Investor Presentation

Third Quarter 2020

Forward-Looking Statements and Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The following information is current as of July 22, 2020 (unless otherwise noted) and should be read in connection with the press release of SLM Corporation (the "Company") announcing its financial results for the quarter ended June 30, 2020, the Form 10-Q for the quarter ended June 30, 2020 filed with the Securities and Exchange Commission ("SEC") on July 22, 2020, and subsequent reports filed with the SEC.

This Presentation contains "forward-looking" statements and information based on management's current expectations as of the date of this Presentation. Statements that are not historical facts, including statements about the Company's beliefs, opinions, or expectations and statements that assume or are dependent upon future events, are forward-looking statements. This includes, but is not limited to: statements regarding future developments surrounding COVID-19 or any other pandemic, including, without limitation, statements regarding the potential impact of COVID-19 or any other pandemic on the Company's business, results of operations, financial condition, and/or cash flows; the Company's expectation and ability to pay a quarterly cash dividend on its common stock in the future, subject to the determination by the Company's Board of Directors, and based on an evaluation of the Company's earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks, and uncertainties; the Company's 2020 guidance; the Company's three-year horizon outlook; the Company's expectation and ability to execute loan sales and share repurchases; the Company's projections for originations, earnings, and balance sheet position; and any estimates related to accounting standard changes. Forward-looking statements are subject to risks, uncertainties, assumptions, and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A. "Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2019 (filed with the SEC on Feb. 28, 2020) and subsequent filings with the SEC; the societal, business, and legislative/regulatory impact of pandemics and other public heath crises; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; failure to comply with consumer protection, banking, and other laws; changes in accounting standards and the impact of related changes in significant accounting estimates, including any regarding the measurement of the Company's allowance for loan losses and the related provision expense; any adverse outcomes in any significant litigation to which the Company or any subsidiary is a party; credit risk associated with the Company's (or any subsidiary's) exposure to third parties, including counterparties to the Company's (or any subsidiary's) derivative transactions; and changes in the terms of education loans and the educational credit marketplace (including changes resulting from new laws and the implementation of existing laws). The Company could also be affected by, among other things: changes in its funding costs and availability; reductions to its credit ratings; cybersecurity incidents, cyberattacks, and other failures or breaches of its operating systems or infrastructure, including those of third-party vendors; damage to its reputation; risks associated with restructuring initiatives, including failures to successfully implement cost-cutting programs and the adverse effects of such initiatives on the Company's business; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students, and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; changes in banking rules and regulations, including increased capital requirements; increased competition from banks and other consumer lenders; the creditworthiness of customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of earning assets versus funding arrangements; rates of prepayments on the loans owned by the Company and its subsidiaries; changes in general economic conditions and the Company's ability to successfully effectuate any acquisitions; and other strategic initiatives. The preparation of the Company's consolidated financial statements also requires management to make certain estimates and assumptions, including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect. All forward-looking statements contained in this Presentation are qualified by these cautionary statements and are made only as of the date of this Presentation. The Company does not undertake any obligation to update or revise these forward-looking statements to conform such statements to actual results or changes in its expectations.

The Company reports financial results on a GAAP basis and also provides certain non-GAAP "Core Earnings" performance measures. The difference between the Company's "Core Earnings" and GAAP results for the periods presented were the unrealized, mark-to-fair value gains/losses on derivative contracts (excluding current period accruals on the derivative instruments), net of tax. These are recognized in GAAP, but not in "Core Earnings" results. The Company provides "Core Earnings" because it is one of several measures management uses when making management decisions regarding the Company's performance and the allocation of corporate resources. The Company's "Core Earnings" are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies.

For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations –'Core Earnings'" in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 for a further discussion and the "'Core Earnings' to GAAP Reconciliation" table in this Presentation for a complete reconciliation between GAAP net income and "Core Earnings".

Overview

1. Track Record of Long-Term Success and Value Creation
2. Commitment to Supporting Stakeholders During COVID-19
3. Robust Financial Profile with Ample Capital and Liquidity
4. Conservative Underwriting has Contributed to Consistent Credit Performance
5. Diverse Student Loan Portfolio Driving Increased Shareholder Value

Well-Positioned for Long-Term Success and Value Creation

MARKET LEADING BRAND

- Leader of the education finance market
- Industry leading 52% market share[1]
- Over 2,400 actively managed university relationships across the U.S.
- Included on 98% of preferred lender lists

ATTRACTIVE PRODUCTS

- Products designed to provide customers success through higher education
- Diverse portfolio offers financing solutions for all forms of higher education, including undergraduate, parent, medical, dental, MBA, law, health professions and general studies

EXCEPTIONAL SERVICE

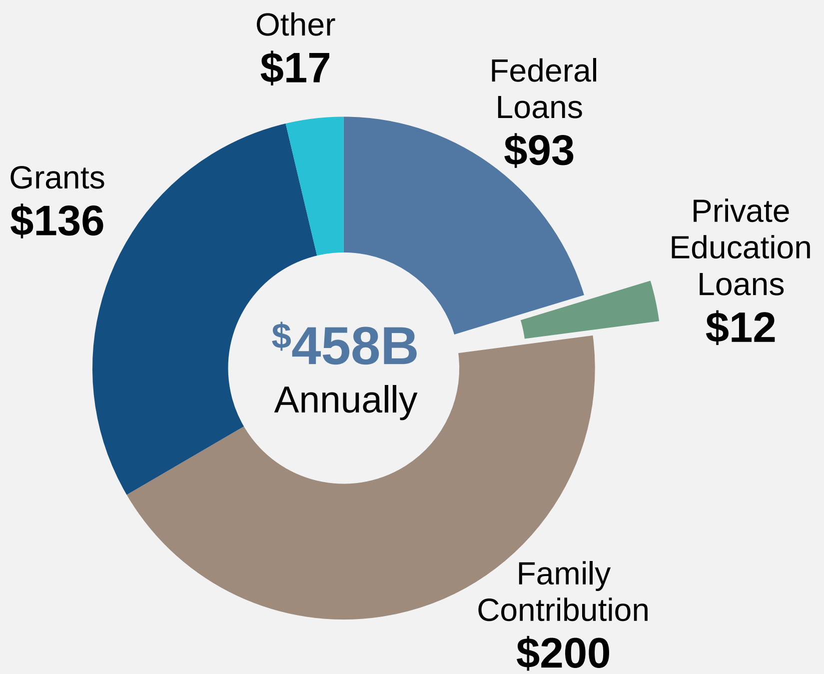
- Largest salesforce in the industry
- Customer satisfaction reached all-time high of 80% in 2019[2]
- Complaints per customer decreased 42% over last 4 years[2]

STRONG FINANCIAL PROFILE

- Robust financial profile with ample capital and liquidity
- Strong track record of returning significant capital to shareholders
- Conservative funding optimizes net interest margin

Providing access, planning outcomes, and helping students and families responsibly fund their future

Higher Education Value Proposition Remains Attractive[20]



Academic Year 2018 / 2019

Expanding Addressable Market

- Private Education Loans represent 2-3% of the overall spend in higher education annually
- Total spend on higher education grows 2-3% annually primarily due to increases in cost of attendance

Higher Education Becoming More Prevalent

- 58% of students graduated with student loans in AY 2017-2018[3]
- Of the 58% of bachelor's degree recipients who graduated with student loans, the average debt amount was $29,000[3]

COVID-19 Effects on our Business[18]

Return to School

- 78% of our top schools have announced plans for the 2020/2021 Academic Year[2]
- 40% on campus, 4% remote, and 56% hybrid programs to be utilized[2]

Originations

- Full-year impact of COVID-19 expected to reduce 2020 originations by $700 million - $1 billion, driven by lower enrollment and tightened credit as a result of macroeconomic environment
- Expect opportunity from competitor's decision to scale back participation in industry
- Average loan size increased, driven by lower state subsidies and family contributions[23]

Balance Sheet

- 2020 year end Private Education Loans receivables expected to be flat to 2019 year end
- Lower prepayments and lower consolidations are partially offsetting lower originations

Credit

- Of the loans that have exited disaster forbearance through July 15, 2020, 49% have successfully transitioned into repayment, 24% returned to disaster forbearance, 27% have not yet resolved
- Q2 2020 forbearance reached its highest in the mid-teens of loans outstanding
- Q2 2020 loan loss provision of $352 million based on a Q2 2021 weighted average unemployment forecast of 11.3% and Q4 2021 weighted average unemployment forecast of 10.6%; $243 million of Q2 2020 loan loss provision driven by macroeconomic environment

Operating Expense

- $18 million in reductions identified through delayed hiring, reduced project spend, and suspended travel as of June 30, 2020

Robust Financial Profile with Ample Capital and Liquidity

2020 Actions to Optimize Liquidity Position

$636M
Completed ABS transaction

$2B
Upsized secured borrowing facility

$3.1B
Sold Private Education Loans for a premium of $239 million

$525M
Initiated accelerated share repurchase agreement

$2.8B
Originated in Private Education Loans

$19.8B
Private Education Loans

13.7%
Total Risk-Based Capital Ratio

12.4%
Common Equity Tier 1 Risk-Based Capital Ratio

22%
Liquidity Ratio

$1.9B
Total Loan Loss Reserves

4.82%
Net Interest Margin

Taking decisive actions to strengthen our financial position and prudently manage our balance sheet

As of 6/30/20

Committed to Returning Significant Capital to Shareholders[18]

INCREASED SHAREHOLDER RETURNS

INVEST IN HIGH ROE GROWTH

- Continue to focus on high-quality Private Education Loan originations, including deeper penetration of graduate school market
- Offer credit cards to high-quality customer base

QUARTERLY COMMON STOCK DIVIDEND

- Paid $0.03 quarterly common stock dividend on 6/15/20
- Expect to continue to pay dividend, subject to Board approval[21]

SHARE REPURCHASE

- Completed 2019 share repurchase program in Q1 2020
- $3.1B in Private Education Loan sales completed in Q1 2020 which enabled return of excess capital to shareholders
- In Q1 2020, entered into ASR agreement for $525 million in common stock

As of 6/30/20

High Quality, Predictable Credit Program

Designed a program in 2009 to sustain challenging environments

- During 2008 financial crisis, SLM had peak of 2.7% Net Charge-Off Rate on loans with similar characteristics
- Through-the-cycle data used to develop conservative underwriting models
- Initial credit screen removes applicants with low FICO scores or prior derogatory trades on file

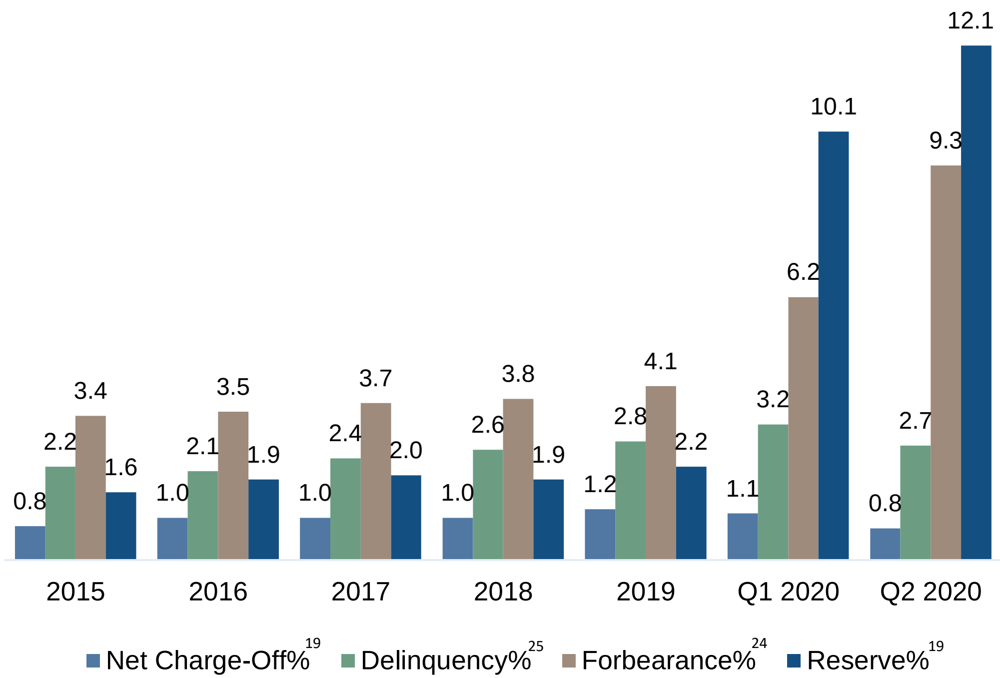
Predictable product that performs well over the life of a loan

- Stress testing results consistently remain “well capitalized” in “severely adverse” scenarios

COVID-19 response

- Initial 90-day Disaster Forbearance during pandemic
    - One month Disaster Forbearance increments granted going forward
    - Recent data indicates a slowing of forbearance rate growth

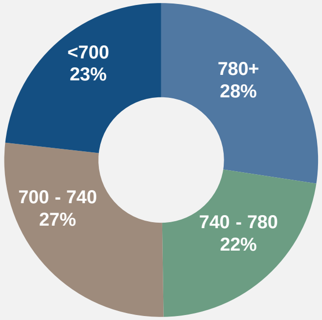
Private Education Loans, Annualized %



Originations Statistics ($)	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
% Cosigned	90%	89%	88%	87%	87%	88%	74%
Average FICO at Approval	749	748	747	746	746	746	747

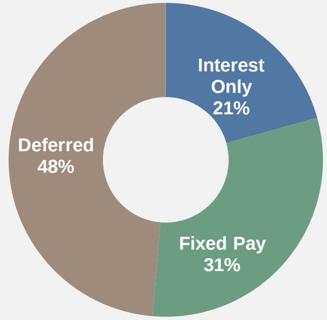
High Quality Private Education Loan Portfolio

Customer FICO at Original Approval[5]



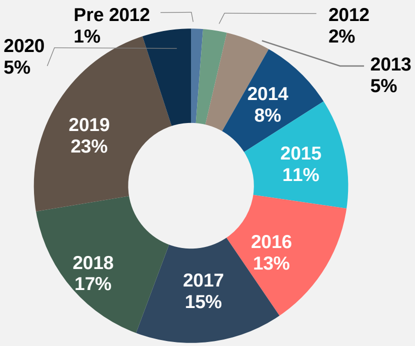
Weighted Average FICO: 743

Smart Option Payment Type



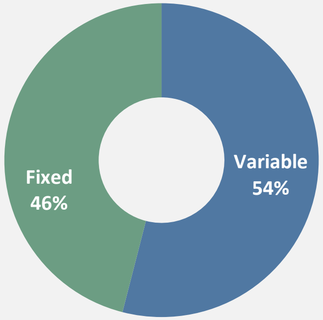
Smart Option Loans: $19.6 billion

Portfolio by Originations Vintage[4]



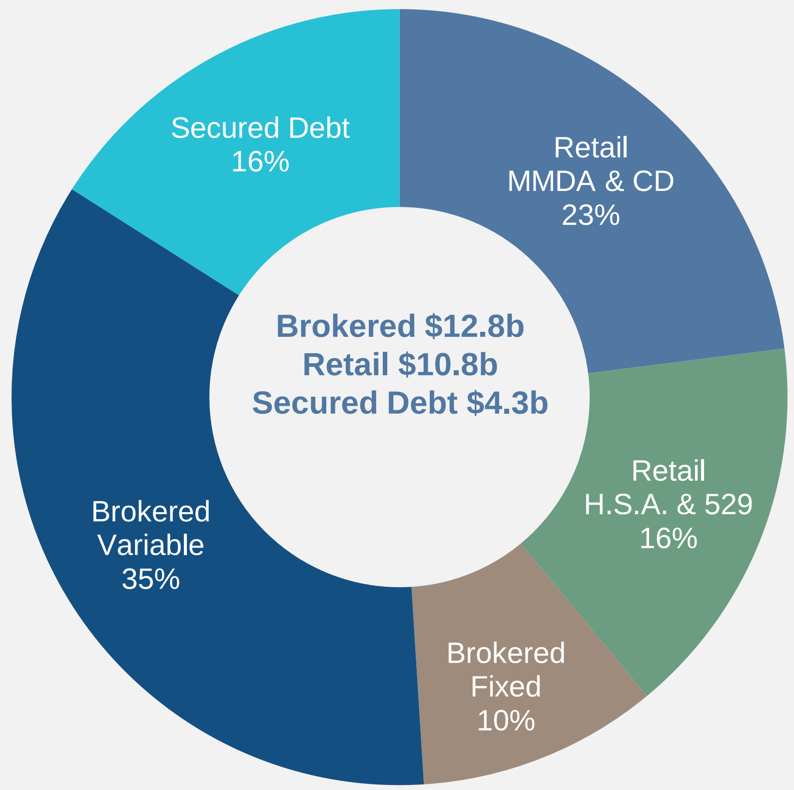
Weighted Average Age of Loan: ~3.1 years

Portfolio Interest Rate Type



As of 6/30/20

Conservative Funding Optimizes Net Interest Margin



Consistent underwriting over the last 11 years will strengthen future portfolio performance

As of 6/30/20

Diverse Student Loan Portfolio Driving Increased Shareholder Value

Medical

Health Professions

Dental

General Studies

MBA

Undergraduate

Law

Parent

- Total Net Private Education Loan Portfolio of $19.8B at 6/30/20
- Debuting new products designed to meet the needs of all students
- Developing unique and innovative products to diversify portfolio

	Undergraduate	Graduate	Parent
RATE TYPE	Variable & Fixed	Variable & Fixed	Variable & Fixed
INTEREST RATE RANGES	Variable: LIBOR + 1.250% - LIBOR + 11.875% Fixed: 4.500% - 13.375%	Variable: LIBOR + 2.250% - LIBOR + 11.875% Fixed: 5.000% - 12.500%	Variable: LIBOR + 3.500% - LIBOR + 12.875% Fixed: 5.750% - 13.875%
REPAYMENT OPTION	Deferred, Interest Only & Fixed Repayment	Deferred, Interest Only & Fixed Repayment	Interest Only, Full P&I
REPAYMENT TERM	5-15 years	20 years for Medical and Dental 15 years for Remaining Disciplines	10 years
GRACE PERIOD	6 months	6-36 months	None
INTERNSHIP / RESIDENCY DEFERMENT	Up to 60 months	Up to 48 months	None
FEATURES	ACH discount | FICO Score | Cosigner Release | GRP | Study Starter | Student Death & Disability Release	ACH discount | FICO Score | Cosigner Release | GRP | Student Death & Disability Release	ACH discount | FICO Score | Study Starter | Student Death & Disability Release

Sallie Mae is an ESG Company

Serving our Customers

- Financing assistance to 1.2 million families since 2014 to provide access to postsecondary education and opportunities for success
- Policies help to ensure that 98% of customers are effectively managing their payments
- Sallie Mae has been recognized by J.D. Power by providing “An Outstanding Customer Service Experience” for phone support[22]

Providing Financial Education & Assistance

- Free Scholarship Search tool with 5 million scholarships worth more than $25 billion
- 20,000 students earned at least 1 scholarship via our search tool last year and received $61 million
- $785,000 in Sallie Mae Bridging the Dream Scholarships awarded since 2016, with $192,000 of that directly raised by employees

Committed to an Ethical & Diverse Workplace

- Board of Directors composition is 33% women, including the Board Chair, earning the Winning “W” Company designation from Women on Boards
- Committed to best-in-class governance practices
- Marketplace Ethics Award from the Better Business Bureau
- Listing among America’s Best Midsize Employers by Forbes

Building Strong Communities

- Giving back through employee volunteer work and community investments
- Donated $1 million in 2020 to food banks to support local communities affected by COVID-19
- Committing $4.5 million over three years to promote diversity in higher education and advance social justice
- Partnership between The Sallie Mae Fund and Thurgood Marshall College Fund to help minority students and underserved communities access higher education and complete their post-secondary education program

Committed to operating with integrity and engaging with stakeholders on key topics

ABS Supplement

Sallie Mae's Smart Option Loan Product Overview

The Smart Option loan product was introduced by Sallie Mae in 2009

The Smart Option loan program consists of:

Smart Option **Interest Only loans**	Require full interest payments during in-school, grace, and deferment periods
Smart Option **Fixed Pay loans**	Require $25 fixed payments during in-school, grace, and deferment periods
Smart Option **Deferred loans**	Do not require payments during in-school and grace periods

- Smart Option payment option may not be changed after selected at origination
- Fixed-rate loans or variable-rate loans indexed to LIBOR
- Consumer credit underwriting, with minimum FICO, custom credit score model and judgmental underwriting
- Marketed primarily through the school channel and also directly to consumers, with all loans certified by and disbursed directly to schools
- Private education loans are typically non-dischargeable in bankruptcy, unless a borrower can prove that repayment of the loan would impose an "undue hardship"

Sallie Mae Bank ABS Summary

	14-A	15-A	15-B	15-C	16-A	16-B	16-C	17-A	17-B	18-A	18-B	18-C	19-A	19-B	20-A
Issuance Date	8/7/2014	4/23/2015	7/30/2015	10/27/2015	5/26/2016	7/21/2016	10/12/2016	2/8/2017	11/8/2017	3/21/2018	6/20/2018	9/19/2018	3/13/2019	6/12/2019	2/12/2020
Total Bond Amount ($mil)	$382	$704	$714	$701	$551	$657	$674	$772	$676	$670	$687	$544	$453	$657	$636
Initial AAA Enhancement (%)	21%	23%	22%	23%	20%	19%	16%	17%	17%	18%	17%	16%	17%	15%	15%
Initial Class B Enhancement (%)	11%	13%	12%	14%	12%	12%	10%	11%	11%	11%	10%	10%	11%	8%	8%
Wtd Avg Spread over Benchmarks															
'AAA' Rated A Classes (%)	+1.17%	+1.01%	+1.27%	+1.49%	+1.38%	+1.36%	+1.00%	+0.82%	+0.70%	+0.71%	+0.66%	+0.67%	+0.82%	+0.91%	+0.76%
A and B Classes Combined (%)	+1.39%	+1.28%	+1.50%	+1.74%	+1.60%	+1.55%	+1.15%	+0.93%	+0.80%	+0.78%	+0.76%	+0.77%	+0.92%	+1.01%	+0.88%
Loan Program (%)															
Smart Option	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Status (%) [12]															
School, Grace, Deferment	90%	79%	78%	73%	75%	74%	70%	65%	73%	69%	70%	69%	61%	69%	58%
P&I Repayment	9%	20%	21%	24%	23%	24%	28%	33%	26%	29%	27%	30%	36%	28%	40%
Forbearance	0%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%	2%	3%
Wtd Avg Term to Maturity (Mo.)	140	133	130	127	135	133	131	131	135	139	139	138	136	140	139
% Loans with CoSigner	93%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	93%	93%
Not For Profit (%)	89%	86%	87%	87%	87%	87%	89%	90%	91%	91%	91%	91%	91%	91%	90%
Wtd Avg FICO at Origination [13]	747	747	746	747	747	747	748	746	747	747	746	746	746	745	744
Wtd Avg Recent FICO at Issuance [13]	745	744	741	747	743	745	745	744	745	744	742	744	744	742	741
Wtd Avg FICO at Origination (Cosigner) [13]	750	750	749	750	750	750	750	748	749	748	748	748	748	747	745
Wtd Avg Recent FICO at Issuance (Cosigner) [13]	748	748	745	750	747	749	748	748	748	747	745	747	748	745	744
Wtd Avg FICO at Origination (Borrower)	708	714	715	714	719	719	721	720	723	724	724	724	724	724	721
Wtd Avg Recent FICO at Issuance (Borrower)	701	702	699	701	704	708	708	705	707	708	706	709	708	704	699
Variable Rate Loans (%)	85%	82%	82%	82%	82%	82%	80%	81%	80%	75%	72%	70%	67%	63%	58%
Wtd Avg Annual Borrower Interest Rate	7.82%	8.21%	8.21%	8.27%	8.22%	8.24%	8.26%	8.39%	8.94%	9.29%	9.58%	9.69%	10.05%	10.00%	9.45%

Sallie Mae Bank ABS Structures

	SMB 2020-A	SMB 2019-B	SMB 2019-A
SIZE	$636.0MM	$657.0MM	$453.0MM
PRICING DATE	February 4, 2020	June 4, 2019	March 5, 2019
COLLATERAL	Smart Option Private Education Loans	Smart Option Private Education Loans	Smart Option Private Education Loans
SERVICER	Sallie Mae Bank	Sallie Mae Bank	Sallie Mae Bank
OVERCOLLATERALIZATION [14]	8%	8%	11%
PRICING PREPAYMENT SPEED [15]	8%	8%	8%
TRANCHE STRUCTURE AT ISSUANCE			
WA BORROWER INTEREST RATE	9.45%	10.00%	10.05%
WA FICO AT ORIGINATION[13]	744	745	746
% LOANS WITH COSIGNER	93%	93%	92%
VARIABLE RATE LOANS	58%	63%	67%

Tranche structure at issuance — SMB 2020-A:

Class	Amt ($mm)	Mdy's	WAL	Pricing
A-1	219.00	Aaa	0.98	1mL +30
A-2A	320.00	Aaa	5.38	IntS +80
A-2B	50.00	Aaa	5.38	1mL +83
B	47.00	Aa1	9.64	IntS +147

Tranche structure at issuance — SMB 2019-B:

Class	Amt ($mm)	Mdy's	WAL	Pricing
A-1	201.00	Aaa	0.99	1mL +35
A-2A	304.00	Aaa	5.43	IntS +95
A-2B	102.00	Aaa	5.43	1mL +100
B	50.00	Aa1	9.88	IntS +150

Tranche structure at issuance — SMB 2019-A:

Class	Amt ($mm)	Mdy's	WAL	Pricing
A-1	151.00	Aaa	0.99	1mL +35
A-2A	217.00	Aaa	5.41	IntS +87
A-2B	50.00	Aaa	5.41	1mL +87
B	35.00	Aa2	9.52	IntS +140

Appendix

Accelerated Share Repurchase ("ASR") Agreement

Sallie Mae entered into a $525 million Accelerated Share Repurchase Agreement in March 2020

- Under this agreement, Sallie Mae receives shares at the beginning and the end of the agreement, optimizing the accretive impact of the agreement.
- The counterparty will repurchase shares daily to cover the shares borrowed and delivered at the beginning of the agreement and the additional purchases necessary to complete the agreement. Due to daily volume constraints and the size of this ASR agreement, this process may not be complete until late 2020 or the first quarter of 2021.
- Ultimately, Sallie Mae will repurchase the number of shares based on the Volume Weighted Average Price (VWAP) of the shares purchased by the counterparty.

Sallie Mae received 44.9 million shares on March 11, 2020. Because this was late in the quarter, average shares in Q1 2020 were down 12 million shares.

Shares delivered at the end of the ASR agreement will be determined by this formula:

Total Shares Repurchased - Initial Shares Delivered = Ending Shares Delivered

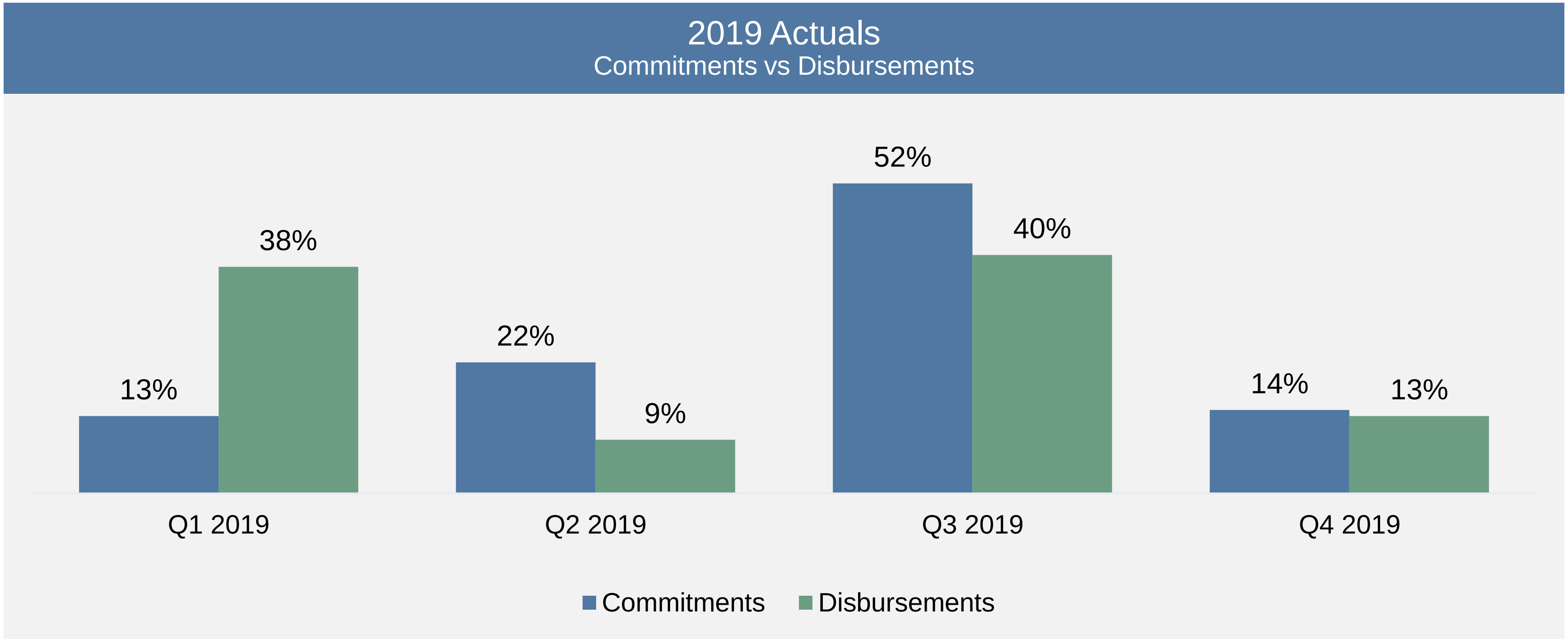
($525,000,000 / VWAP of Agreement) – 44,900,000 shares = Ending Shares Delivered

$8.00 ASR Agreement VWAP Example:

$525,000,000/ $8.00 VWAP = 65,625,000 shares

65,625,000 total shares – 44,900,000 initial shares = 20,725,000 Ending Shares Delivered

Commitments vs Disbursements



Provision for New Loans

- Directly impacted by the timing of Commitments and not Disbursements

Additional Provision Impacts

- New Loans, DCF accretion, loan sales, model updates and overlays

Unfunded Commitments

- Remain a liability for accounting purposes
- Once the loan commitment is funded, that liability will transfer to the Allowance and Provision

CECL Update[18]

Adopted on January 1, 2020.

- The company's first-quarter 2020 financial results reflect a transition adjustment that increased the allowance for loan losses by $1.1 billion, increased the liability representing its off-balance sheet exposure for unfunded commitments by $116 million, and increased the deferred tax asset by $306 million, resulting in a cumulative effect adjustment that reduced retained earnings by $953 million.
- The Private Education Loan allowance for losses as a percentage of ending total Private Education Loan balance immediately after the adoption of CECL was 7.0 percent.

The regulatory capital impact of our transition adjustments recorded on Jan. 1, 2020 from the adoption of CECL will be deferred for two years.

- The company elected the option to delay for two years, and then phase in over the following three years, the effects on our regulatory capital of CECL relative to the incurred loss methodology.
- In addition, from January 1, 2020 through the end of the two-year deferral period, 25 percent of the ongoing impact of CECL on our allowance for loan losses, retained earnings, and average total consolidated assets, each as reported for regulatory capital purposes, will be added to the deferred transition amounts ("adjusted transition amounts") and deferred for the two-year period.

At the conclusion of the two-year period (i.e., beginning Jan. 1, 2022), the adjusted transition amounts will be phased in for regulatory capital purposes at a rate of 25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each year.

Quarterly Financial Highlights

	2Q 2020	1Q 2020	2Q 2019
Income Statement ($ Millions)			
Total interest income	$485	$575	$574
Total interest expense	136	175	177
Net Interest Income	**349**	**400**	**397**
Less: provisions for credit losses	352	61	93
Total non-interest income	29	292	19
Total non-interest expenses	142	147	139
Income tax expense (benefit)	(31)	121	34
Net income (loss)	**(85)**	**362**	**150**
Preferred stock dividends	3	3	4
Net income (loss) attributable to common stock	(88)	359	146
"Core Earnings" adjustments GAAP[6]	6	(32)	(14)
Non-GAAP "Core Earnings" net income (loss) attributable to common stock[6]	(82)	327	132
Ending Balances ($ Millions)			
Private Education Loans, net	$19,793	$20,176	$21,395
FFELP Loans, net	752	765	813
Personal Loans, net	609	747	1,061
Credit Cards, net	10	7	-
Deposits	$23,592	$24,446	$21,178
Brokered	12,749	13,658	11,738
Retail and other	10,843	10,788	9,440

	2Q 2020	1Q 2020	2Q 2019
Key Performance Metrics			
Net Interest Margin	4.55%	5.08%	5.88%
Yield—Total Interest-earning assets	6.33%	7.30%	8.50%
Private Education Loans	8.33%	8.86%	9.39%
Personal Loans	12.54%	12.11%	12.00%
Cost of Funds	1.91%	2.41%	2.84%
Return on Assets ("ROA")[10]	(1.1)%	4.6%	2.1%
Non-GAAP "Core Earnings" ROA[8]	(1.0)%	4.2%	1.9%
Return on Common Equity ("ROCE")[11]	(21.0)%	67.4%	21.8%
Non-GAAP "Core Earnings" ROCE[9]	(19.5)%	61.4%	19.8%
Per Common Share			
GAAP diluted earnings (loss) per common share	$(0.23)	$0.87	$0.34
Non-GAAP "Core Earnings" diluted earnings (loss) per common share[6]	$(0.22)	$0.79	$0.31
Average common and common equivalent shares outstanding (millions)	375	413	432

Sallie Mae vs Federal Student Loans

		Sallie Mae	Federal Student Loan Program[17]	
Undergraduate	Loan Program	**Smart Option Student Loan**[16]	**Federal Direct Loan** (Subsidized & Unsubsidized)	**Parent Plus**
	Loan Limits	$1,000 - Cost of Attendance No Aggregate Limit	Yr 1 - $5,500 ($3,500 > subsidized) Yr 2 - $6,500 ($4,500 > subsidized) Yr 3+ - $7,500 ($5,500 > subsidized) $31,000 Aggregate ($23,000 > subsidized)	No Limit
	Interest Rates (as of 07/30/2020)	Variable: L + 1.250% - L + 11.875% Fixed: 4.500% - 13.375%	2.75%	5.30%
	Origination Fees (as of 07/30/2020)	0%	1.062%	4.236%
	Repayment Types	IO / Fixed Pay / Deferred	Deferred	Immediate P&I / Deferred
	Repayment Terms	5 - 15 Years	10 Years (extended repayment 20 or 25 years)	10 Years (extended repayment 20 or 25 years)
Graduate	Loan Program	**Graduate Product Suite** (MBA, Medical, Dental, Law, Health Professions, General Grad)	**Federal Direct Loan** (Unsubsidized Only)	**Graduate Plus**
	Loan Limits	$1,000 - Cost of Attendance No Aggregate Limit	$20,500 Per Year $138,500 Aggregate ($65,500 > subsidized - including undergraduate subsidized loans)	No Limit
	Interest Rates (as of 07/30/2020)	Variable: L + 2.250% - L + 11.875% Fixed: 5.000% - 12.500%	4.30%	5.30%
	Origination Fees (as of 07/30/2020)	0%	1.062%	4.236%
	Repayment Types	IO / Fixed Pay / Deferred	Deferred	Deferred
	Repayment Terms	15 Years - MBA, HP, General Grad, Law 20 Years - Medical and Dental	10 Years (extended repayment 20 or 25 years)	10 Years (extended repayment 20 or 25 years)

"Core Earnings" to GAAP Reconciliation

Dollars in thousands, except per share amounts	Quarters Ended		
	June 30, 2020	March 31, 2020	June 30, 2019
"Core Earnings" adjustments to GAAP:			
GAAP net income (loss)	($85,211)	$362,173	$150,277
Preferred stock dividends	$2,478	$3,464	$4,331
GAAP net income (loss) attributable to SLM Corporation common stock	($87,689)	$358,709	$145,946
Adjustments:			
Net impact of derivative accounting[6]	$7,853	($42,312)	($18,242)
Net tax expense (benefit)[7]	$1,918	($10,330)	($4,458)
Total "Core Earnings" adjustments to GAAP	$5,935	($31,982)	($13,784)
"Core Earnings" (loss) attributable to SLM Corporation common stock	($81,754)	$326,727	$132,162
GAAP diluted earnings (loss) per common share	($0.23)	$0.87	$0.34
Derivative adjustments, net of tax	$0.01	($0.08)	($0.03)
"Core Earnings" diluted earnings (loss) per common share	($0.22)	$0.79	$0.31

Footnotes

1. Source: MeasureOne CBA Report as of March 2020.
2. Based on internal Company statistics.
3. Source: Trends in Student Aid,© 2019 The College Board, www.collegeboard.org, U.S. Department of Education 2019.
4. Originations represent loans that were funded or acquired during the period presented.
5. Represents the higher credit score of the cosigner or the borrower.
6. The difference between "Core Earnings" and GAAP net income is driven by mark-to-fair value unrealized gains and losses on derivative contracts recognized in GAAP, but not in "Core Earnings" results. See page 24 for a reconciliation of GAAP and "Core Earnings". Derivative Accounting: "Core Earnings" exclude periodic unrealized gains and losses caused by the mark-to-fair value valuations on derivatives that do not qualify for hedge accounting treatment under GAAP, but include current period accruals on the derivative instruments. Under GAAP, for our derivatives held to maturity, the cumulative net unrealized gain or loss over the life of the contract will equal $0. We provide "Core Earnings" because it is one of several measures management uses to evaluate management performance and allocate corporate resources.
7. "Core Earnings" tax rate is based on the effective tax rate at Sallie Mae Bank where the derivative instruments are held.
8. We calculate and report our non-GAAP "Core Earnings" Return on Assets ("Core Earnings ROA") as the ratio of (a) "Core Earnings" net income (loss) numerator (annualized) to (b) the GAAP total average assets denominator.
9. We calculate and report our non-GAAP "Core Earnings" Return on Common Equity ("Core Earnings ROCE") as the ratio of (a) "Core Earnings" net income (loss) attributable to SLM Corporation common stock numerator (annualized) to (b) the net denominator, which consists of GAAP total average equity less total average preferred stock.
10. We calculate and report our Return on Assets ("ROA") as the ratio of (a) GAAP net income (loss) numerator (annualized) to (b) the GAAP total average assets denominator.
11. We calculate and report our Return on Common Equity ("ROCE") as the ratio of (a) GAAP net income (loss) attributable to SLM Corporation common stock numerator (annualized) to (b) the net denominator, which consists of GAAP total average equity less total average preferred stock.
12. Smart Option loans considered in 'P&I Repayment' only if borrowers are subject to full principal and interest payments on the loan.
13. Represents the higher credit score of the cosigner or the borrower. Note: Pool characteristics as of the Statistical Cutoff Date for the respective transaction.
14. Overcollateralization for Class A & B bonds.
15. Estimated based on a variety of assumptions concerning loan repayment behavior. Actual prepayment rate may vary significantly from estimates.
16. Private education loans are typically non-dischargeable in bankruptcy, unless a borrower can prove that repayment of the loan imposes an "undue hardship".
17. Source: U.S. Department of Education, Office of Federal Student Aid, https://studentaid.ed.gov/sa/types/loans.
18. The information on this page constitutes forward-looking statements. See page 2 of this Presentation for a cautionary note regarding forward-looking statements.
19. Calculated as a percentage of loans in repayment (average loans in repayment for Net Charge-Off% and ending loans in repayment for Reserve%). Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.
20. Source: Total post-secondary education spending is estimated by Sallie Mae determining the full-time equivalents for both graduates and undergraduates and multiplying by the estimated total per person cost of attendance for each school type. In doing so, we utilize information from the U.S. Department of Education, National Center for Education Statistics, Projections of Education Statistics to 2027 (NCES 2019, February 2019), The Integrated Postsecondary Education Data System (IPEDS), College Board -Trends in Student Aid 2016. © 2016 The College Board, www.collegeboard.org, College Board -Trends in Student Aid 2019. © 2019 The College Board, www.collegeboard.org, College Board -Trends in Student Pricing 2019. © 2019 The College Board, www.collegeboard.org, National Student Clearinghouse - Term Enrollment Estimates, and Company analysis. 2019 Private Education Loan market assumptions use The College Board-Trends in Student Aid 2016 © 2016 trends and College Board-Trends in Student Aid 2019 © 2019 data. Other sources for these data points also exist publicly and may vary from our computed estimates. NCES, IPEDS, and College Board restate their data annually, which may cause previous reports to vary. We have also recalculated figures in our Company analysis to standardize all costs of attendance to dollars not adjusted for inflation. This has a minimal impact on historically-stated numbers.
21. The Company's expectation and ability to pay a quarterly cash dividend on its common stock in the future will be subject to the determination by, and discretion of, the Company's Board of Directors, and any determination by the Board will be based on an evaluation of the Company's earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks and uncertainties.
22. J.D. Power 2019 Certified Customer Service Program recognition is based on successful completion of an evaluation and exceeding a customer satisfaction benchmark through a survey of recent servicing interactions. For more information, visit www.jdpower.com/ccc.
23. Source: State Cuts Grow Deep www.insidehighered.com. Source: Mounting Peril for Public Higher Education During the Coronavirus Pandemic www.americanprogress.org.
24. Calculated as a percentage of loans in repayment and forbearance. Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period. "Loans in forbearance" include loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.
25. Calculated as a percentage of loans in repayment and delinquent forbearance loans.