Sallie Mae (SLM)

$26.89 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **$29.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 12/18/23)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: C
Value: B | Growth: F | Momentum: A

Summary

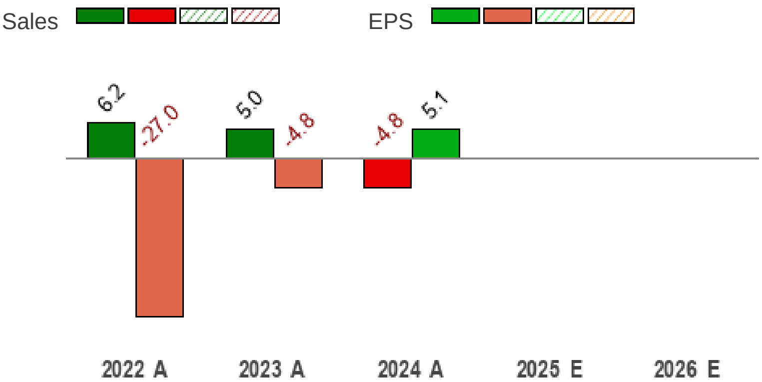
Sallie Mae's shares underperformed the industry in the past six months. Its third-quarter results were affected by rising expenses. Further, the higher compensation and benefits costs continue to pressure bottom line. Its reliance on brokered deposits remains concerning. Its earnings surpassed estimates in one of the trailing four quarters and missed three times. Given weak liquidity, the capital distribution seems unsustainable. Yet, its stronger private student loan focus and recent Fed rate cuts are expected to support net interest income (NII) growth. In November 2025, it partnered with KKR to facilitate $2 billion in annual private education loan purchases, enhancing funding sources. Its strong market position and inorganic growth initiatives are likely to drive loan originations. Also, its solid capital position support its financials.

Price, Consensus & Surprise[1]

Data Overview

52 Week High-Low	$34.97 - $23.81
20 Day Average Volume (sh)	3,337,474
Market Cap	$5.5 B
YTD Price Change	-2.5%
Beta	1.14
Dividend / Div Yld	$0.52 / 1.9%
Industry	Financial - Consumer Loans
Zacks Industry Rank	Top 37% (90 out of 243)
Last EPS Surprise	-25.0%
Last Sales Surprise	-0.8%
EPS F1 Est- 4 week change	2.7%
Expected Report Date	01/22/2026
Earnings ESP	6.5%
P/E TTM	9.4
P/E F1	10.6
PEG F1	0.9
P/S TTM	1.9

Sales and EPS Growth Rates (Y/Y %)[1]



Sales Estimates (millions of $)[1]

	Q1	Q2	Q3	Q4	Annual*
2026	403 E	403 E	403 E	403 E	1,610 E
2025	375 A	377 A	373 A	385 E	1,510 E
2024	387 A	372 A	359 A	362 A	1,481 A

EPS Estimates[1]

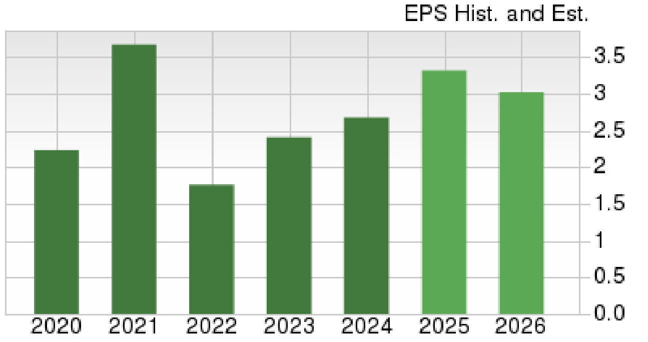
	Q1	Q2	Q3	Q4	Annual*
2026	0.85 E	0.85 E	0.85 E	0.85 E	3.39 E
2025	1.40 A	0.32 A	0.63 A	0.88 E	3.23 E
2024	1.27 A	1.11 A	-0.23 A	0.50 A	2.68 A

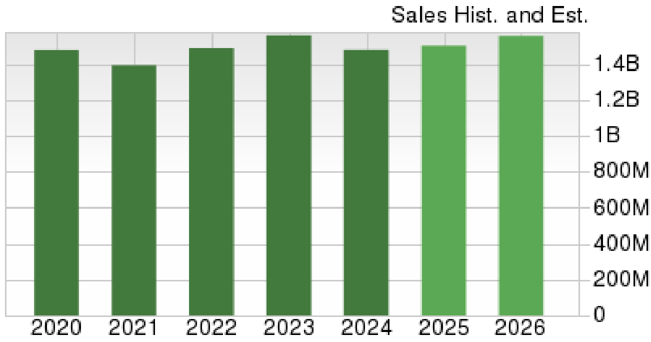
*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/12/2025.
(2) The report's text and the price target are as of 11/20/2025.

Overview

Based in Newark, DE, Sallie Mae, formally known as SLM Corporation, is a bellwether in education finance in the United States, with market presence for more than 40 years. Following the spin-off into two distinct publicly-traded entities in April 2014, Sallie Mae started operating independently as a consumer-banking-focused company. The loan management, servicing and asset recovery businesses remained with the other public company — Navient Corporation. Sallie Mae is now part of the S&P MidCap 400 Index, owing to its decreased size.





As of 12/12/2025

The company is focused on catering to private education loans, and providing saving and insurance products for higher education to students and families. It also offers a range of deposit products insured by the Federal Deposit Insurance Corporation ("FDIC").

The company's Private Education Loans portfolio consists of education loans to students or their families, which are not made, insured or guaranteed by any state or federal.

Sallie Mae's private student loans are offered to graduate students, under-graduate students and families with K-12 school children. The company is also engaged in servicing private student loans and its portfolio of banking products includes money market, high-yield savings account and certificate of deposits.

Sallie Mae's source of funding for its Private Education Loan originations are term and liquid brokered and retail deposits raised by the company. The company also undertakes additional funding, liquidity and revenues through the sale or securitization of loan assets, which it originates as well as the servicing of the loan assets that are sold to third parties.

In May 2023, Sallie Mae sold its credit card loan portfolio. The transaction incurred a loss of $4 million, recorded in the second quarter of 2023.

To focus on the core business, the company sold its Upromise Inc. subsidiary, which operated a free-to-join reward program, in May 2020.

As of Sept. 30, 2025, Sallie Mae had $29.6 billion in total assets, $23 billion in Private Education loans and $20 billion in total deposits.

As of 12/12/2025

Reasons To Buy:

Early enrolments will drive education loan originations for Sallie Mae, thereby aiding its NII growth. Strategic inorganic growth moves will expand its operations and diversify revenue streams.

- Sallie Mae is the dominant player in every phase of the student loan life cycle, providing the continuing competitive advantage of scale. Its operations are more dependent on students' demand for educational loans. The low unemployment rate for the over-25-year-old college graduate cohort and early enrollment trends indicate the strengthening of longer-term secular growth trends in the private student lending industry. Considering such expectations, Sallie Mae will likely experience modest growth in enrollment for the upcoming several quarters, leading to higher demand for education loans.

- The company is focused on enhancing its private student loan business, maintaining a strong capital position, and introducing multiple complementary products. Private education loan originations witnessed a three-year compound annual growth rate (CAGR) of 8.9% (2021-2024),with a rising trend continuing in the first nine months of 2025. In November 2025, the company entered a multi-year partnership with KKR & Co., under which KKR will buy at least $2 billion in newly originated private education loans each year for an initial three-year period. The company will continue to manage customer relationships and service the loans, earning fees while improving capital efficiency and expanding loan origination capacity. Earlier, in May 2023, the company sold its credit card business to recycle resources in its core business strategies. Further, amid recent political resistance and uncertainty, the Trump administration has considered shifting parts of the federal education loan portfolio toward privatization. Also, the proposed federal loan caps may open growth opportunities for Sallie Mae in private student lending. This will likely benefit the company's private education loan business in the upcoming period.

- Sallie Mae has made efforts to expand its business operations on the back of investments in varied product offerings and inorganic activities. In 2023, the company acquired several vital assets, technology, intellectual property, and the experienced staff of Scholly, a scholarship publishing and servicing platform. In 2022, Sallie Mae closed the deal with Epic Research LLC to acquire a digital marketing and education solutions company, Nitro College, that boosts its outreach and brand position while bolstering its digital marketing competencies and lowering the cost of acquiring customer accounts. Such inorganic moves are likely to aid it in becoming a holistic education solutions provider for students and drive loan originations for the company.

- Sallie Mae has been focused on improving its NII by increasing the amount of cash and cash equivalents held to gain from yields on cash and other short-term investments. Also, the rising average loan balance has supported NII growth. The NII witnessed a CAGR of 1.8% over the last six years (ended 2024). The metric improved in the first nine months of the year. Further, the recent Federal Reserve rate cuts are expected to favorably impact its NII by lowering funding costs and supporting loan demand growth.Also, the company's focus on expanding the Private Education Loan portfolio will drive NII growth in the upcoming period.

- Sallie Mae's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' funds. The company's ROE of 30.13% compares favorably with the industry's figure of 13.12%.

Reasons To Sell:

Overdependence on brokered deposits as a funding source and rising expenses are concerning. Sallie Mae’s high debt levels and volatile earnings make capital distribution activities seem unsustainable.

- At present, Sallie Mae’s sources of funding for its Private Education Loan originations are term and liquid brokered, along with retail deposits raised by the bank. However, such funding poses refinancing risks as the average term of the deposits is shorter than the expected term of the education loans originated by the company. Further, the company’s dependence on brokered deposits as a key source of funding is concerning. It needs to generate deposits from non-brokered channels to ease the matter, which will require some time.

- Elevated expenses are a concern for Sallie Mae. The company’s non-interest expenses witnessed a CAGR of 2.4% over the last six years (2018-2024). The rising trend continued in the first nine months of 2025. Though the company focuses on lowering servicing and acquisition costs and continues to gain efficiencies from operations, we believe that compensation and benefits expenses will keep the expense base elevated, hindering bottom-line growth in the upcoming quarters.

- As of Sept. 30, 2025, the company had long-term borrowings worth $6.8 billion and cash and cash equivalents of $3.5 billion. The company carries a greater debt level than its liquidity position. Hence, we believe that Sallie Mae has a higher possibility of default interest and debt repayments if the economic situation worsens.

- Sallie Mae initiated the distribution of its quarterly common stock dividend of 3 cents per share in the first quarter of 2019. In October 2024, the company hiked its fourth-quarter dividend to 13 cents per share and has maintained the same level since then. On Jan. 24, 2024, the bank approved a new share repurchase program for $650 million, effective Jan. 26, 2024, which will expire on Feb. 6, 2026. As of Sept. 30, 2025, the company had $138 million worth of buyback authorization remaining. However, given high debt levels, volatile earnings and a high debt-equity ratio compared with the broader industry’s average, Sallie Mae’s capital distribution activities might not be sustainable.

- Shares of Sallie Mae have underperformed the industry in the past six months. The company's 2025 earnings have remained unchanged over the past seven days. Thus, given the lack of positive estimate revisions, the stock seems to have limited upside potential in the near term.

Last Earnings Report

Sallie Mae Q3 Earnings Lag on Higher Expenses, Provisions Decline Y/Y

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 23, 2025
Sales Surprise	-0.76%
EPS Surprise	-25.00%
Quarterly EPS	0.63
Annual EPS (TTM)	2.85

Sallie Mae reported third-quarter 2025 earnings per share of 63 cents, which missed the Zacks Consensus Estimate of 84 cents. In the prior-year quarter, the company reported a loss of 23 cents per share.

The quarterly results were affected by an increase in expenses. Nonetheless, a rise in net interest income and non-interest income, along with lower provisions for credit losses, offered some support.

The company's GAAP net income was $136 million against the net loss of $45 million in the prior-year quarter.

NII & Expenses Rise

Third-quarter NII totaled $372.9 million, up 3.8% year over year. However, the reported figure missed the Zacks Consensus Estimate by 0.8%. The quarterly net interest margin was 5.18%, up 18 basis points from the prior-year quarter's level.

Non-interest income amounted to $172.7 million, significantly up from $24.5 million in the year-ago quarter.

Non-interest expenses rose 4.9% year over year to $180.4 million.

Credit Quality: Mixed Bag

Provision for credit losses was $179.4 million, down 33.8% million from the prior-year quarter.

Net charge-offs for private education loans were $78 million, up 1.3% year over year.

Private education loans held for investment net charge-offs, as a percentage of average private education loans held for investment in repayment (annualized), were 1.95%. The figure contracted 13 basis points year over year.

Balance Sheet Position: Mixed Bag

As of Sept. 30, 2025, deposits were $20 billion, down 2.3% sequentially.

Private education loans held for investment were $21.6 billion, up 5.6% from the prior-year quarter.

In the reported quarter, the company's private education loan originations increased 6% from the year-ago quarter.

Share Repurchase Update

In the third quarter, SLM repurchased 5.6 million shares for $166 million under its 2024 share buyback program.

2025 Outlook

The company's diluted earnings per share are now expected to be in the range of $3.20–$3.30, compared with the prior expectation of $3.00–$3.10.

SLM anticipates total loan portfolio net charge-offs as a percentage of average loans in repayment of 2-2.2%.

Private education loan originations are expected to grow 5%–6% year over year, slightly lower than the prior 6%–8% guidance.

SLM's non-interest expenses are expected to be $655-$675 million.

Recent News

Sallie Mae Enters Multi-Year Private Credit Partnership With KKR — Nov. 13, 2025

Sallie Mae announced a multi-year partnership with KKR, marking its entry into the growing private credit market. Under the agreement, KKR will acquire an initial seed portfolio of private education loans from Sallie Mae, followed by purchases of at least $2 billion in newly originated private education loans annually over an initial three-year term.

Partnership Details

As part of the arrangement, Sallie Mae will continue to manage customer relationships and service the loans sold to KKR. The company will earn ongoing fees for providing loan servicing, program management, and industry expertise. This structure enables Sallie Mae to maintain its role in customer engagement while supporting expanded loan origination through external capital.

Rationale Behind the Partnership

Sallie Mae, historically known for its private student lending business, is pursuing new avenues for growth amid increasing competition and regulatory oversight in the education-finance sector. The partnership represents a strategic shift toward the expanding private credit market, where institutional demand for alternative lending solutions continues to rise.

By gaining access to advanced, scalable, and capital-efficient funding, the partnership is expected to support Sallie Mae's loan origination capacity and its ability to assist students and families.

Dividend Update

On Oct. 22, 2025, Sallie Mae announced a cash dividend of 13 cents per share. The dividend will be paid out on Dec. 15 to its stockholders of record as of Dec. 4, 2025.

Valuation

Sallie Mae's shares are up 10.5% in the past six months and 20.1% over the trailing 12-month period. Over the past six months, stocks in the Zacks sub-industry and the Zacks Finance sector are up 63.4% and 25.0%, respectively. Over the past year, the Zacks sub-industry and the sector are up 59.9% and 18.5%, respectively.

The S&P 500 index is up 34.5% in the past six-month period and up 20.0% in the past year.

The stock is currently trading at 8.10X forward 12 months earnings, which compares with 9.51X for the Zacks sub-industry, 17.49X for the Zacks sector and 23.55X for the S&P 500 index.

Over the past five years, the stock has traded as high as 10.49X and as low as 4.48X, with a five-year median of 6.83X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $29 price target reflects 8.65X forward earnings.

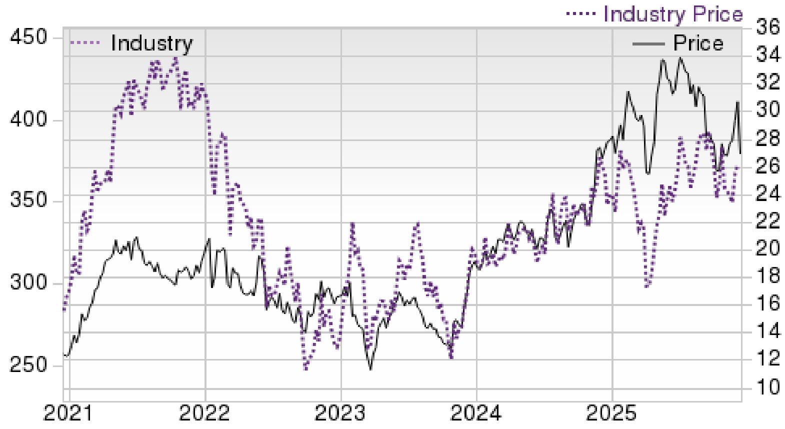
The table below shows summary valuation data for SLM.

Valuation Multiples - SLM

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8.10	9.51	17.49	23.55
	5-Year High	10.49	10.60	18.26	23.58
	5-Year Low	4.48	5.02	12.35	15.72
	5-Year Median	6.83	8.31	16.09	21.20
P/TB TTM	Current	2.85	1.13	5.71	13.68
	5-Year High	3.79	1.41	6.04	16.64
	5-Year Low	1.78	0.74	3.22	10.56
	5-Year Median	2.75	1.02	4.71	13.79
P/S F12M	Current	3.53	1.22	9.31	5.40
	5-Year High	5.21	1.98	10.09	5.52
	5-Year Low	1.75	0.70	6.59	3.84
	5-Year Median	3.12	1.08	8.24	5.40

As of 11/19/2025 *Source: Zacks Investment Research*

Industry Analysis[1] **Zacks Industry Rank:** Top 37% (90 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Encore Capital Group...**(ECPG)**	Outperform	1
Ally Financial Inc. **(ALLY)**	Neutral	3
Credit Acceptance Co...**(CACC)**	Neutral	3
Capital One Financia...**(COF)**	Neutral	3
Enova International,...**(ENVA)**	Neutral	2
EZCORP, Inc. **(EZPW)**	Neutral	3
Nelnet, Inc. **(NNI)**	Neutral	3
Aaron's Holdings Com...**(PRG)**	Neutral	3

Industry Comparison[1] Industry: Financial - Consumer Loans

Industry Peers

	SLM	X Industry	S&P 500	ALLY	ENVA	PRG
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	C	-	-	B	A	A
Market Cap	5.46 B	1.26 B	39.38 B	13.92 B	4.04 B	1.20 B
# of Analysts	5	2.5	22	9	3	1
Dividend Yield	1.93%	0.50%	1.41%	2.66%	0.00%	1.71%
Value Score	B	-	-	A	A	A
Cash/Price	0.69	0.33	0.04	0.74	0.09	0.24
EV/EBITDA	7.95	9.50	14.60	7.29	12.61	0.81
PEG Ratio	0.85	0.53	2.23	0.31	NA	NA
Price/Book (P/B)	2.61	1.33	3.35	1.09	3.14	1.71
Price/Cash Flow (P/CF)	8.71	8.81	15.20	6.75	14.76	0.69
P/E (F1)	10.55	12.06	19.78	12.06	12.75	8.88
Price/Sales (P/S)	1.91	1.42	3.06	1.78	1.33	0.48
Earnings Yield	12.35%	8.20%	4.99%	8.30%	7.85%	11.26%
Debt/Equity	3.27	1.96	0.57	1.31	3.20	0.85
Cash Flow ($/share)	3.09	6.70	8.99	6.70	11.02	44.16
Growth Score	F	-	-	F	A	A
Hist. EPS Growth (3-5 yrs)	-3.64%	-4.82%	8.16%	-18.09%	4.17%	-5.00%
Proj. EPS Growth (F1/F0)	-4.85%	13.43%	8.57%	59.57%	39.56%	0.29%
Curr. Cash Flow Growth	-5.02%	0.92%	6.75%	-9.97%	17.99%	1.32%
Hist. Cash Flow Growth (3-5 yrs)	1.37%	-2.49%	7.43%	-7.58%	13.73%	-5.37%
Current Ratio	1.37	5.17	1.19	0.92	19.29	4.74
Debt/Capital	74.50%	66.05%	38.01%	52.56%	76.18%	45.80%
Net Margin	21.76%	9.12%	12.78%	8.10%	9.64%	6.54%
Return on Equity	30.13%	13.12%	17.00%	9.96%	24.50%	22.36%
Sales/Assets	0.10	0.26	0.53	0.04	0.54	1.68
Proj. Sales Growth (F1/F0)	5.00%	1.08%	5.77%	-3.30%	18.70%	0.20%
Momentum Score	A	-	-	B	D	C
Daily Price Chg	-1.75%	-0.50%	-1.07%	-1.37%	3.04%	-0.91%
1 Week Price Chg	-12.30%	2.77%	-0.63%	6.61%	20.20%	2.71%
4 Week Price Chg	-2.57%	7.39%	1.39%	15.02%	29.46%	9.48%
12 Week Price Chg	-5.42%	-4.85%	2.45%	2.22%	29.12%	-14.48%
52 Week Price Chg	-1.07%	9.10%	12.83%	19.93%	61.21%	-31.20%
20 Day Average Volume	3,337,474	361,422	2,728,366	3,103,884	226,137	472,097
(F1) EPS Est 1 week change	2.68%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	2.68%	0.00%	0.00%	0.60%	0.00%	0.00%
(F1) EPS Est 12 week change	8.12%	3.88%	0.69%	4.44%	6.15%	3.32%
(Q1) EPS Est Mthly Chg	9.73%	0.00%	0.00%	-0.98%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	F
Momentum Score	A
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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