

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): September 14, 2020

**SLM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**001-13251**  
(Commission File Number)

**52-2013874**  
(I.R.S. Employer Identification No.)

**300 Continental Drive**  
(Address of principal executive offices)

**Newark, Delaware**

**19713**  
(Zip Code)

Registrant's telephone number, including area code: **(302) 451-0200**

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.20 per share	SLM	The NASDAQ Global Select Market
Floating Rate Non-Cumulative Preferred Stock, Series B, par value \$.20 per share	SLMBP	The NASDAQ Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).  
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 7.01 REGULATION FD DISCLOSURE.**

SLM Corporation (the "Company") frequently provides relevant information to its investors via posting to its corporate website. On or about September 14, 2020, a presentation entitled "Sallie Mae — Barclays Global Financial Conference — September 14, 2020" was made available on the Company's website at <https://www.salliemae.com/investors/webcasts-and-presentations/>. In addition, the document is being furnished herewith as Exhibit 99.1.

The presentation at Exhibit 99.1 and incorporated by reference herein is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise expressly stated in such filing.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1*	<a href="#">Sallie Mae - Barclays Global Financial Conference - September 14, 2020</a>
104	Cover Page Interactive Data File (formatted as Inline XBRL)

\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 14, 2020

**SLM CORPORATION**

By: /s/ STEVEN J. MCGARRY

Steven J. McGarry

Executive Vice President and Chief Financial Officer



## Barclays Global Financial Conference

September 14, 2020

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Jonathan Witter, CEO

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## Forward-Looking Statements and Disclaimer

### Cautionary Note Regarding Forward-Looking Statements

The following information is current as of September 14, 2020 (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 June 30, 2020, the Form 10-Q for the quarter ended June 30, 2020 filed with the Securities and Exchange Commission ("SEC") on July 22, 2020, 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 2020 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 for originations, earnings, and balance sheet position; and any estimates related to 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, 2019 (filed with the SEC on Feb. 28, 2020) 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 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-fairvalue 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" 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 "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 June 30, 2020 for a further discussion.

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Presented by:



**Jonathan Witter**  
CEO

## Today's Discussion Points:


- Sallie Mae is an outstanding franchise
- Our business model's resiliency has been proven while navigating the challenges from COVID-19
- Our investment thesis is simple
- We have a clear strategy to create value




## 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 and loan loss reserves

 **2,400+**  
actively managed university relationships across the U.S.

 Largest salesforce in the industry

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

**52%**  
Market share of private education loan originations<sup>2</sup>

**21%**  
Return on Equity\*

**6%**  
Annual Private Education Loan Originations Growth\*

**87%**  
Annual Cosigner Rate\*

**746**  
Average FICO at Approval\*

**1.2%**  
Annual Net Charge-offs\*

\* Full year 2019 Metrics



The Sallie Mae business model resilience has been proven while navigating the challenges from COVID-19

## Proven Resiliency During the COVID-19 Pandemic

### Credit

- Forbearance as a % of loans in repayment and forbearance has been reduced from the mid-teen peak in Q2 2020, to 5.72% on Aug. 31, 2020 (vs 4.1% at the end of 2019).
- As of 8/31/20, 86% of the customers who initially received COVID-19 related disaster forbearance are no longer in disaster forbearance status.
- Q2 2020 loan loss provision of \$352 million based on a Q2 2021 weighted average unemployment forecast of 11.3% and Q4 2021 weighted average unemployment forecast of 10.6%; \$243 million this provision increase driven by macroeconomic environment versus growth.

### Return to School<sup>3</sup> And Originations<sup>4</sup>

- 97% of our top schools have announced plans for the 2020/2021 Academic Year
- 28% on campus, 15% remote, and 57% hybrid programs to be utilized.
- Full-year 2020 originations expected to be \$5.3 billion, 6% lower YOY, driven by COVID-19 impact
- Expect opportunity from competitor's decision to scale back participation in industry.
- Average loan size increased, driven by lower state subsidies and family contributions.<sup>3</sup>

### Operating Performance and Balance Sheet<sup>4</sup>

- Net Income of \$277 million in the first half of 2020 despite increasing loan loss provision by \$243 million in Q2 2020.
- \$18 million in expense reductions identified as of June 30, 2020.
- 2020 year-end Private Education Loan portfolio expected to be flat to 2019 year-end as lower prepayments and lower consolidations are partially offsetting lower originations.

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## Simple But Powerful Investment Thesis



### Attractive Earnings Profile

- Consistent earnings growth is driven by top line growth and efficiency
- Sallie Mae is the leader in the private education loan market that is growing 6+% a year



### Manageable Risk

- Well-proven and disciplined underwriting model leveraging data and experience through the last recession
- Despite headlines on student lending and federal student loan performance, we are well equipped to manage the perceived political risk to our business



### Disciplined Capital Allocation

- Core loan product generates very attractive ROE's
- Utilizing a hybrid hold/sell model to create capital that can be used to buy back undervalued stock



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## Clear Strategy to Ensure Appropriate Valuation



Maximize the profitability and growth of our core business



Optimize the value of our brand and our attractive client base



Maintain a rigorous and predictable capital allocation and return program to create shareholder value



Change the narrative around private student lending to address real and perceived political risk



We will focus on top-line growth and efficiency opportunities to create 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



We know our customers' finances, payment patterns, indebtedness

Graduates who benefit from the investment<sup>5</sup>

\$52,600

Average annual comp

31%

Own a home

~698

Self-reported fico score

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

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



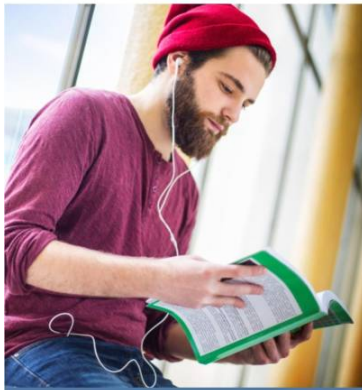
### What We Will Do

Build products and services that leverage our customer affiliation

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

Heavily favor partnerships and other capital efficient avenues of growth

Look for opportunities to optimize ROI



We will allocate capital with discipline

## 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
- Offer credit cards to high-quality customer base
- Build other sources of revenue in capital and expense efficient way

### 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 flat despite loan sales

### Share Repurchase

- Completed 2019 share repurchase program in Q1 2020
- \$3.1B in Private Education Loan sales completed in Q1 2020, which enabled return of excess capital to shareholders
- In Q1 2020, entered into ASR agreement for \$525 million in common stock
- Expect to continue the general share repurchase strategy going forward



### Quarterly Common Stock Dividend

- Paid \$0.03 quarterly common stock dividend on 6/15/20
- Expect to continue to pay dividend, subject to Board approval<sup>6</sup>



## Changing the Narrative

In the current political narrative regarding student loan reform, there have been three main areas of focus that include free college, debt forgiveness and bankruptcy reform. We expect our business to perform well even under leading reform proposals.

### 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 went down 3% and have grown every year since then

### Debt Forgiveness

Forgiving all the 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.

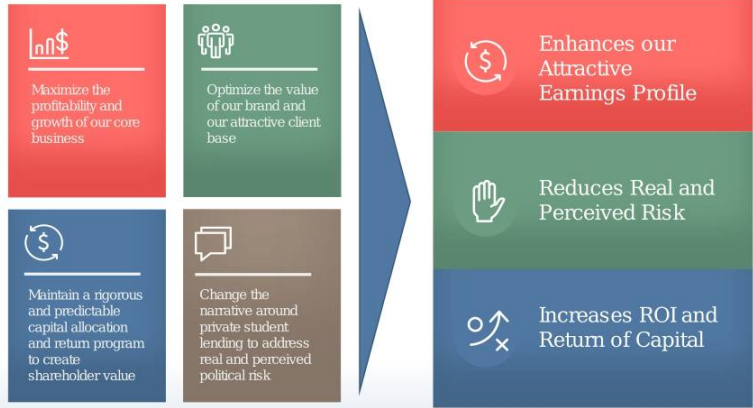
### Bankruptcy Reform

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.



We have a proven business model and will continue to deliver long-term value for our customers, shareholders and communities

## Executing This Strategy Supports Our Investment Thesis



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## 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 March 2020.
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: 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.
6. 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.

