SLM Corporation Earnings Presentation

Second Quarter 2023

sallie mae®

July 27, 2023

Forward-Looking Statements and Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The following information is current as of July 26, 2023 (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, 2023, the Form 10-Q for the quarter ended June 30, 2023 filed with the Securities and Exchange Commission ("SEC") on July 26, 2023, 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 2023 guidance; the Company's three-year horizon outlook; the Company's expectation and ability to execute loan sales and share repurchases; the Company's projections regarding originations, net charge-offs, non-interest expenses, earnings, balance sheet position, and other metrics; any estimates related to accounting standard changes; and any estimates related to the impact of credit administration practices changes, including the results of simulations or other behavioral observations. Forward-looking statements are subject to risks, uncertainties, assumptions, and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A. "Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2022 (filed with the SEC on Feb. 23, 2023) 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 credit 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 non-GAAP "Core Earnings" and GAAP results for the periods presented were the unrealized, mark-to-fair value gains/losses on derivative contracts (excluding current period accruals on the derivative instruments), net of tax. These are recognized in GAAP, but not in non-GAAP "Core Earnings" results. The Company provides non-GAAP "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 non-GAAP "Core Earnings" is not a defined term 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- Non-GAAP 'Core Earnings'" in the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 for a further discussion and the "Non-GAAP 'Core Earnings' to GAAP Reconciliation" table in this Presentation for a complete reconciliation between GAAP net income and non-GAAP "Core Earnings".

2nd Quarter 2023 Highlights

Balance Sheet & Capital Allocation

- Paid common stock dividend of $0.11 per share in Q2 2023.
- Sallie Mae Bank remains well capitalized with 14.1% Total risk-based capital ratio and CET1 capital ratio of 12.8%.
- Completed $2.1 billion in private education loan sales during the quarter resulting in a $128 million gain.
- Repurchased 16 million shares of common stock at a total cost of $257 million, or an average purchase price of $15.71 per share

Revenue

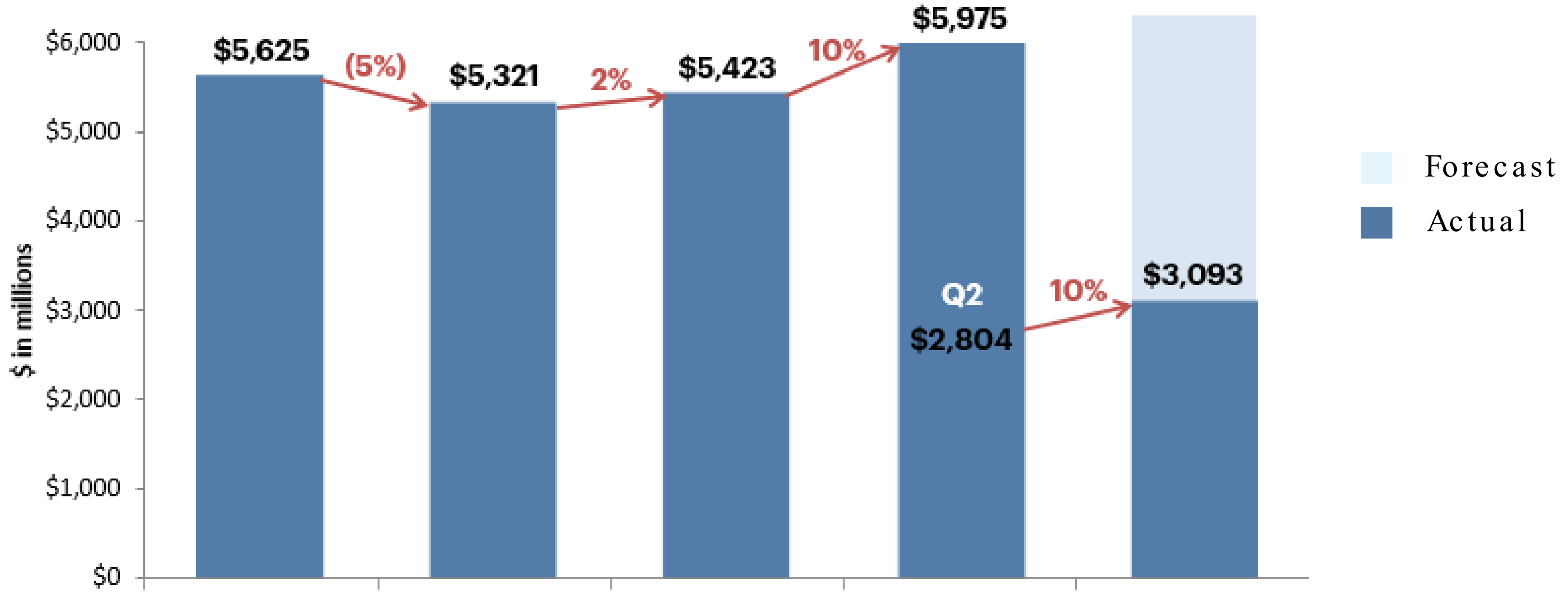
- GAAP Net Income attributable to common stock of $261 million in Q2 2023 driven by strong NIM and gain on $2.1 billion loan sale, compared to Net Income attributable to common stock of $340 million in Q2 2022.
- Q2 2023 GAAP diluted earnings per common share of $1.10 vs. $1.29 in Q2 2022.
- Net Interest Margin for the second quarter of 2023 increased 23 basis points, from 5.29% in the second quarter of 2022, to 5.52%.

Total Operating Expenses

- Total operating expenses of $154 million in Q2 2023, which is 17% higher than the year-ago quarter.
  - Increase attributed to higher FDIC assessment fees, volume increases in our originations, servicing and collections operations, and our absorption of the effects of the current inflationary environment.

Private Education Loan Originations[8]

- Second quarter 2023 originations at $651 million, 6% higher than the year-ago period.
- Year-to-Date 2023 originations 10% higher than year-to-date 2022.
- Through the first half of the year, our underclassmen application volume has increased just over 10% as compared to the first half of 2022, driven by our content investments as well as the successful integration of Nitro.



	2019	2020	2021	2022	Q2 2023	Q2 2022
% Cosigned	87%	86%	86%	86%	76%	74%
% In School Payment	58%	60%	59%	57%	53%	56%
Average FICO at Approval[9]	746	749	750	747	747	746

Key Credit Metrics for Q2 2023

Credit Performance

- Q2 2023 net charge-offs for Private Education Loans totaled $103 million.
- Annualized net charge-offs as a percentage of average loans in repayment for the first half of the year is 2.41% and remains lower than our plan for full-year 2023.
  - There is typically an element of charge-off seasonality in the second quarter of the year when a portion of the most recent repayment vintage may roll straight through delinquency to default; this is expected.
- Q2 2023 Private Education Loans delinquent 30+ days were 3.68% of loans in repayment, an increase from Q1 2023, but an improvement from the year-ago quarter.
- Private Education Loans in forbearance were 1.2% at the end of the quarter, down from both Q2 2022 and Q1 2023.

Impact of Federal Loan Payment Resumption

- Approximately 86% of our customers also have federal student loans, and we underwrite to this assumption.
- Our loss estimates and default models are trained on data that include past federal loan payments.
- The Biden administration has made plans to ease the transition into repayment, offering both a generous "on ramp" to borrowers as well as expansion and enhancements to the current income-based repayment plans.
- We are taking proactive steps to mitigate any repayment risk by continuing to monitor, manage and enhance outcomes for our customers.
  - We are evaluating existing programs for enhancement, implementing heightened monitoring and are producing comprehensive analytics to assess effectiveness over time.

End of Federal Loan Payment Moratorium

Support for Federal Student Loan Borrowers [18]

An "On Ramp" to Repayment [16]

For all federal borrowers looking to resume payments of federal loans in August, a year-long "on-ramp" is being instituted by the Department of Education "so that financially vulnerable borrowers who miss monthly payments during this period are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies." This administratively created "on ramp" will be in place until (at least) September 30, 2024.

Deferment and Forbearance [19]

Federal borrowers in hardship can request loan forbearance or deferment in times of unemployment, economic hardship or other circumstance that makes it difficult to meet their loan obligations.

Enhanced Income Driven Repayment [17]

Federal borrowers already have access to multiple Income Driven Repayment (IDR) options, which can allow them to remain in good standing making as little as $0 payments, and the Biden Administration is rolling out an even more generous option. Elements of the plan, the new "SAVE" plan, will be in place prior to the end of the payment pause. These elements include:

- Disposable income will be calculated by subtracting 225% of the poverty level from actual income compared to 150% today;
- Married borrowers will no longer be required to count their spouse's income in their payment calculation; and
- Unpaid interest will no longer be accrued into the loan balance.

Other benefits of the expanded program are expected to be operational by July of 2024 and include:

- Payments on undergraduate loans will be cut in half, from 10% to 5% of incomes above 225% of Federal poverty guidelines; and
- Borrowers whose original principal balances were $12,000 or less will receive forgiveness after 120 payments – the equivalent of 10 years in repayment – with an additional 12 payments added for each additional $1,000 borrowed above that level, up to a maximum of 20 or 25 years.

Quarterly Financial Highlights[3]

	Q2 2023	Q1 2023	Q2 2022
Income Statement ($ Millions)			
Total interest income	$634	$638	$463
Total interest expense	247	233	100
Net Interest Income	387	405	363
Less: provisions for credit losses	18	114	31
Total non-interest income	144	22	258
Total non-interest expenses	156	157	134
Income tax expense	92	37	114
Net Income	265	119	342
Preferred stock dividends	4	4	2
Net income attributable to common stock	261	114	340
Non-GAAP "Core Earnings" adjustments to GAAP[(1)]	-	-	-
Non-GAAP "Core Earnings" net income attributable to common stock[(1)]	261	114	340
Ending Balances ($ Millions)			
Private Education Loans held for investment, net	$18,649	$20,498	$18,511
FFELP Loans held for investment, net	571	590	663
Credit Cards held for investment, net	-	-	27
Deposits	$20,361	$21,804	$19,980
Brokered	8,720	10,275	9,024
Retail and other	11,641	11,529	10,956

	Q2 2023	Q1 2023	Q2 2022
Key Performance Metrics			
Net Interest Margin	5.52%	5.70%	5.29%
Yield—Total Interest-earning assets	9.05%	8.97%	6.75%
Private Education Loans	10.79%	10.66%	8.69%
Cost of Funds	3.75%	3.47%	1.55%
Return on Assets ("ROA")[(4)]	3.7%	1.7%	4.9%
Non-GAAP "Core Earnings" ROA[(5)]	3.7%	1.7%	4.9%
Return on Common Equity ("ROCE")[(6)]	65.2%	30.5%	71.8%
Non-GAAP "Core Earnings" ROCE[(7)]	65.2%	30.5%	71.8%
Per Common Share			
GAAP diluted earnings per common share	$1.10	$0.47	$1.29
Non-GAAP "Core Earnings" diluted earnings per common share[(1)]	$1.10	$0.47	$1.29
Average common and common equivalent shares outstanding (millions)	238	244	264

Credit Performance[10, 11, 12, 14]

Private Education Loans Held for Investment	Quarters Ended					
	June 30, 2023		March 31, 2023		June 30, 2022	
($ Thousands)	Balance	%	Balance	%	Balance	%
Loans in repayment and percentage of each status:						
Loans current	$ 14,113,105	96.3%	$ 15,446,182	96.6%	$ 13,980,810	96.3%
Loans delinquent 30-59 days	264,665	1.8%	267,000	1.7%	255,277	1.7%
Loans delinquent 60-89 days	138,233	1.0%	140,786	0.9%	169,656	1.2%
Loans 90 days or greater past due	136,524	0.9%	136,491	0.8%	119,516	0.8%
Total private education loans in repayment	$ 14,652,527	100.0%	$ 15,990,459	100.0%	$ 14,525,259	100.0%
Loans delinquent 30+ days (as a percentage of loans in repayment)		3.7%		3.4%		3.7%
Loans in forbearance	$ 183,980		$ 221,158		$ 183,903	
Loans in forbearance as a % of loans in repayment and forbearance		1.2%		1.4%		1.3%
Allowance as a % of the ending loans in repayment and accrued interest to be capitalized on loans in repayment		9.0%		9.0%		7.2%
Net charge-offs as a % of average loans in repayment (annualized)		2.69%		2.11%		2.56%

Allowance for Credit Losses Q2 2023

Consolidated Statements of Income
Provisions for Credit Losses Reconciliation

($ Thousands)	Quarter Ended June 30, 2023
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ (40,429)
Provisions for unfunded loan commitments	58,068
Total Private Education Loan provisions for credit losses	17,639
Other impacts to the provisions for credit losses:	
FFELP Loans	820
Credit Cards	(730)
Total	90
Provisions for credit losses reported in consolidated statements of income	$ 17,729

Factors affecting the Provision for Credit Losses 2nd Quarter of 2023

- Decrease to provision due to $2.1 billion loan sale
- Increase to provision for new unfunded commitments
- Changes in economic outlook and recovery rates

Guidance[13]

For the full-year 2023, the Company expects:

$2.50 - $2.70 Diluted Non-GAAP "Core Earnings"[15] Per Common Share	**5% - 6%** Private Education Loan Originations Year-Over-Year Growth
$345 - $385 million Total Loan Portfolio Net Charge-Offs	**$610 - $620 million** Non-Interest Expenses

Footnotes

1. Derivative Accounting: we provide non-GAAP "Core Earnings" because it is one of several measures management uses to evaluate management performance and allocate corporate resources. Non-GAAP "Core Earnings" exclude periodic unrealized gains and losses caused by the mark-to-fair value valuations on derivatives that do not qualify for hedge accounting treatment under GAAP, but include current period accruals on the derivative instruments. Under GAAP, for our derivatives held to maturity, the cumulative net unrealized gain or loss over the life of the contract will equal $0. Management believes the Company's derivatives are effective economic hedges, and, as such, they are a critical element of the Company's interest rate risk management strategy. Our non-GAAP "Core Earnings" is not a defined term within GAAP and may not be comparable to similarly titled measures reported by other companies.
2. Non-GAAP "Core Earnings" tax rate is based on the effective tax rate at Sallie Mae Bank where the derivative instruments are held.
3. The difference between non-GAAP "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 non-GAAP "Core Earnings" results. See page 12 for a reconciliation of GAAP and non-GAAP "Core Earnings".
4. We calculate and report our Return on Assets ("ROA") as the ratio of (a) GAAP net income numerator (annualized) to (b) the GAAP total average assets denominator.
5. We calculate and report our non-GAAP "Core Earnings" Return on Assets (Non-GAAP "Core Earnings ROA") as the ratio of (a) non-GAAP "Core Earnings" net income numerator (annualized) to (b) the GAAP total average assets denominator.
6. We calculate and report our Return on Common Equity ("ROCE") as the ratio of (a) GAAP net income 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.
7. We calculate and report our non-GAAP "Core Earnings" Return on Common Equity (Non-GAAP "Core Earnings ROCE") as the ratio of (a) non-GAAP "Core Earnings" net income 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.
8. Originations represent loans that were funded or acquired during the period presented.
9. Represents the higher credit score of the cosigner or the borrower.
10. For Private Education Loans on this slide, "loans in repayment" include loans making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period (but do not include those loans while they are in forbearance).
11. For Private Education Loans on this slide, "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.
12. The period of delinquency is based on the number of days scheduled payments are contractually past due.
13. This information constitutes forward-looking statements. See page 2 of this Presentation for a cautionary note regarding forward-looking statements.

Footnotes (continued)

14. Accrued interest to be capitalized on loans in repayment includes interest on loans that are in repayment but have not yet entered into full principal and interest repayment status after any applicable grace period (but, for purposes of the table, does not include interest on those loans while they are in forbearance).
15. See footnote 1 for a description of non-GAAP "Core Earnings". GAAP net income (loss) attributable to SLM Corporation common stock is the most directly comparable GAAP financial measure. However, this measure is not accessible on a forward-looking basis because the Company is unable to estimate the net impact of derivative accounting and the associated net tax expense (benefit) for future periods.
16. Reference to The White House Fact sheet, located at https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/30/fact-sheet-president-biden-announces-new-actions-to-provide-debt-relief-and-support-for-student-loan-borrowers/
17. Reference to the IDR Fact Sheet, located at https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/idrfactsheetfinal.pdf
18. As provided by the Biden-Harris Administration and the U.S. Department of Education.
19. Reference to the Federal Student Aid information located here: https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief

Non-GAAP "Core Earnings" to GAAP Reconciliation

($ Thousands except per share amounts)	Quarters Ended June 30, 2023	Quarters Ended March 31, 2023	Quarters Ended June 30, 2022
Non-GAAP "Core Earnings" adjustments to GAAP:			
GAAP net income	$265,065	$118,518	$342,073
Preferred stock dividends	$4,274	$4,063	$1,757
GAAP net income attributable to SLM Corporation common stock	**$260,791**	**$114,455**	**$340,316**
Adjustments:			
Net impact of derivative accounting[1]	-	-	-
Net tax expense[2]	-	-	-
Total non-GAAP "Core Earnings" adjustments to GAAP	-	-	-
Non-GAAP "Core Earnings" attributable to SLM Corporation common stock	**$260,791**	**$114,455**	**$340,316**
GAAP diluted earnings per common share	$1.10	$0.47	$1.29
Derivative adjustments, net of tax	-	-	-
Non-GAAP "Core Earnings" diluted earnings per common share	**$1.10**	**$0.47**	**$1.29**

Additional Information Related to our Recent Asset Acquisition

SCHOLLY

We have a Clear and Consistent Investment Thesis

Strategic Imperatives:

1. Maximize the profitability and growth of our core business

2. Maximize the value of our brand and attractive customer base

3. Better inform the external narrative about private student lending and Sallie Mae

4. Maintain a rigorous and predictable capital allocation and return program to create shareholder value

Strategy for Execution of our Investment Thesis

2.

Maximize the value of our brand and attractive customer base

#1 Reason

To protect and enhance our education lending business by reaching more customers at a lower cost through organic channels

OUR DEFINITION OF

A SUREFOOTED STRATEGY

1. Paid for through the direct benefit of our core lending business
2. With small capital investments as we test, learn and iterate while we continue to take advantage of our capital return strategy
3. While creating interesting monetization options over time

AN ACCELERATOR OF OUR SUREFOOTED STRATEGY:

Our *Nitro College* Acquisition in Early 2022

What We Acquired:

1. A platform that provides variety of free tools and resources to help students and families make informed decisions
2. Experienced staff that expanded our digital marketing capabilities
3. An acquisition engine that captures leads at a low cost through organic channels and strong base of marketing partnerships – **we now have first party data on 50%+ of the incoming college freshmen population**

Contributed to Stronger Performance for our Education Lending Business

FY 2022:

Originations +10% YOY

(highest over the previous 5 years)

Underclassmen Originations +15% YOY

(typically, a cohort with a higher lifetime value)

Market Share +90bps YOY

(58% of full private student lending marketplace)

Bonus!

Further advanced Sallie Mae as a broader education solutions provider for students before, during and immediately after college

THE NEXT ACCELERATOR OF OUR SUREFOOTED STRATEGY:

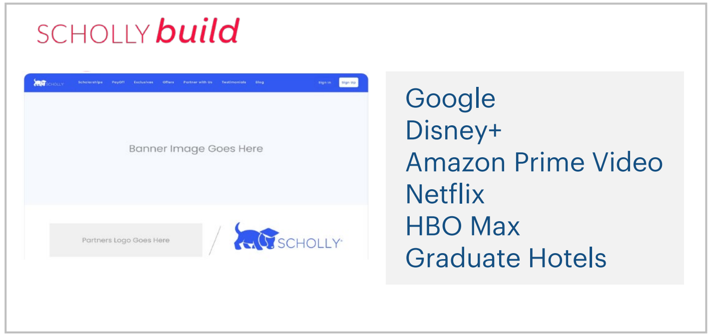
The #1 College Scholarship App - *Scholly*

SCHOLLY

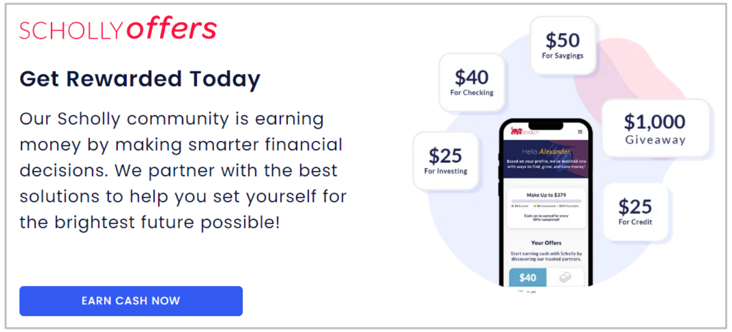
Provides a marketplace for students and families to find free money for college. Co-founded by Christopher Gray in 2013, who won $1.3 million in scholarships himself and wanted to offer the same opportunities for everyone.

1. Scholarship Search Engine

2. Scholarship Funder Platform



3. Partnership Offer Platform

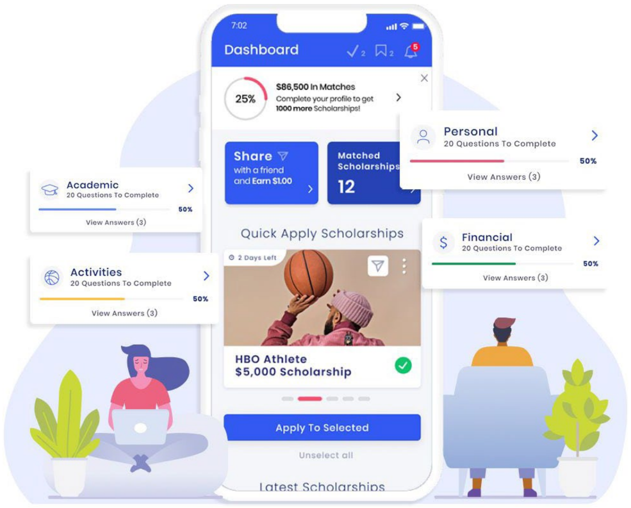


As Seen On → Oprah • GMA • Shark Tank • The New York Times • CBS • Forbes • ABC News

Scholly is a solid strategic fit and further accelerates our mission

SCHOLLY

#1 College Scholarship App



Large and Growing Userbase:

Millions of Users

15K+ Monthly Organic App Downloads

Key Benefits of this Asset Purchase:

- A strong and well-known brand that attracts collaboration, celebrities, and media
- A turnkey platform with a team that has a proven record of building engaging solutions for students and families
- #1 college scholarship app **now free** – *further showcasing our commitment to helping students and families borrow responsibly by exploring scholarships and grants first*

Bonus!

Fills the most critical confidence gap need and while in the early stages, we expect the scholarship funder and partnership offer platforms to generate revenue with options for potential upside opportunities sallie mae®