Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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Below is a summary of the principal factors that make an investment in our securities risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below and should be carefully considered, together with other information in this Form 10- K and our other filings with the SEC, before making an investment decision regarding our stock. • Our product offerings are primarily concentrated in loan products for higher education and deposit products for online depositors. Such concentrations and the competitive environment for those products subject us to risks that could adversely affect our financial position. • Consumer access to alternative means of financing the costs of education and other factors may reduce demand for, or adversely affect our ability to retain, Private Education Loans, which could have a material adverse effect **on** us. • Consolidation or refinancing of existing Private Education Loans could have a material adverse effect on our business, financial condition, results of operations, and / or cash flows. • Defaults on our loans, particularly Private Education Loans, could adversely affect our business, financial ~~position~~ **condition** , results of operations, and / or cash flows. • Our allowance for credit losses may not be adequate to cover actual losses, **and we may be required to materially increase our allowance,** which may adversely affect our capital, financial condition, and / or results of operations. • We are subject to the creditworthiness of third ~~-~~ parties other than borrowers and exposure to those third parties could adversely affect our business, financial condition, results of operations, and / or cash flows. • The levels of or changes in interest rates could adversely affect our results of operations, financial condition, regulatory capital, and / or liquidity. • The interest rate and maturity characteristics of our earning assets do not fully match the interest rate and maturity characteristics of our funding arrangements ~~, which may negatively impact the level of our net interest income~~ . We are also subject to repayment and prepayment risks ~~, which~~ **. These** can increase uncertainty and adversely affect our business **, financial condition, results of operations, and / or cash flows** . • Our use of derivatives to manage interest rate sensitivity exposes us to credit and market risk that could have a material adverse effect on our earnings. • The ~~transition from~~ **discontinuance of** LIBOR ~~to alternative reference " benchmark " interest rates has no precedent, its impact is uncertain, and it~~ could adversely affect ~~the value of or~~ **our business** ~~the interest rates on our assets~~ and **financial results** ~~obligations indexed to LIBOR, as well as the revenue and expenses associated with those assets and obligations~~ . • Our ability to achieve our business goals will be heavily reliant on our ability to obtain deposits, obtain funding through asset- backed securitizations, and ~~, for at least the next few years,~~ sell loans at attractive prices to help fund any share repurchase programs that may be authorized from time to time. An inability to effectively manage our liquidity could ~~negatively impact~~ **have a material adverse effect on us. • In structuring and facilitating securitizations** ~~our~~ - **or** ~~ability~~ **sales of Private Education Loans, administering securitization trusts, or servicing loans we have securitized or sold, we may incur liabilities** to ~~fund~~ **transaction parties. If those liabilities are significant, they could adversely affect** our business ~~obligations~~ and ~~opportunities~~ **financial condition. • Adverse developments** , ~~which~~ **and / or a continuation of recent turmoil, in the financial services industry could adversely affect our financial condition and results of operations. • The Bank is subject to various regulatory capital requirements, and failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken,** could have a material adverse effect on us. ~~• In structuring and facilitating securitizations or sales of Private Education Loans, administering securitization trusts, or servicing loans we have securitized or sold, we may incur liabilities to transaction parties. If those liabilities are significant, they could adversely affect our business and financial condition. • The Bank is subject to various regulatory capital requirements, and failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material adverse effect on our business, results of operations, and / or financial condition. 2022~~ **2023** Form 10- K — SLM CORPORATION ~~23~~ **21** • Unfavorable results from the periodic stress scenarios we model under regulatory guidance may adversely affect our business and result in regulatory action that could adversely affect **us** ~~our cost of capital and liquidity position~~ . • Changes in accounting standards, or incorrect estimates and assumptions by management in connection with the preparation of our consolidated financial statements, could adversely affect **us** ~~our capital levels, results of operation, and / or financial condition~~ . • We operate in a highly regulated environment and the laws and regulations that govern our operations, or changes in these laws and regulations, or our failure to comply with them, may adversely affect us. • Failure to comply with consumer protection, privacy, data protection, or cybersecurity laws and requirements could subject us to civil and criminal penalties or litigation, including class actions, and have a material adverse effect on our business. • Our framework for managing risks, including model risk and data governance risk, may not be effective in mitigating our risk of loss and, if the framework is ineffective, could have a material adverse effect on us ~~and our business~~ . • Proposals of federal and state governments, or of various political candidates, affecting the student loan industry in particular ~~, such as proposals for new federal education spending designed to make higher education " free " or substantially so regardless of financial need,~~ subject us to political risk and could have a material adverse impact on us. • We are subject to reputational risk, including risk arising from environmental, social, and governance matters or other areas or events, which could damage our brand and have a material adverse impact on **us** ~~our business, results of operations, financial condition, and / or cash flows~~ . • Failure or significant interruption of our operating systems or infrastructure or the inability to adapt to changes could disrupt our business, cause significant losses, result in regulatory action or litigation, or damage our reputation. • We could lose market share if we are not able to keep pace with rapid changes in technology. • We depend on secure information technology and a breach of those systems or those of third- party vendors could materially adversely affect **us** ~~our business, financial condition,~~ and ~~/ or results of operations and could~~ lead to significant financial, legal, and reputational exposure. • We depend significantly on third parties for a wide array of our operations and customer services and key components of our information technology infrastructure, and a breach of security or service levels, or violation of law by one of these third parties, could disrupt our business. • We may face risks from our operations related to litigation or regulatory or supervisory actions that could result in significant legal expenses and settlement or damage awards. • Our internal controls over financial reporting and disclosure controls **, as well as other internal controls,** may be ineffective, which could have a material adverse effect on our financial condition and / or results of operations. • Our business operations and those of our third- party vendors may be adversely impacted by unpredictable catastrophic events. • ~~Our~~ **New lines of business and our** ability to successfully make acquisitions ~~is~~ **are** subject to significant risks ~~. • The pandemic caused by COVID- 19 and resulting adverse economic conditions have adversely impacted our business and results and, in the future, could have a more material adverse impact on our business, results of operations, financial condition, and / or cash flows. Any future pandemics could subject our business to the same or greater risks than the COVID- 19 pandemic~~ . • Because of Navient' s indemnification obligations, we have significant exposures to risks related to its creditworthiness. • The holders of our preferred stock have rights that are senior to those of our common shareholders. • We may be limited in our ability to receive dividends from the Bank, pay dividends on and repurchase our common stock, and make payments on our corporate debt. • Our business could be negatively affected if we are unable to attract, retain, and motivate skilled employees. ~~24~~ **22** SLM CORPORATION — ~~2022~~ **2023** Form 10- K RISK FACTORS We face many risks and uncertainties, any one or more of which could have a material adverse effect on our business, financial condition (including capital and liquidity), results of operations, cash flows, and / or stock price. We describe certain of these risk and uncertainties in this section, although we may be adversely affected by other risks or uncertainties that (i) are presently not known to us, (ii) we have failed to identify or appreciate, or (iii) we currently consider immaterial. These Risk Factors, together with other information in this Form 10- K and our other filings with the SEC, should be carefully considered before making an investment decision regarding our stock. CONCENTRATION RISK At December 31, ~~2022~~ **2023** , approximately ~~70~~ **72** percent of our total assets, and 84 percent of our total assets excluding cash and cash equivalents, were comprised of Private Education Loans. This concentration poses the risk that any disruption, dislocation, **significant adverse legislative or regulatory change,** or other negative event or trend in the Private Education Loan market **, the overall education loan market,** or the overall economic environment, including an inflationary and rising **or high** interest rate environment or a recession in the U. S., could disproportionately and adversely affect our business, financial condition, and results of operations. We ~~compete~~ **face competition** in the Private Education Loan market **from a variety of players. We compete** with banks and other consumer lending institutions, many ~~with~~ **of whom have** strong consumer brand name recognition ~~and~~ **,** greater financial resources **, and** ~~. Many of those lenders also have a~~ greater ~~level of~~ diversification in their mix of assets, which can enable them to be more competitive in **their products and offerings, particularly in** uncertain or challenging economic times ~~. The use of marketplace lending sites is growing in popularity in the student loan sector. This new market channel may erode our more traditional lending channels and increase our cost to originate Private Education Loans. Moreover, our competition will increase as various lending institutions and other competitors, including Navient, through its Earnest subsidiary, enter or re- enter the Private Education Loan market~~ . We also compete with **financial technology ("** FinTech **")** companies ~~(as defined below)~~ , many of whom have lower return hurdles than more traditional consumer lending institutions. **The use of marketplace lending sites is growing in popularity in the student loan sector. This market channel may erode our more traditional lending channels and increase our cost to originate Private Education Loans. Moreover, we expect that our competition will increase as various lending institutions and other competitors, including Navient, through its Earnest subsidiary, enter or re- enter the Private Education Loan market.** We compete based on our brand products, origination capability, and customer service. To the extent our competitors compete more aggressively or effectively, we could lose market share to them **and /** or ~~subject~~ our existing loans **could be subject** to consolidation or refinancing risk. In addition to competition **from private industry players** ~~with banks and other consumer lending institutions~~ , the federal government, through the Federal Direct Student Loan Program (the " DSLP "), poses significant competition to our Private Education Loan products. The availability and terms of loans the government originates or guarantees affect the demand for Private Education Loans because students and their families often rely on Private Education Loans to bridge the gap between available funds, including family savings, scholarships, grants, and federal and state loans, and the costs of post- secondary education. The federal government currently places both annual and aggregate limits on the amount of federal loans any student can receive and determines the criteria for student eligibility. Parents and graduate students may obtain additional federal education loans through other programs **, such as the Parent Plus and Graduate Plus programs, without any aggregate limits other than the difference between the cost of education and the amount of other financial aid received by a student** . These federal education lending programs are generally adjusted in connection with funding authorizations from the U. S. Congress for programs under the Higher Education Act of 1965 (the " HEA "). The HEA' s reauthorization is currently pending in the U. S. Congress. Reauthorization, as well as measures to provide relief for ~~COVID- 19 or for~~ borrowers of student loans in general, could provide a legislative vehicle for changes to student loan programs. Possible components that could impact the Private Education Loan market ~~are~~ **and our business include** changes to federal education loan limits **and / or payment requirements** , private loan refinancing programs, or Private Education Loan forgiveness. Other components of any legislation also could have a negative impact on our business and financial condition. See " — POLITICAL / REPUTATIONAL RISK. " ~~Competition~~ **We** also **face substantial competition for** ~~plays a significant role in~~ our online deposit **products** ~~gathering activities~~ . **We expect to** ~~The market for online deposits is highly competitive~~ ---- **compete** ~~,~~ based primarily on a combination of reputation, rate, and availability of information about our deposit products. Our **competitors, many of whom have greater financial resources or lower costs than we do, may be more effective in attracting new deposits and retaining existing deposits such as by offering more competitive rates, dedicating more resources for advertising, or engaging in more effective forms of marketing. For instance, our** new depositor acquisition marketing is partly dependent on search engines, as well as bank deposit information aggregators, to direct a significant amount of traffic to our website via organic ranking and paid search advertising. Our bank competitors' paid search activities, such as pay per click marketing, may result in their sites receiving higher ~~paid~~ search results than ours ~~and significantly increasing the cost of such depositor acquisition for us. In addition~~ , **thus** ~~changes to search engines and deposit information aggregators' methodologies and business practices could result in a decline in our new deposit growth or existing customer 2022~~ **2023** Form 10- K — SLM CORPORATION ~~25~~ **23** **leading to significant increases in the cost of such depositor acquisition for us. In addition, changes to search engines and deposit information aggregators' methodologies and business practices could result in a decline in our new deposit growth or existing customer** retention. Increased competition for deposits could cause our cost of funds to increase, which could negatively impact our loan pricing and net interest margin. See also "- LIQUIDITY RISK. " Consumer access to alternative means of financing the costs of education and other factors may reduce demand for, or adversely affect our ability to retain, Private Education Loans, which could have a material adverse effect on our business, financial condition, results of operations, and / or cash flows. The demand for Private Education Loans could weaken if families and student borrowers use other vehicles to bridge the gap between available funds and costs of post- secondary education. These vehicles include, among others: • Home equity loans or other borrowings available to families to finance their education costs; • Pre- paid tuition plans, which allow students to pay tuition at today' s rates to cover tuition costs in the future; • Section 529 plans, which include both pre- paid tuition plans and college savings plans that allow a family to save funds on a tax- advantaged basis; • Education IRAs, now known as Coverdell Education Savings Accounts, under which a holder can make annual contributions for education savings; • Government education loan programs such as the DSLP; and • Direct loans from colleges and universities, as well as income sharing agreements offered by schools and facilitated by private companies. In addition, our ability to grow Private Education Loan originations and retain assets at our planned levels could be negatively affected if: • demographic trends in the United States result in a decrease in college- age individuals; • demand for higher education decreases (which can occur, among other times, during periods of strong employment in the United States **and / or when fewer employers require college degrees for their employees**); • the cost of attendance of higher education decreases; • consumers increase their targeted savings for higher education; • prepayment rates on our Private Education Loans increase or accelerate due to greater market liquidity, availability of alternative means of financing, improved household incomes, increasing consumer confidence, and / or various other factors; • **macroeconomic factors (including, without limitation, high unemployment) cause loan applicants or borrowers to be unable to meet our credit standards or repay credit obligations; •** there is broader public resistance to increasing higher education costs; or • proposals for new federal and state education spending described below in " — POLITICAL / REPUTATIONAL RISK " gain broader appeal or momentum. We believe the design of our Private Education Loan products, with emphasis on rigorous underwriting, credit- worthy cosigners and variable or fixed interest rates, creates sustainable, competitive loan products. However, increasing amounts of private education consolidation loans at interest rates below those of our existing portfolio- whether from private sources (including ~~financial technology ("~~ FinTech ~~")~~ companies) or otherwise- can contribute to an increase in the prepayment rates of our existing Private Education Loans and, if prolonged and continuous, could have a material adverse effect on our business, financial condition, results of operations, and / or cash flows. ~~Since 2010~~ **Increases in consolidation loans may result from competition as well as legislative or regulatory changes** , **as** there ~~have~~ **has** been ~~a~~ **, and there may be continue to be, an increase in the** number of ~~bills introduced in the United States Congress~~ **lenders offering consolidation or refinancing products as well as proposed legislation designed** to promote federal financing for consolidation or refinancing of existing ~~student~~ loans ~~, as well as an increase in the number of lenders offering consolidation or refinancing products~~ . **24 SLM CORPORATION — 2023 Form 10- K** CREDIT RISK We bear the full credit exposure on our Private Education Loans ~~and Credit Card loans~~ , which are unsecured loans. If ~~they~~ **those loans** were to default at rates much higher than anticipated or at speeds faster than anticipated, our business, financial ~~position~~ **condition** , results of operations, and / or cash flows could be adversely affected. Delinquencies are an important indicator of the potential future credit performance of our loan portfolios. Many factors can have an ~~26 SLM CORPORATION — 2022 Form 10- K~~ impact on borrower delinquencies, including, without limitation, economic conditions (including inflationary, rising **or high** interest rate, and recessionary environments), changes in interest rates, personal circumstances and hardships, risk characteristics such as school type, loan status, loan seasoning, underwriting criteria, presence of a cosigner, changes made in credit administration practices from time to time, changes in loan underwriting criteria made from time to time, **legislative,** regulatory and operational changes, servicing and collections staffing challenges, other operational challenges we may encounter **, the cessation by the federal government in 2023 of its payment suspension program (initiated during the COVID- 19 pandemic) for borrowers of federal student loans, the invalidation or failure of the Biden Administration' s effort to forgive federal student loan indebtedness for certain borrowers** , and unforeseen events or trends. Rising unemployment rates and the failure of our in- school borrowers to graduate are two of the most significant macroeconomic factors that could increase loan delinquencies, defaults, and loan modifications, or otherwise negatively affect performance of our existing education loan portfolios ~~. Likewise~~ , ~~high unemployment~~ **as such factors** may **cause borrowers** ~~impede Private Education Loan originations growth, as loan applicants~~ and cosigners ~~may~~ **to** experience trouble repaying credit obligations or **meeting** ~~may not meet~~ our credit standards. ~~Additionally, if~~ **The impact of these factors may be heightened in rising or high interest rate environments when** interest rates rise causing payments on variable- rate loans to increase ~~, borrowers and cosigners could experience trouble repaying loans we have made to them~~ . See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition — Allowance for Credit Losses — Use of Forbearance and Rate Modifications as a Private Education Loan Collection Tool " for a discussion of how items such as changes in credit administration practices can impact the timing and level of delinquencies and defaults on our loans. As part of our underwriting process, we rely heavily upon information supplied by applicants and third parties. If any of this information is intentionally or negligently misrepresented **, or is inaccurate,** and is not detected by us before completing the transaction **, or changes after we**

collect the information , we may experience increased credit risk. Higher credit- related losses and weaker credit quality negatively affect our business, financial condition, and results of operations and limit funding options, which could also adversely impact our liquidity position. Our Private Education Loan (held for investment) delinquencies (loans greater than 30 days past due), as a percentage of Private Education Loans (held for investment) in repayment, were 3. ~~8~~ **90** percent at December 31, ~~2022~~ **2023** ~~. Our allowance for credit losses may not be adequate to cover actual losses, and we may be required to materially increase our allowance, which may adversely affect our capital, financial condition, and / or results of operations~~ . We are required to measure our allowance for credit losses based on our estimate of all current expected credit losses ~~(" CECL ")~~ over the remaining contractual term of ~~the~~ **our** assets. The CECL standard resulted in a significant change in how we recognize credit losses and has had a material impact on our financial condition, results of operations, and capital levels. The evaluation of our allowance for credit losses is inherently subjective, as it requires material estimates that may be subject to significant changes. The measurement of expected credit losses is based on historical information, current conditions, and reasonable and supportable forecasts to estimate the expected loss over the life of the loan. (This differs significantly from the " incurred loss " model, which was in effect ~~during 2019~~ **prior to our adoption of CECL** and delayed recognition until it was probable a loss had been incurred.) Our models take into account historical loss experience in various economic conditions to estimate expected future losses based upon future economic forecasts over a period of time (" reasonable and supportable period "), at which point we **immediately** revert ~~expected losses to~~ our **forecasted economic factors to long- term** historical ~~rates~~ **loss conditions** . Defaults can be higher than anticipated due to a variety of factors, and our models may not accurately estimate future loan loss performance. The models used in calculating our CECL estimates include forecasts of future economic conditions, the weighting of economic forecasts, prepayment speeds, and recovery rates. If these forecasts prove to be inaccurate, or our models were not designed properly, our allowance for credit losses may not be sufficient to cover future losses, which could negatively impact our financial condition, results of operations, and capital levels. In addition, the amount of losses recorded under CECL is very sensitive to the inputs described above. As such, changes to these inputs could significantly change the amount of allowance necessary, which could have a negative impact on our financial results and capital levels. Additionally, regulatory agencies may periodically review our allowance for credit losses, including our methodology and models used in calculating the allowance, and could **2023 Form 10- K — SLM CORPORATION 25** insist on an increase in the allowance or recognition of additional charge- offs based on judgments different than those used by our management. If these differences in judgment are significant, our allowance could increase significantly and result in sizable decreases in our net income and capital. See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Allowance for Credit Losses " for further details regarding our allowance for credit losses. We are ~~subject to the creditworthiness of third parties other than borrowers and exposure to those third parties could adversely affect our business, financial condition, results of operations, and / or cash flows. We are~~ also subject to the creditworthiness of third parties, including various lending **, securitization** , investment, and derivative counterparties. Our overall counterparty exposure is more fully discussed in Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital ~~2022 Form 10- K — SLM CORPORATION 27~~ Resources — Counterparty Exposure. " If our counterparties are unable to perform their obligations, or the ability of our counterparties to perform their obligations becomes **impaired or** less certain ~~or impaired~~ , the obligations of our counterparties to us or our investments in any counterparties or their securities could become impaired, which could have a material adverse impact on our business, financial condition, results of operations, and / or cash flows. INTEREST RATE RISK We are highly dependent on net interest income, which is the difference between interest income on earning assets (such as loans and investments) and interest expense on deposits and borrowings. Net interest income is significantly affected by market rates of interest, which in turn are influenced by monetary and fiscal policies of governmental agencies, general economic conditions, **conditions in the capital markets,** the political and regulatory environments, business and consumer sentiment, competitive pressures, and expectations about the future. We may be adversely affected by policies or events that have the effect of flattening or inverting the yield curve (that is, the difference between long- term and short- term interest rates), compressing interest rates on our earnings assets closer to interest rates on our deposits and borrowings, increasing the volatility of market rates of interest, or changing the spreads among different interest rate indices. Changes in interest rate levels also can lead to other adverse impacts, such as reducing the demand for or increasing the prepayment speeds of our Private Education Loans, increasing the delinquencies or defaults of our borrowers or other counterparties, reducing the value of our assets, or increasing our liabilities. Many of these adverse impacts can occur in an inflationary and rising interest rate environment ~~, such as that experienced in the United States in 2022 and projected by economists and regulators to continue in 2023~~ . These adverse impacts may materially adversely affect our operations, our regulatory capital and liquidity position, the credit performance of our Private Education Loans and other assets, the number of borrowers seeking payment relief, our results of operations and financial condition, and / or our cash flows. The level of and changes in market rates of interest and, as a result, these risks and uncertainties, are beyond our control. The interest rate and maturity characteristics of our earning assets do not fully match the interest rate and maturity characteristics of our funding arrangements, which may negatively impact the level of our net interest income. We are also subject to repayment and prepayment risks, which can increase uncertainty as we manage our interest rate risk and can adversely affect our business, financial condition, results of operations, and / or cash flows. Net interest income is the primary source of cash flow generated by our loan portfolios. Interest earned on our Private Education Loans and FFELP Loans is either fixed- rate or indexed to a short- term variable rate, and these loans are originated with relatively long repayment periods. ABS funding closely mirrors the expected maturities of our education loans and provides a combination of fixed and variable- rate funding. Deposits are issued with both fixed and variable rates, and the average term is typically shorter than the expected term of our combined loan portfolios. The different interest rate and maturity characteristics of our loan ~~portfolio~~ **portfolios** and the liabilities funding ~~that~~ **those** ~~portfolio~~ **portfolios** result in fluctuations in our net interest income. In certain interest rate environments, this mismatch may reduce our net interest margin (the interest yield earned on our portfolio less the rate paid on our interest- bearing liabilities) and net interest income. While we actively monitor and manage mismatches in the interest rate and maturity characteristics of our assets and liabilities, using derivative transactions where necessary to avoid excessive levels of repricing and refunding risk, it is not possible to hedge all of our exposure to such risks. While the assets, liabilities, and related hedging derivative contract re- pricing indices are typically highly correlated, there **26 SLM CORPORATION — 2023 Form 10- K** can be no assurance that the historically high correlation will not be disrupted by capital market dislocations or other factors outside our control. In these circumstances, our earnings could be materially adversely affected. We are also subject to risks associated with changes in repayment and prepayment rates on Private Education Loans, which can increase uncertainty as we manage our interest rate risk. Consolidations and refinancings contribute to increased prepayment rates. In addition, increases in employment levels, wages, family income, alternative sources of financing, and government support for student loan borrowers ~~during times of crisis or otherwise, such as during the COVID- 19 pandemic~~ or the forgiveness for certain borrowers of federal student loan indebtedness, may also contribute to higher- than- expected prepayment rates, which can adversely affect our interest rate and repricing risk and our financial condition and results of operations. ~~28 SLM CORPORATION — 2022 Form 10- K~~ We maintain an overall interest rate strategy that uses derivatives to reduce the economic effect of interest rate changes. Developing an effective hedging strategy for dealing with movements in interest rates is complex, and no strategy can completely avoid the risks associated with these fluctuations. For example, our education loan portfolios remain subject to prepayment risk that could cause them to be under- or over- hedged, which could result in material losses. In addition, some of our interest rate risk management activities expose us to mark- to- market losses if interest rates move in a materially different way than was expected when we entered into the related derivative contracts. Our use of derivatives also exposes us to market risk and credit risk. Market risk is the chance of financial loss resulting from changes in interest rates and market liquidity. Some of the interest rate swaps we use to economically hedge interest rate risk between our assets and liabilities do not qualify for hedge accounting treatment. Therefore, the change in fair value, called the " mark- to- market, " of the swaps that do not qualify as accounting hedges is included in our statement of income. A decline in the fair value of those derivatives could have a material adverse effect on our reported earnings. Also, see " — We are subject to the creditworthiness of third parties other than borrowers and exposure to those third parties could adversely affect our business, financial condition, results of operations, and / or cash flows. " Following announcements by the United Kingdom' s Financial Conduct Authority (the " UKFCA "), which regulates LIBOR, the London interbank offered rate, 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~~ **Publication** of the remaining USD settings ~~is expected to cease~~ **ceased** after June 30, 2023 ~~, U. S. banking and other global financial services regulators directed regulated institutions to cease entering into new LIBOR- based contracts as soon as practicable and in any event by the end of 2021~~. The Alternative Reference Rates Committee (the " ARRC "), a group of market participants that includes both banks and a number of non- banks, was convened by the Federal Reserve Board and the Federal Reserve Bank of New York in 2014 to identify alternative reference rates to LIBOR. In 2017, the ARRC identified the Secured Overnight Financing Rate (" SOFR "), which is a rate based on overnight U. S. Treasury repurchase agreement transactions, as its recommended alternative to USD LIBOR ~~. The interest rates on our variable- rate Private Education Loans issued before April 1, 2021 and certain other assets are indexed to LIBOR. Certain of our interest rate swaps, notes issued under ABS and our education loan- backed multi- lender secured borrowing facility (the " Secured Borrowing Facility "), brokered and non- brokered deposits, and other obligations also are indexed to LIBOR. In each case, the terms of the relevant agreements define LIBOR and provide differing methods for how it may be replaced or computed if LIBOR is no longer available as defined. LIBOR has been used worldwide as a reference for setting interest rates on loans, derivatives, and other assets and obligations. The transition from LIBOR to alternative reference " benchmark " interest rates is uncertain and will be affected by, among other things, the pace of the transition to such rates, the specific terms and parameters for and acceptance of such rates (including, without limitation, by investors, financial markets, and regulators), market conventions for the use of such rates in connection with a particular product, and prices of and the liquidity of trading markets for products based on such rates. Certain of our existing assets and obligations do not include provisions clearly specifying a method for transitioning from LIBOR to an alternative benchmark rate. Given this situation, it is unclear what consents or approvals, if any, will be required to replace LIBOR under our various agreements. As a result of these potential changes and related uncertainties, the interest rates on and value of our assets and obligations indexed to LIBOR, and the revenue and expenses associated with those assets and obligations, could be affected in disparate ways at disparate times, creating basis risk and potential adverse effects on our business and results of operations. Changes to the reference rate used could result in dissatisfied customers, lenders, investors, or counterparties, which could result in reputational damage, litigation, or regulatory scrutiny. 2022 Form 10- K — SLM CORPORATION 29 The Company has actively monitored market developments with respect to LIBOR replacement since 2017 and during 2020 launched a formal cross- functional replacement project with the goal of ensuring a smooth transition to a replacement index with minimal negative impact on our customers, investors, and the Company' s business, financial condition, and results of operations. The Chief Financial Officer and the project team monitor developments, assess impacts, propose plans, and, with the approval of an executive committee, implement changes. The Chief Financial Officer and / or the 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, we began issuing ABS that are indexed to SOFR and renewed **our education loan- backed multi- lender secured borrowing facility (** the **"** Secured Borrowing Facility **")** with an index based on SOFR. **In 2023, we transitioned to SOFR (plus the applicable spread adjustment) the remainder of our assets, liabilities, and off- balance sheet items referencing LIBOR on their respective first repricing dates after June 30, 2023. In some instances, we relied on safe harbors provided by federal legislation to transition obligations from LIBOR to SOFR because the obligations did not have fallback provisions for**

alternative reference rates. Although we relied on those safe harbors in certain instances, the safe harbors are untested. We ~~plan~~ **could still be exposed** to ~~significantly reduce~~ **risks associated with disputes and litigation with customers, counterparties, and** ~~the~~ **other** ~~number of contracts that reference~~ **market participants in connection with implementing replacement rates for** LIBOR **. Also** , **the** ~~either through modification or~~ replacement **of LIBOR could adversely affect** ~~, by June 2023. There can be no guarantee our reference rate replacement plan will occur as expected, however, and failure to implement~~ the ~~plan effectively~~ **value of and return on certain of** ~~or~~ **our financial assets, the value of certain of our liabilities, and could result in** changes ~~in how LIBOR transition occurs~~ **to our various risk exposures. These uncertainties could adversely impact our funding costs and** could have a material adverse effect on our business, results of operations, financial position, and / or cash flows. See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — LIBOR Transition " for further details. **2023 Form 10- K — SLM CORPORATION 27** Our ability to achieve our business goals will be heavily reliant on our ability to obtain deposits, obtain funding through asset- backed securitizations, and ~~, for at least the next few years,~~ sell loans at attractive prices to help fund any share repurchase programs that may be authorized from time to time. An inability to effectively manage our liquidity could negatively impact our ability to fund our business obligations and opportunities, which could lead to regulatory scrutiny and could have a material adverse effect on our business, financial condition, results of operations, and / or cash flows. We must effectively manage the liquidity risk inherent in our business. We require liquidity to meet cash requirements for such things as day- to- day operating expenses, funding of our Private Education Loan originations, deposit withdrawals and maturities, payment of any declared dividends on our preferred stock and common stock, **payment of our debt service,** and payment for any shares of common stock **or preferred stock** acquired under any ~~common~~ stock repurchase program or otherwise. Our primary sources of liquidity and funding are customer deposits, payments received on Private Education Loans and FFELP Loans that we hold, and proceeds from loan sales and securitization transactions. We may maintain too much liquidity, which can be costly, or we may be too illiquid, which could result in financial distress during times of economic stress or capital market disruptions. We fund Private Education Loan originations through asset- backed securitizations and deposits raised by the Bank, including term and liquid brokered and retail deposits, as well as Educational 529 and Health Savings Account deposits **, and with proceeds received from loan sales** . Assets funded through deposits result in refinancing risk because the average term of the deposits is shorter than the expected term of the Private Education Loan assets we originate. The significant competition for deposits from other banking organizations that are also seeking stable deposits to support their funding needs may affect deposit renewal rates, costs, or availability. At December 31, ~~2022~~ **2023** , our brokered deposits totaled $ ~~9~~ **10** . ~~9~~ **3** billion, which represented ~~46~~ **47** percent of our total deposits. Brokered deposits may be more price sensitive than other types of deposits and may become less available if alternative investments offer higher returns. In addition, our ability to maintain existing balances of all deposit types or obtain additional deposits of any type may be affected by factors, including those beyond our control, such as a rising stock market, more attractive returns on alternative investments, perceptions about our existing and future financial strength, quality of deposit servicing or online banking generally, changes in monetary or fiscal policies that influence deposit or other rates, ~~and~~ general economic conditions, including high unemployment and decreased savings rates **, and adverse developments in the financial services industry generally** . **See also " — Adverse developments, and / or a continuation of recent turmoil, in the financial services industry could adversely affect our financial condition and results of operations. "** Also, our ability to maintain our current level of deposits or grow our deposit base could be affected by regulatory restrictions, including the possible imposition by our regulators of prior approval requirements or restrictions on our offered rates, brokered deposit growth, or other areas. Our success also depends on our ability to structure Private Education Loan securitizations or execute other secured funding transactions. Several factors may have a material adverse effect on both our ability to obtain such funding and the time it takes us to structure and execute these transactions, including the following: • Persistent and prolonged disruption or volatility in the capital markets (which could occur as a result of, among other things, **general economic conditions,** a government debt default **,** or a government shutdown) or in the education loan ABS sector specifically; ~~30 SLM CORPORATION — 2022 Form 10- K~~ • Degradation of the credit quality or performance of the Private Education Loans we sell or finance through securitization trusts, or adverse rating agency assumptions, rating actions, or conclusions with respect to those trusts or the education loan- backed securitization trusts sponsored by other issuers; • A material breach of our obligations to purchasers of our Private Education Loans, including securitization trusts; • The timing, pricing, and size of education loan asset- backed securitizations other parties issue, or the adverse performance of, or other problems with, such securitizations; • Challenges to the enforceability of Private Education Loans based on violations of, or changes to, federal or state consumer protection or licensing laws and related regulations, or imposition of penalties or liabilities on assignees of Private Education Loans for violation of such laws and regulations; and • Our inability to structure and gain market acceptance for new product features or services to meet new demands of ABS investors, rating agencies, or credit facility providers. **28 SLM CORPORATION — 2023 Form 10- K** If we require funding beyond that which we may be able to obtain through deposits and proceeds from ABS transactions at attractive prices, we may need to raise additional liquidity through other forms of secured and unsecured debt financing, which, in turn, could increase our funding costs and reduce our net interest margin. Future downgrades to our credit ratings, or to the credit ratings of our subsidiaries or to the securities issued in our securitization transactions, also could result in higher funding costs and reduce our net interest margin. Our ability to sell loans at attractive prices, as well as the timing and volume of any sales, will be subject to market conditions, and there can be no guarantee that we will be able to effectuate planned **or unplanned** loan sales at the prices, times, or volumes we desire, or at all. If we are unable to effectuate loan sales at the prices, times, and volumes we desire, we may not be able to fund share repurchase programs that are authorized from time to time **, originate Private Education Loans in the volumes we desire, meet other obligations,** or achieve other business goals. We currently maintain sufficient risk- based capital through adequate retention and reinvestment of earnings from operations. If our business objectives require capital above and beyond what we generate through retained earnings, we may need to raise capital for our business by issuing additional equity to investors. Several factors, some of which may be beyond our control, may have a material adverse effect on our ability to raise funding at any given time through any of the channels described above in this Risk Factor in the amounts, at the rates, or within the timeframes we desire or need. If this occurs, our business, results of operations, financial position, and / or cash flows could be materially and adversely affected **. We conduct quarterly liquidity stress tests to evaluate the adequacy of our liquidity sources under several stress scenarios, including a severely adverse macroeconomic scenario. The results of these scenarios may lead management to determine, or our regulators to demand, that higher levels of liquidity be maintained at significant incremental expense to the Bank** . In structuring and facilitating securitizations or sales of Private Education Loans, administering securitization trusts, or servicing loans we have securitized or sold, we may incur liabilities to transaction parties. If those liabilities are significant, they could adversely affect our business, financial condition, results of operations, and / or cash flows. Under applicable state and federal securities laws, if investors incur losses as a result of purchasing ABS issued in connection with our securitization transactions, we could be deemed responsible and could be liable to investors for damages. We could also be liable to investors or other parties for certain updated performance information that we may provide subsequent to the original issuances. If we fail to cause the securitization trusts or other transaction parties to disclose adequately all material information regarding an investment in any securities, if we or the trusts make statements that are misleading in any material respect in information delivered to investors in any securities, if we breach any representations or warranties made in connection with securitization of the loans, or if we breach any other duties as the administrator or servicer of the securitization trusts, it is possible we could be sued and ultimately held liable to an investor or other transaction party. In transactions involving the sale of loans in non- securitized form where we remain the servicer of the loans, it is possible we could be sued and ultimately held liable to the purchaser of the loans or another transaction party for breaches of representations or warranties or breaches of servicing covenants. If any of those liabilities are significant, they could adversely affect our business, financial condition, results of operations, and / or cash flows. **In** ~~2022~~ **2023 , several financial services institutions failed or required outside liquidity support. For example, Silicon Valley Bank and Signature Bank were put into FDIC receivership in March 2023 and First Republic Bank was put into FDIC receivership in May 2023. The impact of this situation led to risk of additional stress to the financial services industry generally as a result of increased lack of confidence in the financial sector. Although we currently do not anticipate liquidity constraints of the kind that caused certain other financial services institutions to fail or require external support, unanticipated deposit withdrawals due to market distress or otherwise or our inability to access other sources of liquidity, whether due to capital markets dislocations or otherwise, could result in constraints on our liquidity and adversely affect our business, financial condition, and results of operations. The financial system is highly interrelated, and we have exposure to, and routinely execute transactions with, a variety of financial institutions. If any of these financial institutions or participants were to become or be perceived 2023** Form 10- K — SLM CORPORATION ~~31~~ **29 as unstable, or enter conservatorship, receivership, or bankruptcy, the consequences could have an adverse effect on our business, financial condition, and results of operations.** CAPITAL RISK The Bank is subject to various regulatory capital requirements administered by the FDIC and the UDFI. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material adverse effect on our business, results of operations, and / or 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 adequacy 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. ~~U. S. Basel III is subject to further revisions and such revisions could affect the Bank' s capital requirements and adversely affect its business, results of operations, and financial condition. For example, in 2017 the Basel Committee on Banking Supervision published revisions to the international capital standards that it describes as the finalization of the Basel III post- crisis regulatory reforms. The impact of these revisions on the Bank will depend on how and to what extent they are implemented in the United States. The federal banking agencies have not yet proposed a rule to implement these revisions in the United States.~~ If the Bank fails to satisfy regulatory risk- based or leverage capital requirements, it would be subject to serious regulatory consequences, including restrictions on the ability to make dividend payments or share repurchases, that could prevent us from successfully executing our business plan and may have a material adverse effect on our business, results of operations, financial position, and / or cash flows. See Item 1. " Business — Supervision and Regulation — Regulation of Sallie Mae Bank — Regulatory Capital Requirements. " **Unfavorable results from the periodic stress scenarios we model under regulatory guidance may adversely affect our business and result in regulatory action that could adversely affect our cost of capital and liquidity position.** Pursuant to regulatory guidance, the Bank conducts annual capital stress tests, modeling **a** systemic ~~and~~ **stress scenario. In addition, the Bank may model** company- specific stress scenarios **from time to time** . In ~~2022~~ **2023** , the Bank conducted its annual capital stress tests and the results of these tests were presented to and reviewed by the Bank' s senior management, the Bank' s Board of Directors, and the Board' s Financial Risk Committee. In addition, the Bank made the results of the stress tests (its current business forecast) available to its prudential regulators- the FDIC and the UDFI. Generally, the stress test results include certain measures that evaluate the Bank' s ability to absorb losses in severely adverse economic and financial conditions. On the basis of a stress analysis, senior management may elect to adjust its business plans or capital targets to reduce risks identified by the analysis. Our regulators may also require the Bank to raise additional capital or take other actions, or may impose restrictions on our business, based on the results of the stress tests. We may not be able to raise additional capital if required to do so or may not be able to do so on terms that are advantageous to us. Any such capital raises, if required, may also be dilutive to our existing stockholders. Our regulators may also update their supervisory expectations applicable to the Bank' s stress tests, which could change how the Bank conducts stress tests or how senior management uses the results of the stress tests to inform business plans and capital targets. **Changes in accounting standards,** ~~We also conduct quarterly liquidity stress tests to evaluate the adequacy of our~~ - **or** ~~liquidity sources under several stress scenarios~~ **incorrect estimates and assumptions by management in connection with the preparation of our consolidated financial statements** , **could** ~~including a severely adverse~~ **adversely** ~~macroeconomic scenario. The~~ **affect our capital levels,** results of **operation** ~~these scenarios may lead management to determine~~ , **and /** or **financial condition** ~~regulators to demand, that higher levels of liquidity be maintained at significant incremental expense to the Bank~~ . We are subject to the requirements of entities that set and interpret the accounting standards governing the preparation of our financial statements and other financial reports. These entities, which include the Financial Accounting Standards Board (the " FASB "), the SEC, and banking regulators, may add new requirements or change their interpretations of how those standards should be applied. Changes in our accounting policies or in accounting standards could materially affect how we report our financial condition and / or results of operations. As a result of ~~32 SLM CORPORATION — 2022 Form 10- K~~ changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we have previously used in preparing our financial statements, which could negatively impact how we record and report our financial condition, results of operations, and capital levels. The preparation of our consolidated financial statements requires us to make critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. Incorrect estimates and assumptions by us in connection with the preparation of our consolidated financial statements could adversely affect the reported amounts of assets, liabilities, income, and expenses. If we make **30 SLM CORPORATION — 2023 Form 10- K** incorrect assumptions or estimates, we may under- or overstate reported financial results, which could materially and adversely affect our business, financial condition, results of operations, and / or capital levels. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates " and Notes to Consolidated Financial Statements, Note 2, " Significant Accounting Policies. " REGULATORY RISK We are subject to extensive regulation and supervision that govern almost all aspects of our operations. Intended to protect clients, depositors, the DIF, and the overall financial system, these laws, regulations, and supervisory actions may, among other matters: • increase minimum capital requirements; • reclassify the types of assets we hold for regulatory capital purposes, including for risk- weightings; • limit the rates of growth of our business; • impose limitations on the business activities in which we can engage; • limit the dividends or distributions the Bank can pay to us; • limit share repurchases; • restrict the payment of discretionary bonuses to executive officers; • restrict the ability of institutions to guarantee our debt; • limit proprietary trading and investments in certain private funds; • impose certain specific accounting requirements on us that may be more restrictive; • result in changes from time to time in our practices, policies, procedures, and personnel in various areas of our business (including, without limitation, practices and policies regarding the dischargeability of certain Private Education Loans in the event of a borrower' s bankruptcy); **• enhance restrictions regarding money laundering and the financing of terrorism; • enhance requirements related to risk management and corporate governance;** and • result in greater or earlier charges to earnings or reductions in our capital. The FDIC has the authority to limit the Bank' s annual total balance sheet growth, but no such limitations were imposed in recent years. There can be no assurance that limitations will not be imposed in the future, however. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations, as well as increased intensity in supervision, often impose additional costs and could result in additional charge- offs. ~~The~~ **In recent years, there has been an increase in the** scope of the laws and regulations and the intensity of the supervision to which we are subject ~~have~~ **, as well as an** ~~increased~~ - **increase** in ~~recent years. Regulatory~~ **regulatory** enforcement and fines ~~have also increased~~ across the banking and financial services sector. **The** ~~Further, the~~ scope of regulation and the intensity of supervision will likely **continue to** become higher **in** ~~under the current presidential administration, including increased scrutiny, supervisory discouragement, or even possible denials, of bank mergers and acquisitions by federal bank regulators. We expect that we will remain subject to increased regulation and more intense supervision by bank regulatory agencies and that there~~ - - **the future** ~~may be additional and changing requirements and conditions imposed on us~~ , ~~any of~~ which could increase our costs and levels of charge- offs, require increased management attention, and adversely impact our results of operations. ~~33~~ In connection with their continuous supervision and examinations of us,the FDIC,the UDFI,the CFPB,or other regulatory agencies may require changes in our business or operations.Such a requirement may be judicially enforceable or impractical for us to contest,and we could become subject to formal or informal enforcement and other supervisory actions,including memoranda of understanding,written agreements,cease- and- desist orders,and prompt- corrective- action or safety- and- soundness directives.Supervisory actions could entail significant restrictions on our existing business,our ability to develop new business,our flexibility in conducting operations,and our ability to pay dividends or utilize capital.Enforcement and other supervisory actions also can result in the imposition of civil monetary penalties or injunctions,related litigation by private plaintiffs,damage to our reputation,and a loss of customer or investor confidence.We could be required as well to dispose of specified assets and liabilities or to increase our level of charge- offs within a prescribed period of time.As a result,any enforcement **or** ~~2022~~ **2023** Form 10- K — SLM CORPORATION **31** 33 In connection with their continuous supervision...... As a result, any enforcement or other supervisory action could have an adverse effect on our business, financial condition, results of operations, and prospects. Restrictions or limitations on our operations, or other directives, imposed by our regulators may be confidential and thus, in some instances, we may not be permitted to publicly disclose the actions. In addition, changes in the regulatory and supervisory environments could adversely affect us in substantial and unpredictable ways, including by limiting the types of financial services and products we may offer, enhancing the ability of others to offer more competitive financial services and products, restricting our ability to make acquisitions or pursue other profitable opportunities, and negatively impacting our financial condition and results of operations. Changes in the prevailing interpretations of federal or state laws and related regulations could also invalidate or call into question the legality of certain of our services and business practices. Our failure to comply with the laws, regulations, and supervisory actions to which we are subject, even if the failure is inadvertent or reflects a difference in interpretation, could subject us to fines, other penalties, and restrictions on our business activities, any of which could adversely affect our business, financial condition, cash flows, results of operations, capital base, and / or the price of our securities. We are subject to a broad range of federal and state consumer protection laws applicable to our lending and retail banking activities, including laws governing fair lending, unfair, deceptive and abusive acts and practices, service member protections, interest rates and loan fees, disclosures of loan terms, marketing, servicing, and collections. The CFPB is the Bank' s primary consumer compliance supervisor, with exclusive authority to conduct examinations for the purposes of assessing compliance with the requirements of federal consumer financial laws and with primary consumer compliance enforcement authority. CFPB jurisdiction **,** ~~could result in additional~~ regulation **,** and supervision ~~, which~~ could increase our costs and limit our ability to pursue business opportunities. The CFPB / DOE MOU could lead to additional complaints received by the CFPB regarding us, which could lead to additional scrutiny of us and increase our costs. Consent orders, decrees, or settlements entered into with governmental agencies may also increase our compliance costs or restrict certain of our activities. The CFPB and the FDIC issued guidance to supervised banks with respect to increased responsibilities to supervise the activities of service providers to ensure compliance with federal consumer protection laws. The issuance of regulatory guidance and the enforcement of the enhanced vendor management standards via examination and investigation of us or any third party with whom we do business may increase our costs, require increased management attention, and adversely impact our operations. In the event we should fail to meet the heightened standards for management of service providers, we could be subject to supervisory orders to cease and desist, civil monetary penalties, or other actions due to claimed noncompliance, which could have an adverse effect on our business, financial condition, operating results, and / or cash flows. We are also subject to a dynamically changing landscape of privacy, data protection, and cybersecurity laws, regulations, and requirements. Various federal and state regulators, including governmental agencies, have adopted, or are considering adopting, laws and regulations regarding **the use and disclosure of** personal information and data privacy and security. This patchwork of legislation and regulation may lead to conflicts or differing views of ~~personal~~ privacy rights. As an example, certain state laws regarding personal information may be broader in scope or more stringent than federal laws or the laws of other states regarding personal information ~~. As an illustration of that point, the CCPA took effect on January 1, 2020, and is broad, sweeping legislation that gives California consumers certain 34 SLM CORPORATION — 2022 Form 10- K rights similar to those provided by the European General Data Protection Regulation. Among other things, the CCPA provides for enhanced regulatory penalties and potential statutory damages in relation to certain types of data breaches. The passage of the CPRA, which expands upon the CCPA, may necessitate additional compliance obligations regarding the processing of personal information of California residents once many of the provisions amending the CCPA become effective on January 1, 2023. Additionally, numerous other states have enacted or are in the process of enacting state- level data privacy and security laws and regulations. The enactment of new federal data protection and privacy laws also is possible and could impact us and our business~~ . See Item 1. " Business — Supervision and Regulation — Regulation of Sallie Mae Bank — Privacy Laws " for additional information. **Further** ~~In addition~~ , ~~in November 2021~~ **we make public statements about our use** , **collection, disclosure, and** ~~the~~ **other** ~~FDIC~~ **processing of personal information through our privacy policies** , ~~OCC~~ **information provided on our website** , and **press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and** ~~the~~ **other statements** ~~Federal Reserve Board adopted a regulation~~ that ~~took effect in early 2022~~ **provide assurances about privacy, data protection,** and **data** ~~imposes requirements on banking organizations to report certain covered cybersecurity~~ ----- **security** ~~events. New~~ **can subject us to potential** ~~regulations~~ - **regulatory** ~~from~~ **or legal action if** ~~the~~ **they** ~~SEC regarding the public reporting of certain cybersecurity events also~~ are ~~expected~~ **found** to be ~~finalized in 2023~~ **deceptive, unfair, or misrepresentative of our actual practices** . Violations of ~~, or changes in,~~ federal or state consumer protection, privacy, data protection, or cybersecurity laws or related regulations ~~, or in the prevailing interpretations thereof,~~ may expose us to litigation, administrative fines, penalties **,** and restitution **. Compliance with laws and 32 SLM CORPORATION — 2023 Form 10- K regulations can be difficult and costly** , ~~result~~ **and changes to laws and regulations, as well as increased intensity** in ~~greater~~ **compliance and supervision activities, often impose additional** compliance costs ~~,~~ **and may** constrain the marketing and origination of Private Education Loans or other products, adversely affect the collection of balances due on the loan assets held by us or by securitization trusts, **adversely affect the execution of strategic initiatives,** or otherwise adversely affect our business. ~~Compliance~~ **From time to time, we may use artificial intelligence, machine learning, data analytics, and similar tools to collect, aggregate, and analyze data in connection** with ~~laws and~~ **our business. The** ~~regulations~~ - **regulatory framework for such technology continues** ~~can be difficult and costly, and changes~~ to ~~laws~~ **evolve** and **remains uncertain** ~~regulations, as well as increased intensity in compliance~~ and ~~supervision activities, often impose~~ **could affect our operations and the way in which we use such technology.** ~~additional~~ **Additionally** ~~compliance costs. Accordingly~~ , we could incur ~~substantial additional expense~~ **significant costs to** ~~complying~~ --- **comply** with ~~these requirements~~ **such evolving framework, which could adversely affect our business, financial condition,** and **results of operations. Our framework for managing risks, including model risk and data governance risk,** may **not** be ~~required to create new processes~~ **effective in mitigating our risk of loss** and ~~information systems~~ **, if the framework is ineffective, could have a material adverse effect on us and our business** . Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We continue to evolve our risk management framework to consider changes in business and regulatory expectations and to refine established processes and procedures intended to identify, measure, monitor, test, control, report, escalate, and mitigate the types of risk to which we are subject. We seek to monitor and control our risk exposure through a framework of policies, procedures, limits, and reporting requirements. We also rely on quantitative models to measure and manage risks and estimate certain financial values. Models may be used in such processes as product pricing, extending credit, measuring interest rate and other market risk, estimating losses, calculating and assessing capital levels, estimating the value of financial instruments and balance sheet items, and various other processes. If the models that we use to measure and / or mitigate these risks and values are poorly designed, based upon incorrect or incomplete information, poorly implemented, or are otherwise inadequate, or our governance surrounding the management of data we use in our models and other aspects of our business is poorly designed or implemented, or otherwise is inadequate, our business decisions may be adversely affected, we may provide inaccurate information to the public or regulators, and / or we may incur increased losses. In addition, there may be existing or developing risks that we have not appropriately anticipated, identified, or mitigated. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and our business, financial condition, and / or results of operations could be materially adversely affected. An ineffective risk- management framework or function also could give rise to enforcement and other supervisory actions, damage our reputation, and result in litigation. Proposals of federal and state governments, or of various political candidates, affecting the student loan industry in particular, such as proposals for new federal education spending designed to make higher education " free " or substantially so regardless of financial need, or to create new federally funded programs to refinance private student loans, **or to require private student loan lenders to reform loan agreements to provide for income- driven repayment plans and other payment plans,** subject us to political risk and could have a material adverse impact on our business, results of operations, financial condition, and / or cash flows. We operate in an environment of heightened political and regulatory scrutiny of education loan lending, servicing, and originations. The rising cost of higher education, questions regarding the quality of education provided, particularly among for- profit institutions, and the increasing amount of student loan debt outstanding in the ~~2022 Form 10- K — SLM CORPORATION 35~~ United States have prompted this heightened and ongoing scrutiny. This environment could lead to further proposals by political candidates and state and federal legislators and regulators, and to the enactment of laws and regulations, applicable to, or limiting, our business. For instance, over the last several years, numerous proposals for new federal spending have been discussed by political candidates and / or introduced by legislators to make higher education " free " or substantially so. Some proposals have included the potential forgiveness of substantial amounts of existing outstanding student loan indebtedness. ~~In 2022, the Biden Administration proposed to forgive up to $ 20, 000 in federal student loan indebtedness for certain borrowers.~~ Also, various states have proposed and / or enacted legislation providing for " free " or " substantially free " higher education to residents of the state having incomes below a certain level and who attend publicly- funded universities in the state. Moreover, ~~since 2010,~~ a number of bills have been introduced in the United States Congress **in the past** to promote federal financing for consolidation or refinancing of **2023 Form 10- K — SLM CORPORATION 33** existing student loans. The regulatory environment at the state level has shifted such that many states recently have enacted new legislation specifically restricting the conduct and practices of student loan servicers. The enactment of any ~~of the~~ proposed legislation or policies **like those** described above, even if they do not apply specifically to Private Education Loans, could have a material adverse impact on our business, results of operations, financial condition, and / or cash flows. In addition, the continued ongoing publicity regarding these various proposals, even if they are not enacted, could negatively impact the market price of our common stock. **We are subject to reputational risk, including risk arising from environmental, social, and governance matters or other areas or events, which could damage our brand and have a material adverse impact on our business, results of operations, financial condition, and / or cash flows.** Our brand is very important to us and our business. Our reputation as an originator, servicer **, seller** , and securitizer of high- quality Private Education Loans and as a depository for online deposits is very dependent upon how our customers, our regulators, legislators, the education community, our employees, and the broader market perceive our business practices, financial heath, and integrity, and the business practices, financial health, and integrity of the overall student loan market, other loan markets, or the market for online deposits, as applicable. Negative publicity, including as a result of our culture, actual or alleged conduct by us, our employees, or our vendors, or public opinion of the student loan industry or other relevant industries generally, could damage our reputation and business and adversely impact the price of our common stock or other securities. Environmental, social, and governance matters, or " ESG, " include, but are not limited to, climate risk, hiring practices, the diversity of our work force, community impact issues, and our overall governance environment. We may be exposed to negative publicity based on the identity and activities of those with whom we do business and the public' s view of our approach and performance, and that of our business partners, regarding ESG matters. ~~Any such~~ **Such** negative publicity could **damage our** ~~arise from adverse news coverage in traditional media and could also spread through the use of social media platforms. Our~~ relationships and reputation with our existing and prospective customers and third parties with whom we do business ~~could be damaged if we were to become the subject of any such negative publicity. This~~ , ~~in turn, could~~ have an adverse effect on our ability to attract and retain customers and employees **,** and ~~could~~ have a negative impact on the **demand for and** market price ~~for~~ **of** our securities. ~~Investors have begun to consider the steps taken~~ **Stakeholders' expectations regarding ESG practices are diverse** and ~~resources allocated~~ **rapidly changing, and we may not be able to align our ESG practices with such evolving expectations within the timeframes expected** by **stakeholders** ~~financial institutions and other commercial organizations to address ESG matters when making investment and operational decisions. Certain investors are beginning to incorporate the business risks of climate change and the adequacy of companies' responses to the risks posed by climate change and other ESG topics into their investment theses. These shifts in investing priorities could result in adverse effects on the price of our~~ - **or without incurring significant costs** ~~common stock or other securities to the extent investors determine that we have not made sufficient progress on ESG matters~~ . Additionally, as described above, proposals of political candidates, administrations, or legislators that may affect the financial industry, or the student loan industry in particular, could damage our reputation and business and adversely impact the price of our common stock. Any internal, market, or other developments, including those relating to our competitors or our business, that result in a negative impact on our brand or reputation or the reputation of the student loan industry or other relevant industries could have an adverse effect on our ability to originate, service, **sell,** securitize, and retain Private Education Loans or other loans, as applicable, result in greater regulatory, legislative, and media scrutiny, increase our risk of litigation and regulatory sanctions or other actions, and have a material adverse effect on our financial condition and / or results of operations. ~~36 SLM CORPORATION — 2022 Form 10- K~~ OPERATIONAL RISKS Our business is dependent on our ability to process and monitor large numbers of transactions in compliance with legal and regulatory standards and our product specifications. As processing demands change and our loan portfolios grow in both volume and differing terms and conditions, developing and maintaining our operating systems and infrastructure become increasingly challenging. There is no assurance we can adequately or efficiently develop, maintain, or acquire access to such systems and infrastructure. Our loan originations and deposits and the servicing, financial, accounting, data processing, communications, or other operating systems, processes, and facilities that support them may fail to operate properly, become disabled as a result of events beyond our control, or be unable to be rapidly configured to timely address regulatory changes or other business requirements, in each case potentially adversely affecting our ability to process these transactions adequately. Any such failure could adversely affect our ability to service our customers, result in financial loss or liability to our customers and investors, disrupt our business, result in regulatory action or litigation, **34 SLM CORPORATION — 2023 Form 10- K** or cause reputational damage. Despite the plans we have in place from time to time, our ability to operate may be adversely affected by a disruption in the infrastructure that supports our businesses. Notwithstanding our efforts to maintain business continuity, a disruptive event impacting our processing locations, a failure to adequately anticipate the level of staffing or effort needed to efficiently and effectively communicate with and service our customers or to service and collect on our loans, or another similar operational event could adversely affect our business, financial condition, results of operations, and / or cash flows. Our business processes are becoming increasingly dependent upon technological advancement, and we could lose market share if we are not able to keep pace with rapid changes in technology. Our future success depends, in part, on our ability to underwrite and approve loans, process loan applications and payments, and provide other customer services, in a safe, automated manner with high-quality service standards. The volume of loan originations we are able to process is reliant on the systems and processes we have implemented and developed. These systems and processes are becoming increasingly dependent upon technological advancement, such as the ability to process loans and payments over the internet or mobile applications, accept electronic signatures, and provide initial decisions instantly. Our future success also depends, in part, on our ability to develop and implement technology solutions that keep pace with continuing changes in technology, industry standards, and client preferences, including FinTech developments. We may not be successful in anticipating or responding to these developments in a timely manner. We have made, and need to continue to make, investments in our technology platform to provide competitive products and services and to reduce the number of manual processes we employ. We may be required to expend significant funds to develop or acquire new technologies. If competitors introduce products, services, and systems that are better than ours or that are more cost- effective or that gain greater market acceptance, we could lose market share. Any one of these circumstances could have a material adverse effect on our business reputation and ability to obtain and retain clients and, therefore, could materially adversely affect our business, financial condition, and / or results of operations. We depend on secure information technology and a breach of those systems or those of third- party vendors could result in significant losses, unauthorized disclosure of confidential customer information, and reputational damage, which could materially adversely affect our business, financial condition, and / or results of operations and could lead to significant financial, legal, and reputational exposure. Our operations rely on the secure collection, processing, storage, and transmission of personal, confidential, and other information in a significant number of customer transactions on a continuous basis through our computer systems and networks and those of our third- party service providers. Information security risks for financial institutions and third- party service providers have increased in recent years and continue to evolve in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties, including foreign state- sponsored actors. These parties also may fraudulently ~~2022 Form 10- K — SLM CORPORATION 37~~ induce employees, customers, and others who use our or our service providers' systems or have access to our or our customers' data, to gain access to our and our customers' data or our assets. We and our service providers face constant threats to our systems and data and from time ~~-~~ to ~~-~~ time experience cyberattacks and other security incidents. While we have not been materially impacted by cyber incidents, we continue to evolve our security controls to improve our ability to prevent, detect, and respond to the continually changing threats, and we may be required to expend significant additional resources in the future to enhance our security controls in response to new or more sophisticated threats, as well as new regulations related to cybersecurity. Additionally, while we ~~,~~ and our third- party service providers ~~,~~ commit resources to the design, implementation, maintenance, security, and monitoring of our networks and systems, there is no guarantee that our security controls, or those of our third- party service providers, will protect against all threats. Despite the measures we and our third- party service providers implement to protect our systems and our or our customers' data, we may not be able to anticipate, prevent, or detect cyberattacks, particularly because the techniques used by attackers change frequently or are not recognized until launched, and because cyberattacks can originate from a wide variety of sources, including third parties who are or may be involved in organized crime or linked to terrorist organizations or hostile foreign governments. Such third parties may seek to gain unauthorized access to our systems either directly or using equipment or security passwords belonging to employees, customers, third- party service providers, or other users of our systems or those of our third- party service providers. Or, they may seek to disrupt or disable our or our service providers' services through attacks such as denial- of- service and ransomware attacks. In addition, we or our service providers may be unable to identify, or may be significantly **2023 Form 10- K — SLM CORPORATION 35** delayed in identifying, cyberattacks and incidents due to the increasing use of techniques and tools that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic artifacts. As a result, our computer systems, software, and networks, as well as those of third- party vendors we utilize, may be vulnerable to unauthorized access, computer viruses, malware attacks, and other events that could have a security impact beyond our control. We also routinely transmit and receive personal, confidential, and proprietary information, some through third parties, which may be vulnerable to interception, misuse, or mishandling. **This risk** ~~If one or more of such events occur, personal, confidential, and other information processed by, stored in, or transmitted through, our computer systems and networks, or those of third- party vendors, could be compromised or could cause interruptions or malfunctions in our or our customers' or service providers' operations that could result in significant losses, loss of business by us and loss of confidence in us, customer dissatisfaction, significant litigation, regulatory exposures, and harm to our reputation and brand. In addition, we~~ may be **heightened** required to expend significant resources to modify...... service levels, or violation of law by one of these third parties, could......, reaching the highest level in four - **our** ~~decades, in part due to the ongoing effects of the pandemic such as supply chain shocks. This inflationary environment has had a significant adverse impact on consumers, businesses, governments, financial markets, and economies. In its effort to reduce inflationary pressures on the U. S. economy, the Federal Reserve Board increased interest rates numerous times and by significant amounts in 2022, which has led to interest rates equaling their highest levels in over a decade. As described 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, " in this annual report on 40 SLM CORPORATION — 2022 Form 10- K Form 10- K, during 2022 some of our borrowers experienced higher levels of financial hardship, which could lead to increased levels of delinquencies and defaults for those borrowers in the future. In addition, we adopted a~~ hybrid work environment **,** ~~during 2022 pursuant to~~ which **may lead** ~~our employees are able~~ to ~~work from home for portions of the regular work week. Unanticipated~~ **unanticipated** issues arising from handling personal, confidential, and other information from a less efficient work- from- home environment **. If one or more of such events occur, personal, confidential, and other information processed by, stored in, or transmitted through, our computer systems and networks, or those of third- party vendors,** could ~~adversely impact~~ **be compromised** ~~our~~ - **or could cause interruptions or malfunctions in our or our customers' or service providers'** operations ~~and lead to greater risk for~~ **that could result in significant losses, loss of business by** us **and loss of confidence in us** ~~. The extent to which the COVID- 19 pandemic~~ , **customer dissatisfaction, significant litigation, regulatory exposures, and harm to our reputation and brand. In addition, we may be required to expend significant resources to modify our protective measures, to investigate the circumstances surrounding the event, and implement mitigation and remediation measures. We also may be subject to fines, penalties, litigation (** including ~~related inflationary~~ **securities fraud class action lawsuits)** and ~~rising interest rate pressures~~ **regulatory investigation costs and settlements and other financial losses. If one or more of such events occur** , ~~impacts~~ our business ~~, results of operations~~ , financial condition, and / or ~~cash flows will~~ **results** of operations could be significantly and adversely affected.While we seek to mitigate cyber and related risks associated with outsourcing to third- party service providers,including through our vendor management processes,both operational and technological cyber risks remain,and certain risks are beyond our security and control systems.Cyberattacks targeted at our service providers or in other areas of ~~the supply~~ **our business** chain may result in unauthorized interception,misuse,mishandling,access,acquisition,loss,or destruction of our or our customers' data,or other cyber incidents that may affect the availability of our services,and impose costs and other liabilities that significantly and adversely affect us in the ways discussed above.While we maintain insurance coverage that may apply to various cybersecurity risks and liabilities,there is no guarantee that any or all costs or losses incurred would be partially or fully covered.We ~~depend~~ depend **significantly** on ~~future developments~~ **third parties for a wide array of our operations and customer services and key components of our information technology infrastructure** , ~~which~~ **and a breach of security or service levels, or violation of law by one of these third parties, could disrupt our business or provide our competitors with an opportunity to enhance their position at our expense. We depend significantly on third parties for a wide array of our operations and customer services and key components of our information technology and security infrastructures. Third- party vendors** are **significantly involved in aspects** ~~highly uncertain and largely beyond our control, including the further impact~~ of **our servicing** ~~the pandemic and related inflationary and interest rate pressures on colleges and universities, student enrollment, and the need~~ for Private Education Loans, **FFELP Loans, Bank deposit- taking activities, payroll software** and ~~any actions taken~~ **systems development, data center and operations, including the timely and secure transmission of information across our data communication network, and for " cloud " computing services and other telecommunications, email, processing, storage, remittance, and technology- related services in connection with our business. If a service provider fails to provide the services we require or expect, or fails to meet applicable regulatory or contractual requirements, such as service levels, protection of our customers' personal and confidential information, or compliance with applicable laws, that failure could negatively impact our business** by **adversely affecting** ~~governmental authorities. There can be no assurance that colleges and universities will fully return to or~~ **our** ~~remain at normal pre- pandemic operational levels~~ **ability to process customers' transactions in a timely and accurate manner** , ~~which~~ **otherwise hampering our ability to serve our customers and investors, or subjecting us to litigation and regulatory risk for matters as diverse as poor vendor oversight, improper release or protection of personal information, or release of incorrect information. Such a failure** could adversely affect ~~enrollments~~ **the perception of the reliability of our networks and services, and the quality of our** ~~and~~ **brand** , ~~consequently, the need for Private Education Loans. In addition, the impact of the COVID- 19 pandemic~~ and **could materially adversely affect** ~~related inflationary and rising interest rate environment on~~ our business ~~, results of operations~~ , financial condition, and / or ~~cash flows will depend upon ,or compliance with applicable laws,that failure could negatively impact our business by adversely affecting our ability to process customers' transactions in a timely and accurate manner,otherwise hampering our ability to serve our customers and investors,or subjecting us to litigation and regulatory risk for matters as diverse as poor vendor oversight,improper release or protection of personal information,or release of incorrect information.Such a failure could adversely affect the perception of the reliability of our networks and services,and the quality of our brand,and could materially adversely affect our business,financial condition,and / or~~ results of operations.Defending against litigation or regulatory or supervisory actions may require significant attention and resources of management and,regardless of the outcome,such actions could result in significant expenses.If we are a party to material litigation or regulatory or supervisory actions and if the defenses we assert are ultimately unsuccessful,or if we are unable to achieve a favorable outcome,we could be liable for large damages,penalties, **36 SLM CORPORATION — 2023 Form 10- K** or other costs or charge- offs and that could have a material adverse effect on our business,results of operations,and / or financial condition.Our management is responsible for maintaining,regularly assessing and,as necessary,making changes to our internal controls over financial reporting and our disclosure controls.Nevertheless,our internal controls over financial reporting and our disclosure controls can provide only reasonable assurances regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles in the United States (“ GAAP ”) and may not prevent or detect misstatements.Any failure or circumvention of our internal controls over financial reporting or our disclosure controls,failure to comply with rules and regulations related to such controls,or failure to make sound and appropriate application of the criteria established in the framework set forth in Internal Control- Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission could have a material adverse effect on our financial condition **and / or results of operations.Other internal controls,including fraud detection and controls,and corporate governance procedures also are based on the assumption that they can provide only reasonable,not absolute,assurances the objectives of the controls and procedures are met.Any failure or circumvention of controls and procedures,including as a result of human error,malfeasance of employees or third parties,or other misconduct by employees or third parties,can result in legal risk and reputational harm and have a material adverse effect on our business,financial condition,** and / or results of operations.Our business operations and those of our third- party vendors may be adversely impacted by political events,terrorism,cyberattacks,public health issues **(including pandemics)** ,natural disasters,severe weather,climate change,infrastructure failure or outages,labor disputes,business interruptions,and other unpredictable catastrophic events.Our business operations and those of our third- party vendors are subject to interruption by ~~,among other things~~ , among other **things** ~~factors: the scope and duration of the pandemic and related inflationary and rising interest rate environment; the number of our employees~~ , ~~customers~~ **geopolitical events** , **terrorism, cyberattacks,** ~~and vendors adversely affected by the pandemic and rising interest rate environment; the broader~~ public health **issues (including** ~~and economic dislocations resulting from the pandemic~~ **pandemics** ~~;~~ **), natural disasters, severe weather, climate change, infrastructure failure or outages, labor disputes, and** ~~the~~ **other** ~~actions taken by governmental authorities~~ **unpredictable catastrophic events, which could decrease demand for our products and services or make it difficult or impossible for us** to ~~limit~~ **deliver a satisfactory experience to our customers. Any of the unpredictable catastrophic events discussed above could affect the stability of our deposit base, impair the ability of our borrowers and cosigners to repay** ~~the~~ **their** ~~public health~~ **outstanding loans** , ~~financial~~ **cause significant property damage** , and ~~economic impacts~~ **result in loss** of **revenue** ~~the COVID- 19 pandemic~~ and ~~related inflationary and rising interest rate pressures;~~ **/ or cause us to incur additional expenses. The occurrence of** any **such event** ~~legislative, regulatory, or executive changes that suspend or reduce payments or cancel or discharge obligations for education loan borrowers; any reputational damage related to the broader reception and perception of our response to the COVID- 19 pandemic; and the impact of the COVID- 19 pandemic and related inflationary and rising interest rate pressures on local, U. S., and world economies. In particular, any cessation by the federal government in 2023 or afterwards of its payment suspension program for borrowers of federal student loans, or the invalidation or failure of the Biden Administration’ s effort to forgive up to $ 20, 000 in federal student loan indebtedness for certain borrowers,~~ could have a material adverse impact on our business, ~~results of operations,~~ financial condition, **results of operations,** and / or cash flows **.The** current and anticipated effects of climate change are creating an increasing level of concern for the state of the global environment.As a result,political and social attention to the issue of climate change has increased.In recent years,governments across the world have entered into international agreements to attempt to reduce global temperatures,in part by limiting greenhouse gas emissions.The United States Congress,state legislatures,and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change.Such initiatives have been pursued with rigor under the current presidential administration.In ~~March~~ **October** ~~2022~~ **2023** ,the FDIC **finalized** ~~published proposed~~ principles for climate risk management by “ large financial institutions.” Although the Bank currently does not meet the definition of a “ large financial institution ” with over $ 100 billion in total consolidated assets, ~~if~~ if **it were ever** ~~borrowers have insufficient funds~~ to ~~to~~ become subject to ~~final~~ **those** principles in the future,such measures could result in the implementation of significant operational changes and ~~2022 Form 10- K — SLM CORPORATION 39~~ increased costs.We also might voluntarily choose to follow some of the principles for climate risk management in the future.Required or voluntary compliance with such principles could lead us to expend significant capital and incur compliance,operating,maintenance,and remediation costs.Given the lack of empirical data on the credit and other financial risks posed by climate change,it is impossible to predict how climate change may impact our financial condition and operations. ~~Any~~ **2023 Form 10- K — SLM CORPORATION 37 New lines** of ~~the unpredictable catastrophic events discussed above could affect the stability of~~ **business or new products and services may subject us to additional risks.Additionally,** our ~~deposit base,impair the~~ ability ~~of~~ **to successfully** make ~~payments on both~~ **acquisitions is subject to significant risks, including** ~~their~~ -- **the** ~~federal student loans and~~ **risk that governmental authorities may not provide any requisite approvals, the risk that integrating acquisitions may be more difficult, costly,** ~~our~~ - **or** ~~Private Education Loans~~ **time consuming than expected, and the risk that the value of acquisitions may be less than anticipated** . ~~Moreover~~ **From time to time** , we ~~expect~~ **may implement or acquire new lines of business or offer new products and services, or enter into new business arrangements with third- party service providers, alternative payment providers, or other industry participants. We may face compliance and regulatory risks in each of those cases. We also may from time to time seek to acquire other financial services companies or businesses** that **complement our business strategy. These acquisitions may be subject to regulatory approval in some instances, and no assurance can be provided that we will be able to obtain that approval in a timely**

manner or at all or that approval may not be subject to burdensome conditions. Even if we are able to obtain any required regulatory approval, the failure of other closing conditions to be satisfied or waived could delay the completion of an acquisition for a significant period of time or prevent it from occurring altogether. Any failure or delay in closing an acquisition could adversely ~~effects~~ **affect our reputation, business, and performance. Acquisitions and / or implementation** of ~~the COVID~~ **new lines of business, products, or services involve numerous risks and uncertainties, including inaccurate financial and operational assumptions, incomplete or failed due diligence, lower** - ~~19 pandemic will heighten many~~ **than- expected performance, higher- than- expected costs, difficulties related to integration, diversion** of ~~the~~ **management' s attention from** other ~~known risks to our~~ business **activities** ~~described in this Item 1A~~ , **adverse market** ~~and the impact of COVID- 19 and related inflationary and rising interest rate pressures on our~~ **or** ~~business~~ **other reactions, changes in relationships with customers or counterparties, the potential loss of key personnel, and the possibility of litigation and other disputes. An acquisition also** could be ~~material and adverse~~ **dilutive to our existing stockholders if we were to issue common stock to fully or partially pay or fund the purchase price** . **Moreover** ~~Any additional COVID- 19 outbreaks~~ , ~~spikes~~ **we may not be successful in identifying appropriate acquisition candidates** , ~~and subsequent waves~~ **integrating acquired businesses or companies** , **or realizing expected value from acquisitions or** new **lines of business** ~~COVID- 19 strains~~ , ~~and /~~ **products, or services. Significant competition exists** ~~or~~ **for** ~~widespread ineffectiveness of~~ **valuable acquisition targets, and we may not be able to acquire** ~~the~~ **other** ~~COVID- 19 vaccines in the~~ **businesses or companies on attractive terms. No assurance can be given that we will pursue** future **acquisitions,** ~~could have material~~ and ~~adverse impacts on~~ **our ability to grow and successfully compete may be impaired if we choose not to pursue** ~~our~~ **or are unable to successfully make acquisitions or implement new lines of** business ~~. In addition~~ , **products,** ~~any future pandemic could subject our~~ **or services** ~~business to the same or greater risks than the COVID- 19 pandemic~~ . RISKS RELATED TO SPIN-OFF Because of Navient' s indemnification obligations, we have exposures to risks related to its creditworthiness. If we are unable to obtain indemnification payments from Navient, we could experience higher- than- expected costs and operating expenses and our results of operations, cash flows, and / or financial condition could be materially and adversely affected. Pursuant to the terms of the Separation and Distribution Agreement, and as contemplated by the structure of the Spin- Off, Navient is legally obligated to indemnify the Bank against all claims, actions, damages, losses, or expenses that may arise from the conduct of all activities of pre- Spin- Off SLM occurring prior to the Spin- Off, except for certain liabilities specifically assumed by the Bank in the agreement as to which the Bank would be obligated to indemnify Navient. The Separation and Distribution Agreement provides specific processes and procedures pursuant to which we may submit claims for indemnification to Navient. If for any reason Navient is unable or unwilling to pay claims made against it, our costs, operating expenses, cash flows, and / or financial condition could be materially and adversely affected over time. GENERAL RISKS At December 31, ~~2022~~ **2023** , we had issued and outstanding 2. 5 million shares of our Series B Preferred Stock. Our Series B Preferred Stock is senior to our shares of common stock in right of payment of dividends and other distributions. Generally, we must be current on dividends payable to holders of our Series B Preferred Stock before ~~2022 Form 10- K — SLM CORPORATION 41~~ any dividends can be paid on our common stock. We also must comply with certain provisions that are protective of the Series B Preferred Stock in order to effectuate any repurchases under our common stock share repurchase program. In the event of our bankruptcy, dissolution, or liquidation, the holders of our Series B Preferred Stock must be satisfied before any distributions can be made to our common shareholders. **38 SLM CORPORATION — 2023 Form 10- K** The declaration and payment of future common stock dividends, as well as the amount thereof, are subject to determination by, and the discretion of, our Board of Directors. In addition, we may change our policy regarding the payment of dividends and reduce or eliminate our common stock dividend in the future, which could adversely affect the market price of our common stock. Our share repurchase programs permit us to repurchase from time ~~-~~ to ~~-~~ time shares of our common stock up to an aggregate repurchase price not to exceed the authorized limits described in this Form 10- K. We may not be able to sell loans at prices, in volumes, or on a schedule, that will provide us with sufficient funds to effect share repurchases under our share repurchase programs. Additionally, we may pause or discontinue our share repurchase programs for other reasons, such as legal or regulatory considerations, or because we decide to allocate available funds for other corporate priorities. The timing and volume of any repurchases will be subject to market conditions, and there can be no guarantee that we will repurchase up to the limit of any program or at all, which could adversely affect the market price of our common stock. We are dependent on funds obtained from the Bank to fund corporate debt payments, dividend payments, and any share repurchases. Regulatory and other legal restrictions may limit our ability to transfer funds freely, either to or from our subsidiaries. In particular, the Bank is subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds to us, or that prohibit such transfers altogether in certain circumstances. These laws, regulations, and rules may hinder our ability to access funds that we may need to make payments in respect of our stock or to satisfy our other responsibilities. The FDIC has the authority to prohibit or limit the payment of dividends by the Bank and SLM Corporation. Our success depends, in large part, on our ability to retain key senior leaders and to attract and retain skilled employees and subject matter experts. We depend on our senior leaders and skilled employees and subject matter experts to oversee initiatives across the enterprise and execute on our business plans in an efficient and effective manner. Competition for such senior leaders and employees, and the cost associated with attracting and retaining them, is high. Recent scrutiny of compensation in the financial services industry has introduced additional challenges in this area. Our ability to attract and retain qualified employees also is affected by perceptions of our culture and management, our profile in the regions where we have offices, and the professional opportunities we offer. We rely upon our senior leaders not only for business success, but also to lead with integrity. To the extent our senior leaders behave in a manner that does not comport with our values, the consequences to our brand and reputation could be severe and could adversely affect our financial condition and results of operations. If we are unable to attract, develop, and retain talented senior leadership and employees, or to implement appropriate succession plans for our senior leadership and subject matter experts, our business could be negatively affected. ~~Item 2. Properties~~