SLM Corporation Earnings Presentation Third Quarter 2019

October 24, 2019

Forward-Looking Statements and Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The following information is current as of October 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 ended September 30, 2019, the Form 10-Q for the quarter ended September 30, 2019 filed with the Securities and Exchange Commission ("SEC") on October 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, and also includes any estimates related to pending 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, 2018 (filed with the SEC on Feb. 28, 2019) 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, 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" 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.

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, 2019 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".

Highlights

Earnings

- Q3 2019 GAAP diluted earnings per common share increased 26% over Q3 2018

Assets

- Originated $2.2 billion in Private Education Loans in Q3 2019 (+6% vs. Q3 18)
- Private Education Loan Portfolio of $22.9 billion (+14% vs. Q3 2018)
- Originated $159 million in Personal Loans in Q3 2019

Capital

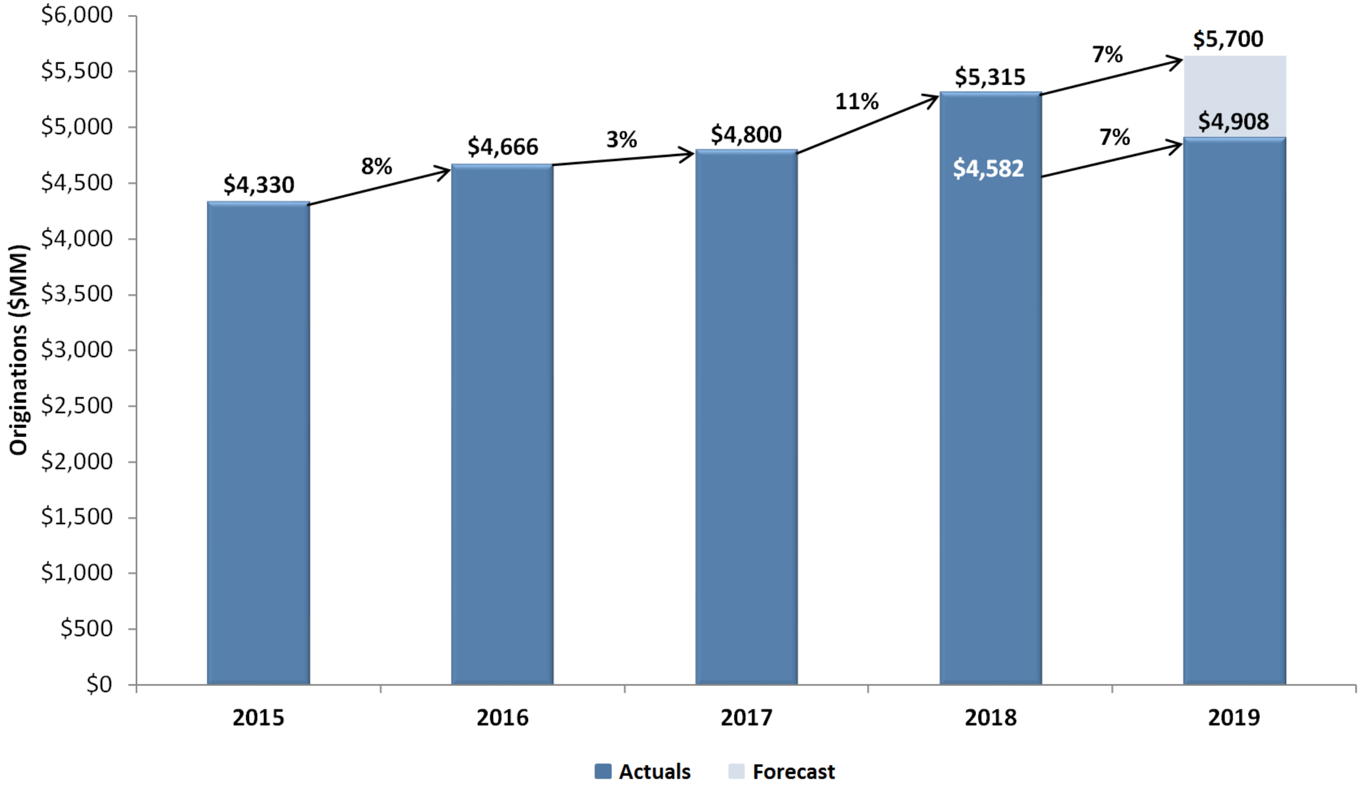
- Total Risk-Based Capital Ratio 12.8% at September 30, 2019
- Common Equity Tier 1 Risk-Based Capital 11.5% at September 30, 2019
- Paid common stock dividend of $0.03 per share in Q3 2019
- Repurchased $37 million in common stock under the share repurchase program at an average price of $8.45 in Q3 2019

Quarterly Financial Highlights[3]

	3Q 2019	2Q 2019	3Q 2018
Income Statement ($ millions)			
Total interest income	$590	$574	$498
Total interest expense	185	177	141
Net interest income	405	397	357
Less: provision for credit losses	99	93	70
Total non-interest income (loss)	17	19	(86)
Total non-interest expenses	154	139	151
Income tax expense	41	34	(54)
Net income	128	150	104
Preferred stock dividends	4	4	4
Net income attributable to common stock	124	146	100
"Core Earnings" adjustments to GAAP[1]	(2)	(14)	3
Non-GAAP "Core Earnings" net income attributable to common stock[1]	122	132	103
Ending Balances ($ millions)			
Private Education Loans, net	$22,856	$21,395	$20,031
FFELP, net	799	813	868
Personal Loans, net	1,062	1,061	1,080
Deposits	22,629	21,178	17,873
-Brokered	12,542	11,738	9,506
-Retail and other	10,086	9,440	8,367

	3Q 2019	2Q 2019	3Q 2018
Key Performance Metrics			
Net Interest Margin	5.55%	5.88%	6.00%
Yield- Total interest-earning assets	8.09%	8.50%	8.37%
-Private Education Loans	9.30%	9.39%	9.16%
-Personal Loans	12.16%	12.00%	11.03%
Cost of Funds	2.75%	2.84%	2.59%
Non-GAAP Operating Efficiency Ratio[4]	36.6%	34.9%	54.7%
Return on Assets ("ROA")[5]	1.7%	2.1%	1.7%
Non-GAAP "Core Earnings" ROA[6]	1.7%	1.9%	1.7%
Return on Common Equity ("ROCE")[7]	18.0%	21.8%	16.6%
Non-GAAP "Core Earnings" ROCE[8]	17.7%	19.8%	17.2%
Per Common Share			
GAAP diluted earnings per common share	$0.29	$0.34	$0.23
Non-GAAP "Core Earnings" diluted earnings per common share[1]	$0.29	$0.31	$0.23
Non-GAAP “Adjusted Core Earnings” diluted earnings per common share[14]	$0.34	$0.35	$0.29
Average common and common equivalent shares outstanding (million)	427	432	440

Private Student Loan Originations[9]



Originations Statistics	Q3 2019	Q3 2018
Originations($MM)	$2,245	$2,122
% Cosigned	88%	89%
% In School Payment	56%	56%
Average FICO at Approval[10]	747	747
YoY Origination Growth Rate	6%	

Credit Performance[11,12,13]

Private Education Loans

($ Thousands)	Quarters Ended September 30, 2019 Balance	%	June 30, 2019 Balance	%	September 30, 2018 Balance	%
Loans in repayment and percentage of each status:						
Loans current	$ 15,627,722	97.2%	$ 14,920,746	97.3%	$ 13,492,029	97.7%
Loans delinquent 31-60 days	263,331	1.6%	222,448	1.5%	198,987	1.4%
Loans delinquent 61-90 days	120,007	0.8%	123,473	0.8%	82,358	0.6%
Loans delinquent greater than 90 days	61,919	0.4%	65,584	0.4%	42,041	0.3%
Total private education loans in repayment	$ 16,072,979	100.0%	$ 15,332,251	100.0%	$ 13,815,415	100.0%
Loans delinquent 30+ days (as a % of loans in repayment)		2.8%		2.7%		2.3%
Loans in forbearance	$ 603,280		$ 574,015		$ 488,543	
Loans in forbearance as a % of loans in repayment and forbearance		3.6%		3.6%		3.4%
Allowance as a % of the ending loans in repayment		2.1%		2.0%		2.0%
Net charge-offs as a percentage of average loans in repayment (annualized)		1.27%		1.29%		0.88%

Personal Loans

($ Thousands)	September 30, 2019 Balance	%	June 30, 2019 Balance	%	September 30, 2018 Balance	%
Loans in repayment and percentage of each status:						
Loans current	$ 1,109,512	98.0%	$ 1,113,730	98.2%	$ 1,123,597	99.2%
Loans delinquent 31-60 days	6,341	0.6%	6,704	0.6%	4,321	0.4%
Loans delinquent 61-90 days	8,382	0.7%	7,393	0.6%	2,804	0.2%
Loans delinquent greater than 90 days	7,598	0.7%	6,810	0.6%	2,283	0.2%
Total personal loans in repayment	$ 1,131,833	100.0%	$ 1,134,637	100.0%	$ 1,133,005	100.0%
Loans delinquent 30+ days (as a % of loans in repayment)		2.0%		1.8%		0.8%
Allowance as a % of the ending loans in repayment		6.2%		6.6%		4.7%
Net charge-offs as a percentage of average loans in repayment (annualized)		6.42%		6.20%		2.03%

2019 Guidance

- Full-year Diluted Core EPS[1]: $1.23- $1.24
- 2019 Private Education Loan Originations: $5.7 billion
- Full-year Non-GAAP Operating Efficiency Ratio[4]: 35% - 36%

Footnotes

1. Derivative Accounting: we provide "Core Earnings" because it is one of several measures management uses to evaluate management performance and allocate corporate resources. "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. 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.

2. "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 "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 9 for a reconciliation of GAAP and "Core Earnings".

4. 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 9). 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 the way we calculate our ratio. Accordingly, our non-GAAP operating efficiency ratio may not be comparable to similar measures used by other companies.

5. 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.

6. We calculate and report our non-GAAP "Core Earnings" Return on Assets ("Core Earnings ROA") as the ratio of (a) "Core Earnings" net income numerator (annualized) to (b) the GAAP total average assets denominator.

7. 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.

8. We calculate and report our non-GAAP "Core Earnings" Return on Common Equity ("Core Earnings ROCE") as the ratio of (a) "Core Earnings" 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.

9. Originations represent loans that were funded or acquired during the period presented.

10. Represents the higher credit score of the cosigner or the borrower.

11. 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.

12. 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.

13. The period of delinquency is based on the number of days scheduled payments are contractually past due.

14. Upon the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("CECL"), on January 1, 2020, for all loans carried at amortized cost, upon loan origination we will be required to measure our allowance for losses based on our estimate of all current expected credit losses over the remaining contractual term of the assets. Upon the adoption of CECL, we plan to use a new non-GAAP measure ("Adjusted Core Earnings") to help investors better understand how we will internally view and measure our performance. Effective January 1, 2020, the definition of "Adjusted Core Earnings" for the period will be GAAP net income, net of the impact of the unrealized, mark-to-fair value gains (losses) on our derivatives, increased by the provision for credit losses recorded under the CECL framework, decreased by the net charge-offs recorded, and adjusted by the net tax impact of these adjustments. This non-GAAP metric will recognize all loan losses upon actual charge-off of those loans (when a loan reaches 120 days delinquent it is charged against the allowance for loan losses), rather than using current expected losses (as under CECL) or deemed probable losses (as under the current standard). See the "Adjusted Core Earnings" to GAAP Reconciliation on page 10 for a full reconciliation of GAAP and "Adjusted Core Earnings." The tables in the "Adjusted Core Earnings" to GAAP Reconciliation show how GAAP net income for the quarters ended September 30, 2019, June 30, 2019, and September 30, 2018 would compare to the non-GAAP "Adjusted Core Earnings" measure for those periods if we had been using that measure during those periods.

15. Derivative Accounting: "Adjusted Core Earnings" in this table 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. For periods prior to July 1, 2018, "Adjusted Core Earnings" in this table 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.

16. "Adjusted Core Earnings" tax rate is based on the effective tax rate at Sallie Mae Bank where the derivative instruments and loans are held.

"Core Earnings" to GAAP Reconciliation

(Dollars in thousands, except per share amounts)	Quarters Ended Sept 30, 2019	June 30, 2019	Sept 30, 2018
"Core Earnings" adjustments to GAAP:			
GAAP net income	$ 128,458	$ 150,277	$ 103,878
Preferred stock dividends	4,153	4,331	4,124
GAAP net income attributable to SLM Corporation common stock	$ 124,305	$ 145,946	$ 99,754
Adjustments:			
Net impact of derivative accounting[1]	(2,843)	(18,242)	4,561
Net tax expense (benefit)[2]	(695)	(4,458)	1,107
Total "Core Earnings" adjustments to GAAP	(2,148)	(13,784)	3,454
"Core Earnings" attributable to SLM Corporation common stock	$ 122,157	$ 132,162	$ 103,208
GAAP diluted earnings per common share	$ 0.29	$ 0.34	$ 0.23
Derivative adjustments, net of tax	-	(0.03)	-
"Core Earnings" diluted earnings per common share	$ 0.29	$ 0.31	$ 0.23

“Adjusted Core Earnings” to GAAP Reconciliation

(Dollars in thousands, except per share amounts)	Quarters Ended Sept 30, 2019	June 30, 2019	Sept 30, 2018
GAAP net income	$ 128,458	$ 150,277	$ 103,878
Preferred stock dividends	4,153	4,331	4,124
GAAP net income attributable to SLM Corporation common stock	$ 124,305	$ 145,946	$ 99,754
“Adjusted Core Earnings”[14] adjustments to GAAP:			
Net impact of derivative accounting[15]	(2,843)	(18,242)	4,561
Add: provisions for credit losses	99,526	93,375	70,047
Less: net charge-offs	(67,905)	(67,243)	(35,199)
Net tax expense[16]	7,034	1,927	9,571
Total adjustments to GAAP	21,744	5,963	29,838
“Adjusted Core Earnings" attributable to SLM Corporation common stock	$ 146,049	$ 151,909	$ 129,592
GAAP diluted earnings per common share	$ 0.29	$ 0.34	$ 0.23
Total adjustments, net of tax	0.05	0.01	0.06
“Adjusted Core Earnings” diluted earnings per common share	$ 0.34	$ 0.35	$ 0.29