



SALLIE MAE

ABS Vegas Investor Presentation

FEBRUARY 2015



Cautionary Note Regarding Forward-Looking Statements

The following information is current as of January 22, 2015 (unless otherwise noted) and should be read in connection with SLM Corporation's press release announcing its financial results for the quarter and year ended December 31, 2014, and the audited carve out financial statements filed on Form 8-K on May 6, 2014, and subsequent reports filed with the Securities and Exchange Commission (the "SEC"). Definitions for capitalized terms in this presentation not defined herein can be found in the 2013 Form 10-K (filed with the SEC on February 19, 2014).

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 or expectations and statements that assume or are dependent upon future events, are forward-looking statements. 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, 2013 (filed with the SEC on Feb. 19, 2014), the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, and the Company's Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2014; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; 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 is a party; credit risk associated with the Company's exposure to third parties, including counterparties to the Company's derivative transactions; and changes in the terms of student 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; failures of its operating systems or infrastructure, including those of third-party vendors; failure to implement the recently executed separation of the Company into two separate publicly traded companies, including failure to transition its origination and servicing operations as planned, increased costs in connection with being a stand-alone company, and failure to achieve the expected benefits of the separation; damage to its reputation; 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 its customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of its earning assets vs. its funding arrangements; and changes in general economic conditions. 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 release are qualified by these cautionary statements and are made only as of the date of this release. The Company does not undertake any obligation to update or revise these forward-looking statements to conform the statement to actual results or changes in its expectations.

In connection with the spin-off of Navient Corporation, the Company conformed its policy with that of Sallie Mae Bank to charge off loans after 120 days of delinquency. The Company also changed its loss confirmation period from two years to one year to reflect both the shorter charge-off policy and its related servicing practices. Prior to the spin-off, Sallie Mae Bank sold all loans past 90 days delinquent to an affiliate of what is now Navient Corporation. Post-spin-off, sales of delinquent loans to Navient Corporation have been significantly curtailed. Consequently, many of the pre-spin-off, historical credit indicators and period over-period trends are not comparable and may not be indicative of future performance.

The Company reports financial results on a GAAP basis and also provides certain 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. 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 "Key Financial Measures-Core Earnings" in the Company's Form 10-Q for the quarter ended September 30, 2014 for a further discussion, and the Company's press release announcing its financial results for the quarter and year ended December 31, 2014 for a complete reconciliation between GAAP net income and core earnings.



The Sallie Mae Brand



- ▶ #1 saving, planning and paying for education company with 40-years of leadership in the education lending market
- ▶ Top ranked brand: 6 out of 10 consumers of education finance recognize the Sallie Mae brand
- ▶ Industry leading market share in private education lending; 53% market share
- ▶ Over 2,400 actively managed university relationships across the U.S.
- ▶ Complementary consumer product offerings
- ▶ Over one million long-term engaged customers across the Sallie Mae brands



2014 Sallie Mae Highlights

- ▶ Completed legal separation from Navient on April 30, 2014
- ▶ Generated “Core Earnings” of \$195 million
- ▶ Originated \$4.1 billion of high quality Private Education Loans, 7% increase year-over-year
- ▶ Grew Private Education Loan portfolio by 27%
- ▶ Completed loan sales of \$1.6 billion at favorable rates
- ▶ Recently closed a \$750 million secured funding facility
- ▶ Won the Utah Educational Savings Plan 529 program ~\$1 billion in deposits
- ▶ Completed the roll out of independent servicing and customer support capabilities
- ▶ Regulatory Cease and Desist orders in place since 2008 were lifted

Sallie Mae Summary

- Leading private education loan franchise
- Conservative credit and funding
- Expanding consumer finance product suite

Strategic Overview

- Private Education Loan Originator - and Servicer
- Deposits -
- Upromise Rewards -
- Insurance Services -
- Credit Card -

Key Businesses

- 40+ years education market experience
- Relationships with over 2,400 schools
- 53% Private Market Share
- Largest salesforce in the industry

Competitive Advantage

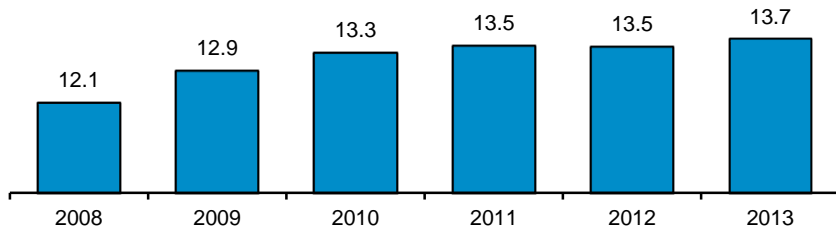
Balance Sheet

- (\$B as of 12/31/14)
- Assets 13.0 -
 - FFELP Loans 1.3 -
 - Private Loans 8.2 -
 - Deposits 10.5 -
 - Preferred Equity 0.6 -
 - Tangible Common Equity 1.3 -

Favorable Student Loan Market Trends

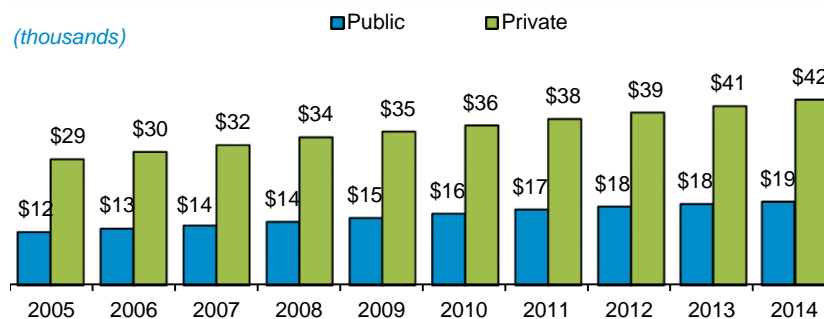
Enrollment at Four-Year Degree Granting Institutions¹

(millions)



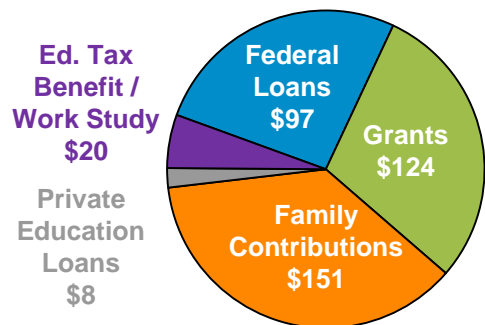
Annual Cost of Education²

(thousands)



Estimated Total Cost of Education – 2014 / 2015 AY³

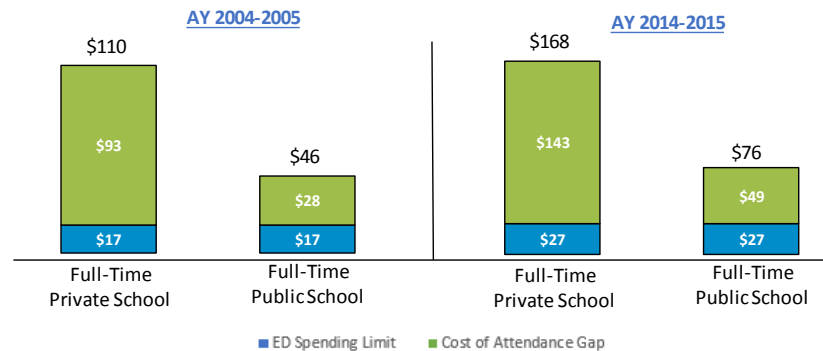
(billions)



Total Estimated Cost: \$402bn

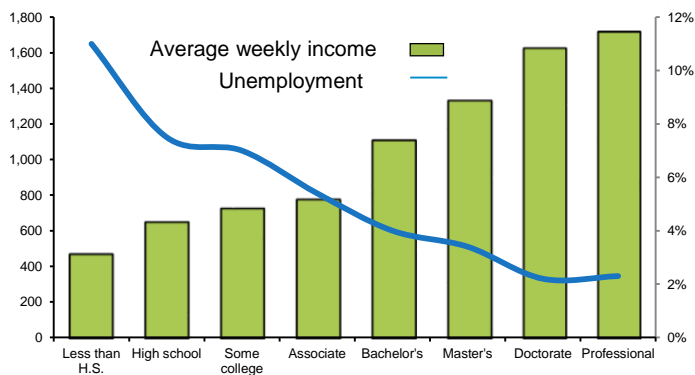
Cost of College (Based on a Four-Year Term)⁴

(thousands)

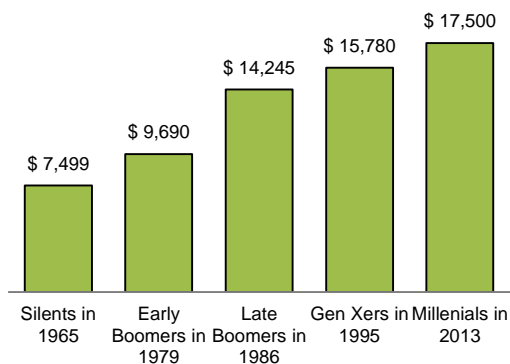


Higher Education Value Proposition

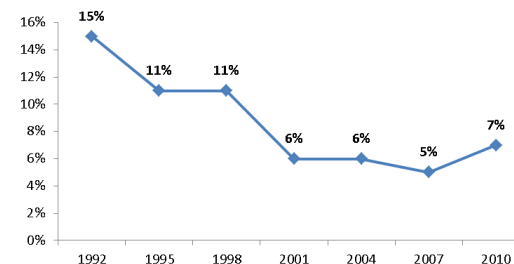
Relationship Between Higher Education, Income and Employment⁵



Widening Earnings Gap of Young Adults by Educational Attainment⁶



Payment to Income Ratio⁷



Key Statistics⁸

- ▶ The unemployment rate for 25- to 34-year-olds with four-year college degrees was 4.1%, whereas 11.2% of high school graduates in this age range were unemployed
- ▶ 60% of students graduate with student loans
- ▶ 69% of student loan borrowers have debt balances less than \$25,000 and 4% have balances above \$100,000 (average borrowings of \$27,300)
- ▶ The average payment-to-income ratio declined from 15% in 1992 to 7% in 2010



Smart Option Overview

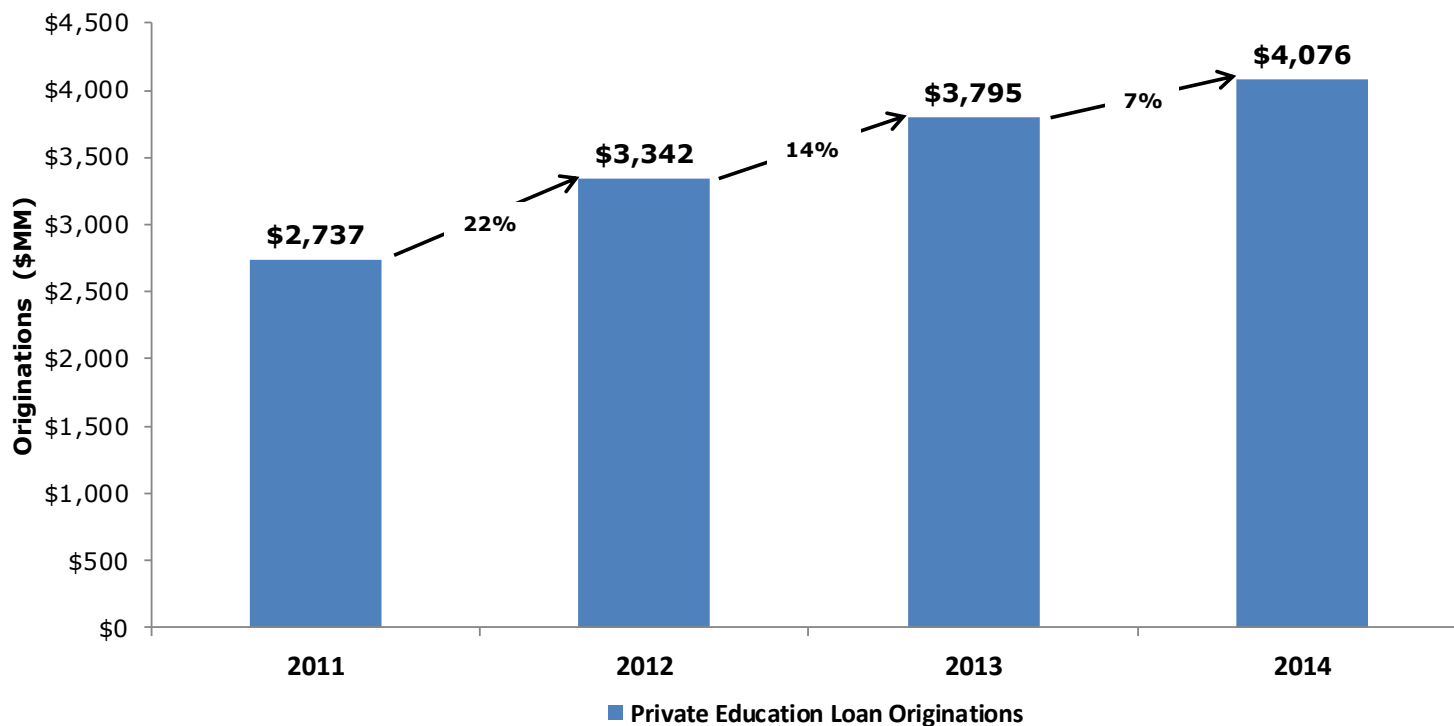
▶ **Product Features**

- Offers three repayment options while in school which includes Interest Only, \$25 Fixed Payment and Deferred Repayment
- Variable and Fixed Interest Rate Options
- All loans are certified by the school's financial aid office to ensure all proceeds are for educational expenses

▶ **Distribution Channels**

- Nationally recognized brand
- Largest national sales force in industry actively manages over 2,400 college relationships
- Represented on vast majority of college directed preferred lender lists
- Significant marketing experience to prospective customers through paid search, affiliates, display, direct mail and email
- Leverage low cost customer channels to contribute to significant serialization in following years
- Marketing and distribution through partnerships with banks, credit unions, resellers and membership organizations

High Quality Private Student Loan Originations Growth

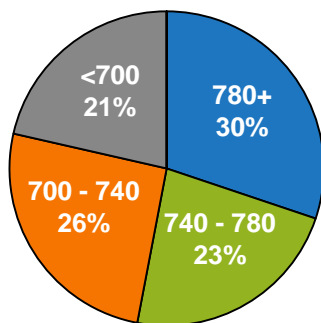


Originations Statistics (\$)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
% Cosigned	91%	90%	90%	90%
% In School Payment	73%	58%	56%	56%
Average Originated FICO	748	748	745	749

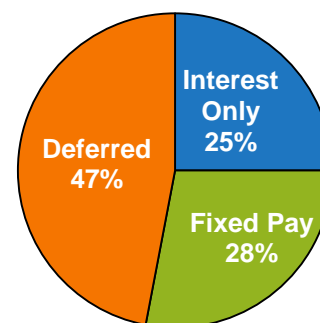
High Quality Private Education Portfolio

Customer FICO at Origination



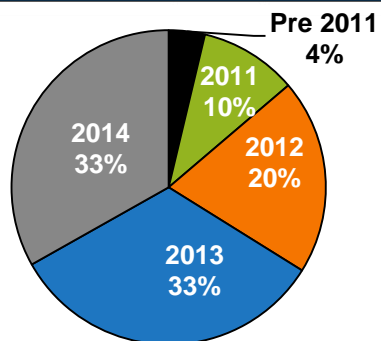
Weighted Average FICO: 749

Smart Option Payment Type



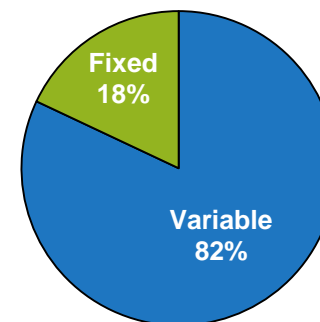
Smart Option Loans: \$7.9bn

Portfolio by Vintage



Weighted Average Age of Loan: ~1.6 years

Portfolio Rate Mix



Indexed to 1 Month LIBOR

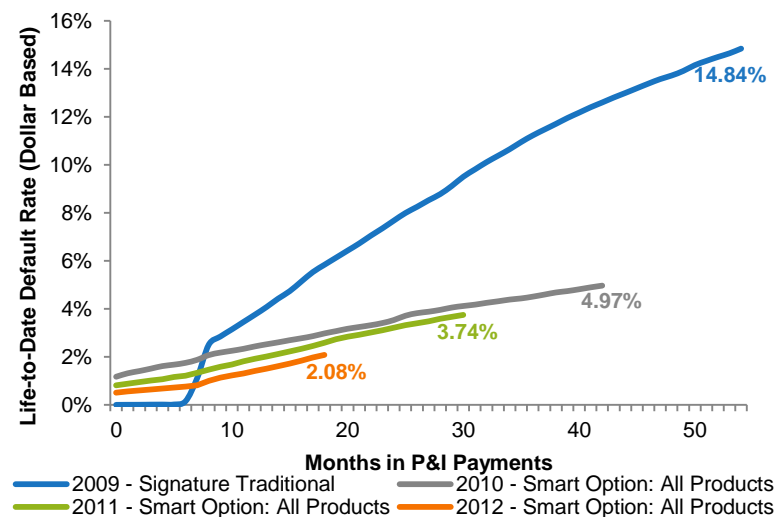
Smart Option Credit Outperforming

- ▶ Smart Option products outperform prior private education loan products due to more stringent underwriting standards and tailored product options
- ▶ Performance of newer vintage loans driven by focused marketing on high quality borrowers, better data and product management and an improving macroeconomic environment

Smart Option Performance Trends¹⁰

	2011	2012	2013
Smart Option Loans	\$4,769	\$7,501	\$10,514
Smart Option Loans in Repayment	4,195	5,774	7,728
% Charge-Offs ¹¹	0.3%	0.5%	0.6%
% Delinquencies ¹¹	2.8%	2.9%	3.0%
% 90+ Day Delinquencies ¹¹	0.8%	1.0%	1.1%
% in Forbearance ¹¹	0.3%	2.1%	2.5%
% with Co-Signer ¹¹	94%	93%	92%
Average FICO at Origination ¹¹	746	746	746

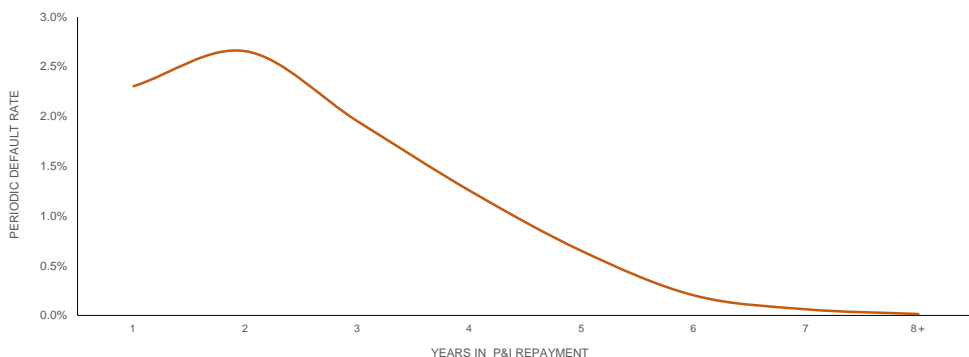
Smart Option Outperforms Legacy Signature¹²



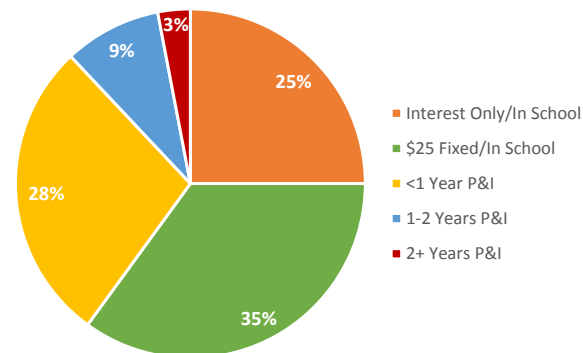
Note: Information provided above is for all Smart Option loans originated by Sallie Mae Bank. These loans are currently owned by Sallie Mae, Navient and other third parties.

Portfolio Migrating to Full Principal and Interest Status⁹

Estimated Gross Loss Emergence Curve – Loans in P&I



% of Loans in Repayment



- ▶ Charge-offs on Private Education Loans are front loaded. ~50% of charge-offs occur in the first 2 years after entering full principal and interest repayment
- ▶ Only 3% of our portfolio has been in full principal and interest repayment for more than 2 years



Sallie Mae Bank ABS Program

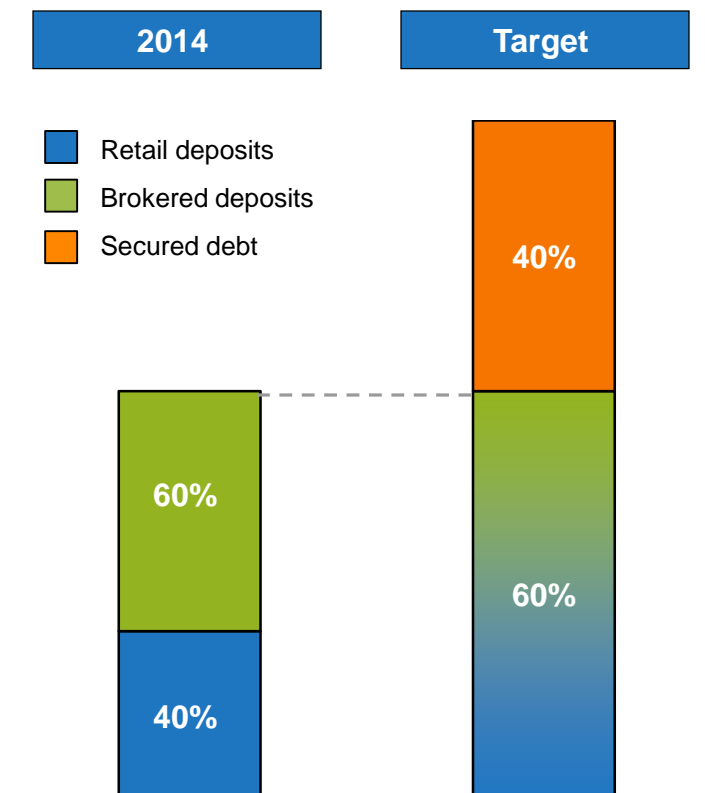


Sallie Mae Legacy ABS Program

- ▶ Sallie Mae, prior to the company separation, was one of the largest issuers of ABS globally, having issued over \$250 billion in Private and FFELP ABS transactions
- ▶ In recent years, Sallie Mae was the predominant issuer of private education loan ABS
 - ▶ Executed 3 transactions in 2011 totaling \$2.1 billion
 - ▶ Executed 5 transactions in 2012 totaling \$4.2 billion
 - ▶ Executed 4 transactions in 2013 totaling \$3.1 billion
- ▶ After the separation, the capital markets team primarily responsible for Sallie Mae's private loan ABS program was retained by Sallie Mae Bank
- ▶ Sallie Mae Bank completed its initial securitization and residual sale in August 2014, under the Bloomberg ticker 'SMB'
- ▶ In October 2014, Sallie Mae Bank launched its stand-alone servicing platform and began servicing the vast majority of its portfolio of Private Education Loans. We intend to provide servicing for Sallie Mae Bank sponsored ABS Trusts in the future

Conservative Funding Approach

- ▶ **Low cost deposit base with no branch overhead**
 - 90% of retail deposits are savings accounts
 - Brokered deposits used as alternative funding source
- ▶ **Term funding / securitizations will augment deposit funding for future growth**
 - Retaining experienced capital markets team
 - Capacity to securitize \$2 – \$3bn of private education loans
- ▶ **Multi-year revolving conduit facility**
 - Provides seasonal loan funding and backup liquidity
 - \$750mm conduit with 2-year term provided by consortium of banks
- ▶ **Whole loan sales used to manage balance sheet growth**
 - Targeting \$1 – \$2bn of loan sales annually
- ▶ **Substantial liquidity portfolio**
 - \$2.4bn of on-balance sheet cash provides seasonal loan funding and liquidity





Sallie Mae Bank vs Legacy Sallie Mae ABS Structures

	<u>SMB 2014-A</u>					<u>Navient 2015-A</u>				
Size	\$382MM					\$689MM				
Pricing Date	July 30, 2014					January 13, 2015				
Collateral	Smart Option Private Education Loans					Smart Option and Legacy Sallie Mae Private Education Loans				
Servicer/Subservicer	Sallie Mae Bank/Navient ⁽³⁾					Navient				
Overcollateralization ⁽¹⁾	12%					23%				
Prepayment Speed ⁽²⁾	4%					4%				
Tranche Structure		<u>Mdy's</u>	<u>Amt</u>	<u>WAL(1)</u>	<u>Pricing(2)</u>		<u>Mdy's</u>	<u>Amt</u>	<u>WAL(1)</u>	<u>Pricing(2)</u>
	A-1	Aaa	\$118	1.7	L+50	A-1	Aaa	\$223.5	1.0	L+50
	A-2A	Aaa	68	5.5	IntS+115	A-2A	Aaa	154.0	5.5	IntS+110
	A-2B	Aaa	68	5.5	IntS+115	A-2B	Aaa	154.0	5.5	L+120
	A-3	Aaa	50	8.7	L+150	A-3	Aaa	75.0	8.8	L+170
	B	A1	36	10.2	IntS+225	B	Aa3	82.5	9.9	IntS+210
	C	--	42	11.2	--					

⁽¹⁾ Overcollateralization for rated bonds.

⁽²⁾ Estimated based on a variety of assumptions concerning loan repayment behavior. Actual average life may vary significantly from estimates.

⁽³⁾ Ratings reliant on Navient subservicing.



Legacy Sallie Mae vs Sallie Mae Bank Private Education Loan ABS Comparison

	Legacy SLM Private Education Loan ABS													SMB ABS 2014-A	
	11-A	11-B	11-C	12-A	12-B	12-C	12-D	12-E	13-A	13-B	13-C	14-A	14-A		15-A
Total Bond Amount (\$mil)	562	825	721	547	891	1,135	640	976	1,108	1,135	624	676	664	689	382
Initial AAA Enhancement (%)	21%	18%	24%	27%	26%	25%	25%	21%	26%	22%	28%	24%	30%	32%	21%
Initial Single-A Enhancement	--	--	--	--	--	--	--	--	15%	13%	20%	15%	22%	23%	12%
Loan Program (%)															
Signature/Law/MBA/Med	88%	91%	71%	61%	48%	43%	37%	35%	26%	29%	26%	19%	26%	27%	0%
Smart Option	--	--	10%	20%	30%	40%	45%	48%	63%	63%	64%	63%	50%	50%	100%
Consolidation	0%	0%	7%	6%	9%	5%	5%	5%	3%	5%	0%	6%	9%	2%	0%
Direct to Consumer	9%	6%	12%	12%	12%	12%	12%	12%	8%	3%	10%	12%	15%	21%	0%
Career Training	3%	3%	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Payment Status (%) ⁽¹⁾															
School, Grace, Deferment	55%	55%	45%	37%	38%	40%	39%	44%	59%	62%	63%	49%	46%	24%	91%
Repayment	43%	43%	52%	60%	60%	57%	59%	54%	39%	36%	36%	50%	53%	68%	9%
Forbearance	2%	3%	2%	2%	2%	3%	2%	2%	2%	2%	1%	1%	1%	8%	0%
Wtd Avg Term to Maturity (Mo.)	192	189	182	171	164	151	144	148	144	146	143	150	161	155	140
% Loans with Cosigner	72%	75%	71%	75%	77%	79%	80%	80%	80%	80%	81%	82%	79%	80%	93%
% Loans with No Cosigner	28%	25%	29%	25%	23%	21%	20%	20%	20%	20%	19%	18%	21%	20%	7%
Wtd Avg FICO at Origination	737	736	733	735	736	737	740	733	741	740	740	742	739	731	747
Wtd Avg Recent FICO at Issuance	723	722	720	724	726	728	730	722	733	734	733	741	737	714	745
WA FICO (Cosigner at Origination)	747	745	744	745	745	745	748	741	751	750	749	750	748	738	750
WA FICO (Cosigner at Rescored)	736	731	734	732	734	735	738	728	745	746	745	750	--	--	748
WA FICO (Borrower at Origination)	709	710	704	705	705	707	710	702	703	702	705	707	707	701	708
WA FICO (Borrower at Rescored)	690	695	688	700	700	702	698	696	683	684	682	701	--	--	701
Variable Rate Loans	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	89%	97%	85%
Wtd Avg LIBOR Equivalent Margin ⁽²⁾	7.35%	7.17%	6.23%	6.60%	6.86%	7.02%	7.07%	7.34%	6.65%	6.66%	6.90%	6.60%	--	--	7.29%

⁽¹⁾ Smart Option loans classified as in Repayment only if borrowers are required to make full interest and principal payments.

⁽²⁾ Variable rate loans only. Assumes Prime/LIBOR spread of 3.05% for 2013-C, 2013-B and 2013-A and 2.75% for prior transactions.



Sallie Mae Investor Relations Website

For more information visit:

www.salliemae.com/investors

Footnotes

¹ Source: U.S. Department of Education, National Center for Education Statistics, Projections of Education Statistics to 2022

² Source: Trends in College Pricing.© 2014 The College Board,. www.collegeboard.org,

Note: Academic years, average published tuition, fees, room and board charges at four-year institutions; enrollment-weighted

³ "Total post-secondary education spend" is estimated by Sallie Mae by determining the full-time equivalents for both graduates and undergraduates and multiplying by estimated total per person cost of attendance for each school type. In doing so, we utilize information from the US Department of Education, College Board, MeasureOne, National Student Clearinghouse and Company Analysis. Other sources for these data points also exist publicly and may vary from our computed estimates

⁴ Source: Trends in College Pricing.© 2014 The College Board,. www.collegeboard.org, U.S. Department of Education 2014

⁵ Source: U.S. Bureau of Labor Statistics

⁶ Source: PEW Research Center

⁷ Source: Brown Center on Education Policy at Brookings: Is a Student Loan Crisis on the Horizon

⁸ Source: College Board, Trends in Student Aid, 2014

⁹ Sallie Mae converted from a 212 day to a 120 day charge-off policy effective May 1, 2014. The loss curve shown above estimates periodic losses on our Deferred Smart Option Loan product and utilizes historical data for periods before May 1, 2014. Actual performance may vary from estimates.

¹⁰ The performance trends and defaults rates below include Sallie Mae and Navient owned Smart Option loans, and are based in part on loan data obtained from Navient pursuant to the Data Sharing Agreement between Navient and Sallie Mae. As Navient and Sallie Mae use different charge-off and delinquency policies, future performance may not be comparable.

¹¹ Percentage of loans in repayment.

¹² Signature loans represent traditional Signature loans in full P&I repayment that were originated during the 2006-2008 origination years; Smart Option loans represent Smart Option loans in full P&I repayment that were originated during the 2009-2012 origination years. Life-to-Date Default Rate comparison is based in part on loan data obtained from Navient pursuant to the Data Sharing Agreement between Navient and Sallie Mae.