

SALLIE MAE

STEVE MCGARRY, EVP AND CFO

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February 12, 2019



Forward-Looking Statements and Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The following information is current as of January 23, 2019 (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 and full year ended December 31, 2018, filed with the Securities and Exchange Commission (“SEC”) on January 23, 2019, 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, 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. 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, 2017 (filed with the SEC on Feb. 23, 2018) and subsequent filings with the SEC; 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; 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 and 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 made or acquired 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-market 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” measures because this is what 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.

In third-quarter 2018, management made an immaterial change to its definition of “Core Earnings”. 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 September 30, 2018 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”.

Sallie Mae Opportunity:

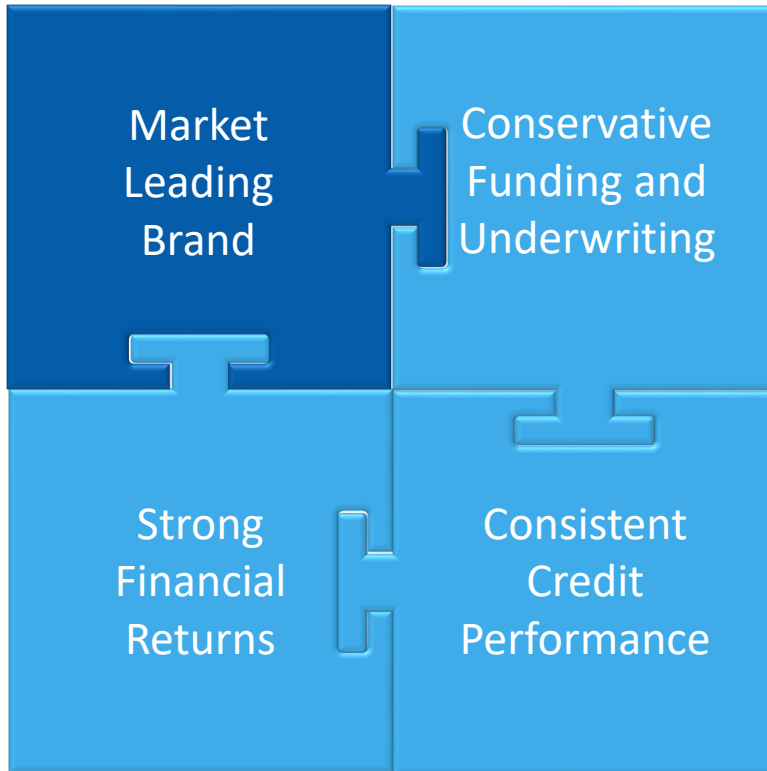
Creating shareholder value by growing a unique and sustainable financial franchise



Putting the pieces together

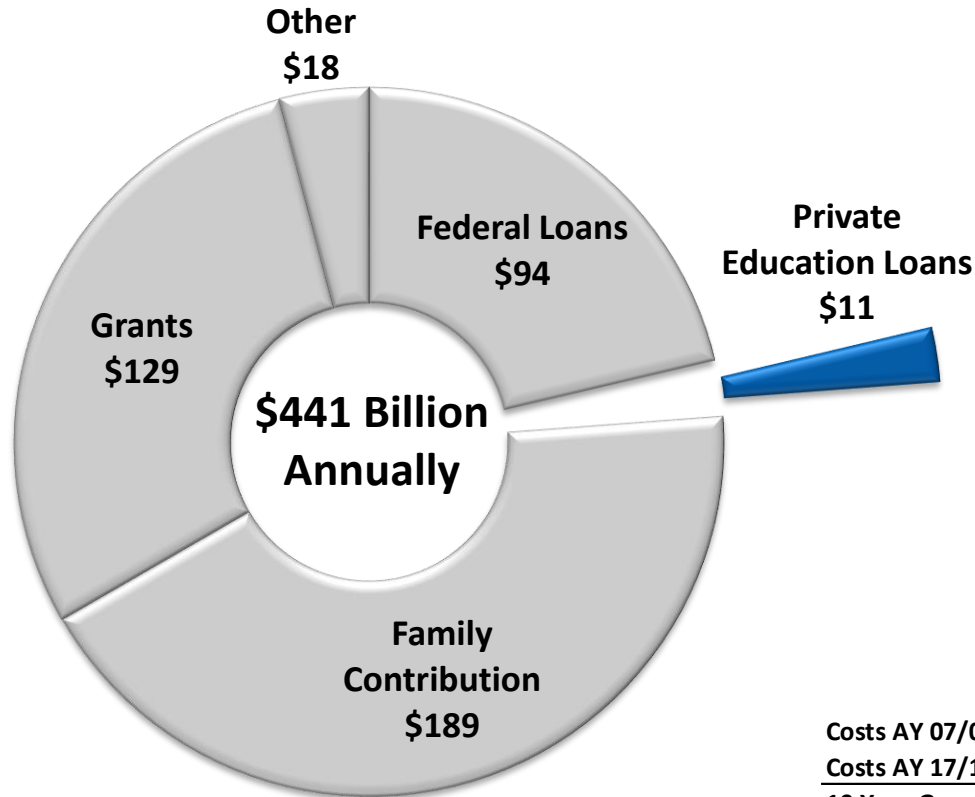


Market leading brand, products and best-in-class service drives our success



- 40 years of leadership in the education lending market
- Top ranked brand
- Industry leading 55% market share¹
- Over 2,400 actively managed university relationships across the U.S.
- Appear on 98% of preferred lender lists
- Largest salesforce in the industry

Private Student Loan Industry

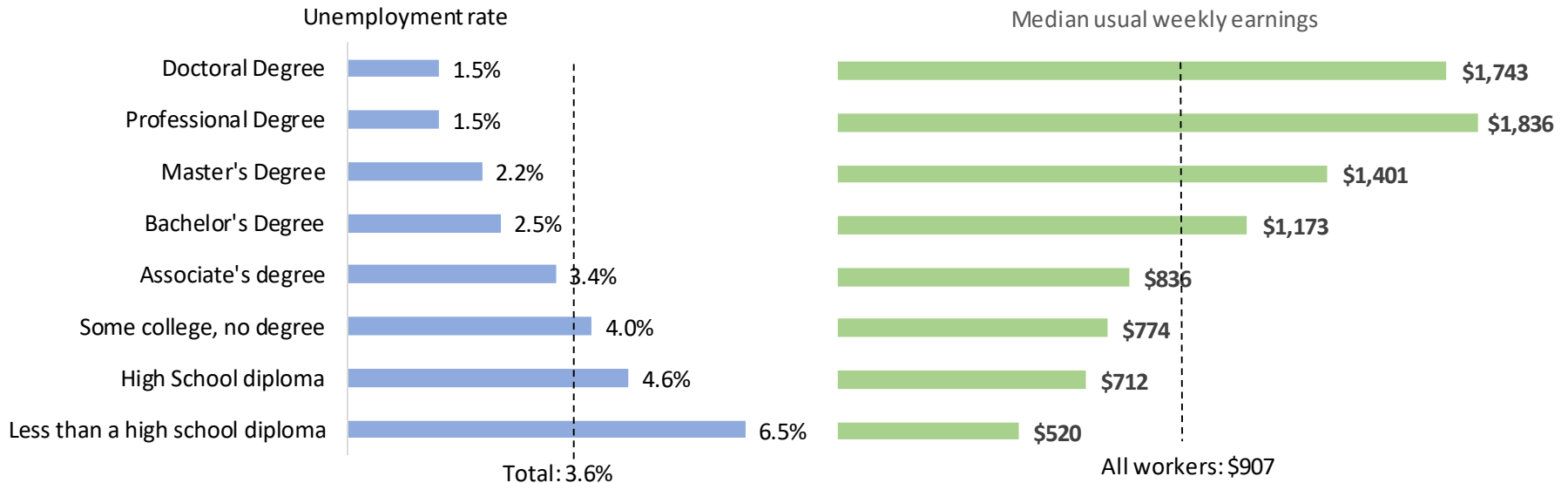


- Private education loans represent 2% of the overall spend in higher education annually
- Total spend on higher education grows 2-3% annually primarily due to increases in cost of attendance
- Attainment of a four-year college degree or more is up 11% between 2012 and 2017²

	Cost of College (Based on a Four-Year Term) ³	
	Full Time Private (000s)	Full- Time Public (000s)
Costs AY 07/08	\$128	\$51
Costs AY 17/18	\$188	\$83
10 Year Growth	\$60	\$32
Federal Loan Limit 07/08	\$19	\$19
Federal Loan Limit 17/18	\$27	\$27
10 Year Growth	\$8	\$8

Higher Education Value Proposition

Unemployment rates and earnings by educational attainment, 2017²



- The unemployment rate for individuals age 25 and older with four-year college degrees was 2.2%, compared to 5.1% for high school graduates⁴
- 60% of students graduated with student loans in AY 2015-2016⁵
- Of the 60% of bachelor's degree recipients who graduated with student loans, the average debt amount is \$39,400⁵

Product suite tailored to meet the needs of undergrad and grad students



- Smart Option Student Loan
- Introduced in 2009
- Flexible repayment options while in school
- Fixed and Variable rates
- Differentiated products for undergraduates and graduate students

Product Overview



Undergraduate



Medical



Law



Parent



Dental



Health Professions



MBA



General Studies

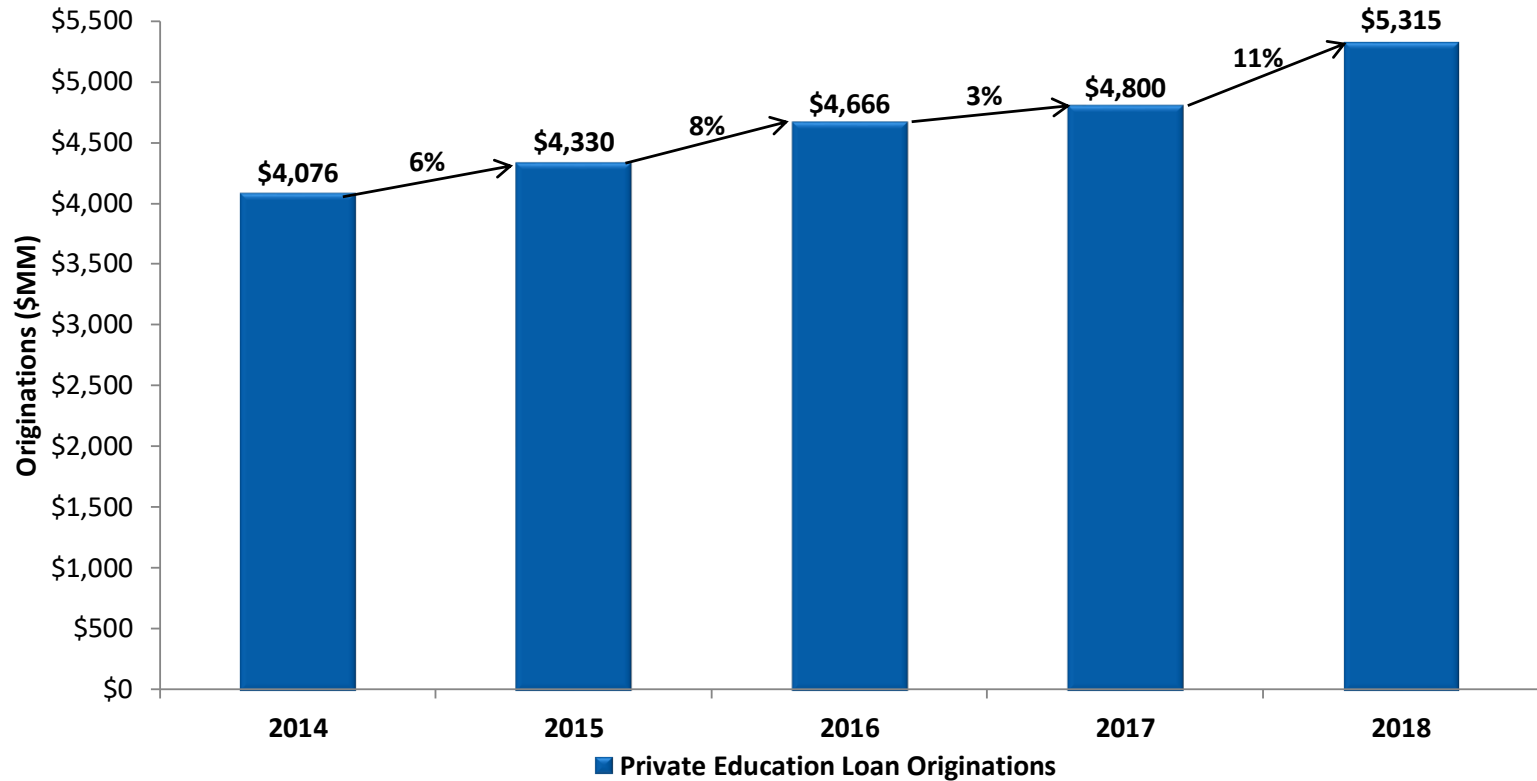
	Undergraduate	Graduate	Parent
Rate Type	Variable & Fixed	Variable & Fixed	Variable & Fixed
Interest Rate Ranges	Variable: LIBOR + 2.00% - LIBOR + 9.88% Fixed: 5.75% - 12.88%	Variable: LIBOR + 2.25% - LIBOR + 7.88% Fixed: 6.25% - 10.50%	Variable: LIBOR + 3.50% - LIBOR + 9.88% Fixed: 5.75% - 12.88%
Repayment 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 SM Student Death & Disability Release	ACH discount FICO® Score Cosigner Release GRP Student Death & Disability Release	ACH discount FICO® Score Study Starter SM Student Death & Disability Release

Consistent underwriting has contributed to better than model credit performance



- Proprietary Scorecard built with Experian Decision Analytics
- Initial credit screen removes applicants with low FICO scores or prior derogatory trades on file
- Manually review ~8% of applications
- Through-the-cycle data was used to develop our conservative underwriting models.

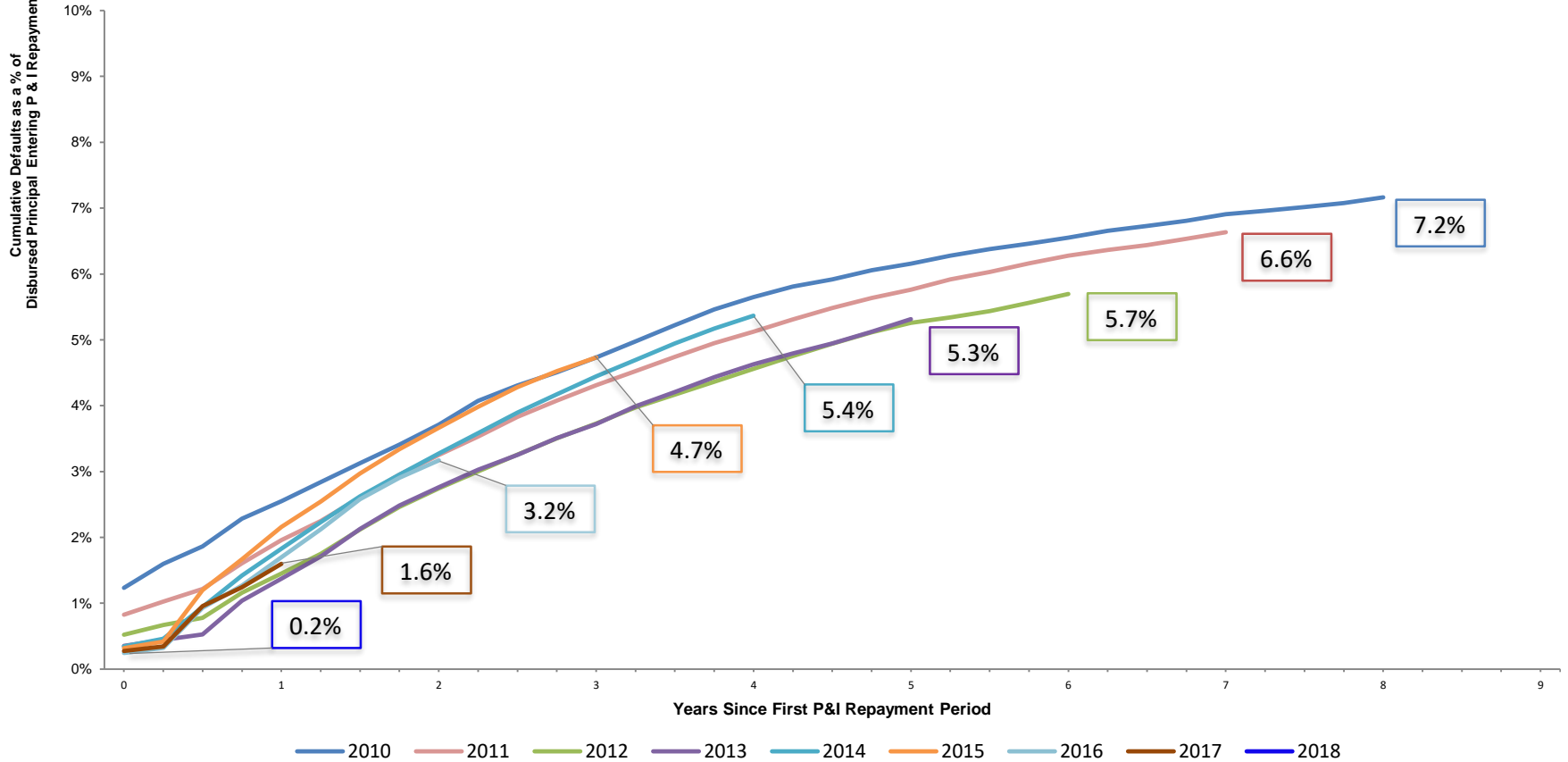
Consistent high quality originations growth⁶



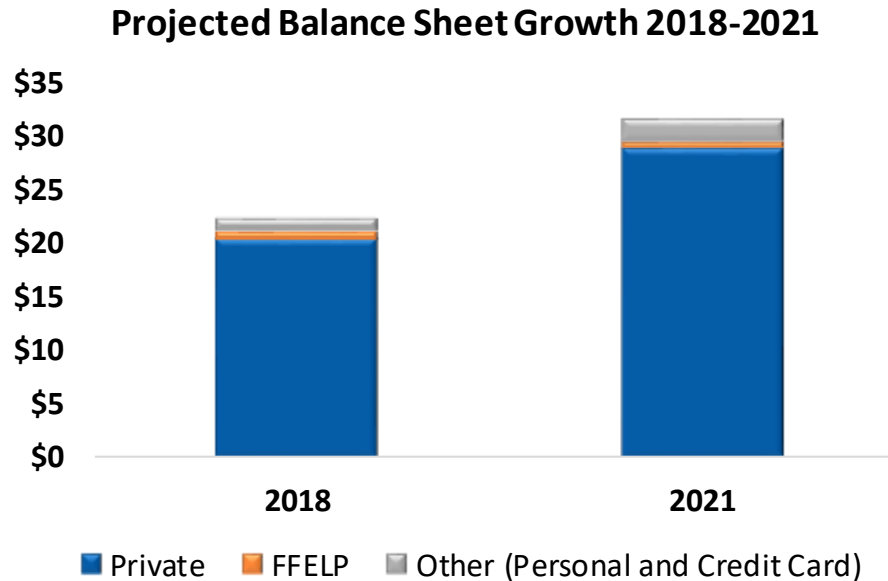
<u>Originations Statistics (\$)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
% Cosigned	90%	90%	89%	88%	87%
% In School Payment	57%	56%	55%	54%	55%
Average FICO at Approval ⁷	748	749	748	747	746

High Quality, Predictable Credit Program^{8,9,10}

Smart Option Cumulative Gross Defaults by P&I Repayment Vintage and Years Since First P&I Repayment Period

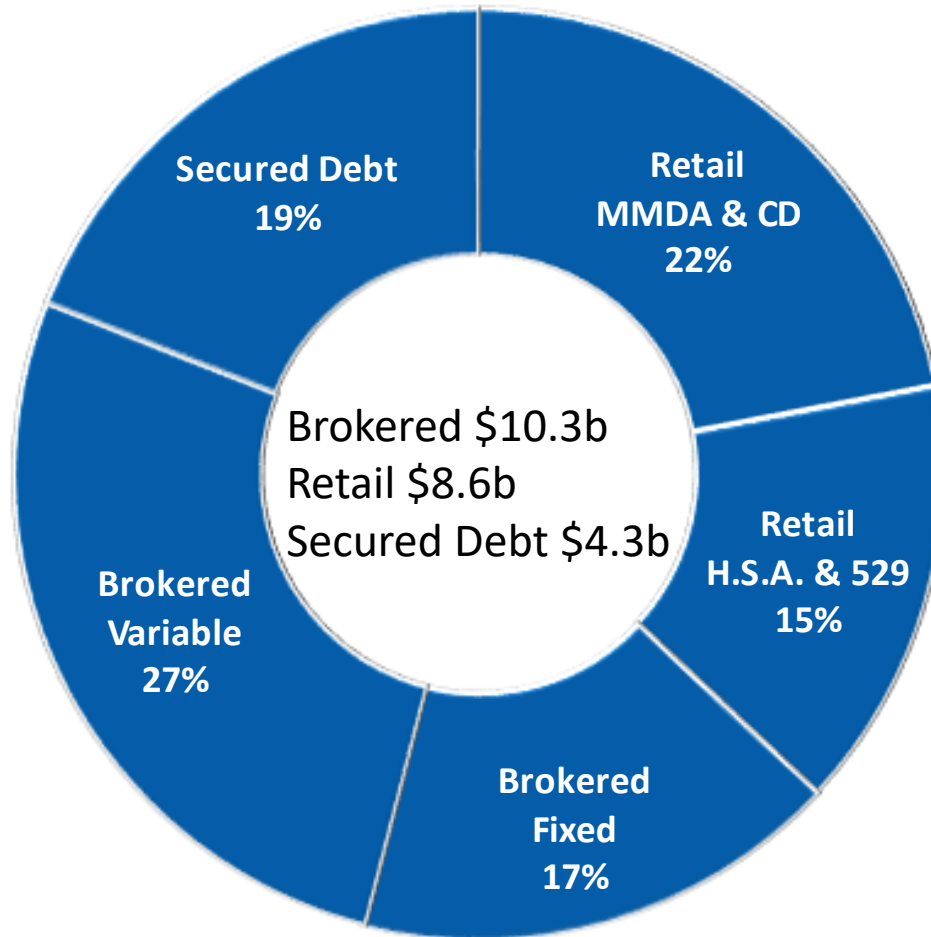


High Quality Portfolio Growth

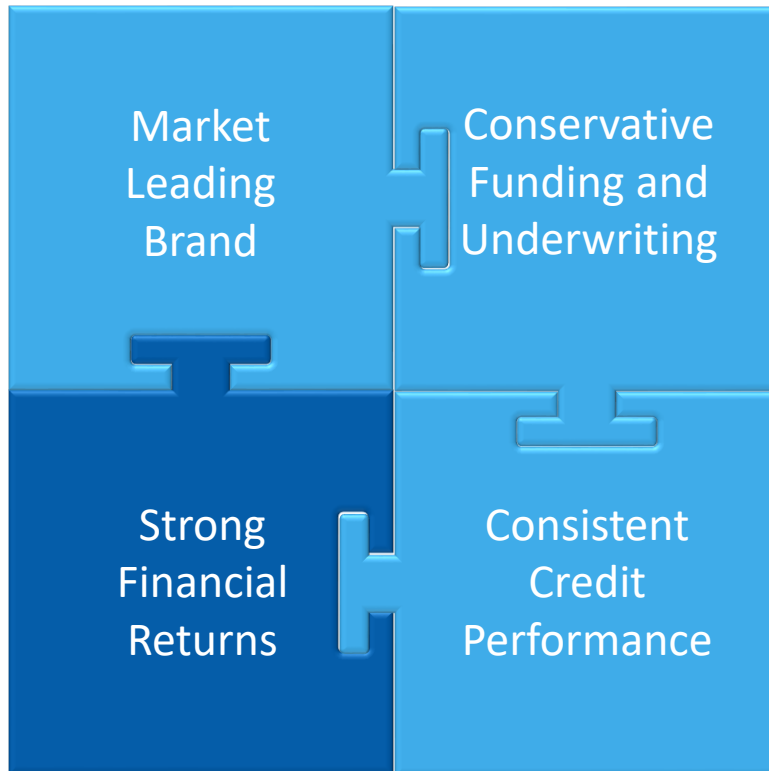


- 78% of Private Education Loan Originations have FICO scores > 700⁷
- 52% of Private Education Loan Borrowers make payments while in school
- 68% of Private Education Loans are variable-rate, 32% fixed-rate

Conservative funding optimizes net interest margin

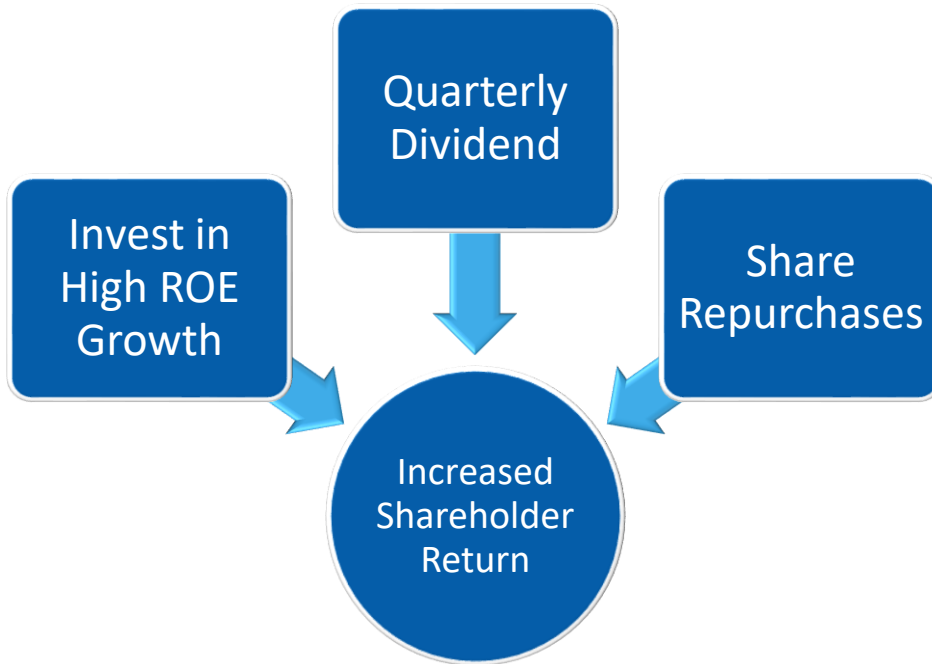


Strong financial results translate to predictable returns to shareholders



- Consistent earnings per share growth
- High return on equity
- Stable net interest margin
- Introducing capital return programs

Clear Capital Priorities



Invest in High ROE Growth

Continue to focus on high-quality Private Education Loan originations, including deeper penetration of the graduate school market

Testing Personal Loan market

Offer credit cards to our high-quality customer base

Quarterly Dividend

Established a quarterly dividend in 2019
~1.2% yield

Share Repurchase

Stock buyback authorization of \$200 million

CECL Update

- The Financial Accounting Standards Board’s (FASB) Current Expected Credit Loss impairment standard will require “life of loan” estimates of losses to be recorded at origination and is set to take effect in January 2020.
- There will be an initial build of the loan loss allowance that will be booked through retained earnings on a tax adjusted basis.
- After the initial build, additional reserves will be built as loans are originated.
- Regulators have indicated there will be no capital relief or changes to what capital levels are classified “Well Capitalized”

Initial estimates of fully phased-in CECL (includes impact of expected common dividends and share repurchases):

	December 31, 2020 Current Estimate	
	Without CECL	Day 1 CECL
Total Reserve	1.9%	7.2%
Tier 1 Risk Based Capital	12.4%	11.4%
(GAAP Equity + Total Reserve)/Risk Weighted Assets	14.1%	15.3%

- Regulators have proposed that CECL reserves will be phased in over a three-year period.
- Sallie Mae capital ratios will exceed “Well Capitalized” after implementation of CECL.

Guidance

2019 Targets

Diluted “Core Earnings” Per Share: \$1.22 - \$1.26

Private Education Loan Originations: \$5.7 billion

Non-GAAP Efficiency Ratio: 35-36%¹¹

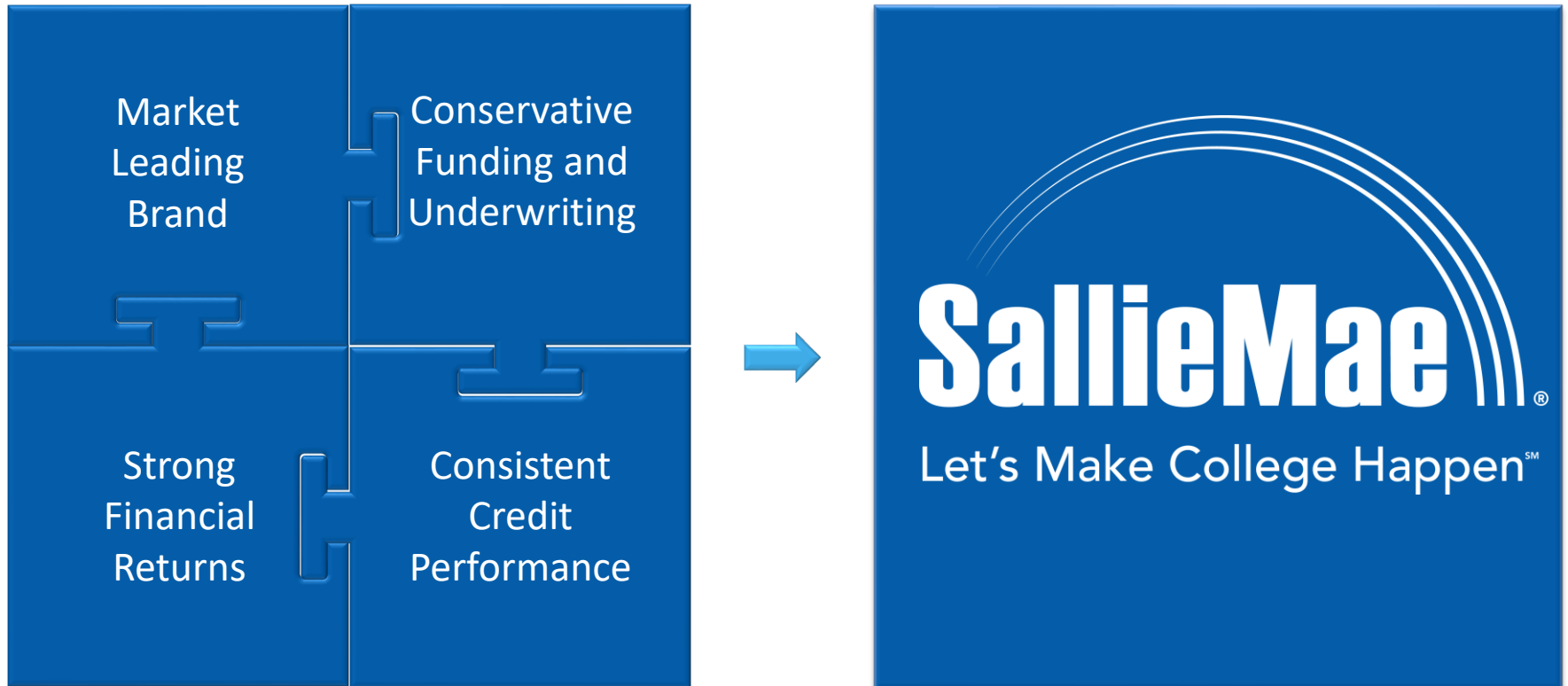
Long-Term Targets

Prudently grow balance sheet without sacrificing quality

Continue to leverage operating platform and limit operating expense growth

Create long-term value to shareholders with predictable shareholder returns

Sallie Mae Opportunity: Creating Value while Growing



Important Information Regarding Historical Loan Performance Data

On April 30, 2014 (the "Spin-Off Date"), the former SLM Corporation legally separated (the "Spin-Off") into two distinct publicly-traded entities: an education loan management, servicing and asset recovery business called Navient Corporation ("Navient"), and a consumer banking business called SLM Corporation. SLM Corporation's primary operating subsidiary is Sallie Mae Bank. We sometimes refer to SLM Corporation, together with its subsidiaries and its affiliates, during the period prior to the Spin-Off as "legacy SLM."

In connection with the Spin-Off, all private education loans owned by legacy SLM, other than those owned by its Sallie Mae Bank subsidiary as of the date of the Spin-Off, and all private education loan asset-backed securities ("ABS") trusts previously sponsored and administered by legacy SLM were transferred to Navient. As of the Spin-Off Date, Navient and its sponsored ABS trusts owned \$30.8 billion of legacy SLM's private education loan portfolio originated both prior to and since 2009. As of the Spin-Off Date, Sallie Mae Bank owned \$7.2 billion of private education loans, the vast majority of which were unencumbered Smart Option Student Loans originated since 2009.

Legacy SLM's Private Education Loan and ABS Programs Prior to the Spin-Off

In 1989, legacy SLM began making private education loans to graduate students. In 1996, legacy SLM expanded its private education loan offerings to undergraduate students. Between 2002 and 2007, legacy SLM issued \$18.6 billion of private education loan-backed ABS in 12 separate transactions.

In 2008, in response to the financial downturn, legacy SLM revised its private education loan underwriting criteria, tightened its forbearance and collections policies, ended direct-to-consumer disbursements, and ceased lending to students attending certain for-profit schools. Legacy SLM issued no private education loan ABS in 2008.

In 2009, legacy SLM introduced its Smart Option Student Loan product and began underwriting private education loans with a proprietary custom credit score. The custom credit score included income-based factors, which led to a significant increase in the percentage of loans requiring a co-signer, typically a parent. The initial loans originated under the Smart Option Student Loan program (the "Interest Only SOSLs") were variable rate loans and required interest payments by borrowers while in school, which reduced the amounts payable over the loans' lives and helped establish repayment habits among borrowers. In 2010, legacy SLM introduced a second option for its Smart Option Student Loan customers, which required a \$25 fixed monthly payment while borrowers were in school (the "Fixed Pay SOSLs"). In 2011, legacy SLM introduced another option for its Smart Option Student Loan customers, which allowed borrowers to defer interest and principal payments until after a student graduates or separates from school (the "Deferred SOSLs"). In 2012, legacy SLM introduced a fixed rate loan option for its Interest Only, Fixed Pay and Deferred SOSLs. Borrowers must select which of these options they prefer at the time of loan origination and are not permitted to change those options once selected.

In 2011, legacy SLM included private education loans originated under the Smart Option Student Loan program in its ABS pools for the first time. Between 2011 and 2014, the mix of Smart Option Student Loans included in legacy SLM's private education loan ABS steadily increased as a percentage of the collateral pools, from 10% initially to 64% in later transactions.

Sallie Mae Bank's Private Education Loan and ABS Programs Post-Spin-Off

Originations. Following the Spin-Off, Sallie Mae Bank continued to originate loans under the Smart Option Student Loan program. As of December 31, 2018, it owned \$20.5 billion of private education loans (gross), the vast majority of which were Smart Option Student Loans originated since 2009, and over 90% of which were originated between 2013 and 2018. Navient ceased originating private education loans following the Spin-Off.

Servicing. Immediately prior to the Spin-Off, Sallie Mae Bank assumed responsibility for collections of delinquent loans on the vast majority of its Smart Option Student Loan portfolio. Following the Spin-Off Date, Navient continued to service all private education loans owned by the two companies on its servicing platform until October 2014, when servicing for the vast majority of Sallie Mae Bank's private education loan portfolio was transitioned to Sallie Mae Bank. Sallie Mae Bank now services and is responsible for collecting the vast majority of the Smart Option Student Loans it owns.

Securitization and Sales. In August 2014, Sallie Mae Bank sponsored its first private education loan ABS, SMB Private Education Loan Trust 2014-A (the "SMB 2014-A transaction"). Because this transaction occurred prior to the transfer of loan servicing from Navient to Sallie Mae Bank, Sallie Mae Bank acted as master servicer for the transaction and Navient as subservicer, and the loan pool is serviced pursuant to Navient servicing policies. In April 2015 and October 2015, Sallie Mae Bank sponsored securitizations and residual sales, SMB Private Education Loan Trust 2015-A and SMB Private Education Loan Trust 2015-C, respectively. Sallie Mae Bank also sponsored on-balance sheet term securitizations as follows:

Date	Transaction	Date	Transaction	Date	Transaction
July 2015	SMB Private Education Loan Trust 2015-B	May 2016	SMB Private Education Loan Trust 2016-A	February 2017	SMB Private Education Loan Trust 2017-A
July 2016	SMB Private Education Loan Trust 2016-B	October 2016	SMB Private Education Loan Trust 2016-C	November 2017	SMB Private Education Loan Trust 2017-B
March 2018	SMB Private Education Loan Trust 2018-A	June 2018	SMB Private Education Loan Trust 2018-B	September 2018	SMB Private Education Loan Trust 2018-C

Sallie Mae Bank services the loans in all of the securitizations it has sponsored following the SMB 2014-A transaction.

Additional Information. Prior to the Spin-Off, all Smart Option Student Loans were originated and initially held by Sallie Mae Bank, as a subsidiary of legacy SLM. Sallie Mae Bank typically then sold certain of the performing Smart Option Student Loans to an affiliate of legacy SLM for securitization. Additionally, on a monthly basis Sallie Mae Bank sold all loans that were over 90 days past due, in forbearance, restructured or involved in a bankruptcy to an affiliate of legacy SLM. As a result of this second practice, prior to the occurrence of the Spin-Off, historical performance data for Sallie Mae Bank's Smart Option Student Loan portfolio reflected minimal later stage delinquencies, forbearance or charge-offs.

Legacy SLM collected Smart Option Student Loans pursuant to policies that required loans be charged off after 212 days of delinquency. In April 2014, Sallie Mae Bank began collecting the vast majority of its Smart Option Student Loans pursuant to policies that required loans be charged off after 120 days of delinquency, in accordance with bank regulatory guidance. For the reasons described above, much of Sallie Mae Bank's historical performance data does not reflect current collections and charge off practices and may not be indicative of the future performance of the Bank's Smart Option Student Loans.

Important Information Regarding Historical Loan Performance Data (cont.)

Types of Smart Option Loan Portfolio Data

The portfolio data we used in this report comes from two separate sources of information:

(1) Combined Smart Option Student Loan Portfolio Data for Legacy SLM, Navient and Sallie Mae Bank. Information in this category is presented on a combined basis for loans originated under the Smart Option Student Loan program, whether originated by Sallie Mae Bank when it was part of legacy SLM or by Sallie Mae Bank post Spin-Off, and regardless of whether the loan is currently held by an ABS trust, or held or serviced by Navient or Sallie Mae Bank. Data in this category is used in the tables under the following headings:

- "Cumulative Defaults by P&I Repayment Vintage and Years Since First P&I Repayment Period" – Only for 2010-2014 P&I Repayment Vintages

This combined Smart Option Student Loan portfolio data provides insight into gross defaults of the covered vintages of Smart Option Student Loans since 2010, regardless of ownership or servicing standard. Data available for earlier periods includes a limited number of Smart Option Student Loan product types.

Loans contained in the combined Smart Option Student Loan portfolio category were serviced by legacy SLM prior to the Spin-Off, and by either Navient or Sallie Mae Bank after the Spin-Off. As noted above, loans serviced by legacy SLM and Navient were serviced pursuant to different policies than those loans serviced by Sallie Mae Bank after the Spin-Off. Specifically, legacy SLM charged off loans after 212 days of delinquency, and Navient has continued this policy. Sallie Mae Bank currently charges off loans after 120 days of delinquency. All loans included in the combined Smart Option Student Loan portfolio that were serviced by legacy SLM prior to the Spin-Off were serviced pursuant to a 212-day charge off policy. Following the Spin-Off, a portion of the loans included in the combined Smart Option Student Loan portfolio data have been serviced by Navient pursuant to a 212-day charge off policy, and a portion have been serviced by Sallie Mae Bank pursuant to a 120-day charge off policy. As a result, future performance of loans serviced by Sallie Mae Bank may differ from the historical performance of loans reflected in this combined Smart Option Student Loan portfolio data.

(2) Smart Option Student Loan Portfolio Data for Sallie Mae Bank Serviced Loans. Information in this category is presented for loans originated under the Smart Option Student Loan program, whether originated by Sallie Mae Bank when it was part of legacy SLM or by Sallie Mae Bank post Spin-Off, and regardless of whether the loan is currently held by an ABS trust. All loans in this category are serviced by Sallie Mae Bank. Data in this category is used in the tables under the following headings:

- "Cumulative Defaults by P&I Repayment Vintage and Years Since First P&I Repayment Period" – Only for 2015 -2018 P&I Repayment Vintages

The Sallie Mae Bank Serviced portfolio data provides insight into gross defaults of the Smart Option Student Loans covered and serviced by Sallie Mae Bank since 2015, regardless of ownership. We believe historical loan performance data since 2015 is more representative of the expected performance of Smart Option Student Loans to be included in new Sallie Mae Bank trusts than data available for earlier periods.

Loans contained in the Smart Option Student Loan Portfolio Data for Sallie Mae Bank Serviced Loans category were serviced by legacy SLM prior to the Spin-Off, and by Sallie Mae Bank after the Spin-Off. Sallie Mae Bank currently charges off loans after 120 days of delinquency.

Any data or other information presented in the charts is for comparative purposes only, and is not to be deemed a part of any offering of securities.

A significant portion of the Smart Option Student Loan performance data described above is provided to Sallie Mae Bank by Navient under a data sharing agreement executed in connection with the Spin-Off. This data sharing agreement expires in 2019. Under the data sharing agreement, Navient makes no representations or warranties to Sallie Mae Bank concerning the accuracy and completeness of information that it provided. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

Smart Option Loan Program Cohort Default Curves

Terms and calculations used in the cohort default curves are defined below:

- ▶ **First P&I Repayment Period** – The month during which a borrower is first required to make a full principal and interest payment on a loan.
- ▶ **P&I Repayment Vintage** – The calendar year of a loan's First P&I Repayment Period.
- ▶ **Disbursed Principal Entering P&I Repayment** – The total amount of disbursed loan principal in a P&I Repayment Vintage, excluding any interest capitalization.
- ▶ **Reported Default Data** -
 - **For loans that default prior to their First P&I Repayment Period:** Loans defaulting prior to their First P&I Repayment Period are included in the P&I Repayment Vintage corresponding to the calendar year in which the default occurs, and are aggregated and reported in Year 0 of that P&I Repayment Vintage in the relevant charts and tables. For example: (a) if a loan's First P&I Repayment Period was scheduled for 2015, but the loan defaulted in 2014, the default amount is reflected in Year 0 of the 2014 P&I Repayment Vintage; and (b) if a loan's First P&I Repayment Period occurred in 2015, but the loan defaulted in 2015 before that First P&I Repayment Period, the default amount is reflected in Year 0 of the 2015 P&I Repayment Vintage.
 - **For loans that default after their First P&I Repayment Period:** Loans enter a particular annual P&I Repayment Vintage at different times during the P&I Repayment Vintage year. Default data is not reported for loans in a particular annual P&I Repayment Vintage until the First P&I Repayment Period has occurred for all loans in that annual P&I Repayment Vintage. Once reporting starts, data reflects defaults that occurred in a particular period through the number of months since December 31 of that annual P&I Repayment Vintage year. For example, in the relevant charts and tables included in this presentation as of December 31, 2018: (i) default data reported for loans in the 2017 P&I Repayment Vintage represents defaults occurring during the first 12 months after a loan's First P&I Repayment Period regardless of the month in 2017 during which the first full principal and interest payment for that loan became due; and (ii) default data for loans in the 2016 P&I Repayment Vintage represents defaults occurring during the first 24 months after a loan's First P&I Repayment Period regardless of the month in 2016 during which the first full principal and interest payment for that loan became due.
 - **For loans that pay off prior to their First P&I Repayment Period:** Loans paid off prior to their First P&I Repayment Period are included in the Disbursed Principal Entering P&I Repayment of the P&I Repayment Vintage corresponding to the calendar year in which the payoff occurs.
- ▶ **Periodic Defaults** – For any loan in a particular P&I Repayment Vintage, the defaulted principal and interest is reflected in the year corresponding to the number of years since the First P&I Repayment Period for that loan.
- ▶ **Cumulative Defaults** – At any time for a particular P&I Repayment Vintage, the cumulative sum of Periodic Defaults for that vintage.
 - Defaulted principal includes any interest capitalization that occurred prior to default
 - Defaulted principal is not reduced by any amounts recovered after the loan defaulted
 - Because the numerator includes capitalized interest while the denominator (i.e., Disbursed Principal Entering P&I Repayment) does not, default rates are higher than they would be if the numerator and denominator both included capitalized interest

Note: Historical trends suggested by the cohort default triangles may not be indicative of future performance. Legacy SLM and Navient serviced loans were serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank serviced loans were serviced pursuant to a 120 day charge-off policy.

Footnotes:

1. Source: MeasureOne CBA Report as of December 2017
2. U.S. Bureau of Labor Statistics, Current Population Survey
3. Source: Trends in Student Aid, © 2017 The College Board, www.collegeboard.org, U.S. Department of Education 2017
4. Source: U.S. Bureau of Labor Statistics- "More education: Lower unemployment, higher earnings" as of September 2018
5. Source: Trends in Student Aid, © 2017 The College Board, www.collegeboard.org, U.S. Department of Education 2017
6. Originations represent loans that were funded or acquired during the period presented.
7. Represents the higher credit score of the cosigner or the borrower.
8. For important information regarding historical performance data and an explanation of the data and calculations underlying this chart, see pages 20-22.
9. For 2010-2014 P&I repayment vintages only- Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.
10. For 2015- 2018 P&I repayment vintages only- Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust. Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.
11. We calculate and report our non-GAAP operating efficiency ratio as the ratio of (a) the total non-interest expense numerator to (b) the net revenue denominator (which consists of the sum of net interest income, before provision for credit losses, and non-interest income, excluding any gains and losses on sales of loans and securities, net and the net impact of derivative accounting as defined in the "Core Earnings' to GAAP Reconciliation" table on page 31 of the quarterly investor presentation). This ratio provides useful information to investors because it is a measure used by our management team to monitor our effectiveness in managing operating expenses. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from our ratio. Accordingly, our non-GAAP operating efficiency ratio may not be comparable to similar measures used by other companies.
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 difference between "Core Earnings" and GAAP net income is driven by mark-to-market unrealized gains and losses on derivative contracts recognized in GAAP, but not in "Core Earnings" results. See page 31 for a reconciliation of GAAP and "Core Earnings". Derivative Accounting: "Core Earnings" exclude periodic unrealized gains and losses caused by the mark-to-market valuations on derivatives that do not qualify for hedge accounting treatment under GAAP, but include current period accruals on the derivative instruments. For periods prior to July 1, 2018, "Core Earnings" also exclude the periodic unrealized gains and losses that are a result of ineffectiveness recognized related to effective hedges under GAAP, net of tax. Under GAAP, for our derivatives held to maturity, the cumulative net unrealized gain or loss over the life of the contract will equal \$0.
19. "Core Earnings" tax rate is based on the effective tax rate at the Bank where the derivative instruments are held.