SLM Corporation Earnings Presentation

Fourth Quarter 2022

February 2, 2023

Forward-Looking Statements and Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The following information is current as of February 1, 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 and full year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on February 1, 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, 2021 (filed with the SEC on Feb. 24, 2022) 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 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".

Q4 and Full Year 2022 Highlights

Revenue

- GAAP Net Loss attributable to common stock of $81 million in Q4 2022 driven by reserve build and mark-down of non-marketable equity security, compared to Net Income attributable to common stock of $305 million in Q4 2021.
- Full-year 2022 GAAP Net Income attributable to common stock of $460 million vs. $1.16 billion in 2021.
- Q4 2022 GAAP loss per common share of ($0.33) vs. diluted earnings of $1.04 in Q4 2021. Full-year 2022 GAAP diluted earnings per common share was $1.76, which is a 51% decrease from the $3.61 in 2021.
- Net Interest Margin for full-year 2022 increased 50 basis points, from 4.81% in 2021 to 5.31% in 2022.

Total Operating Expenses

- Total operating expenses of $138 million in Q4 2022, which is 10% higher than the year ago quarter.
- Total operating expenses for full-year 2022 were $551 million, which is 6% higher than full-year 2021.

Credit Performance

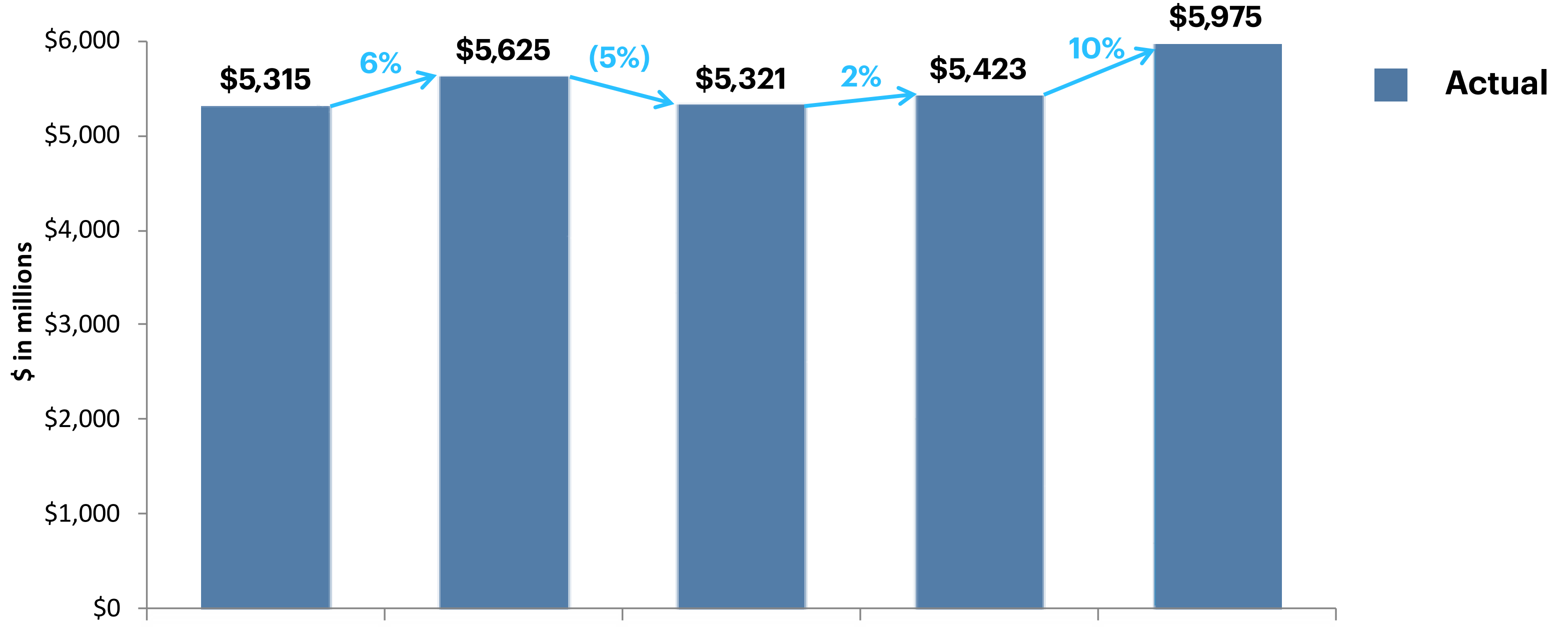
- Full-year 2022 net charge-offs for Private Education loans totaled $386 million.
- While we have seen improving performance in many of the transient factors discussed previously, we expect some of these impacts to persist into 2023 and 2024.

Private Education Loan Originations[8]

Strong Origination Season

Full-year 2022 originations at approximately $6 billion, 10% higher than the year-ago period and the highest over the previous 5-year period.

Underclassmen originations, typically with a higher lifetime value to the company, experienced a 15% increase from 2021.



	2018	2019	2020	2021	2022	Q4 2022	Q4 2021
% Cosigned	87%	87%	86%	86%	86%	82%	83%
% In School Payment	57%	58%	60%	59%	57%	58%	59%
Average FICO at Approval[10]	746	746	749	750	747	747	749

Capital Allocation & Return

Capital Return

- Paid common stock dividend of $0.11 per share in Q4 2022.
- Sallie Mae Bank remains well capitalized with 14.2% Total risk-based capital ratio and CET1 ratio of 12.9%.
- In the fourth quarter of 2022, we continued our capital return strategy by repurchasing 10 million shares at an average price of $16.25 per share.
- During full-year 2022, 40 million shares were repurchased, which is a 14% decrease in shares outstanding since the beginning of 2022.
- $581 million of capacity remaining under our 2022 Share Repurchase Program authorization at Jan. 31, 2023 (which expires in Jan. 2024).

Over the Last 2 Years, Sallie Mae Has Pursued a Simple Yet Powerful Strategy

Quarterly Financial Highlights[3]

	Q4 2022	Q3 2022	Q4 2021
Income Statement ($ Millions)			
Total interest income	$584	$520	$458
Total interest expense	202	150	91
Net Interest Income	381	370	367
Less: provisions for credit losses	297	208	(15)
Total non-interest income (loss)	(41)	95	153
Total non-interest expenses	140	152	125
Income tax expense (benefit)	(19)	30	104
Net Income (Loss)	(77)	75	306
Preferred stock dividends	3	2	1
Net income (loss) attributable to common stock	(81)	73	305
Non-GAAP "Core Earnings" adjustments to GAAP[(1)]	-	-	1
Non-GAAP "Core Earnings" net income (loss) attributable to common stock[(1)]	(81)	73	306
Ending Balances ($ Millions)			
Private Education Loans held for investment, net	$19,020	$18,981	$19,625
FFELP Loans held for investment, net	607	641	693
Credit Cards held for investment, net	-	-	23
Deposits	$21,448	$21,277	$20,828
Brokered	9,877	10,232	10,123
Retail and other	11,571	11,045	10,705

	Q4 2022	Q3 2022	Q4 2021
Key Performance Metrics			
Net Interest Margin	5.37%	5.27%	5.13%
Yield—Total Interest-earning assets	8.21%	7.42%	6.40%
Private Education Loans	10.12%	9.43%	8.31%
Credit Cards	7.54%	4.77%	4.12%
Cost of Funds	3.00%	2.27%	1.36%
Return on Assets ("ROA")[(4)]	(1.1%)	1.0%	4.2%
Non-GAAP "Core Earnings" ROA[(5)]	(1.1%)	1.0%	4.2%
Return on Common Equity ("ROCE")[(6)]	(18.8%)	16.7%	62.3%
Non-GAAP "Core Earnings" ROCE[(7)]	(18.8%)	16.7%	62.6%
Per Common Share			
GAAP diluted earnings (loss) per common share	($0.33)	$0.29	$1.04
Non-GAAP "Core Earnings" diluted earnings (loss) per common share[(1)]	($0.33)	$0.29	$1.05
Average common and common equivalent shares outstanding (millions)	245	254	293

Annual Financial Highlights[3]

	2022	2021
Income Statement ($ Millions)		
Total interest income	$2,032	$1,777
Total interest expense	543	382
Net Interest Income	**1,489**	**1,395**
Less: provisions for credit losses	633	(33)
Total non-interest income	335	632
Total non-interest expenses	559	520
Income tax expense	162	380
Net Income	469	1,161
Preferred stock dividends	9	5
Net income attributable to common stock	460	1,156
Non-GAAP "Core Earnings" adjustments to GAAP(1)	-	18
Non-GAAP "Core Earnings" net income attributable to common stock(1)	460	1,173
Ending Balances ($ Millions)		
Private Education Loans held for investment, net	$19,020	$19,625
FFELP Loans held for investment, net	607	693
Credit Cards held for investment, net	-	23
Deposits	$21,448	$20,828
Brokered	9,877	10,123
Retail and other	11,571	10,705

	2022	2021
Key Performance Metrics		
Net Interest Margin	5.31%	4.81%
Yield—Total Interest-earning assets	7.24%	6.13%
Private Education Loans	9.14%	8.25%
Credit Cards	5.10%	4.67%
Cost of Funds	2.05%	1.42%
Return on Assets ("ROA")(4)	1.6%	3.9%
Non-GAAP "Core Earnings" ROA(5)	1.6%	4.0%
Return on Common Equity ("ROCE")(6)	25.4%	53.9%
Non-GAAP "Core Earnings" ROCE(7)	25.4%	54.7%
Per Common Share		
GAAP diluted earnings per common share	$1.76	$3.61
Non-GAAP "Core Earnings" diluted earnings per common share(1)	$1.76	$3.67
Average common and common equivalent shares outstanding (millions)	262	320

Credit Performance[10, 11, 12, 14]

Private Education Loans Held for Investment	Quarters Ended					
	December 31, 2022		September 30, 2022		December 31, 2021	
($ Thousands)	Balance	%	Balance	%	Balance	%
Loans in repayment and percentage of each status:						
Loans current	$ 14,559,347	96.2%	$ 14,002,955	96.3%	$ 15,005,773	96.7%
Loans delinquent 30-59 days	287,308	1.9%	255,241	1.8%	308,559	2.0%
Loans delinquent 60-89 days	147,505	1.0%	151,812	1.0%	116,947	0.8%
Loans 90 days or greater past due	135,390	0.9%	136,548	0.9%	79,933	0.5%
Total private education loans in repayment	$ 15,129,550	100.0%	$ 14,546,556	100.0%	$ 15,511,212	100.0%
Loans delinquent 30+ days (as a percentage of loans in repayment)		3.8%		3.7%		3.3%
Loans in forbearance	$ 279,085		$ 201,047		$ 301,237	
Loans in forbearance as a % of loans in repayment and forbearance		1.8%		1.4%		1.9%
Allowance as a % of the ending loans in repayment and accrued interest to be capitalized on loans in repayment		8.8%		8.0%		7.3%
Net charge-offs as a % of average loans in repayment (annualized)		3.15%		2.67%		1.58%

Allowance for Credit Losses Q4 2022

Consolidated Statements of Income
Provisions for Credit Losses Reconciliation

($ Thousands)	Quarter Ended December 31, 2022
Private Education Loan provisions for credit losses:	
Provisions for loan losses	$ 238,875
Provisions for unfunded loan commitments	57,849
Total Private Education Loan provisions for credit losses	296,724
Other impacts to the provisions for credit losses:	
FFELP Loans	(130)
Credit Cards	666
Total	536
Provisions for credit losses reported in consolidated statements of income	$ 297,260

Factors affecting the Provision for Loan Losses 4th Quarter of 2022

- Increase to charge-off expectations over 2023 and into 2024 due to the persistence of operational issues, credit administration practices changes, and the potential for increased pressure on our borrowers from the current economic environment.
- Slower than expected prepayments.
- Adjustments to our estimates to allow for differences between modeled and actual results.

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 (loss) 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 13 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 (loss) 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 (loss) 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 (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.
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 (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.
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.

Non-GAAP "Core Earnings" to GAAP Reconciliation

($ Thousands except per share amounts)	Quarters Ended			Years Ended	
	Dec. 31, 2022	Sep. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Non-GAAP "Core Earnings" adjustments to GAAP:					
GAAP net income (loss)	($77,043)	$75,172	$306,265	$469,014	$1,160,513
Preferred stock dividends	$3,466	$2,531	$1,177	$9,029	$4,736
GAAP net income (loss) attributable to SLM Corporation common stock	**($80,509)**	**$72,641**	**$305,088**	**$459,985**	**$1,155,777**
Adjustments:					
Net impact of derivative accounting[1]	-	-	$1,833	$248	$23,216
Net tax expense[2]	-	-	$433	$60	$5,615
Total non-GAAP "Core Earnings" adjustments to GAAP	-	-	$1,390	$188	$17,601
Non-GAAP "Core Earnings" (loss) attributable to SLM Corporation common stock	**($80,509)**	**$72,641**	**$306,478**	**$460,173**	**$1,173,378**
GAAP diluted earnings (loss) per common share	($0.33)	$0.29	$1.04	$1.76	$3.61
Derivative adjustments, net of tax	-	-	$0.01	-	$0.06
Non-GAAP "Core Earnings" diluted earnings (loss) per common share	**($0.33)**	**$0.29**	**$1.05**	**$1.76**	**$3.67**