	—	3,897,996	3,897,996
Variable-rate	—	957,300	957,300	—	1,046,856	1,046,856
Total Private Education Loan term securitizations	—	4,565,906	4,565,906	—	4,944,852	4,944,852
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	4,565,906	4,565,906	—	4,944,852	4,944,852
Total	$ —	$ 5,552,497	$ 5,552,497	$ —	$ 5,930,990	$ 5,930,990

Long-term Borrowings

Secured Financings at Issuance

The following table summarizes our secured financings issued in 2021. There were no secured financings issued in the three months ended March 31, 2022.

Issue	Date Issued	Total Issued	Weighted Average Cost of Funds[1]	Weighted Average Life (in years)
(Dollars in thousands)				
Private Education Loans:				
2021-B	May 2021	$ 531,000	1-month LIBOR plus 0.77%	4.26
2021-D	August 2021	527,000	1-month LIBOR plus 0.69%	4.22
2021-E	November 2021	534,000	1-month LIBOR plus 0.69%	4.15
Total notes issued in 2021		$ 1,592,000		
Total loan and accrued interest amount securitized at inception in 2021[2]		$ 1,656,263		

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

[2] At March 31, 2022, $1.46 billion of our Private Education Loans, including $1.37 billion of principal and $87 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.

As of March 31, 2022 (dollars in thousands)	Debt Outstanding Short-Term	Long-Term	Total	Carrying Amount of Assets Securing Debt Outstanding Loans	Restricted Cash	Other Assets[1]	Total
Secured borrowings:							
Private Education Loan term securitizations	$ —	$ 4,565,906	$ 4,565,906	$ 5,650,067	$ 187,960	$ 333,325	$ 6,171,352
Secured Borrowing Facility	—	—	—	—	—	298	298
Total	$ —	$ 4,565,906	$ 4,565,906	$ 5,650,067	$ 187,960	$ 333,623	$ 6,171,650

As of December 31, 2021 (dollars in thousands)	Debt Outstanding Short-Term	Long-Term	Total	Carrying Amount of Assets Securing Debt Outstanding Loans	Restricted Cash	Other Assets[1]	Total
Secured borrowings:							
Private Education Loan term securitizations	$ —	$ 4,994,852	$ 4,994,852	$ 6,029,034	$ 210,741	$ 357,982	$ 6,597,757
Secured Borrowing Facility	—	—	—	—	—	867	867
Total	$ —	$ 4,994,852	$ 4,994,852	$ 6,029,034	$ 210,741	$ 358,849	$ 6,598,624

(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 while as servicer we may have a significant impact on economic performance, the risk of absorbing losses that could be significant is low.

2022-A Transaction

On March 16, 2022, we closed an SMB Private Education Loan Trust 2022-A term ABS transaction (the "2022-A Transaction"), in which an unaffiliated third-party sold to the trust approximately $973 million of Private Education Loans that the third-party seller previously purchased from us on November 17, 2021. In the 2022-A Transaction, we were the sponsor, servicer and administrator, and the seller of an additional $95 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 2022-A Transaction and we recorded a $10 million gain on sale associated with this transaction. In connection with the 2022-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 2022-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.

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

(Dollars in thousands)	March 31, 2022			December 31, 2021		
	Debt Interests(1)	Equity Interests(2)	Total Exposure	Debt Interests(1)	Equity Interests(2)	Total Exposure
Private Education Loan term securitizations	$ 230,372	$ 38,820	$ 269,192	$ 192,245	$ 37,465	$ 229,710

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

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks, which totaled $125 million at March 31, 2022. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2022 or in the year ended December 31, 2021.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Discount Window (the "Window"). The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2022 and December 31, 2021, the value of our pledged collateral at the FRB totaled $2.9 billion and $3.3 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2022 or in the year ended December 31, 2021.

9. Derivative Financial Instruments

Risk Management Strategy

We maintain an overall interest rate risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate changes. Our goal is to manage interest rate sensitivity by modifying the repricing frequency and underlying index characteristics of certain balance sheet assets or liabilities so any adverse impacts related to movements in interest rates are managed within low to moderate limits. As a result of interest rate fluctuations, hedged balance sheet positions will appreciate or depreciate in market value or create variability in cash flows. Income or loss on the derivative instruments linked to the hedged item will generally offset the effect of this unrealized appreciation or depreciation or volatility in cash flows for the period the item is being hedged. We view this strategy as a prudent management of interest rate risk. Please refer to Notes to Consolidated Financial Statements, Note 12, “Derivative Financial Instruments” in our 2021 Form 10-K for a full discussion of our risk management strategy.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the Chicago Mercantile Exchange (“CME”) and the London Clearing House (“LCH”). All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2022, $4.8 billion notional of our derivative contracts were cleared on the CME and $0.3 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 94.3 percent and 5.7 percent, respectively, of our total notional derivative contracts of $5.1 billion at March 31, 2022.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2022 was $(64) million and $(0.4) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure to the counterparty is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2022 and December 31, 2021, we had a net positive exposure (derivative gain positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of $9 million and $9 million, respectively.

Summary of Derivative Financial Statement Impact

The following tables summarize the fair values and notional amounts of all derivative instruments at March 31, 2022 and December 31, 2021, and their impact on earnings and other comprehensive income for the three months ended March 31, 2022 and March 31, 2021. Please refer to Notes to Consolidated Financial Statements, Note 12, “Derivative Financial Instruments” in our 2021 Form 10-K for a full discussion of cash flow hedges, fair value hedges, and trading activities.

9. Derivative Financial Instruments (Continued)

Impact of Derivatives on the Consolidated Balance Sheets

(Dollars in thousands)		Cash Flow Hedges		Fair Value Hedges		Trading		Total	
		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Fair Values[1]	**Hedged Risk Exposure**								
Derivative Assets:[2]									
Interest rate swaps	Interest rate	$ 169	$ —	$ —	$ —	$ —	$ 5	$ 169	$ [illegible]
Other	Other	—	—	—	—	—	1,317	—	1,31
Derivative Liabilities:[2]									
Interest rate swaps	Interest rate	(43)	(231)	(220)	(21)	—	—	(263)	(25
Total net derivatives		$ 126	$ (231)	$ (220)	$ (21)	$ —	$ 1,322	$ (94)	$ 1,07

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

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

(Dollars in thousands)	Other Assets		Other Liabilities	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Gross position[1]	$ 169	$ 1,322	$ (263)	$ (252)
Impact of master netting agreement	(169)	(5)	169	5
Derivative values with impact of master netting agreements (as carried on balance sheet)	—	1,317	(94)	(247)
Cash collateral pledged[2]	9,327	9,655	—	—
Net position	$ 9,327	$ 10,972	$ (94)	$ (247)

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

Notional Values

(Dollars in thousands)	Cash Flow		Fair Value		Trading		Total	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Interest rate swaps	$ 1,407,412	$ 1,438,144	$ 3,678,960	$ 3,915,999	$ —	$ 181,953	$ 5,086,372	$ 5,536,096
Other	—	—	—	—	—	1,053,760	—	1,053,760
Net total notional	$ 1,407,412	$ 1,438,144	$ 3,678,960	$ 3,915,999	$ —	$ 1,235,713	$ 5,086,372	$ 6,589,856

9. Derivative Financial Instruments (Continued)

As of March 31, 2022 and December 31, 2021, 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:	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Deposits	$ (3,675,421)	$ (3,963,268)	$ 484	$ (50,784)

Impact of Derivatives on the Consolidated Statements of Income

	Three Months Ended March 31,	
(Dollars in thousands)	2022	2021
Fair Value Hedges		
Interest rate swaps:		
Interest recognized on derivatives	$ 17,287	$ 22,610
Hedged items recorded in interest expense	51,268	31,275
Derivatives recorded in interest expense	(51,319)	(31,251)
Total	$ 17,236	$ 22,634
Cash Flow Hedges		
Interest rate swaps:		
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	$ (4,541)	$ (5,269)
Total	$ (4,541)	$ (5,269)
Trading		
Interest rate swaps:		
Change in fair value of future interest payments recorded in earnings	$ (248)	$ (10,864)
Total	(248)	(10,864)
Total	$ 12,447	$ 6,501

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

	Three Months Ended March 31,	
(Dollars in thousands)	**2022**	**2021**
Amount of gain (loss) recognized in other comprehensive income (loss)	$ 47,989	$ 18,154
Less: amount of gain (loss) reclassified in interest expense	(4,541)	(5,269)
Total change in other comprehensive income (loss) for unrealized gains (losses) on derivatives, before income tax (expense) benefit	$ 52,530	$ 23,423

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 $5 million will be reclassified as a decrease to interest expense.

Cash Collateral

As of March 31, 2022, 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 related to derivative exposure between us and our derivatives counterparties at March 31, 2022 and December 31, 2021, respectively. Cash collateral pledged related to derivative exposure between us and our derivatives counterparties was $9 million and $10 million at March 31, 2022 and December 31, 2021, respectively. Collateral pledged is recorded in "Other interest-earning assets" on the consolidated balance sheets.

10. Stockholders' Equity

The following table summarizes our common share repurchases and issuances.

	Three Months Ended March 31,	
(Shares and per share amounts in actuals)	2022	2021
Common stock repurchased under repurchase programs[1][2][3]	9,533,392	48,702,830
Average purchase price per share[4]	$ 18.46	$ 15.75
Shares repurchased related to employee stock-based compensation plans[5]	934,602	1,059,980
Average purchase price per share	$ 18.55	$ 13.50
Common shares issued[6]	2,594,817	2,826,387

(1) Common shares purchased under our share repurchase programs. We have utilized all capacity under our 2021 Share Repurchase Program. There was $1.1 billion of capacity remaining under the 2022 Share Repurchase Program at March 31, 2022.

(2) For the three months ended March 31, 2021, the amount includes 13 million shares related to the completion of the accelerated share repurchase agreement in the first quarter of 2021. See Notes to Consolidated Financial Statements, Note 13, "Stockholders' Equity" in our 2021 Form 10-K for additional information.

(3) For the three months ended March 31, 2021, the amount includes 28.5 million shares related to the settlement of our common stock tender offer in the first quarter of 2021. See Notes to Consolidated Financial Statements, Note 13, "Stockholders' Equity" in our 2021 Form 10-K for additional information.

(4) Average purchase price per share includes purchase commission costs.

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

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

The closing price of our common stock on the NASDAQ Global Select Market on March 31, 2022 was $18.36.

Common Stock Dividends

In March 2022, we paid a common stock dividend of $0.11 per common share. In March 2021, we paid a common stock dividend of $0.03 per common share.

Share Repurchases

On January 27, 2021, we announced a share repurchase program (the "2021 Share Repurchase Program"), which was effective upon announcement and expires on January 26, 2023, and originally permitted us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed $1.25 billion. Under the 2021 Share Repurchase Program, we repurchased 31 million shares of common stock for $517 million in the three months ended March 31, 2021. (Those amounts include the shares repurchased under the common stock tender offer that settled in the first quarter of 2021.)

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

On January 26, 2022, we announced a new share repurchase program (the "2022 Share Repurchase Program"), which was effective upon announcement and expires on January 25, 2024, and permits us to repurchase shares of our common stock from time to time up to an aggregate repurchase price not to exceed $1.25 billion. Under the 2022 Share

Repurchase Program, we repurchased 7.5 million shares of common stock for $138 million in the three months ended March 31, 2022. We had $1.1 billion of capacity remaining under the 2022 Share Repurchase Program at March 31, 2022.

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

Share Repurchases under Rule 10b5-1 trading plans

During the three months ended March 31, 2022 and 2021, we repurchased 9.5 million shares and 6.8 million shares, respectively, of our common stock at a total cost of $176 million and $121 million, respectively, under Rule 10b5-1 trading plans authorized under our share repurchase programs.

11. Earnings per Common Share

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

(Dollars in thousands, except per share data)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Numerator:		
Net income	$ 128,812	$ 641,207
Preferred stock dividends	1,275	1,201
Net income attributable to SLM Corporation common stock	$ 127,537	$ 640,006
Denominator:		
Weighted average shares used to compute basic EPS	276,977	361,042
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)]	3,677	5,198
Weighted average shares used to compute diluted EPS	280,654	366,240
Basic earnings per common share	$ 0.46	$ 1.77
Diluted earnings per common share	$ 0.45	$ 1.75

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

(2) For the three months ended March 31, 2022 and 2021, securities covering approximately 3 million shares and 1 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

12. Fair Value Measurements

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

We categorize our fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. For additional information regarding our policies for determining fair value and the hierarchical framework, see Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Fair Value Measurement" in our 2021 Form 10-K.

During the three months ended March 31, 2022, 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							
	March 31, 2022				December 31, 2021			
(Dollars in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Trading investments	$ —	$ —	$ 38,820	$ 38,820	$ —	$ —	$ 37,465	$ 37,465
Available-for-sale investments	—	2,341,551	—	2,341,551	—	2,517,956	—	2,517,956
Derivative instruments	—	169	—	169	—	1,322	—	1,322
Total	$ —	$ 2,341,720	$ 38,820	$ 2,380,540	$ —	$ 2,519,278	$ 37,465	$ 2,556,743
Liabilities:								
Derivative instruments	$ —	$ (263)	$ —	$ (263)	$ —	$ (252)	$ —	$ (252)
Total	$ —	$ (263)	$ —	$ (263)	$ —	$ (252)	$ —	$ (252)

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

	March 31, 2022			December 31, 2021		
(Dollars in thousands)	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Earning assets:						
Loans held for investment, net:						
Private Education Loans	$ 24,125,657	$ 20,586,223	$ 3,539,434	$ 22,919,836	$ 19,625,374	$ 3,294,462
FFELP Loans	692,507	680,044	12,463	705,644	692,954	12,690
Credit Cards	27,581	25,408	2,173	25,037	22,955	2,082
Cash and cash equivalents	3,262,595	3,262,595	—	4,334,603	4,334,603	—
Trading investments	38,820	38,820	—	37,465	37,465	—
Available-for-sale investments	2,341,551	2,341,551	—	2,517,956	2,517,956	—
Accrued interest receivable	1,368,425	1,259,145	109,280	1,306,410	1,205,667	100,743
Tax indemnification receivable	8,155	8,155	—	8,047	8,047	—
Derivative instruments	169	169	—	1,322	1,322	—
Total earning assets	$ 31,865,460	$ 28,202,110	$ 3,663,350	$ 31,856,320	$ 28,446,343	$ 3,409,977
Interest-bearing liabilities:						
Money-market and savings accounts	$ 11,915,011	$ 11,952,175	$ 37,164	$ 11,457,490	$ 11,432,691	$ (24,799)
Certificates of deposit	9,171,506	9,239,829	68,323	9,451,528	9,394,001	(57,527)
Long-term borrowings	5,483,809	5,552,497	68,688	6,000,174	5,930,990	(69,184)
Accrued interest payable	61,379	61,379	—	46,600	46,600	—
Derivative instruments	263	263	—	252	252	—
Total interest-bearing liabilities	$ 26,631,968	$ 26,806,143	$ 174,175	$ 26,956,044	$ 26,804,534	$ (151,510)
Excess of net asset fair value over carrying value			$ 3,837,525			$ 3,258,467

Please refer to Notes to Consolidated Financial Statements, Note 16, “Fair Value Measurements” in our 2021 Form 10-K for a full discussion of the methods and assumptions used to estimate the fair value of each class of financial instruments.

13. Regulatory Capital

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

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

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

Under regulations issued by the FDIC and other federal banking agencies, banking organizations that adopt CECL during the 2020 calendar year, including the Bank, may 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 has 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. From January 1, 2022 to January 1, 2025, the adjusted transition amounts will be phased in for regulatory capital purposes at a rate of 25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each year. The Bank’s January 1, 2020 CECL transition amounts increased our allowance for credit losses by $1.1 billion, increased the liability representing our off-balance sheet exposure for unfunded commitments by $116 million, and increased our deferred tax asset by $306 million, resulting in a cumulative effect adjustment that reduced retained earnings by $953 million. This transition adjustment was inclusive of qualitative adjustments incorporated into our CECL allowance as necessary, to address any limitations in the models used.

At March 31, 2022, the adjusted transition amounts, reflecting changes over the phase-in period, that will be deferred for regulatory capital purposes are as follows:

(Dollars in thousands)	Transition Amounts January 1, 2020	Adjustments for the Year Ended December 31, 2020	Adjustments for the Year Ended December 31, 2021	Adjustments for the Three Months Ended March 31, 2022	Adjusted Transition Amounts March 31, 2022
Retained earnings	$ 952,639	$ (57,859)	$ (58,429)	$ (209,088)	$ 627,263
Allowance for credit losses	1,143,053	(55,811)	(49,097)	(259,536)	778,609
Liability for unfunded commitments	115,758	(2,048)	(9,333)	(26,094)	78,283
Deferred tax asset	306,171	—	—	(76,542)	229,629

13. Regulatory Capital (Continued)

The following capital amounts and ratios are based upon the Bank's average assets and risk-weighted assets, as indicated.

	Actual		U.S. Basel III Minimum Requirements Plus Buffer[1][2]	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
As of March 31, 2022[3]:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,155,469	12.9 %	$ 1,710,526	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,155,469	12.9 %	$ 2,077,067	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,462,126	14.2 %	$ 2,565,789	≥ 10.5 %
Tier 1 Capital (to Average Assets)	$ 3,155,469	10.5 %	$ 1,199,485	≥ 4.0 %
As of December 31, 2021:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,314,657	14.1 %	$ 1,643,132	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,314,657	14.1 %	$ 1,995,232	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,410,183	14.5 %	$ 2,464,699	≥ 10.5 %
Tier 1 Capital (to Average Assets)	$ 3,314,657	11.1 %	$ 1,198,808	≥ 4.0 %

(1) Reflects the U.S. Basel III minimum required ratio plus the applicable capital conservation buffer.
(2) The Bank's regulatory capital ratios also exceeded all applicable standards for the Bank to qualify as "well capitalized" under the prompt corrective action framework.
(3) For March 31, 2022, the actual amounts and the actual ratios include the adjusted transition amounts discussed above.

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 $108 million in dividends to the Company for the three months ended March 31, 2022, and $1.0 billion in dividends to the Company for the three months ended March 31, 2021, with the proceeds primarily used to fund the 2022, 2021, and 2020 Share Repurchase Programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

14. Commitments, Contingencies and Guarantees

Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period that we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2022, we had $562 million of outstanding contractual loan commitments which we expect to fund during the remainder of the 2021/2022 academic year. At March 31, 2022, we had a $33 million reserve recorded in "Other Liabilities" to cover lifetime expected credit losses on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses - 2021 and 2020 — Off-Balance Sheet Exposure for Contractual Loan Commitments - 2021 and 2020" in our 2021 Form 10-K and Note 5, "Unfunded Loan Commitments" in this Form 10-Q for additional information.

Regulatory Matters

For additional information regarding our regulatory matters, see Notes to Consolidated Financial Statements, Note 20, "Commitments, Contingencies and Guarantees" in our 2021 Form 10-K.

Contingencies

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

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

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

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

15. Subsequent Event

2022 Loan Sales

On April 27, 2022, we sold approximately $2.0 billion of our Private Education Loans, including approximately $1.9 billion in principal and approximately $130 million in capitalized interest to an unaffiliated third party. The gain on sale of loans sold expressed as a percentage was in the low double-digits and will be recognized in the second-quarter 2022 consolidated statements of income. The transaction qualified for sale treatment and removed the balance of the loans from our balance sheet on the settlement date. We will continue to service these loans pursuant to the terms of the applicable transaction documents.

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

The following information should be read in connection with SLM Corporation’s Annual Report on Form 10-K for the year ended December 31, 2021 (filed with the Securities and Exchange Commission (the “SEC”) on February 24, 2022) (the “2021 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 2021 Form 10-K.

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

This report contains “forward-looking” statements and information based on management’s current expectations as of the date of this report. Statements that are not historical facts, including statements about our beliefs, opinions, or expectations and statements that assume or are dependent upon future events, are forward-looking statements. This includes, but is not limited to: statements regarding future developments surrounding COVID-19 or any other pandemic, including, without limitation, statements regarding the potential impact of COVID-19 or any other pandemic on the Company’s business, results of operations, financial condition, and/or cash flows; our expectation and ability to pay a quarterly cash dividend on our common stock in the future, subject to the determination by our Board of Directors, and based on an evaluation of our earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks, and uncertainties; the Company’s 2022 guidance; the Company’s three-year horizon outlook; the Company’s expectation and ability to execute loan sales and share repurchases; the Company’s projections regarding originations, net charge-offs, non-interest expenses, earnings, balance sheet position, and other metrics; any estimates related to accounting standard changes; and any estimates related to the impact of credit administration practices changes, including the results of simulations or other behavioral observations. Forward-looking statements are subject to risks, uncertainties, assumptions, and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A. “Risk Factors” and elsewhere in our 2021 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; changes in accounting standards and the impact of related changes in significant accounting estimates, including any regarding the measurement of our allowance for credit losses and the related provision expense; any adverse outcomes in any significant litigation to which we are a party; credit risk associated with our exposure to third-parties, including counterparties to our derivative transactions; and changes in the terms of education loans and the educational credit marketplace (including changes resulting from new laws and the implementation of existing laws). We could also be affected by, among other things: changes in our funding costs and availability; reductions to our credit ratings; cybersecurity incidents, cyberattacks, and other failures or breaches of our operating systems or infrastructure, including those of third-party vendors; damage to our reputation; risks associated with restructuring initiatives, including failures to successfully implement cost-cutting programs and the adverse effects of such initiatives on our business; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students, and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; changes in banking rules and regulations, including increased capital requirements; increased competition from banks and other consumer lenders; the creditworthiness of our customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of our earning assets versus our funding arrangements; rates of prepayment on the loans that we own; changes in general economic conditions and our ability to successfully effectuate any acquisitions; and other strategic initiatives. The preparation of our consolidated financial statements also requires us to make certain estimates and assumptions, including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect. All forward-looking statements contained in this quarterly report on Form 10-Q are qualified by these cautionary statements and are made only as of the date of this report. We do not undertake any obligation to update or revise these forward-looking statements to conform such statements to actual results or changes in our expectations.

We report financial results on a GAAP basis and also provide certain non-GAAP core earnings performance measures. The difference between our non-GAAP “Core Earnings” and GAAP results for the periods presented were the unrealized, mark-to-fair value gains/losses on derivative contracts (excluding current period accruals on the derivative instruments), net of tax. These are recognized in GAAP, but not in non-GAAP “Core Earnings” results. We provide non-GAAP “Core Earnings” measures because this is one of several measures management uses when making management decisions regarding our performance and the allocation of corporate resources. Our non-GAAP “Core Earnings” are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. For additional information, see “—Key Financial Measures” and “—‘Non-GAAP Core Earnings’ ” in this Form 10-Q for the quarter ended March 31, 2022 for a further discussion and a complete reconciliation between GAAP net income and non-GAAP "Core Earnings."

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

Impact of COVID-19 on Sallie Mae

In April 2022, we returned to our offices, with most employees working under a hybrid model of some days in the office and other days working from home.

For further discussion of the impact of the coronavirus 2019 or COVID-19 ("COVID-19") pandemic on the Company, see Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19 on Sallie Mae" in the 2021 Form 10-K.

The COVID-19 crisis is unprecedented and has had a significant impact on the economic environment globally and in the U.S. There is a significant amount of uncertainty as to the length and breadth of the impact to the U.S. economy and, consequently, on us. Economists expect the impact of COVID-19 on the U.S. economy to continue to be significant into 2022 and beyond. See Part I, Item 1A. "Risk Factors — Pandemic Risk" in the 2021 Form 10-K for additional discussion regarding the risks associated with COVID-19.

Selected Financial Information and Ratios

(In thousands, except per share data and percentages)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income attributable to SLM Corporation common stock	$ 127,537	$ 640,006
Diluted earnings per common share	$ 0.45	$ 1.75
Weighted average shares used to compute diluted earnings per common share	280,654	366,240
Return on assets[(1)]	1.8 %	8.3 %
Other Operating Statistics (Held for Investment)		
Ending Private Education Loans, net	$ 20,586,223	$ 19,632,933
Ending FFELP Loans, net	680,044	725,300
Ending total education loans, net	$ 21,266,267	$ 20,358,233
Ending Credit Cards, net	$ 25,408	$ 10,054
Average education loans	$ 22,548,810	$ 21,718,780
Average Credit Cards	$ 26,622	$ 11,841

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

Overview

The following discussion and analysis presents a review of our business and operations as of and for the three months ended March 31, 2022.

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; non-GAAP “Core Earnings;” 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 2021 Form 10-K.

Non-GAAP “Core Earnings”

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

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

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

Non-GAAP “Core Earnings” are not a substitute for reported results under GAAP. We provide a non-GAAP “Core Earnings” basis of presentation because (i) earnings per share computed on a non-GAAP “Core Earnings” basis is one of several measures we utilize in establishing management incentive compensation, and (ii) we believe it better reflects the financial results for derivatives that are economic hedges of interest rate risk, but which do not qualify for hedge accounting treatment.

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

The following table shows the amount in “Gains (losses) on derivatives and hedging activities, net” that relates to the interest reclassification on the derivative contracts.

	Three Months Ended March 31,	
(Dollars in thousands)	**2022**	**2021**
Unrealized gains (losses) on instruments not in a hedging relationship	$ (248)	$ (10,863)
Interest reclassification	243	10,891
Gains (losses) on derivatives and hedging activities, net	$ (5)	$ 28

The following table reflects adjustments associated with our derivative activities.

(Dollars in thousands, except per share amounts)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Non-GAAP "Core Earnings" adjustments to GAAP:		
GAAP net income	$ 128,812	$ 641,207
Preferred stock dividends	1,275	1,201
GAAP net income attributable to SLM Corporation common stock	$ 127,537	$ 640,006
Adjustments:		
Net impact of derivative accounting[1]	248	10,863
Net tax expense[2]	60	2,627
Total non-GAAP "Core Earnings" adjustments to GAAP	188	8,236
Non-GAAP "Core Earnings" attributable to SLM Corporation common stock	$ 127,725	$ 648,242
GAAP diluted earnings per common share	$ 0.45	$ 1.75
Derivative adjustments, net of tax	0.01	0.02
Non-GAAP "Core Earnings" diluted earnings per common share	$ 0.46	$ 1.77

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

The following table reflects our provisions for credit losses and total portfolio net charge-offs:

(Dollars in thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Provisions for credit losses	$ 98,050	$ (225,767)
Total portfolio net charge-offs	$ (76,030)	$ (47,612)

We evaluate management's performance internally using a measure that starts with non-GAAP "Core Earnings" net income as disclosed above for a period, and further adjusting it by increasing it by the impact of GAAP provisions for credit losses, and decreasing it by the total portfolio net charge-offs recorded in that period, net of the tax impact of these adjustments.

LIBOR Transition

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

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

The project team monitors developments, assesses impacts, proposes plans and, with the approval of an executive committee, implements changes. The Chief Financial Officer and/or project team reports status regularly to our Board of Directors. In 2020, we began accepting certain deposits based on SOFR. In the second quarter of 2021, we began issuing variable-rate Private Education Loans that are indexed to SOFR. In 2022, subject to market conditions and investor demand, we expect to begin issuing ABS that are indexed to SOFR and to renew the Secured Borrowing Facility with an index based on SOFR.

Substantially all our assets, liabilities, and off-balance sheet items referencing LIBOR are comprised of Private Education Loans originated before April 2021, deposits, variable-rate ABS, and derivatives. In addition, our Series B Preferred Stock is indexed to LIBOR. We plan to transition these exposures to LIBOR by changing them to an alternative reference rate, either through modification or replacement, by June 30, 2023, although we may accelerate the transition of our legacy Private Education Loans depending upon a number of considerations, including regulatory guidance. Approximately $309 million of our variable-rate ABS (those issued before November 2017) do not have fallback provisions for an alternative reference rate and we intend to rely upon the safe harbors provided by recently passed federal legislation to transition these ABS to an alternative reference rate. Generally, the safe harbors will shield parties from liability and damages for transitioning certain USD LIBOR-indexed contracts (generally, those that do not have provisions for an alternative reference rate) to a benchmark replacement rate based on SOFR and selected by the Federal Reserve Board. We have evaluated the potential basis risk associated with a mismatch in variable-rate assets and liabilities, including any mismatches related to (i) legacy assets and liabilities that remain indexed to LIBOR up to June 2023 and newly issued assets and liabilities that are, or will be, indexed to SOFR and (ii) term SOFR-indexed assets and liabilities and average SOFR assets and liabilities. In all such cases, we have determined the basis risk is immaterial on an aggregate basis.

The chart below depicts our current LIBOR exposure at March 31, 2022.

As of March 31, 2022 (dollars in thousands)		LIBOR Exposure
Private Education Loans	$	9,181,658
FFELP Loans		578,594
Available-for-sale investments		63,019
Total Assets	$	9,823,271
Deposits	$	3,951,933
Private Education Loan term securitizations - no contractual fallback		309,247
Private Education Loan term securitizations - alternative reference rate fallback		649,823
Total Liabilities		4,911,003
Total Equity (preferred stock)		251,070
Total Liabilities and Equity	$	5,162,073
Off-Balance Sheet:		
Pay LIBOR derivative notional	$	3,678,960
Receive LIBOR derivative notional		1,407,412
Total derivative notional		5,086,372
Secured Borrowing Facility		2,000,000
Total Off-Balance Sheet	$	7,086,372

See Part I, Item 1A. “Risk Factors” in the 2021 Form 10-K for additional discussion regarding the risks associated with the transition from LIBOR.

Strategic Imperatives

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

During the first three months of 2022, we made the following progress on the above corporate strategic imperatives.

Acquisition of Nitro College

On March 4, 2022, we completed the previously announced acquisition of Nitro, which provides resources that help students and families evaluate how to responsibly pay for college and manage their financial responsibilities after graduation. The addition of Nitro will bring innovative products, tools, and resources to help students and families confidently navigate their higher education journey.

We expect the acquisition of Nitro to enhance future strategic growth opportunities for Sallie Mae and to immediately expand our digital marketing capabilities, reduce the cost to acquire customer accounts, and accelerate our progress to become a broader education solutions provider helping students to, through, and immediately after college. For additional information on this transaction, see Notes to Consolidated Financial Statements, Note 1, “Significant Accounting Policies — Business Combination,” and Note 6, “Goodwill and Acquired Intangible Assets.”

2022-A Transaction

During the first three months of 2022, we sold $95 million of our Private Education Loans, including $89 million in principal and $6 million in capitalized interest, to an unaffiliated third party. This sale was part of a larger transaction in which the unaffiliated third-party sold to SMB Private Education Loan Trust 2022-A approximately $973 million of Private Education Loans that the third-party seller previously purchased from us on November 17, 2021. The sale of the $95 million of Private Education Loans qualified for sale treatment and removed the balance of those loans from our balance sheet on the settlement date of the 2022-A Transaction. We remained the servicer of these loans pursuant to applicable servicing agreements executed in connection with the sales. The sale resulted in our recognizing a gain of $10 million during the three months ended March 31, 2022. For additional information regarding these transactions, see Notes to Consolidated Financial Statements, Note 8, “Borrowings — Unconsolidated VIEs - 2022-A Transaction.”

Share Repurchases under our Rule 10b5-1 trading plan

During the three months ended March 31, 2022, we repurchased 9.5 million shares of our common stock at a total cost of $176 million under a Rule 10b5-1 trading plan authorized under our share repurchase programs.

Results of Operations

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

GAAP Consolidated Statements of Income (Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Increase (Decrease) $	Increase (Decrease) %
Interest income:				
Loans	$ 458	$ 432	$ 26	6 %
Investments	5	3	2	67
Cash and cash equivalents	2	1	1	100
Total interest income	465	436	29	7
Total interest expense	90	105	(15)	(14)
Net interest income	375	331	44	13
Less: provisions for credit losses	98	(226)	324	143
Net interest income after provisions for credit losses	277	557	(280)	(50)
Non-interest income:				
Gains on sales of loans, net	10	399	(389)	(97)
Other income	12	14	(2)	(14)
Total non-interest income	22	413	(391)	(95)
Non-interest expenses:				
Total operating expenses	132	125	7	6
Acquired intangible assets amortization expense	1	—	1	100
Restructuring expenses	—	1	(1)	(100)
Total non-interest expenses	133	126	7	6
Income before income tax expense	166	844	(678)	(80)
Income tax expense	37	203	(166)	(82)
Net income	129	641	(512)	(80)
Preferred stock dividends	1	1	—	—
Net income attributable to SLM Corporation common stock	$ 128	$ 640	$ (512)	(80)%
Basic earnings per common share	$ 0.46	$ 1.77	$ (1.31)	(74)%
Diluted earnings per common share	$ 0.45	$ 1.75	$ (1.30)	(74)%
Declared dividends per common share	$ 0.11	$ 0.03	$ 0.08	267 %

GAAP Consolidated Earnings Summary

Three Months Ended March 31, 2022 Compared with Three Months Ended March 31, 2021

For the three months ended March 31, 2022, net income was $129 million, or $0.45 diluted earnings per common share, compared with net income of $641 million, or $1.75 diluted earnings per common share, for the three months ended March 31, 2021.

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

- Net interest income increased by $44 million in the current quarter compared with the year-ago quarter primarily due to an $845 million increase in average loans outstanding and an 89-basis point increase in our net interest margin. Our net interest margin increased because of a combination of factors, including a $3.3 billion reduction in low-yielding average cash and other short-term investments, an increase in the yield on our loans and other interest-earning assets, and lower cost of funds. Historically, the yields on interest-earnings assets reprice more quickly than our cost of funds. As such, as rates increased in the first quarter of 2022, we saw the yields on our interest-earning assets increase while our cost of funds remained relatively flat compared with the fourth quarter of 2021, and lower than the year-ago quarter. The higher level of cash and other short-term investments in 2021 was primarily the result of the $3.16 billion Private Education Loan sale that occurred in the first quarter of 2021.

- Provision for credit losses in the current quarter was $98 million, compared with a $226 million negative provision in the year-ago quarter. During the first quarter of 2022, the provision for credit losses was primarily affected by new loan commitments made during the quarter and additional management overlays, which were partially offset by improved economic forecasts and faster prepayment rates. In the year-ago quarter, the provision for credit losses was favorably affected by improved economic forecasts and faster prepayments speeds. During the first quarter of 2021, we increased our estimates of future prepayment speeds during both the two-year reasonable and supportable period as well as the remaining term of the underlying loans. The faster estimated prepayments speeds reflected the significant improvement in economic forecasts as well as the implementation of an updated prepayment speed model in the first quarter of 2021.

- Gains on sales of loans were $10 million in the current quarter, compared with $399 million in the year-ago quarter. The decrease in gains on sales of loans was primarily the result of selling $95 million of Private Education Loans in the first quarter of 2022, compared with the sale of $3.16 billion of Private Education Loans in the year-ago quarter.

- Other income was $12 million in the first quarter of 2022, compared with $14 million in the year-ago quarter. The decrease in other income compared with the year-ago quarter was primarily the result of a $2 million decrease in third-party servicing fees.

- First-quarter 2022 total operating expenses were $132 million, compared with $125 million in the year-ago quarter. The increase in total operating expenses was primarily driven by transaction costs related to our acquisition of Nitro, higher personnel costs, and higher initiative spending.

- During the first quarter of 2022, we recorded approximately $1 million in amortization of acquired intangible assets related to our acquisition of Nitro. For additional information, see Notes to Consolidated Financial Statements, Note 6, “Goodwill and Acquired Intangible Assets.”

- First-quarter 2022 income tax expense was $37 million, compared with $203 million in the year-ago quarter. Our effective income tax rate decreased to 22.5 percent in the first quarter of 2022 from 24.1 percent in the year-ago quarter. The decrease in the effective rate for the first quarter of 2022 was primarily due to a tax benefit related to stock compensation.

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 March 31,			
	2022		2021	
(Dollars in thousands)	Balance	Rate	Balance	Rate
Average Assets				
Private Education Loans	$ 21,858,270	8.38 %	$ 20,984,491	8.22 %
FFELP Loans	690,540	3.51	734,289	3.41
Credit Cards	26,622	3.95	11,841	0.78
Taxable securities	2,646,397	0.84	1,995,662	0.50
Cash and other short-term investments	3,535,198	0.20	6,789,310	0.14
Total interest-earning assets	28,757,027	6.56 %	30,515,593	5.80 %
Non-interest-earning assets	472,002		736,592	
Total assets	$ 29,229,029		$ 31,252,185	
Average Liabilities and Equity				
Brokered deposits	$ 10,131,989	1.25 %	$ 11,899,664	1.52 %
Retail and other deposits	11,058,963	0.66	10,683,618	0.82
Other interest-bearing liabilities[(1)]	5,779,749	2.87	5,193,925	3.03
Total interest-bearing liabilities	26,970,701	1.35 %	27,777,207	1.53 %
Non-interest-bearing liabilities	97,582		666,764	
Equity	2,160,746		2,808,214	
Total liabilities and equity	$ 29,229,029		$ 31,252,185	
Net interest margin		5.29 %		4.40 %

(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 March 31, 2022 vs. 2021			
Interest income	$ 28,880	$ 54,678	$ (25,798)
Interest expense	(15,038)	(12,079)	(2,959)
Net interest income	$ 43,918	$ 63,592	$ (19,674)

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

Summary of Our Loans Held for Investment Portfolio

Ending Loans Held for Investment Balances, net

As of March 31, 2022 (dollars in thousands)	Private Education Loans	FFELP Loans	Credit Cards	Total Loans Held for Investment
Total loan portfolio:				
In-school[1]	$ 4,033,213	$ 90	$ —	$ 4,033,303
Grace, repayment and other[2]	17,702,156	682,183	27,547	18,411,886
Total, gross	21,735,369	682,273	27,547	22,445,189
Deferred origination costs and unamortized premium/(discount)	71,907	1,770	171	73,848
Allowance for credit losses	(1,221,053)	(3,999)	(2,310)	(1,227,362)
Total loans held for investment portfolio, net	$ 20,586,223	$ 680,044	$ 25,408	$ 21,291,675
% of total	97 %	3 %	— %	100 %

As of December 31, 2021 (dollars in thousands)	Private Education Loans	FFELP Loans	Credit Cards	Total Loans Held for Investment
Total loan portfolio:				
In-school[1]	$ 3,544,030	$ 82	$ —	$ 3,544,112
Grace, repayment and other[2]	17,172,833	695,134	25,014	17,892,981
Total, gross	20,716,863	695,216	25,014	21,437,093
Deferred origination costs and unamortized premium/(discount)	67,488	1,815	222	69,525
Allowance for credit losses	(1,158,977)	(4,077)	(2,281)	(1,165,335)
Total loans held for investment portfolio, net	$ 19,625,374	$ 692,954	$ 22,955	$ 20,341,283
% 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.

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

(Dollars in thousands)	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
Private Education Loans	$ 21,858,270	97 %	$ 20,984,491	97 %
FFELP Loans	690,540	3	734,289	3
Credit Cards	26,622	—	11,841	—
Total portfolio	$ 22,575,432	100 %	$ 21,730,621	100 %

Loans Held for Investment, Net — Activity

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

Three Months Ended March 31, 2021 (dollars in thousands)	Private Education Loans	FFELP Loans	Credit Cards	Total Loans Held for Investment, net
Beginning balance	$ 18,436,968	$ 735,208	$ 10,967	$ 19,183,143
Acquisitions and originations:				
Fixed-rate	1,015,787	—	—	1,015,787
Variable-rate	1,052,088	—	8,760	1,060,848
Total acquisitions and originations	2,067,875	—	8,760	2,076,635
Capitalized interest and deferred origination cost premium amortization	85,470	7,629	(185)	92,914
Sales	(125,792)	—	—	(125,792)
Transfer from loans held-for-sale	25,040	—	—	25,040
Loan consolidations to third-parties	(389,209)	(6,670)	—	(395,879)
Allowance	182,469	60	173	182,702
Repayments and other	(649,888)	(10,927)	(9,661)	(670,476)
Ending balance	$ 19,632,933	$ 725,300	$ 10,054	$ 20,368,287

“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. Loans in full principal and interest repayment status in our Private Education Loans held for investment portfolio at March 31, 2022 increased by 2 percent compared with March 31, 2021, and now total 42 percent of our Private Education Loans held for investment portfolio at March 31, 2022.

“Loan consolidations to third-parties” for the three months ended March 31, 2022 total 5.7 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status at March 31, 2022, or 2.4 percent of our total Private Education Loans held for investment portfolio at March 31, 2022, compared with the year-ago period of 4.5 percent of our Private Education Loans held for investment portfolio in full principal and interest repayment status, or 2.0 percent of our total Private Education Loans held for investment portfolio, respectively. Historical experience has shown that loan consolidation activity is heightened in the period when the loan initially enters full principal and interest repayment status and then subsides over time.

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 March 31,			
(Dollars in thousands)	2022	%	2021	%
Smart Option - interest only[1]	$ 430,329	20 %	$ 475,442	23 %
Smart Option - fixed pay[1]	711,395	32	614,883	30
Smart Option - deferred[1]	867,108	40	773,592	37
Graduate Loan	150,460	7	162,483	8
Parent Loan[2]	29,365	1	38,513	2
Total Private Education Loan originations	$ 2,188,657	100 %	$ 2,064,913	100 %
Percentage of loans with a cosigner	88.0 %		88.5 %	
Average FICO at approval[3]	748		751	

[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 2021 Form 10-K for a further discussion.

[2] In December 2021, we discontinued offering our Parent Loan product. Applications for those loans received before the offering termination date will continue to be processed, with final disbursements under those loans to occur until mid-December 2022.

[3] Represents the higher credit score of the cosigner or the borrower.

Allowance for Credit Losses

Allowance for Credit Losses Activity

Three Months Ended March 31, (dollars in thousands)	2022 Private Education Loans	2022 FFELP Loans	2022 Credit Cards	2022 Total Portfolio	2021 Private Education Loans	2021 FFELP Loans	2021 Credit Cards	2021 Total Portfolio
Beginning balance	$ 1,158,977	$ 4,077	$ 2,281	$ 1,165,335	$ 1,355,844	$ 4,378	$ 1,501	$ 1,361,723
Transfer from unfunded commitment liability[1]	94,686	—	—	94,686	126,880	—	—	126,880
Less:								
Charge-offs	(83,856)	(99)	(111)	(84,066)	(55,139)	(89)	(88)	(55,316)
Plus:								
Recoveries	8,033	—	3	8,036	7,703	—	1	7,704
Provisions for credit losses:								
Provision, current period	48,460	21	137	48,618	(254,942)	29	(86)	(254,999)
Loan sale reduction to provision	(5,247)	—	—	(5,247)	(8,858)	—	—	(8,858)
Loans transferred from held-for-sale	—	—	—	—	1,887	—	—	1,887
Total provisions for credit losses[2]	43,213	21	137	43,371	(261,913)	29	(86)	(261,970)
Ending balance	$ 1,221,053	$ 3,999	$ 2,310	$ 1,227,362	$ 1,173,375	$ 4,318	$ 1,328	$ 1,179,021

[1] See Note 5, “Unfunded Loan Commitments,” in this Form 10-Q for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

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

Consolidated Statements of Income
Provisions for Credit Losses Reconciliation

Three Months Ended March 31, (dollars in thousands)	2022	2021
Private Education Loan provisions for credit losses:		
Provisions for loan losses	$ 43,213	$ (261,913)
Provisions for unfunded loan commitments	54,679	36,203
Total Private Education Loan provisions for credit losses	97,892	(225,710)
Other impacts to the provisions for credit losses:		
FFELP Loans	21	29
Credit Cards	137	(86)
Total	158	(57)
Provisions for credit losses reported in consolidated statements of income	$ 98,050	$ (225,767)

Private Education Loan Allowance for Credit Losses

In establishing the allowance for Private Education Loan losses as of March 31, 2022, we considered several factors with respect to our Private Education Loan portfolio, in particular, credit quality and delinquency, forbearance, and charge-off trends.

Private Education Loans held for investment in full principal and interest repayment status were 42 percent of our total Private Education Loans held for investment portfolio at March 31, 2022, compared with 44 percent at March 31, 2021.

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 2021 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	2022		2021	
March 31, (dollars in thousands)	Balance	%	Balance	%
Loans in-school/grace/deferment[(1)(2)]	$ 5,405,952		$ 5,393,674	
Loans in forbearance[(1)(3)]	234,260		570,227	
Loans in repayment[(1)] and percentage of each status:				
Loans current	15,530,080	96.5 %	14,471,427	97.9 %
Loans delinquent 30-59 days[(4)]	260,535	1.6	152,743	1.0
Loans delinquent 60-89 days[(4)]	169,060	1.1	86,390	0.6
Loans 90 days or greater past due[(4)]	135,482	0.8	67,379	0.5
Total Private Education Loans in repayment	16,095,157	100.0 %	14,777,939	100.0 %
Total Private Education Loans, gross	21,735,369		20,741,840	
Private Education Loans deferred origination costs and unamortized premium/(discount)	71,907		64,468	
Total Private Education Loans	21,807,276		20,806,308	
Private Education Loans allowance for losses	(1,221,053)		(1,173,375)	
Private Education Loans, net	$ 20,586,223		$ 19,632,933	
Percentage of Private Education Loans in repayment		74.1 %		71.2 %
Delinquencies as a percentage of Private Education Loans in repayment		3.5 %		2.1 %
Loans in forbearance as a percentage of Private Education Loans in repayment and forbearance		1.4 %		3.7 %

(1) At March 31, 2021, the loans in the "in-school/grace/deferment" category above include $273 million of Private Education Loans whose borrowers did not return to school in the fall of 2020 because of the pandemic, or for other reasons, and who then received an extension of time from us to re-enroll before beginning their grace period. At March 31, 2021, the loans in the "in forbearance" category above include $29 million of Private Education Loans whose borrowers did not return to school in the fall of 2020 and who then received an extension of time from us to re-enroll before beginning their grace period. At March 31, 2021, the loans in the "in repayment" category above include $482 million of Private Education Loans whose borrowers did not return to school in the fall of 2020 and who then received an extension of time from us to re-enroll before beginning their grace period. This program ended in September 2021. For further discussion, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19 on Sallie Mae — Financial Results" in the 2021 Form 10-K.

(2) 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).

(3) 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.

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

Delinquencies as a percentage of Private Education Loans (held for investment) in repayment increased to 3.5 percent at March 31, 2022 from 2.1 percent at March 31, 2021, and the forbearance rate decreased to 1.4 percent at March 31, 2022 from 3.7 percent at March 31, 2021. The delinquency rate on March 31, 2022 was higher than the year-ago quarter due to several factors, including the credit administration practices changes we implemented in 2021 that imposed additional requirements for those borrowers requesting forbearance, as well as certain loans whose borrowers took a "gap year" during the pandemic entering repayment in late 2021. The lower forbearance rate was the result of the aforementioned credit administration practices changes. See additional discussion related to collections activity and the COVID-19 pandemic in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19 on Sallie Mae — Customers and Credit Performance" and "— Use of Forbearance and Rate Modifications as a Private Education Loan Tool" in the 2021 Form 10-K.

Changes in Allowance for Private Education Loan Losses

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

	Three Months Ended March 31,	
(Dollars in thousands)	2022	2021
Beginning balance	$ 1,158,977	$ 1,355,844
Transfer from unfunded commitment liability[1]	94,686	126,880
Provision for credit losses:		
Provision, current period	48,460	(254,942)
Loan sale reduction to provision	(5,247)	(8,858)
Loans transferred from held-for-sale	—	1,887
Total provision	43,213	(261,913)
Net charge-offs:		
Charge-offs	(83,856)	(55,139)
Recoveries	8,033	7,703
Net charge-offs	(75,823)	(47,436)
Ending balance	$ 1,221,053	$ 1,173,375
Allowance as a percentage of the ending total loan balance	5.62 %	5.66 %
Allowance as a percentage of the ending loans in repayment[2]	7.59 %	7.94 %
Allowance coverage of net charge-offs (annualized)	4.03	6.18
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	1.89 %	1.29 %
Delinquencies as a percentage of ending loans in repayment[2]	3.51 %	2.07 %
Loans in forbearance as a percentage of ending loans in repayment and forbearance[2]	1.43 %	3.72 %
Ending total loans, gross	$ 21,735,369	$ 20,741,840
Average loans in repayment[2]	$ 16,013,289	$ 14,743,508
Ending loans in repayment[2]	$ 16,095,157	$ 14,777,939

[1] See Note 5, “Unfunded Loan Commitments,” in this Form 10-Q for a summary of the activity in the allowance for and balance of unfunded loan commitments, respectively.

[2] 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.

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 of ending loans in repayment; and delinquency and forbearance percentages.

The tables below show the composition and status of the Private Education Loan portfolio held for investment aged by number of months in active repayment status (months for which a scheduled monthly payment was due). Active repayment status includes loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period. Our experience shows that the percentage of loans in forbearance status generally decreases the longer the loans have been in active repayment status. At March 31, 2022, 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 loans in repayment and forbearance were 1.1 percent. Approximately 75 percent of our Private Education Loans (held for investment) in forbearance status have been in active repayment status fewer than 25 months.

As of March 31, 2022 (dollars in millions)	Private Education Loans Held for Investment Monthly Scheduled Payments Due						
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48	Not Yet in Repayment	Total
Loans in-school/grace/deferment	$ —	$ —	$ —	$ —	$ —	$ 5,406	$ 5,406
Loans in forbearance	141	35	23	15	20	—	234
Loans in repayment - current	5,408	3,244	2,288	1,562	3,028	—	15,530
Loans in repayment - delinquent 30-59 days	104	46	36	26	49	—	261
Loans in repayment - delinquent 60-89 days	78	26	21	15	29	—	169
Loans in repayment - 90 days or greater past due	63	23	15	11	23	—	135
Total	$ 5,794	$ 3,374	$ 2,383	$ 1,629	$ 3,149	$ 5,406	21,735
Deferred origination costs and unamortized premium/(discount)							72
Allowance for credit losses							(1,221)
Total Private Education Loans, net							$ 20,586
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	0.86 %	0.21 %	0.15 %	0.09 %	0.12 %	— %	1.43 %

As of March 31, 2021 (dollars in millions)	Private Education Loans Held for Investment Monthly Scheduled Payments Due						
	0 to 12	13 to 24	25 to 36	37 to 48	More than 48	Not Yet in Repayment	Total
Loans in-school/grace/deferment	$ —	$ —	$ —	$ —	$ —	$ 5,394	$ 5,394
Loans in forbearance	316	78	62	46	68	—	570
Loans in repayment - current	4,421	3,244	2,220	1,614	2,973	—	14,472
Loans in repayment - delinquent 30-59 days	62	27	19	17	28	—	153
Loans in repayment - delinquent 60-89 days	37	17	11	7	14	—	86
Loans in repayment - 90 days or greater past due	28	11	10	7	11	—	67
Total	$ 4,864	$ 3,377	$ 2,322	$ 1,691	$ 3,094	$ 5,394	20,742
Deferred origination costs and unamortized premium/(discount)							64
Allowance for credit losses							(1,173)
Total Private Education Loans, net							$ 19,633
Loans in forbearance as a percentage of total Private Education Loans in repayment and forbearance	2.06 %	0.51 %	0.41 %	0.30 %	0.44 %	— %	3.72 %

Private Education Loans Held for Investment Types

The following table provides information regarding the loans in repayment balance and total loan balance by Private Education Loan held for investment product type at March 31, 2022 and December 31, 2021.

As of March 31, 2022 (dollars in thousands)	Signature and Other	Parent Loan[(1)]	Smart Option	Career Training	Graduate Loan	Total
$ in repayment[(2)]	$ 220,117	$ 310,376	$ 14,625,889	$ 7,854	$ 930,921	$ 16,095,157
$ in total	$ 311,852	$ 311,491	$ 19,737,147	$ 8,015	$ 1,366,864	$ 21,735,369

As of December 31, 2021 (dollars in thousands)	Signature and Other	Parent Loan[(1)]	Smart Option	Career Training	Graduate Loan	Total
$ in repayment[(2)]	$ 221,637	$ 301,422	$ 14,097,819	$ 9,354	$ 880,980	$ 15,511,212
$ in total	$ 318,055	$ 302,764	$ 18,789,771	$ 9,402	$ 1,296,871	$ 20,716,863

(1) In December 2021, we discontinued offering our Parent Loan product. Applications for those loans received before the offering termination date will continue to be processed, with final disbursements under those loans to occur until mid–December 2022.

(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.

Accrued Interest Receivable

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

	Private Education Loans Accrued Interest Receivable		
(Dollars in thousands)	Total Interest Receivable	90 Days or Greater Past Due	Allowance for Uncollectible Interest
March 31, 2022	$ 1,241,574	$ 6,292	$ 5,505
December 31, 2021	$ 1,187,123	$ 3,635	$ 4,937
March 31, 2021	$ 1,248,475	$ 3,695	$ 4,405

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 other loans, and our ability to meet any outflows of our Bank deposits. To achieve these objectives, we analyze and monitor our liquidity needs, maintain excess liquidity and access to diverse funding sources, such as deposits at the Bank, issuance of secured debt primarily through asset-backed securitizations, and other financing facilities, and loan sales. It is our policy to manage operations so liquidity needs are fully satisfied through normal operations to avoid unplanned loan sales under all but the most dire emergency conditions. Our liquidity management is governed by policies approved by our Board of Directors. Oversight of these policies is performed in the Asset and Liability Committee, a management-level committee.

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

Key risks associated with our liquidity relate to our ability to access the capital markets and the markets for bank deposits at reasonable rates. This ability may be affected by our performance, competitive pressures, the macroeconomic environment, and the impact they have on the availability of funding sources in the marketplace. We target maintaining sufficient on-balance sheet and contingent sources of liquidity to enable us to meet all contractual and contingent obligations under various stress scenarios, including severe macroeconomic stresses as well as specific stresses that test the resiliency of our balance sheet. As the Bank has grown, we have improved our liquidity stress testing practices to align more closely with the industry, which resulted in our adopting increased liquidity requirements. Beginning in the second quarter of 2019, we began to increase our liquidity levels by increasing cash and marketable investments held as part of our ongoing efforts to enhance our ability to maintain a strong risk management position. By early 2020 and continuing through 2021, we held a significant liquidity buffer of cash and securities, which we expect to maintain through 2022. Due to the seasonal nature of our business, our liquidity levels will likely vary from quarter to quarter.

Sources of Liquidity and Available Capacity

Ending Balances

(Dollars in thousands)	March 31, 2022	December 31, 2021
Sources of primary liquidity:		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	$ 8,510	$ 2,588
Sallie Mae Bank(1)	3,254,085	4,332,015
Available-for-sale investments	2,111,180	2,325,711
Total unrestricted cash and liquid investments	$ 5,373,775	$ 6,660,314

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

Average Balances

(Dollars in thousands)	Three Months Ended March 31, 2022	2021
Sources of primary liquidity:		
Unrestricted cash and liquid investments:		
Holding Company and other non-bank subsidiaries	$ 9,674	$ 4,284
Sallie Mae Bank[1]	3,308,624	6,582,708
Available-for-sale investments	2,452,193	1,837,361
Total unrestricted cash and liquid investments	$ 5,770,491	$ 8,424,353

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

Deposits

The following table summarizes total deposits.

(Dollars in thousands)	March 31, 2022	December 31, 2021
Deposits - interest bearing	$ 21,192,004	$ 20,826,692
Deposits - non-interest bearing	2,022	1,432
Total deposits	$ 21,194,026	$ 20,828,124

Our total deposits of $21.2 billion were comprised of $10.0 billion in brokered deposits and $11.2 billion in retail and other deposits at March 31, 2022, compared to total deposits of $20.8 billion, which were comprised of $10.1 billion in brokered deposits and $10.7 billion in retail and other deposits, at December 31, 2021.

Interest bearing deposits as of March 31, 2022 and December 31, 2021 consisted of retail and brokered non-maturity savings deposits, retail and brokered non-maturity MMDAs, and retail and brokered CDs. Interest bearing deposits include deposits from Educational 529 and Health Savings plans that diversify our funding sources and additional deposits we consider to be core. These and other large omnibus accounts, aggregating the deposits of many individual depositors, represented $7.8 billion and $7.3 billion of our deposit total as of March 31, 2022 and December 31, 2021, respectively.

Some of our deposit products are serviced by third-party providers. Placement fees associated with the brokered CDs are amortized into interest expense using the effective interest rate method. We recognized placement fee expense of $3 million and $4 million in the three months ended March 31, 2022 and 2021, respectively. Fees paid to third-party brokers related to brokered CDs were $2 million for the three months ended March 31, 2022. There were no related fees paid in the three months ended March 31, 2021.

Interest bearing deposits at March 31, 2022 and December 31, 2021 are summarized as follows:

	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Amount	Qtr.-End Weighted Average Stated Rate[1]	Amount	Year-End Weighted Average Stated Rate[1]
Money market	$ 10,984,116	0.79 %	$ 10,473,569	0.69 %
Savings	968,059	0.43	959,122	0.43
Certificates of deposit	9,239,829	1.37	9,394,001	1.20
Deposits - interest bearing	$ 21,192,004		$ 20,826,692	

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

As of March 31, 2022, and December 31, 2021, there were $532 million and $743 million, respectively, of deposits exceeding FDIC insurance limits. Accrued interest on deposits was $42 million and $35 million at March 31, 2022 and December 31, 2021, 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 U.S. government-sponsored enterprises and Treasuries, and a small portfolio of mortgage-backed securities issued by government agencies and government-sponsored enterprises that are purchased to meet CRA targets. Additionally, our investing activity is governed by Board-approved limits on the amount that is allowed to be invested with any one issuer based on the credit rating of the issuer, further minimizing our counterparty exposure. Counterparty credit risk is considered when valuing investments and considering impairment.

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

Title VII of the Dodd-Frank Act requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties we use are the CME and the LCH. All variation margin payments on derivatives cleared through the CME and LCH are accounted for as legal settlement. As of March 31, 2022, $4.8 billion notional of our derivative contracts were cleared on the CME and $0.3 billion were cleared on the LCH. The derivative contracts cleared through the CME and LCH represent 94.3 percent and 5.7 percent, respectively, of our total notional derivative contracts of $5.1 billion at March 31, 2022.

For derivatives cleared through the CME and LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative. The amount of variation margin included as settlement as of March 31, 2022 was $(64) million and $(0.4) million for the CME and LCH, respectively. Changes in fair value for derivatives not designated as hedging instruments are presented as realized gains (losses).

Our exposure to the counterparty is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2022 and December 31, 2021, we had a net positive exposure (derivative gain positions to us, less collateral held by us and plus collateral posted with counterparties) related to derivatives of $9 million and $9 million, respectively.

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

The table below highlights exposure related to our derivative counterparties as of March 31, 2022.

As of March 31, 2022 (dollars in thousands)	SLM Corporation and Sallie Mae Bank Contracts	
Total exposure, net of collateral	$	9,233
Exposure to counterparties with credit ratings, net of collateral	$	9,233
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 (the "DIF") 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 2022. As of March 31, 2022, 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.

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

Under regulations issued by the FDIC and other federal banking agencies, banking organizations that adopt CECL during the 2020 calendar year, including the Bank, may 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 has 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. From January 1, 2022 to January 1, 2025, the adjusted transition amounts will be phased in for regulatory capital purposes at a rate of 25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each year. The Bank’s January 1, 2020 CECL transition amounts increased our allowance for credit losses by $1.1 billion, increased the liability representing our off-balance sheet exposure for unfunded commitments by $116 million, and increased our deferred tax asset by $306 million, resulting in a cumulative effect adjustment that reduced retained earnings by $953 million. This transition adjustment was inclusive of qualitative adjustments incorporated into our CECL allowance as necessary, to address any limitations in the models used.

At March 31, 2022, the adjusted transition amounts, reflecting changes over the phase-in period, that will be deferred for regulatory capital purposes are as follows:

(Dollars in thousands)	Transition Amounts January 1, 2020	Adjustments for the Year Ended December 31, 2020	Adjustments for the Year Ended December 31, 2021	Adjustments for the Three Months Ended March 31, 2022	Adjusted Transition Amounts March 31, 2022
Retained earnings	$ 952,639	$ (57,859)	$ (58,429)	$ (209,088)	$ 627,263
Allowance for credit losses	1,143,053	(55,811)	(49,097)	(259,536)	778,609
Liability for unfunded commitments	115,758	(2,048)	(9,333)	(26,094)	78,283
Deferred tax asset	306,171	—	—	(76,542)	229,629

The Bank’s required and actual regulatory capital amounts and ratios under U.S. Basel III are shown in the following table. The following capital amounts and ratios are based upon the Bank’s average assets and risk-weighted assets, as indicated.

	Actual		U.S. Basel III Minimum Requirements Plus Buffer(1)(2)	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
As of March 30, 2022(3):				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,155,469	12.9 %	$ 1,710,526	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,155,469	12.9 %	$ 2,077,067	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,462,126	14.2 %	$ 2,565,789	≥ 10.5 %
Tier 1 Capital (to Average Assets)	$ 3,155,469	10.5 %	$ 1,199,485	≥ 4.0 %
As of December 31, 2021:				
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	$ 3,314,657	14.1 %	$ 1,643,132	≥ 7.0 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 3,314,657	14.1 %	$ 1,995,232	≥ 8.5 %
Total Capital (to Risk-Weighted Assets)	$ 3,410,183	14.5 %	$ 2,464,699	≥ 10.5 %
Tier 1 Capital (to Average Assets)	$ 3,314,657	11.1 %	$ 1,198,808	≥ 4.0 %

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

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

(3) For March 31, 2022, the actual amounts and the actual ratios include the adjusted transition amounts discussed above.

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 $108 million in dividends to the Company for the three months ended March 31, 2022, and $1.0 billion in dividends to the Company for the three months ended March 31, 2021, with the proceeds primarily used to fund the 2022, 2021, and 2020 Share Repurchase Programs and stock dividends. In the future, we expect that the Bank will pay dividends to the Company as may be necessary to enable the Company to pay any declared dividends on its Series B Preferred Stock and common stock and to consummate any common share repurchases by the Company under its share repurchase programs.

Borrowings

Outstanding borrowings consist of unsecured debt and secured borrowings issued through our term ABS program and our Secured Borrowing Facility. The issuing entities for those secured borrowings are VIEs and are consolidated for accounting purposes. The following table summarizes our borrowings at March 31, 2022 and December 31, 2021, respectively. For additional information, see Notes to Consolidated Financial Statements, Note 8, "Borrowings."

	March 31, 2022			December 31, 2021		
(Dollars in thousands)	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Unsecured borrowings:						
Unsecured debt (fixed-rate)	$ —	$ 986,591	$ 986,591	$ —	$ 986,138	$ 986,138
Total unsecured borrowings	—	986,591	986,591	—	986,138	986,138
Secured borrowings:						
Private Education Loan term securitizations:						
Fixed-rate	—	3,608,606	3,608,606	—	3,897,996	3,897,996
Variable-rate	—	957,300	957,300	—	1,046,856	1,046,856
Total Private Education Loan term securitizations	—	4,565,906	4,565,906	—	4,944,852	4,944,852
Secured Borrowing Facility	—	—	—	—	—	—
Total secured borrowings	—	4,565,906	4,565,906	—	4,944,852	4,944,852
Total	$ —	$ 5,552,497	$ 5,552,497	$ —	$ 5,930,990	$ 5,930,990

Other Borrowing Sources

We maintain discretionary uncommitted Federal Funds lines of credit with various correspondent banks, which totaled $125 million at March 31, 2022. The interest rate we are charged on these lines of credit is priced at Fed Funds plus a spread at the time of borrowing and is payable daily. We did not utilize these lines of credit in the three months ended March 31, 2022 or in the year ended December 31, 2021.

We established an account at the FRB to meet eligibility requirements for access to the Primary Credit borrowing facility at the FRB's Window. The Primary Credit borrowing facility is a lending program available to depository institutions that are in generally sound financial condition. All borrowings at the Window must be fully collateralized. We can pledge asset-backed and mortgage-backed securities, as well as FFELP Loans and Private Education Loans, to the FRB as collateral for borrowings at the Window. Generally, collateral value is assigned based on the estimated fair value of the pledged assets. At March 31, 2022 and December 31, 2021, the value of our pledged collateral at the FRB totaled $2.9 billion and $3.3 billion, respectively. The interest rate charged to us is the discount rate set by the FRB. We did not utilize this facility in the three months ended March 31, 2022 or in the year ended December 31, 2021.

Contractual Loan Commitments

When we approve a Private Education Loan at the beginning of an academic year, that approval may cover the borrowing for the entire academic year. As such, we do not always disburse the full amount of the loan at the time of such approval, but instead have a commitment to fund a portion of the loan at a later date (usually at the start of the second semester or subsequent trimesters). We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. At March 31, 2022, we had $562 million of outstanding contractual loan commitments that we expect to fund during the remainder of the 2021/2022 academic year. At March 31, 2022, we had a $33 million reserve recorded in "Other Liabilities" to cover lifetime expected credit losses on these unfunded commitments. See Notes to Consolidated Financial Statements, Note 2, "Significant Accounting Policies - Allowance for Credit Losses - 2021 and 2020 — Off-Balance Sheet Exposure for Contractual Loan Commitments - 2021 and 2020" in our 2021 Form 10-K and Note 5, "Unfunded Loan Commitments" in this Form 10-Q for additional information.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses our consolidated financial statements, which have been prepared in accordance with GAAP. A discussion of our critical accounting policies, which include allowance for credit losses, can be found in our 2021 Form 10-K. During the three months ended March 31, 2022, we adopted ASU No. 2022-02, which affects the accounting and disclosure of TDRs, as discussed below.

Recently Issued and Adopted Accounting Pronouncements

On March 31, 2022, the FASB issued ASU No. 2022-02, "Troubled Debt Restructurings and Vintage Disclosures," which eliminates the accounting guidance for TDRs while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The enhanced disclosures are required to be provided for modifications made starting in the period of adoption. Information about modifications in periods before adoption is not required to be provided.

ASU No. 2022-02 also requires that entities disclose current-period gross charge-offs by year of origination. For entities that have adopted the amendments in ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("CECL"), the amendment is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

Early adoption of the amendments in ASU No. 2022-02 is permitted if an entity has adopted CECL. The amendments should be applied prospectively. For the transition method related to the recognition and measurement of TDRs, an entity has the option to apply a modified retrospective transition method. We have elected to early adopt ASU No. 2022-02 prospectively for the period beginning January 1, 2022. The adoption did not affect our consolidated financial statements. For additional information, see Notes to Consolidated Financial Statements, Note 4, "Allowance for Credit Losses".

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity Analysis

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

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

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

The following tables summarize the potential effect on earnings over the next 24 months and the potential effect on market values of balance sheet assets and liabilities at March 31, 2022 and 2021, based upon a sensitivity analysis performed by management assuming hypothetical increases in market interest rates of 100 and 300 basis points while credit and funding spreads remain constant. EAR analysis assumes a static balance sheet, with maturities of each product replaced with assumed issuance of new products of the same type. The EVE sensitivity is applied only to financial assets and liabilities, including hedging instruments, that existed at the balance sheet date, and does not reflect any impact of new assets, liabilities, commitments, or hedging instruments that may arise in the future.

With current interest rates very low, a 100 or 300-basis point downward rate shock does not provide a meaningful indication of interest rate sensitivity, so results for those scenarios have not been presented. At March 31, 2022, the full impact of a 100-basis point downward rate shock cannot be modeled for some instruments on our balance sheet, due to the current low rate environment. The EAR results for March 31, 2022 indicate a market risk profile of low sensitivity to rate changes, based on static balance sheet assumptions over the next two years. This position has shifted slightly negative but demonstrates a very balanced position. The EVE metrics are very similar to results from one year ago.

	2022			2021		
As of March 31,	+300 Basis Points	+100 Basis Points	-100 Basis Points	+300 Basis Points	+100 Basis Points	-100 Basis Points
EAR - Shock	-0.11%	0.0%	N/A	+4.0%	+1.4%	N/A
EAR - Ramp	-0.26%	-0.1%	N/A	+3.9%	+1.4%	N/A
EVE	-13.3%	-4.5%	N/A	-13.7%	-4.9%	N/A

In the preceding tables, the interest rate sensitivity analysis reflects the balance sheet mix of fully variable LIBOR, SOFR, and Prime-based loans, and fully variable funding, including brokered CDs that have been converted to LIBOR through derivative transactions. The analysis assumes that retail MMDAs and retail savings balances, while relatively sensitive to interest rate changes, will not correlate 100 percent to the full interest rate shocks or ramps. Also considered is the impact of FFELP Loans, which receive floor income in low interest rate environments, and will therefore not reprice fully with interest rate shocks.

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

Asset and Liability Funding Gap

The table below presents our assets and liabilities (funding) arranged by underlying indices as of March 31, 2022. In the following GAAP presentation, the funding gap only includes derivatives that qualify as effective hedges (those derivatives which are reflected in net interest income, as opposed to those reflected in the "gains (losses) on derivatives and hedging activities, net" line on the consolidated statements of income). The difference between the asset and the funding is the funding gap for the specified index. This represents at a high level our exposure to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices may reset at different frequencies or may not move in the same direction or at the same magnitude. (Note that all fixed-rate assets and liabilities are aggregated into one line item, which does not capture the differences in time due to maturity.)

As of March 31, 2022 (dollars in millions) Index	Frequency of Variable Resets	Assets	Funding [(1)]	Funding Gap
Fed Funds Effective Rate	daily/weekly/monthly	$ —	$ 691.9	$ (691.9)
SOFR Rate	monthly	1,867.8	1,255.3	612.5
3-month Treasury bill	weekly	103.7	—	103.7
Prime	monthly	28.5	—	28.5
3-month LIBOR	quarterly	—	251.1	(251.1)
1-month LIBOR	monthly	9,244.7	7,182.6	2,062.1
1-month LIBOR	daily	578.6	—	578.6
Non-Discrete reset[(2)]	daily/weekly	3,489.4	4,343.2	(853.8)
Fixed-Rate[(3)]		13,739.1	15,327.7	(1,588.6)
Total		$ 29,051.8	$ 29,051.8	$ —

(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, SOFR, 1-Month LIBOR monthly, Non-Discrete reset, and fixed-rate categories. Changes in the Fed Funds Effective Rate, SOFR, 3-month LIBOR and 1-Month LIBOR daily categories are generally quite highly correlated and the rates should offset each other relatively effectively. The funding in the fixed-rate bucket includes $1.8 billion of equity and $0.3 billion of non-interest bearing liabilities. We consider the overall repricing risk to be moderate, which is supported by other analyses of interest rate sensitivity.

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

Weighted Average Life

The following table reflects the weighted average lives of our earning assets and liabilities at March 31, 2022.

As of March 31, 2022 (averages in years)	Weighted Average Life
Earning assets	
Education loans	4.83
Cash and investments	1.62
Total earning assets	4.15
Deposits	
Short-term deposits	0.98
Long-term deposits	2.63
Total deposits	1.33
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 March 31, 2022. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2022, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

For additional information regarding our legal proceedings, see Part I, Item 3. “Legal Proceedings” in our 2021 Form 10-K.

Item 1A. Risk Factors

Our business activities involve a variety of risks. Readers should carefully consider the risk factors disclosed in Part I, Item 1A. “Risk Factors” of our 2021 Form 10-K.

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

Share Repurchases

The following table provides information relating to our purchase of shares of our common stock in the three months ended March 31, 2022.

(In thousands, except per share data)	Total Number of Shares Purchased[1]		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2][3]		Approximate Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs[2]
Period:						
January 1 - January 31, 2022	1,190	$	18.90	633	$	1,276,000
February 1 - February 28, 2022	2,374	$	19.78	2,220	$	1,232,000
March 1 - March 31, 2022	6,904	$	17.94	6,680	$	1,113,000
Total first-quarter 2022	10,468	$	18.46	9,533		

(1) The total number of shares purchased includes: (i) shares purchased under the stock repurchase programs discussed herein, and (ii) 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) In the first quarter of 2022, we utilized all capacity then remaining under the 2021 Share Repurchase Program. As of March 31, 2022, we had $1.1 billion remaining under the 2022 Share Repurchase Program.

(3) In the first quarter of 2022, we repurchased 9.5 million shares under our 10b5-1 trading plans. See Note 10, “Stockholders’ Equity” to our consolidated financial statements in this Form 10-Q for further discussion.

The closing price of our common stock on the NASDAQ Global Select Market on March 31, 2022 was $18.36.

Item 3. Defaults Upon Senior Securities

Nothing to report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Nothing to report.

Item 6. Exhibits

The following exhibits are furnished or filed, as applicable:

10.1	Form of SLM Corporation 2021 Omnibus Incentive Plan, 2022 Restricted Stock Unit Term Sheet.
10.2	Form of SLM Corporation 2021 Omnibus Incentive Plan, 2022 Performance Stock Unit Term Sheet.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

SLM CORPORATION
(Registrant)

By: /s/ STEVEN J. MCGARRY

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

Date: April 27, 2022

EXHIBIT 10.1

SLM Corporation 2021 Omnibus Incentive Plan
2022 Restricted Stock Unit Term Sheet

This Restricted Stock Unit Term Sheet (this "Agreement") further describes the terms of the RSUs granted to Grantee on February 18, 2022 (the "Grant Date") pursuant to the Restricted Stock Unit Grant Notice. The Restricted Stock Unit Grant Notice and the SLM Corporation 2021 Omnibus Incentive Plan (the "Plan") are incorporated herein in their entirety.

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of common stock, in one-third increments on each of the first, second, and third anniversary of the Grant Date.

2. Employment Termination; Death; Disability. Except as provided below, if the Grantee voluntarily ceases to be an employee of SLM Corporation (the "Corporation") (or one of its subsidiaries) for any reason or his or her employment is terminated by the Corporation for Misconduct (as defined below), he or she shall forfeit any portion of the Award that has not vested as of the date of such termination of employment. For purposes of this Agreement, "Misconduct" is defined as an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules; an unauthorized disclosure of any Corporation trade secret or confidential information; any conduct constituting unfair competition; inducing any customer of the Corporation to breach a contract with the Corporation or any principal for whom the Corporation acts as agent to terminate such agency relationship; or engaging in any other act or conduct proscribed by the senior human resources officer as Misconduct.

   If not previously vested, the Award will continue to vest, and will be converted into shares of common stock, on the original vesting terms and vesting dates set forth above in the event that (i) the Grantee's employment is terminated by the Corporation for any reason other than for Misconduct or (ii) the Grantee voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) and meets the Corporation's retirement eligibility requirements under the Corporation's then current retirement eligibility policy, which shall be determined by the Corporation in its sole discretion.

   If not previously vested, the Award will vest, and will be converted into shares of common stock, upon death or Disability (provided that such Disability qualifies as a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4)). The unvested portion of the Award shall be forfeited upon termination of employment due to Misconduct.

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

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

(a) In the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall become 100 percent vested; provided, however, the conversion of the accelerated portion of the RSUs into shares of common stock (i.e., the settlement of the Award) will nevertheless be made at the same time or times as if such RSUs had vested in accordance with the vesting schedule set forth in Section 1 or, if earlier, upon the termination of Grantee's employment for reasons other than Misconduct.

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

4. Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's common stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Compensation Committee (the "Committee") hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). Dividends declared on an unvested Award will not be paid in cash currently except in the case of fractional shares as set forth below. Instead, an account established on behalf of the Grantee will be credited with an amount equal to such dividends, which amount shall be reinvested in additional shares of the Corporation's common stock ("Dividend Equivalent"). The value of the Dividend Equivalents will be calculated in the same manner as dividends paid to holders of common stock. Such Dividend Equivalents will be subject to the same vesting schedule to which the Award is subject. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest and will be converted into shares of the Corporation's common stock (provided that any fractional share amount shall be paid in cash).

5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all RSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the RSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated RSUs will not be settled by virtue of such acceleration until and unless the

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

6. Clawback Provision. If the SLM Corporation Board of Directors (the "Board"), or an appropriate committee thereof, determines that (a) any material misstatement of financial results or a performance metric criteria has occurred as a result of the Grantee's conduct or (b) the Grantee has committed a material violation of corporate policy or has committed fraud or Misconduct, then the Board or such committee may, in its sole discretion, require reimbursement of any compensation resulting from the vesting of RSUs and the cancellation of any outstanding RSUs from the Grantee (whether or not such individual is currently employed by the Corporation) during the three (3) year period following the date on which the conduct resulting in the material misstatement occurred, or the date such violation, fraud or Misconduct occurred, as determined by the Board or the applicable committee. The Board or such committee shall consider all factors, with particular scrutiny when one of the Senior Vice Presidents or above are involved, in determining whether and to what extent such involvement described herein occurred and the amount of such reimbursement. Notwithstanding anything to the contrary herein, this provision shall be subject to adjustment and amendment to conform with any current or subsequently adopted policy or amendment relating to the clawback of compensation as may be adopted by the Board or an appropriate committee thereof.

7. Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation's common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation's common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.

8. Data Privacy. As an essential term of the Award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. By accepting the Award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title,

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

9. Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and such consent shall remain in effect throughout the Grantee's term of service with the Corporation (or its subsidiaries) and thereafter until withdrawn in writing by the Grantee.

10. Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.

11. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.

12. Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

14. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, or, if mailed or emailed, when received by, the other party at the following addresses:

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

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

15. Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement, the Plan and the Restricted Stock Unit Grant Notice together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature. Capitalized terms not defined herein shall have the meanings as described in the Plan or in the Restricted Stock Unit Grant Notice.

16. Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to the Grantee, including federal and state securities reporting laws.

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

EXHIBIT 10.2

SLM Corporation 2021 Omnibus Incentive Plan
2022 Performance Stock Unit Term Sheet

Pursuant to the terms and conditions of the SLM Corporation 2021 Omnibus Incentive Plan (the "Plan"), the Compensation Committee (the "Committee") of the SLM Corporation Board of Directors hereby grants to _____________________ (the "Grantee") on February 18, 2022 (the "Grant Date") a target award (the "Award") of ______ shares of Performance Stock Units ("PSUs"), which represent the right to acquire shares of common stock of SLM Corporation (the "Corporation"), subject to the following terms and conditions (this "Agreement"):

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of the Corporation's common stock, based on the following vesting terms:

    - A specified number of the total PSUs granted to each executive shall vest in amounts based on the Corporation's total shareholder return ("TSR") as measured during the performance period from February 18, 2022 through February 18, 2025 (the "Performance Period"), as shown on the attached chart in Appendix A. Each vested PSU shall be subject to the Transfer Restrictions (as defined below) set forth herein. Following the lapse of the Transfer Restrictions, each vested PSU will be settled in shares of the Corporation's common stock.
    - "TSR" shall be determined with respect to the Corporation and the members of its Peer Group (as that term is defined below) by dividing (i) the difference (whether positive or negative) between (x) such company's twenty (20) day trading average, using the closing prices, for the twenty (20) trading days immediately preceding February 18, 2025 (the "Measurement End Date") and (y) such company's twenty (20) day trading average, using the closing prices, concluding on the twentieth (20^{th}) trading day immediately following the Grant Date (the "Measurement Start Date") by (ii) such company's twenty (20) day trading average, using the closing prices, concluding on the Measurement Start Date. Both twenty (20) day averages will assume dividend reinvestment on the ex-dividend dates, as applicable. If the Measurement Start Date or the Measurement End Date are not trading dates, the twenty (20) day trading average concluding on the immediately preceding trading date shall be the applicable average for purposes of determining the Corporation's or any Peer Group member's TSR. Also for this purpose, each trading average will include only trading days, which will be determined on a separate basis for the Corporation and each Peer Group member, based on trading on the primary exchange on which such company's shares are traded. Any non-cash distributions shall be ascribed such dollar value as may be determined.

- The "Peer Group" of the Corporation is set forth in Appendix A.
- The performance goals shall equitably and proportionally be adjusted to preserve the intended incentives of PSUs and exclude or mitigate the impact of, as the case may be, the effects of a stock split, reverse stock split, spin off, extraordinary stock dividend, or other equity restructuring events.
- The calculation of TSR shall be independently validated by the Chief Risk Officer of the Corporation and certified by the Committee.
- PSUs shall vest on the later of (i) February 18, 2025 and (ii) the date by which the Committee has certified the level of attainment of TSR (such later date, the "Vesting Date"). The Vesting Date shall be no later than March 31, 2025. Following the Vesting Date, the PSUs shall be fully vested but subject to Transfer Restrictions and forfeiture conditions set forth herein, with such Transfer Restrictions and forfeiture conditions to lapse on the one (1) year anniversary of the Vesting Date (such date, the "Restriction Lapse Date," and such period between the Vesting Date and the Restriction Lapse Date, the "Holding Period"). Upon such lapsing of the Transfer Restrictions and no later than March 31, 2026, the PSUs shall be settled in shares of the Corporation's common stock.
- During the Holding Period, none of the PSUs under the Award may be sold, transferred or otherwise assigned during the Holding Period, except as set forth in Section 12 of the Plan (the "Transfer Restrictions"). If, during the Holding Period, the Corporation terminates the Grantee's employment for Misconduct, he or she shall forfeit the Award in its entirety as of the date of such termination of employment. If the Corporation terminates the Grantee's employment for any reason other than for Misconduct, or the Grantee terminates his or her employment for any reason during the Holding Period, the Award will remain subject to the Transfer Restrictions through the Restriction Lapse Date.
- The Committee has discretion to increase or decrease the shares issuable pursuant to the Award; provided that in no event shall the number of shares granted under the Award exceed 200% of the target award.

2. Employment Termination; Death; Disability. Except as provided below, if, prior to the Vesting Date, the Grantee (i) voluntarily ceases to be an employee of the Corporation (or one of its subsidiaries) for any reason or (ii) his or her employment is terminated by the Corporation (or one of its subsidiaries) for Misconduct, as determined by the Corporation (or one of its subsidiaries) in its sole discretion, he or she shall forfeit any portion of the Award that has not vested, in either case, as of the date of such termination of employment (for the avoidance of doubt, even if the Performance Period is complete). For purposes of this Agreement, "Misconduct" is defined as an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules; an unauthorized disclosure of any Corporation trade secret or confidential information; any conduct constituting unfair competition; inducing any customer of the Corporation to breach a contract with the Corporation or any principal for whom the Corporation acts as agent to terminate such agency relationship; or engaging in any other act or conduct proscribed by the senior human resources officer as Misconduct.

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

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

The Award shall be forfeited upon termination of employment due to Misconduct, as determined by the Corporation in its sole discretion.

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

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

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

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

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

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

5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all PSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance or some lesser portion of the balance, of the PSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated PSUs will not be settled by virtue of such acceleration until and unless the Grantee has a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of the PSUs to be provided in connection with the Grantee's separation from service do not qualify for any reason to be exempt from Section 409A, (y) the Grantee is, at the time of such separation from service, a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) and (z) the settlement of such PSUs would result in the imposition of additional tax under Section 409A if such settlement occurs on or within the six (6) month period following the Grantee's separation from service, then, to the extent necessary to avoid the imposition of such additional taxation, the settlement of any such PSU during such six (6) month period will accrue and will not be settled until the date six (6) months and one (1) day following the date of the Grantee's separation from service and on such date (or, if earlier, the date of the Grantee's death), such PSUs will be settled.

6. Clawback Provision. If the Board, or an appropriate committee thereof, determines that (a) any material misstatement of financial results or a performance metric criteria has occurred as a result of the Grantee's conduct or (b) the Grantee has committed a material violation of corporate policy or has committed fraud or Misconduct, then the Board or such committee may, in its sole discretion, require reimbursement of any compensation resulting from the vesting of PSUs and the cancellation of any outstanding PSUs from the Grantee (whether or not such individual is currently employed by the Corporation) during the three (3) year period following the date on which the conduct resulting in the material misstatement occurred, or the date such violation, fraud or Misconduct occurred, as

determined by the Board or the applicable committee. The Board or such committee shall consider all factors, with particular scrutiny when one of the Senior Vice Presidents or above are involved, in determining whether and to what extent such involvement described herein occurred and the amount of such reimbursement. Notwithstanding anything to the contrary herein, this provision shall be subject to adjustment and amendment to conform with any current or subsequently adopted policy or amendment relating to the clawback of compensation as may be adopted by the Board or an appropriate committee thereof.

7. Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation's common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation's common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.

8. Data Privacy. As an essential term of the Award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. By accepting the Award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title, any shares of stock held in the Corporation, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding, for the purpose of implementing, administering and managing the Plan ("Data"). The Grantee acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in jurisdictions that may have different data privacy laws and protections, and the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee or the Corporation may elect to deposit any shares of the Corporation's common stock. The Grantee acknowledges that Data may be held to implement, administer and manage the Grantee's participation in the Plan as determined by the Corporation, and that the Grantee may request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, provided however, that refusing or withdrawing the Grantee's consent may adversely affect the Grantee's ability to participate in the Plan.

9. Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and such consent shall remain in effect throughout the Grantee's term of service with the Corporation (or its subsidiaries) and thereafter until withdrawn in writing by the Grantee.

10. Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.

11. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.

12. Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

14. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, or, if mailed or emailed, when received by, the other party at the following addresses:

If to the Corporation to:

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

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

15. Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature. Capitalized terms not defined herein shall have the meanings as described in the Plan.

16. Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and

purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to the Grantee, including federal and state securities reporting laws.

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

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)
April 27, 2022

Exhibit 31.2

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

I, Steven J. McGarry, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ STEVEN J. MCGARRY

Steven J. McGarry
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 27, 2022

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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan W. Witter, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ JONATHAN W. WITTER
Jonathan W. Witter
Chief Executive Officer
(Principal Executive Officer)
April 27, 2022

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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven J. McGarry, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ STEVEN J. MCGARRY

Steven J. McGarry
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 27, 2022