

# **Investor Presentation**

## ***First Quarter 2022***



# Forward-Looking Statements and Disclaimer



## Cautionary Note Regarding Forward-Looking Statements

The following information is current as of January 26, 2022 (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, 2021, filed with the Securities and Exchange Commission (“SEC”) on January 26, 2022, 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 2022 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, 2020 (filed with the SEC on Feb. 25, 2021) and subsequent filings with the SEC; the societal, business, and legislative/regulatory impact of pandemics and other public health 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”.



# Sallie Mae is an Outstanding Franchise

Sallie Mae is the market-leading brand for private education loans driven by brand recognition, rigorous underwriting methodology and industry-leading customer service.



Top ranked and highly recognized brand



Industry leading and award-winning technologies



JD Power certification of customer service<sup>1</sup>



Well funded with sufficient liquidity, capital, and loan loss reserves



**2,300+**

actively managed university relationships across the U.S.



Largest salesforce in the industry



Appears on **98%** of preferred lender lists

**56%**

Market share of private education loan originations<sup>2</sup>

**54%**

Return on Common Equity\*

**8-10%**

Annual Private Education Loan Originations Growth Projected for 2022<sup>4</sup>

**86%**

Annual Cosigner Rate\*

**750**

Average FICO at Approval\*

**1.3%**

Annual Net Charge-offs\*

\* Full year 2021 Metrics





## Strengthening Economy

- Average unemployment rate for the over 25 year-old college graduate population improved to 2.2% in Q4 2021 from 2.8% in Q3 2021.<sup>25</sup>
- Expect spring semester demand to be largely unimpacted by recent uptick in COVID cases due to minor delays to the semester start dates and proactive preventative measures taken by schools.

## Strong Strategic Execution

- Earnings outperformance driven by core business revenue, non-interest expense management, loan sales, and strong credit performance.
- Loan Sale/Share Repurchase strategy has led to a 26% reduction in share count since Jan. 1, 2021 and a 35% reduction since the initiative began in January of 2020.

## Acquisition of Nitro College<sup>4,6</sup>

- Expected to create incremental growth opportunities and reduce cost to acquire in our core private student loan business and accelerate our strategic focus on maximizing the value of our brand and attractive customer base.

# 1.

**Maximize the profitability and growth of our core business**

## Revenue

- GAAP Net Income of \$306 million in Q4 2021, compared to \$433 million in Q4 2020. Full-year 2021 GAAP Net Income of \$1.16 billion vs. \$881 million in 2020.
- Originated \$5.4 billion in Private Education Loans in 2021 (2% increase vs. 2020) while enhancing market share.

## Total Operating Expenses

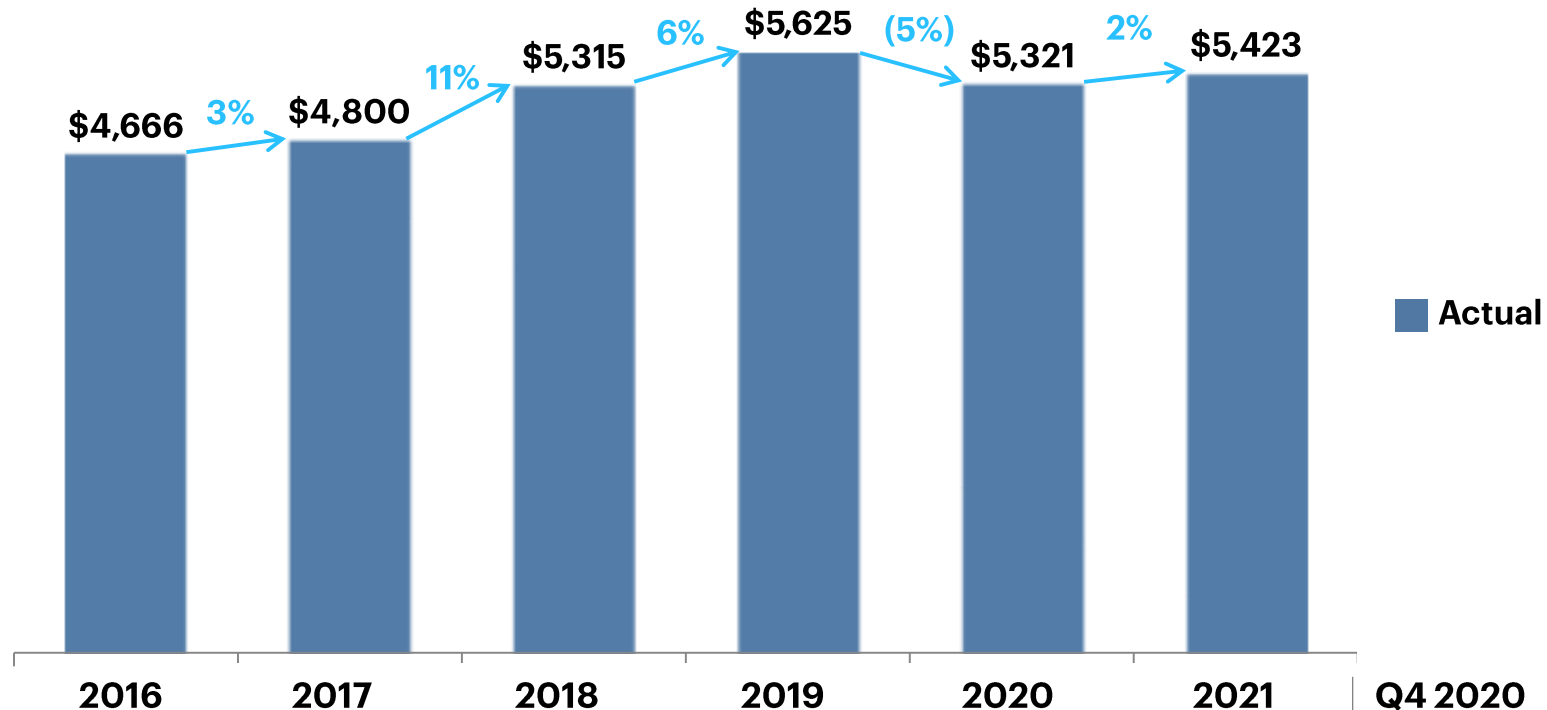
- Total operating expenses of \$125 million in Q4 2021, which is 3% higher than the \$122 million in Q4 2020. Total operating expenses in 2021 were \$519 million, which is 4% lower than the \$538 million in 2020.

## Earnings/Capital

- Q4 2021 GAAP diluted earnings per common share of \$1.04 vs. \$1.13 in Q4 2020. Full-year 2021 was \$3.61, which is a 60% increase over the \$2.25 in 2020.
- Paid common stock dividend of \$0.11 per share in Q4 2021.
- Repurchased 14 million shares of common stock in Q4 2021. During full-year 2021, 99 million shares were repurchased, which is a 26% decrease in shares outstanding since the beginning of 2021.
- The Company has been authorized to repurchase an additional \$1.25 billion in common stock under the 2022 Share Repurchase Program, which expires on Jan. 25, 2024. This is in addition to the \$26 million of capacity remaining under the 2021 Share Repurchase Program at Jan. 25, 2022.

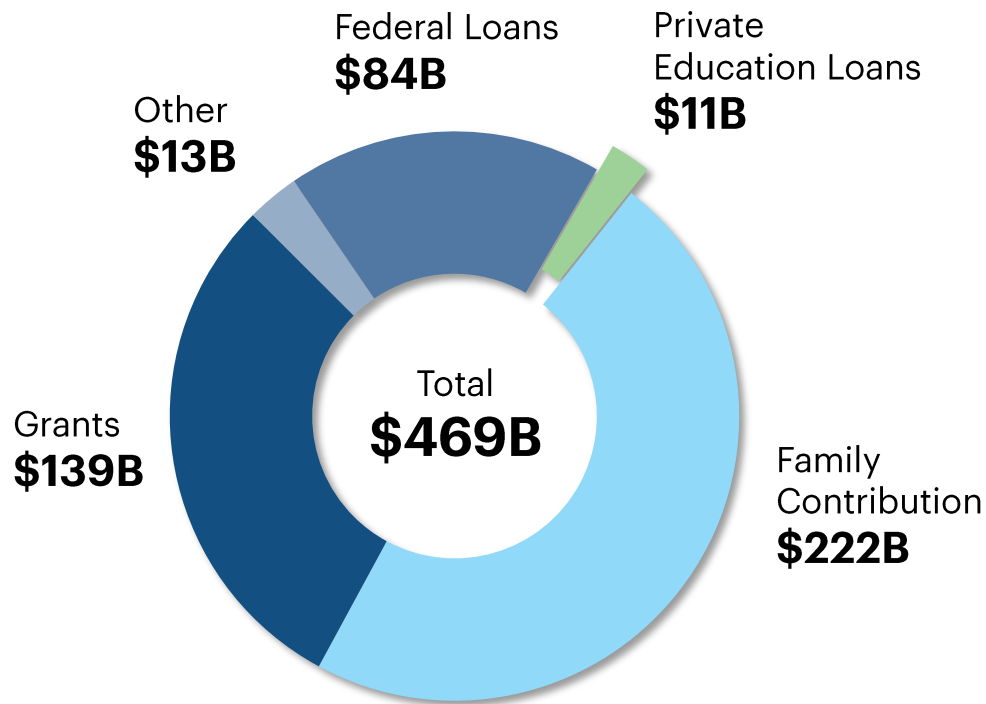
# Private Education Loan Originations<sup>23</sup>

**Sallie Mae Annual Originations (\$ millions)**



	2016	2017	2018	2019	2020	2021	Q4 2020	Q4 2021
% Cosigned	89%	88%	87%	87%	86%	86%	83%	83%
% In School Payment	55%	54%	57%	58%	60%	59%	62%	59%
Avg FICO at Approval <sup>10</sup>	748	747	746	746	749	750	751	749

# Higher Education Value Proposition Remains Attractive<sup>5</sup>



Higher Education Spend\*  
(Academic Year 2020-2021)

## Expanding Addressable Market

- Private Education Loans represent 2-3% of the overall spend in higher education annually.
- Total spend on higher education grows ~2% annually, while Private Education Loans grew 5-7% annually (pre-pandemic), primarily due to increases in cost of attendance.

## Strong Strategic Execution

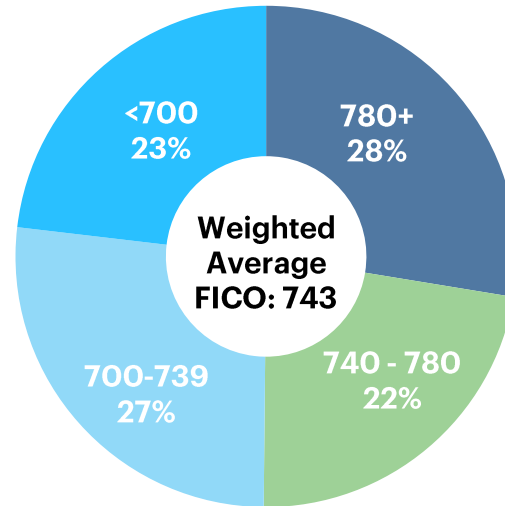
- Over the past 8 years, the 25-29 year old population with a Bachelors Degree or higher has increased 0.8% per year.<sup>26</sup>
- 55% of students graduated with student loans in AY 2019-2020<sup>24</sup>
- Of the 55% of bachelor's degree recipients that graduated with student loans, the average debt amount was \$28,400.<sup>24</sup>

## Higher Education is Valuable

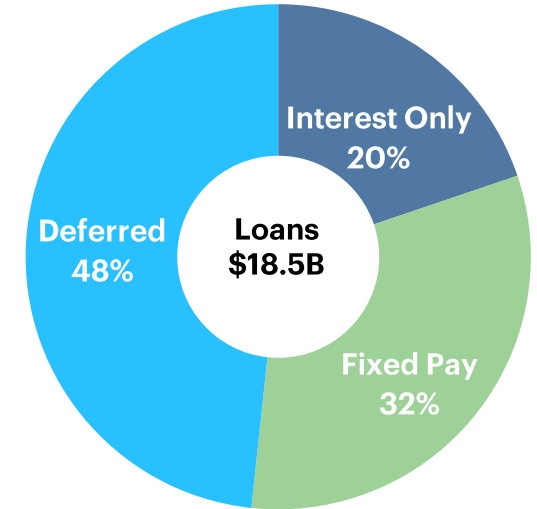
- The median income of recent college graduates was \$52,000 in 2021, 73% higher than the median income of people with high school diploma only.<sup>27</sup>

# High Quality Private Education Loan Portfolio

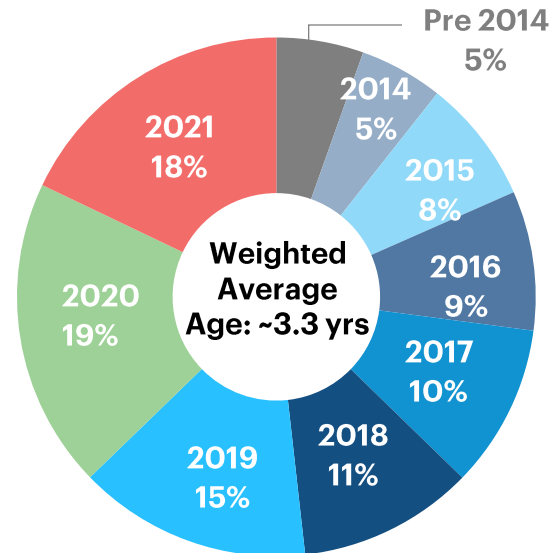
## Customer FICO at Original Approval



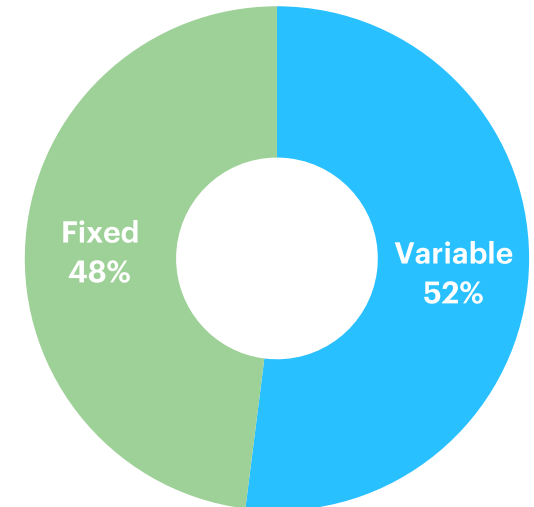
## Smart Option Payment Type



## Portfolio by Originations Vintage

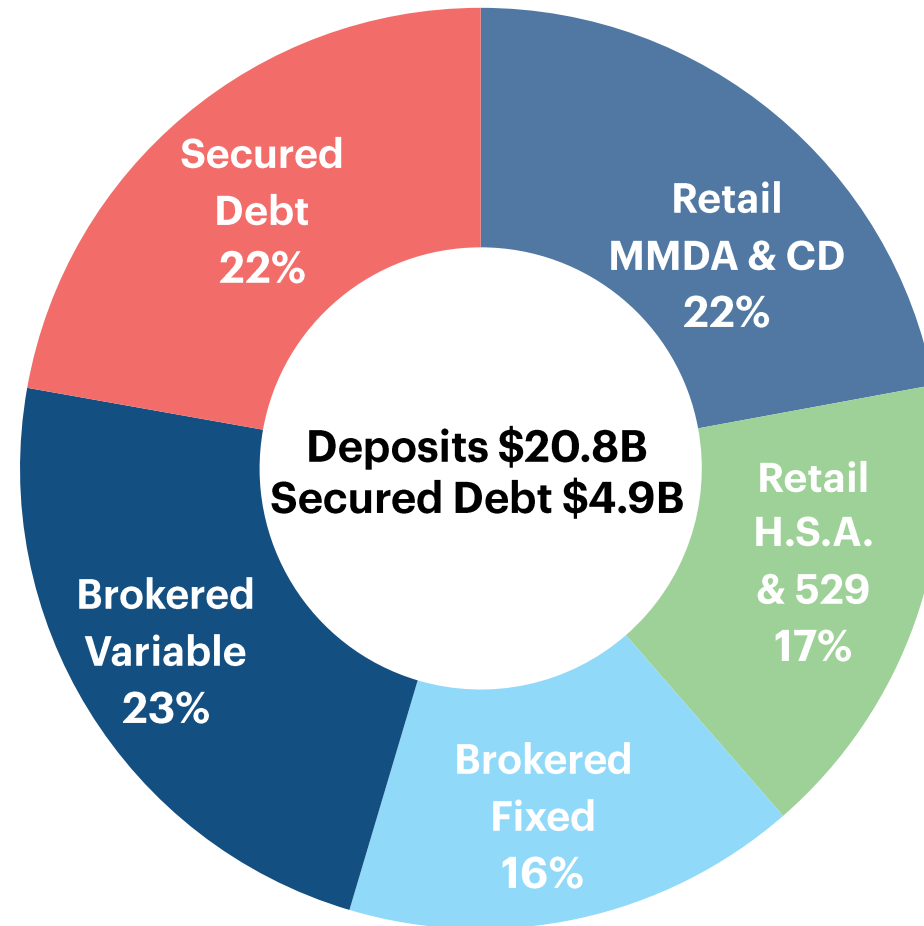


## Portfolio Interest Rate Type








# Conservative Funding Optimizes Net Interest Margin



# Simple But Powerful Investment Thesis

 <b>Attractive Earnings Profile</b>	<ul style="list-style-type: none"><li>• Consistent earnings expansion is driven by top line growth and efficiency</li><li>• Sallie Mae is the leader in the private education loan market that is growing 6+% a year</li></ul>
 <b>Manageable Risk</b>	<ul style="list-style-type: none"><li>• Well-proven and disciplined underwriting model leveraging data and experience through the last recession</li><li>• Despite headlines on student lending and federal student loan performance, we are well equipped to manage the perceived political risk to our business</li></ul>
 <b>Disciplined Capital Allocation</b>	<ul style="list-style-type: none"><li>• Core loan product generates very attractive ROEs</li><li>• Utilizing a hybrid hold/sell model to create capital that can be used to buy back undervalued stock</li></ul>

# Clear Strategy to Prove this 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



# Maximize the Profitability and Growth of the Core Business



## Maximize Revenue

Drive penetration at all schools

Increase market share by fully meeting student funding needs

Enhanced risk-adjusted pricing and underwriting

Improved marketing, digital, and data capabilities



## Manage Unit Costs

Strong fixed cost discipline

Efficiency effectiveness across all areas

Improved third-party vendor cost management



# Optimize the Value of the Brand and Attractive Client Base

**2M**

Borrowers and cosigners

**91%**

Customers complete their program<sup>7</sup>

Graduates who benefit from the investment<sup>7</sup>

**\$52,600**

Average annual compensation

**31%**

Own a home

**~698**

Self-reported FICO score



We know our customers' finances, payment patterns and indebtedness

We have the relationships and knowledge to assist our customers with their next step: post-graduation plans, jobs, future financial needs

We are there for our customers during and after their important transition to adulthood



## What We Do

Build products and services that leverage our customer affiliation

Ensure products and services are consistent with our core mission and drive customer value

Prioritize partnerships and other capital efficient avenues of growth

Look for opportunities to optimize ROI





# Changing the Narrative

In the current environment, there have been three main areas of focus from third parties that include free college, debt forgiveness and bankruptcy reform. We expect our business to perform well even under leading reform proposals.<sup>4</sup>

## Free College

- Benefits of subsidizing college tuition for those who would otherwise not be able to attend
- Promotes social equity, equality of opportunity and economic mobility
- State-wide programs exist in 19 states, and 18 additional states have county, municipal or school specific free college programs
- In the first year of the New York program, our originations in the SUNY system declined 3% and have grown every year since then

## Debt Forgiveness

Forgiving all federal student loans will cost \$1.5 trillion, likely too high a cost for the policy to succeed. A need-based approach may be more responsible and achievable.

## Bankruptcy Reform

Sallie Mae has long been supportive of prospectively allowing the discharge of student loan debt in bankruptcy, provided there is a period of post-graduation payments to prevent incentivizing bankruptcy simply to avoid student loan repayments after graduation.



# Maintain Rigorous Capital Allocation and Return Program

## Invest in High ROE Growth

- Continue to focus on high-quality Private Education Loan originations, including deeper penetration of graduate school market
- Build other sources of revenue and capital in expense-efficient ways

## Embracing a Hybrid Hold / Sell Loan Model

- Expect to sell assets to optimize growth in required capital
- The expected result is a balance sheet that will remain relatively flat despite loan sales
- \$4B in Private Education Loan sales completed in 2021, which will enable additional return of excess capital to shareholders

## Share Repurchase

- Since January 1, 2020, we have repurchased 35% of common shares outstanding at that time.
- During 2021, 99 million common shares have been repurchased, which is a 26% decrease in shares outstanding since the beginning of 2021.
- The company has been authorized to repurchase an additional \$1.25 billion in common stock under the 2022 Share Repurchase Program, which expires on Jan. 25, 2024. This is in addition to the \$26 million of capacity remaining under the 2021 Share Repurchase Program at Jan 25, 2022.

## Quarterly Common Stock Dividend

- Paid \$0.11 quarterly common stock dividend on Dec. 15, 2021
- Expect to continue to pay dividend, subject to Board approval<sup>8</sup>

# Diverse Student Loan Portfolio Driving Increased Shareholder Value



**Medical**



**Health Professions**



**Dental**



**General Studies**



**MBA**



**Undergraduate**



**Law**

- Products designed to meet the needs of all students
- Developing unique and innovative products to diversify portfolio

	Undergraduate	Graduate
<b>RATE TYPE</b>	Variable & Fixed	Variable & Fixed
<b>INTEREST RATE RANGES</b>	Variable: SOFR + 1.250% - SOFR + 12.125% Fixed: 3.75% - 13.625%	Variable: SOFR + 2.250% - SOFR + 11.875% Fixed: 5.000% - 12.500%
<b>REPAYMENT OPTION</b>	Deferred, Interest Only & Fixed Repayment	Deferred, Interest Only & Fixed Repayment
<b>REPAYMENT TERM</b>	10-15 years	20 years for Medical and Dental 15 years for Remaining Disciplines
<b>GRACE PERIOD</b>	6 months	6-36 months
<b>INTERNSHIP / RESIDENCY DEFERMENT</b>	Up to 60 months	Up to 48 months
<b>FEATURES</b>	ACH discount   FICO Score   Cosigner Release   GRP   Study Starter   Student Death & Disability Release	ACH discount   FICO Score   Cosigner Release   GRP   Student Death & Disability Release

As of 2/9/22

# Sallie Mae is an ESG Company

## Serving our Customers



- Financing assistance to 1.4 million families since 2014 to provide access to postsecondary education and opportunities for success
- Policies help to ensure that 97% of customers are effectively managing their payments
- Developed and promoted relief options – including postponing payments – for those customers impacted by COVID-19

## Providing Financial Education & Assistance



- Free Scholarship Search tool listing 6 million scholarships worth more than \$30 billion
- Committing \$4.5 million over 3 years to promote diversity in higher education and advance social justice
- In 2021, provided \$1.8 million in scholarships and charitable giving

## Committed to an Ethical & Diverse Workplace



- Board of Directors composition is 30% women, has been recognized by 50/50 Women On Boards as a company with a 3+ Board rating
- Appointed the first woman to serve as chair of Board of Directors in 2020
- Committed to best-in-class governance practices
- Employee population: 53% female; 38% self-identify as a minority
- A+ rating from the Better Business Bureau each year since 2015
- Hired Chief Diversity Officer in May 2021

## Building Strong Communities



- Since 2014, The Sallie Mae Fund has contributed more than \$6.6 million to address barriers to higher education and support our communities
- In 2021, our team members increased their volunteer time by 31%, delivering more than 1,100 hours of service and donated more than \$50,000 through the company's Mae-A-Difference 365 volunteer and matching gift program
- Sallie Mae Bank made nearly \$170 million in new investments to support low- and -moderate income housing and affordable housing projects in Utah.
- The Sallie Mae Fund, in partnership with Thurgood Marshall College Fund, awarded over 100 scholarships – totaling more than \$536,000 – to help minority and other marginalized students access and complete their postsecondary education, and help pay for graduate school

# ABS Supplement





# Sallie Mae's Smart Option Loan Product Overview

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



## The Smart Option loan program consists of:

### Smart Option Interest Only loans

Require full interest payments during in-school, grace, and deferment periods

### Smart Option Fixed Pay loans

Require \$25 fixed payments during in-school, grace, and deferment periods

### Smart Option Deferred loans

Do not require payments during in-school and grace periods

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

# Sallie Mae Bank ABS Summary<sup>28</sup>

	14-A	15-A	15-B	15-C	16-A	16-B	16-C	17-A	17-B	18-A	18-B	18-C	19-A	19-B	20-A	20-B	21-B	21-D	21-E
Issuance Date	8/7/2014	4/23/2015	7/30/2015	10/27/2015	5/26/2016	7/21/2016	10/12/2016	2/8/2017	11/8/2017	3/21/2018	6/20/2018	9/19/2018	3/13/2019	6/12/2019	2/12/2020	8/12/2020	5/19/2021	8/18/2021	11/9/2021
Total Bond Amount (\$mil)	\$382	\$704	\$714	\$701	\$551	\$657	\$674	\$772	\$676	\$670	\$687	\$544	\$453	\$657	\$636	\$707	\$531	\$527	\$534
Initial AAA Enhancement (%)	21%	23%	22%	23%	20%	19%	16%	17%	17%	18%	17%	16%	17%	15%	15%	18%	12%	13%	12%
Initial Class B Enhancement (%)	11%	13%	12%	14%	12%	12%	10%	11%	11%	11%	10%	10%	11%	8%	8%	12%	5%	6%	5%
Wtd Avg Spread over Benchmarks																			
'AAA' Rated A Classes (%)	+1.17%	+1.01%	+1.27%	+1.49%	+1.38%	+1.36%	+1.00%	+0.82%	+0.70%	+0.71%	+0.66%	+0.67%	+0.82%	+0.91%	+0.76%	+1.10%	+0.70%	+0.62%	+0.63%
A and B Classes Combined (%)	+1.39%	+1.28%	+1.50%	+1.74%	+1.60%	+1.55%	+1.15%	+0.93%	+0.80%	+0.78%	+0.76%	+0.77%	+0.92%	+1.01%	+0.88%	+1.30%	+0.77%	+0.69%	+0.69%
Loan Program (%)																			
Smart Option	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Status (%) <sup>(9)</sup>																			
School, Grace, Deferment	90%	79%	78%	73%	75%	74%	70%	65%	73%	69%	70%	69%	61%	69%	58%	56%	59%	58%	59%
P&I Repayment	9%	20%	21%	24%	23%	24%	28%	33%	26%	29%	27%	30%	36%	28%	40%	40%	38%	40%	40%
Forbearance	0%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%	2%	3%	5%	3%	2%	1%
Wtd Avg Term to Maturity (Mo.)	140	133	130	127	135	133	131	131	135	139	139	138	136	140	139	139	144	143	143
% Loans with CoSigner	93%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	93%	93%	92%	92%	92%	92%
Not For Profit (%)	89%	86%	87%	87%	87%	87%	89%	90%	91%	91%	91%	91%	91%	91%	90%	90%	90%	90%	90%
Wtd Avg FICO at Origination <sup>(10)</sup>	747	747	746	747	747	747	748	746	747	747	746	746	746	745	744	743	742	742	741
Wtd Avg Recent FICO at Issuance <sup>(10)</sup>	745	744	741	747	743	745	745	744	745	744	742	744	744	742	741	742	743	745	745
Wtd Avg FICO at Origination (Cosigner) <sup>(10)</sup>	750	750	749	750	750	750	750	748	749	748	748	748	748	747	745	745	744	744	743
Wtd Avg Recent FICO at Issuance (Cosigner) <sup>(10)</sup>	748	748	745	750	747	749	748	748	748	747	745	747	748	745	744	745	746	748	748
Wtd Avg FICO at Origination (Borrower)	708	714	715	714	719	719	721	720	723	724	724	724	724	724	721	722	721	721	720
Wtd Avg Recent FICO at Issuance (Borrower)	701	702	699	701	704	708	708	705	707	708	706	709	708	704	699	704	707	712	711
Variable Rate Loans (%)	85%	82%	82%	82%	82%	82%	80%	81%	80%	75%	72%	70%	67%	63%	58%	52%	50%	50%	50%
Wtd Avg Annual Borrower Interest Rate	7.82%	8.21%	8.21%	8.27%	8.22%	8.24%	8.26%	8.39%	8.94%	9.29%	9.58%	9.69%	10.05%	10.00%	9.45%	8.68%	8.64%	8.64%	8.68%

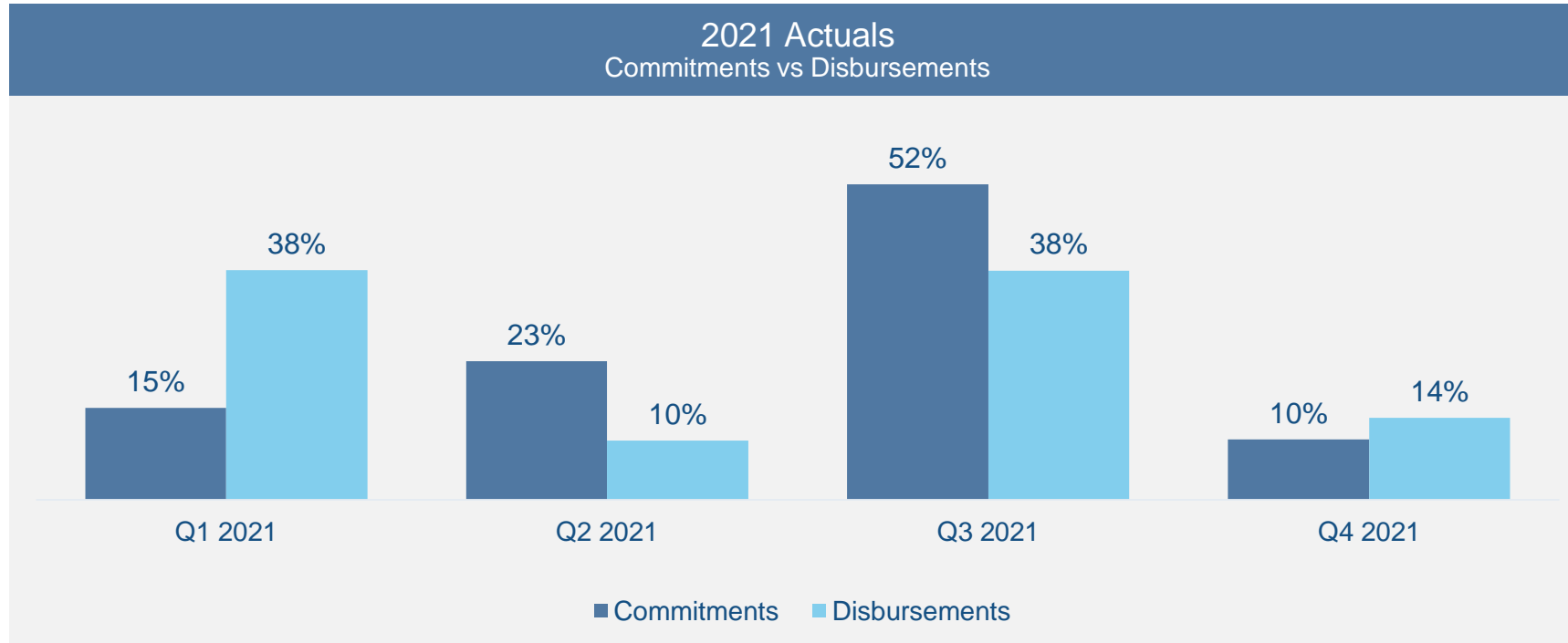
# Sallie Mae Bank ABS Structures

	SMB 2021-E					SMB 2021-D					SMB 2021-B				
SIZE	\$534.0MM					\$527.0MM					\$531.0MM				
PRICING DATE	November 2, 2021					August 10, 2021					May 11, 2021				
COLLATERAL	Smart Option Private Education Loans					Smart Option Private Education Loans					Smart Option Private Education Loans				
SERVICER	Sallie Mae Bank					Sallie Mae Bank					Sallie Mae Bank				
OVERCOLLATERALIZATION <sup>(11)</sup>	5%					6%					5%				
PRICING PREPAYMENT SPEED <sup>(12)</sup>	8%					8%					8%				
TRANCHE STRUCTURE AT ISSUANCE	CLASS	AMT (\$MM)	S&P	WAL	Pricing	CLASS	AMT (\$MM)	S&P	WAL	Pricing	CLASS	AMT (\$MM)	Mdys	WAL	Pricing
	A-1A	390.00	AAA	3.71	IntS + 63	A-1A	382.00	AAA	3.78	IntS + 63	A	491.00	Aaa	3.81	IntS + 70
	A-1B	104.00	AAA	3.71	1mL + 63	A-1B	105.00	AAA	3.78	1mL + 60	B	40.00	Aa2	9.71	IntS + 110
	B	40.00	AA	9.58	IntS + 95	B	40.00	AA	9.62	IntS + 100					
WA BORROWER INTEREST RATE	8.68%					8.64%					8.64%				
WA FICO AT ORIGATION <sup>(10)</sup>	741					742					742				
% LOANS WITH COSIGNER	92%					92%					92%				
% VARIABLE RATE LOANS	50%					50%					50%				

# Appendix



# Commitments vs Disbursements



## Provision for New Loans

- Directly impacted by the timing of Commitments and not Disbursements

## Additional Provision Impacts

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

## Unfunded Commitments

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



# CECL Update<sup>13</sup>

## **Adopted on January 1, 2020.**

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

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

- The company elected the option to delay for two years, and then phase in over the following three years, the effects on our regulatory capital of CECL relative to the incurred loss methodology.
- The regulatory capital impact of the Bank's transition adjustments recorded on January 1, 2020 from the adoption of CECL, and 25 percent of the ongoing impact of CECL on the Bank's allowance for credit losses, retained earnings, and average total consolidated assets, each as reported for regulatory capital purposes (collectively, the "adjusted transition amounts"), were deferred for the two-year period ending January 1, 2022.

**From January 1, 2022 to January 1, 2025, the adjusted transition amounts will be phased in for regulatory capital purposes at a rate of 25 percent per year, with the phased-in amounts included in regulatory capital at the beginning of each year.**

# Quarterly Financial Highlights<sup>14, 15</sup>



	Q4 2021	Q3 2021	Q4 2020
<b>Income Statement (\$ Millions)</b>			
Total interest income	\$458	\$448	\$480
Total interest expense	91	90	113
<b>Net Interest Income</b>	367	358	367
Less: provisions for credit losses	(15)	138	(316)
Total non-interest income	153	14	1
Total non-interest expenses	125	141	124
Income tax expense	104	19	127
<b>Net Income</b>	306	73	433
Preferred stock dividends	1	1	2
Net income attributable to common stock	305	72	431
Non-GAAP "Core Earnings" adjustments to GAAP <sup>(14)</sup>	1	3	9
Non-GAAP "Core Earnings" net income attributable to common stock <sup>(14)</sup>	306	74	440
<b>Ending Balances (\$ Millions)</b>			
Private Education Loans held for investment, net	\$19,625	\$20,562	\$18,437
FFELP Loans held for investment, net	693	703	735
Credit Cards held for investment, net	23	16	11
Deposits	\$20,828	\$20,891	\$22,666

	Q4 2021	Q3 2021	Q4 2020
<b>Key Performance Metrics</b>			
Net Interest Margin	5.13%	5.03%	4.82%
Yield—Total Interest-earning assets	6.40%	6.30%	6.30%
Private Education Loans	8.31%	8.26%	8.23%
Credit Cards	4.12%	6.95%	(3.53)%
Cost of Funds	1.36%	1.35%	1.60%
Return on Assets ("ROA") <sup>(16)</sup>	4.2%	1.0%	5.6%
Non-GAAP "Core Earnings" ROA <sup>(17)</sup>	4.2%	1.0%	5.7%
Return on Common Equity ("ROCE") <sup>(18)</sup>	62.3%	14.4%	87.3%
Non-GAAP "Core Earnings" ROCE <sup>(19)</sup>	62.6%	15.0%	89.0%
<b>Per Common Share</b>			
GAAP diluted earnings per common share	\$1.04	\$0.24	\$1.13
Non-GAAP "Core Earnings" diluted earnings per common share <sup>(14)</sup>	\$1.05	\$0.24	\$1.15
Average common and common equivalent shares outstanding (millions)	293	305	381

# Annual Financial Highlights<sup>14,15</sup>



	2021	2020
<b>Income Statement (\$ Millions)</b>		
Total interest income	\$1,777	\$2,022
Total interest expense	382	542
<b>Net Interest Income</b>	<b>1,395</b>	<b>1,480</b>
Less: provisions for credit losses	(33)	93
Total non-interest income	632	331
Total non-interest expenses	520	564
Income tax expense	380	273
<b>Net Income</b>	<b>1,161</b>	<b>881</b>
Preferred stock dividends	5	10
Net income attributable to common stock	1,156	871
Non-GAAP "Core Earnings" adjustments to GAAP <sup>(14)</sup>	18	(8)
Non-GAAP "Core Earnings" net income attributable to common stock <sup>(14)</sup>	1,173	863
<b>Ending Balances (\$ Millions)</b>		
Private Education Loans held for investment, net	\$19,625	\$18,437
FFELP Loans held for investment, net	693	735
Credit Cards held for investment, net	23	11
Deposits	\$20,828	\$22,666

	2021	2020
<b>Key Performance Metrics</b>		
Net Interest Margin	4.81%	4.81%
Yield—Total Interest-earning assets	6.13%	6.57%
Private Education Loans	8.25%	8.42%
Credit Cards	4.67%	(6.04)%
Cost of Funds	1.42%	1.90%
Return on Assets ("ROA") <sup>(16)</sup>	3.9%	2.8%
Non-GAAP "Core Earnings" ROA <sup>(17)</sup>	4.0%	2.8%
Return on Common Equity ("ROCE") <sup>(18)</sup>	53.9%	45.5%
Non-GAAP "Core Earnings" ROCE <sup>(19)</sup>	54.7%	45.1%
<b>Per Common Share</b>		
GAAP diluted earnings per common share	\$3.61	\$2.25
Non-GAAP "Core Earnings" diluted earnings per common share <sup>(14)</sup>	\$3.67	\$2.23
Average common and common equivalent shares outstanding (millions)	320	387

# Sallie Mae vs Federal Student Loans



		Sallie Mae	Federal Student Loan Program <sup>21</sup>	
Undergraduate	Loan Program	Smart Option Student Loan <sup>20</sup>	Federal Direct Loan (Subsidized & Unsubsidized)	Parent Plus
	Loan Limits	\$1,000 - Cost of Attendance  No Aggregate Limit	Yr 1 - \$5,500 (\$3,500 > subsidized) Yr 2 - \$6,500 (\$4,500 > subsidized) Yr 3+ - \$7,500 (\$5,500 > subsidized) \$31,000 Aggregate (\$23,000 > subsidized)	No Limit
	Interest Rates (as of 2/9/22)	Variable: S + 1.250% - S + 12.125% Fixed: 3.750% - 13.625%	3.73%	6.28%
	Origination Fees (as of 2/9/22)	0%	1.057%	4.228%
	Repayment Types	IO / Fixed Pay / Deferred	Deferred	Immediate P&I / Deferred
	Repayment Terms	10 - 15 Years	10 Years (extended repayment 20 or 25 years)	10 Years (extended repayment 20 or 25 years)
Graduate	Loan Program	Graduate Product Suite (MBA, Medical, Dental, Law, Health Professions, General Grad)	Federal Direct Loan (Unsubsidized Only)	Graduate Plus
	Loan Limits	\$1,000 - Cost of Attendance  No Aggregate Limit	\$20,500 Per Year \$138,500 Aggregate (\$65,500 > subsidized - including undergraduate subsidized loans)	No Limit
	Interest Rates (as of 2/9/22)	Variable: S + 2.250% - S + 11.875% Fixed: 5.000% - 12.500%	5.28%	6.28%
	Origination Fees (as of 2/9/22)	0%	1.057%	4.228%
	Repayment Types	IO / Fixed Pay / Deferred	Deferred	Deferred
	Repayment Terms	15 Years - MBA, HP, General Grad, Law 20 Years - Medical and Dental	10 Years (extended repayment 20 or 25 years)	10 Years (extended repayment 20 or 25 years)

# Non-GAAP “Core Earnings” to GAAP Reconciliation

(\$ Thousands except per share amounts)

## Non-GAAP “Core Earnings” adjustments to GAAP:

	Quarters Ended			Years Ended	
	Dec. 31, 2021	Sep.30, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
GAAP net income	\$306,265	\$72,840	\$432,700	\$1,160,513	\$880,690
Preferred stock dividends	\$1,177	\$1,166	\$1,734	\$4,736	\$9,734
<b>GAAP net income attributable to SLM Corporation common stock</b>	<b>\$305,088</b>	<b>\$71,674</b>	<b>\$430,966</b>	<b>\$1,155,777</b>	<b>\$870,956</b>
<b>Adjustments:</b>					
Net impact of derivative accounting <sup>(15)</sup>	\$1,833	\$3,571	\$11,447	\$23,216	\$(10,164)
Net tax expense (benefit) <sup>(22)</sup>	\$433	\$864	\$2,795	\$5,615	\$(2,481)
Total non-GAAP “Core Earnings” adjustments to GAAP	\$1,390	\$2,707	\$8,652	\$17,601	\$(7,683)
<b>Non-GAAP “Core Earnings” attributable to SLM Corporation common stock</b>	<b>\$306,478</b>	<b>\$74,381</b>	<b>\$439,618</b>	<b>\$1,173,378</b>	<b>\$863,273</b>
GAAP diluted earnings per common share	\$1.04	\$0.24	\$1.13	\$3.61	\$2.25
Derivative adjustments, net of tax	\$0.01	-	\$0.02	\$0.06	\$(0.02)
<b>Non-GAAP “Core Earnings” diluted earnings per common share</b>	<b>\$1.05</b>	<b>\$0.24</b>	<b>\$1.15</b>	<b>\$3.67</b>	<b>\$2.23</b>



# Footnotes

1. J.D. Power 2019 Certified Customer Service Program recognition is based on successful completion of an evaluation and exceeding a customer satisfaction benchmark through a survey of recent servicing interactions. For more information, visit [www.jdpower.com/ccs](http://www.jdpower.com/ccs).
2. Source: MeasureOne CBA Report as of April 2021.
3. Based on internal Company statistics.
4. The information on this page constitutes forward-looking statements. See page 2 of this Presentation for a cautionary note regarding forward-looking statements.
5. Source: Total post-secondary education spending is estimated by Sallie Mae determining the full-time equivalents for both graduates and undergraduates and multiplying by the estimated total per person cost of attendance for each school type. In doing so, we utilize information from the U.S. Department of Education, National Center for Education Statistics, Projections of Education Statistics to 2027 (NCES 2020, October 2020), The Integrated Postsecondary Education Data System (IPEDS), College Board -Trends in Student Aid 2021. © 2021 The College Board, [www.collegeboard.org](http://www.collegeboard.org), College Board -Trends in Student Aid 2021. © 2021 The College Board, [www.collegeboard.org](http://www.collegeboard.org), College Board -Trends in Student Pricing 2021. © 2021 The College Board, [www.collegeboard.org](http://www.collegeboard.org), National Student Clearinghouse - Term Enrollment Estimates, and Company analysis. 2019 Private Education Loan market assumptions use The College Board-Trends in Student Aid 2016 © 2016 trends and College Board-Trends in Student Aid 2021 © 2021 data. Other sources for these data points also exist publicly and may vary from our computed estimates. NCES, IPEDS, and College Board restate their data annually, which may cause previous reports to vary. We have also recalculated figures in our Company analysis to standardize all costs of attendance to dollars not adjusted for inflation. This has a minimal impact on historically-stated numbers.
6. On Jan. 26, 2022, the Company signed a definitive agreement with Epic Research LLC to purchase the assets primarily used or held for use by EPIC Research Education Services, LLC, which does business as Nitro College ("Nitro"). The transaction is subject to customary approvals and closing conditions and is expected to close in the first quarter of 2022. Terms of the purchase are not being disclosed, but the purchase price is not material to the Company.
7. Source: Sallie Mae sponsored research among repayment borrowers under age 35; December 2018 and March 2019; all data, except the % who completed their program, is based on borrowers who have earned at least a Bachelor's degree.; % who completed their program is the number of borrowers in repayment who self reported completion of their program.
8. The Company's expectation and ability to pay a quarterly cash dividend on its common stock in the future will be subject to the determination by, and discretion of, the Company's Board of Directors, and any determination by the Board will be based on an evaluation of the Company's earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks and uncertainties.
9. Smart Option loans considered in 'P&I Repayment' only if borrowers are subject to full principal and interest payments on the loan.
10. Represents the higher credit score of the cosigner or the borrower.
11. Overcollateralization for Class A & B bonds.
12. Estimated based on a variety of assumptions concerning loan repayment behavior. Actual prepayment rate may vary significantly from estimates.
13. The information on this page constitutes forward-looking statements. See page 2 of this Presentation for a cautionary note regarding forward-looking statements.
14. 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 28 for a reconciliation of GAAP and "Core Earnings".
15. 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. 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 "Core Earnings" are not defined terms within GAAP and may not be comparable to similarly tilted measures reported by other companies.
16. 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.
17. 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.
18. 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.
19. We calculate and report our non-GAAP "Core Earnings" Return on Common Equity ("Core Earnings ROCE") as the ratio of (a) "Core Earnings" net income 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.
20. Private education loans are typically non-dischargeable in bankruptcy, unless a borrower can prove that repayment of the loan imposes an "undue hardship".
21. Source: U.S. Department of Education, Office of Federal Student Aid, <https://studentaid.ed.gov/sa/types/loans>.
22. "Core Earnings" tax rate is based on the effective tax rate at Sallie Mae Bank where the derivative instruments are held.
23. Originations represent loans that were funded or acquired during the period presented.
24. Source: <https://research.collegeboard.org/trends/student-aid>
25. Quarterly Average: Source based on U.S. Bureau of Labor Statistics (BLS): Current Population Survey (CPS) as of December 2021. A-5. Employment status of the civilian noninstitutional population 25 years and over by educational attainment, seasonally adjusted.
26. Source: National Center for Education Statistics: [https://nces.ed.gov/programs/digest/d20/tables/dt20\\_104.20.asp?current=yes](https://nces.ed.gov/programs/digest/d20/tables/dt20_104.20.asp?current=yes)
27. Source: Federal Reserve Bank: [https://www.newyorkfed.org/research/college-labor-market/college-labor-market\\_wages.html](https://www.newyorkfed.org/research/college-labor-market/college-labor-market_wages.html)
28. Pool characteristics as of the Statistical Cutoff Date for the respective transaction.