2019 IMN Florida - ABS Presentation

September 2019

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1:15 PM ET

Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of June 30, 2019 (unless otherwise noted) and should be read in connection with Navient Corporation's "Navient" Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K"), filed by Navient with the Securities and Exchange Commission (the "SEC") on February 26, 2019 and subsequent reports filed by Navient with the SEC. Definitions for capitalized terms in this presentation not defined herein can be found in the 2018 Form 10-K. This presentation contains "forward-looking statements," within the meaning of the federal securities laws, about our business, and other information that is 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 and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "may," "could," "should," "goal," or "target." 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.

For Navient, these factors include, among others, the risks and uncertainties associated with:
• increases in financing costs;
• the availability of financing or limits on our liquidity resulting from disruptions in the capital markets or other factors;
• unanticipated increases in costs associated with compliance with federal, state or local laws and regulations;
• changes in the demand for asset management and business processing solutions or other changes in marketplaces in which we compete (including increased competition);
• changes in accounting standards including but not limited to changes pertaining to loan loss reserves and estimates or other accounting standards that may impact our operations;
• adverse outcomes in any significant litigation to which the company is a party;
• credit risk associated with the company's underwriting standards or exposure to third parties, including counterparties to hedging 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:
• unanticipated repayment trends on loans including prepayments or deferrals in our securitization trusts that could accelerate or delay repayment of the bonds;
• reductions to our credit ratings, the credit ratings of asset-backed securitizations we sponsor or the credit ratings of the United States of America;
• failures of our operating systems or infrastructure or those of third-party vendors;
• risks related to cybersecurity including the potential disruption of our systems or those of our third-party vendors or customers or potential disclosure of confidential customer information;
• damage to our reputation resulting from cyber-breaches, litigation, the politicization of student loan servicing or other actions or factors;
• failure to successfully implement cost-cutting initiatives and adverse effects of such initiatives on our business;
• failure to adequately integrate acquisitions or realize anticipated benefits from acquisitions including delays or errors in converting portfolio acquisitions to our servicing platform;
• changes in law and regulations whether new laws or regulations or new interpretations of existing laws and regulations applicable to any of our businesses or activities or those of our vendors, suppliers or customers;
• changes in the general interest rate environment, including the availability of any relevant money-market index rate, including LIBOR, or the relationship between the relevant money-market index rate and the rate at which our assets are priced;
• our ability to successfully effectuate any acquisitions and other strategic initiatives;
• activities by shareholder activists, including a proxy contest or any unsolicited takeover proposal;
• changes in general economic conditions; and
• the other factors that are described in the "Risk Factors" section of the 2018 Form 10-K and in our other reports filed with the Securities and Exchange Commission.

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 and actual results could differ materially. 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 except as required by law.

Navient reports financial results on a GAAP basis and also provides certain non-GAAP performance measures, including Core Earnings, Tangible Net Asset Ratio, and various other non-GAAP financial measures derived from Core Earnings. When compared to GAAP results, Core Earnings exclude the impact of: (1) mark-to-market gains/losses on derivatives; and (2) goodwill and acquired intangible asset amortization and impairment. Navient provides Core Earnings measures because this is what management uses when making management decisions regarding Navient's performance and the allocation of corporate resources. Navient 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 Core Earnings in Navient's second quarter earnings release and pages 24 & 25 of this presentation for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.

NAVIENT®

- Navient is a leader in education loan management and business processing solutions for education, healthcare and government clients at the federal, state, and local levels. We help our clients and millions of Americans achieve financial success through our services and support.
    - Industry leading student loan servicer supporting the educational and economic development of our customers
    - Offering products that are focused on helping consumers refinance their education loans at the lower rates they have earned
    - Providing business processing services for healthcare and non-education related government clients

High Quality Education Loan Portfolio

1 FFELP Loans

- ~\$68 billion of loans
- 97% - 100% government guarantee
- Charge-off rate of 5 bps [1]

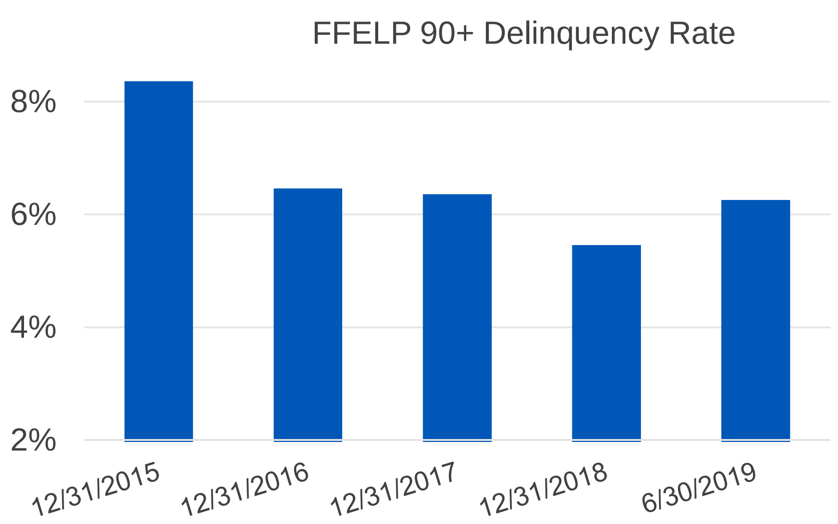
2 Legacy Private Education Loans

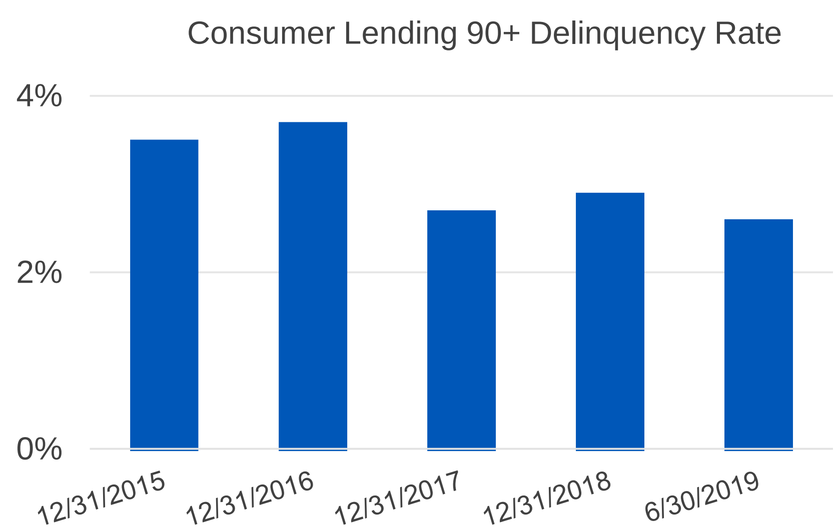
- ~\$17 billion of loans
- Highly seasoned portfolio
- Charge-off rate of 2.0% [1]

3 Refinance Education Loans

- ~\$4 billion of loans
- Typical borrower has income over \$130K and a FICO above 760
- Charge-off rate of 10 bps [1]

Delinquency Rates Have Fallen Meaningfully Since Navient's Spin-off





[1] Second quarter 2019 annualized charge-off rate.
As of 6/30/2019

Originating Education Loans is an Attractive Opportunity

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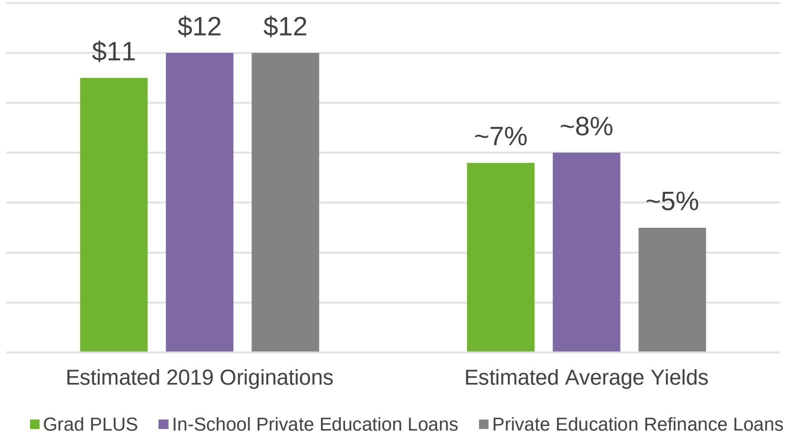
Sizable Market With Attractive Yields [1]

Estimated Total Market Annual Originations and Yields ($'s in billions)



Estimated Outstanding Education Loan Market [2]

$1.5 Trillion as of FFYE 9/30/2018 ($'s in billions)

- Estimated average yields since 2014 for newly originated Grad PLUS loans and in-school Private Education Loans have ranged from 6% to 10%

Leveraging Our Existing Infrastructure to Generate Value

Education loan origination guidance of at least $3.8 billion in 2019

- Private Education Refinance Loans:
  - Targeting low to mid teens ROE at scale
  - Life of loan loss expectation of 1.5% [3]
  - Weighted average life of ~3.5 years
- In-School Private Education Loans:
  - Targeting mid to high teens ROE at scale
  - Life of loan loss expectations of 6% [3]
  - Weighted average life of ~8 years

[1] Source: Navient estimates for total originations based on "Baum, Sandy, Jennifer Ma, Matea Pender, and CJ Libassi (2018), Trends in Student Aid 2018, New York: The College Board"; Navient estimates for average yields based on FSA Data Center and third party company filings.
[2] Source: Navient estimates for total outstanding Federal Loans based on FSA Data Center, Portfolio Summary, 9/30/2018; Navient estimates for total outstanding Private Education Loans based on "The MeasureOne Private Student Loan Report" July, 2018.
[3] Life of loan loss expectations are on a gross basis.

Typical Private Education Refi Borrower Profile

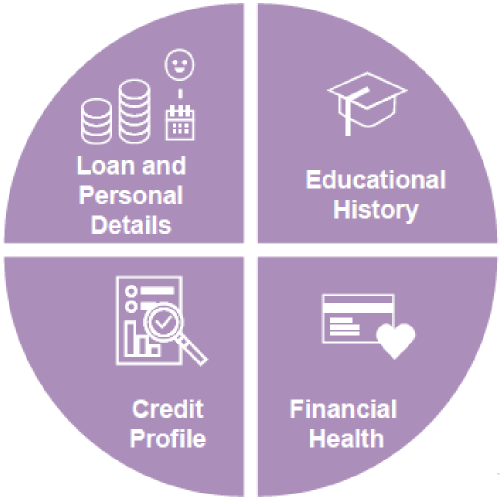
We serve technology first, financially responsible, digital native young professionals

Typical Borrower[1]

	Weighted Average
Borrower Age	32
Months since Graduation	74
Education	65% advanced degrees
FICO	762
Income	$131,786
Monthly Real Free Cash Flow[2]	$4,106
Original Loan Amount	$70,455

More Accurate Assessment

Underwriters assess loan applications down to the transaction-level where available



[1] Earnest Refi brand.
[2] Earnest Real Free Cash Flow calculation is derived from Tax Adjusted Monthly Income less Actual Observed Expenses.
Note: Figures based on statistical pool of active loans on or before June 28, 2019. Calculated at or near origination. Under the terms of the Department of Education contract, we do not use ED data for any marketing or commercial purpose.

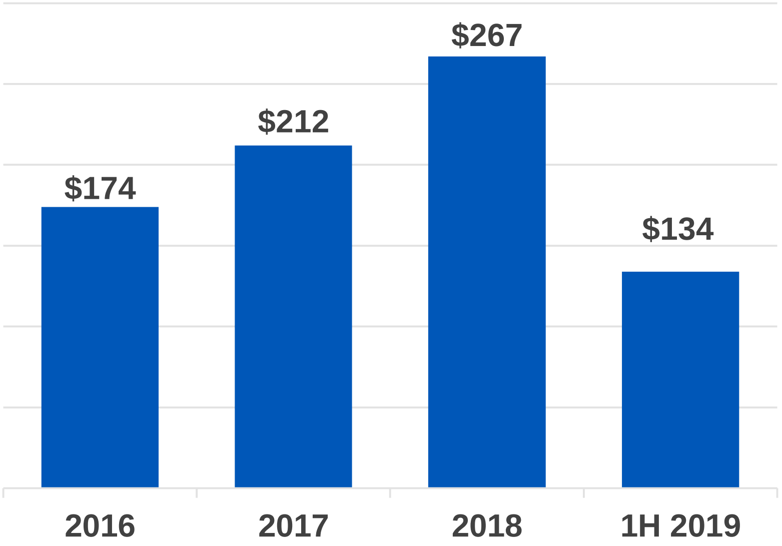
Business Processing Solutions

Well Positioned for Long-Term Growth

- Providing business processing services for over 600 clients in Government and Healthcare Services
  - Integrated solutions technology and superior data-driven approach allows governments to achieve efficiencies in processing and revenue cycle management capabilities
  - Full service provider of end-to-end revenue cycle solutions to U.S. based hospitals and healthcare systems
- Leveraging existing infrastructure along with 40 years of data, analytics and processing experience to deliver best-in-class performance and compliance

Growing Fee Revenues at Attractive Margins

Total Business Processing Fee Revenues ($ in millions)



	2016	2017	2018	1H 2019
EBITDA Margin [1]	16%	13%	17%	19%

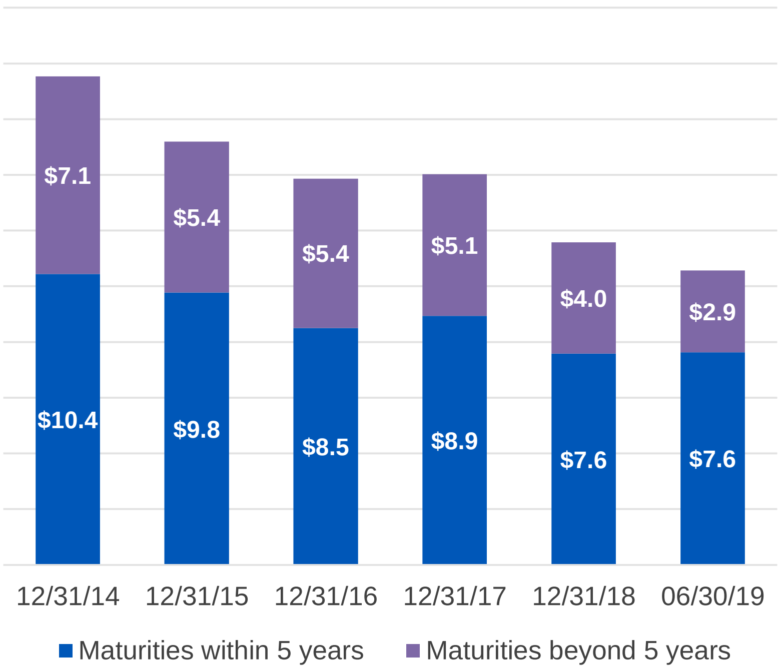
[1] Item is a non-GAAP financial measure. See note 5 on slide 24.

Funding & Liquidity

Capital Structure Allows for Stable Credit Rating and Access to Funding

- Long-term conservative funding approach
  - 83% of our education loan portfolio is funded to term
- Important to maintain our credit ratings which support ongoing access to the unsecured debt markets
  - Continue to opportunistically repurchase debt in the open market
- Consistent capital return
  - Returned $309 million to shareholders through dividends and share repurchases in 1H 19 and over $4 billion since spin-off
- Generating high return on equity
  - High quality portfolio generating mid-teen's ROE's

Unsecured Debt Maturities
(par value, $ in billions)



[1] As of 6/30/2019.

Education Loan Portfolio Projected to Generate ~$21 Billion In Cash Flows Over Next ~20 Years

Projected Life of Loan Cash Flows over ~20 Years

($'s in Billions)	6/30/2019
Total FFELP Cash Flows	$9.7
Total Private Education Cash Flows	$11.5
Combined Cash Flows	$21.2
Unsecured Debt (par value)	$10.6

Enhancing Cash Flows

- ✓ Efficiencies have minimized the impact from the amortization of the portfolio:
  - – Active optimization of facility financing capacity
  - – Effective hedging strategies reduce LIBOR basis risk
  - – Innovative financing structures
  - – Generated meaningful gains through debt repurchases
- ✓ Originated **$1.8 billion** of education loans in the 1st half of 2019
- ✓ Generated **$1.3 billion** of cash flows in the 1st half of 2019

These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect

Secured Funding

2019 YTD ABS Issuance ($'s in millions)			
1	GM Financial	$10,656	Auto
2	Santander	$9,810	Auto
3	Ford	$9,394	Auto
4	Capital One	$6,673	Auto/Credit Card
5	Nissan	$6,000	Auto
6	American Express	$5,180	Credit Card
7	Navient	$5,146	Student Loan
8	Toyota	$4,690	Auto
9	Mercedes	$4,465	Auto
10	CarMax	$4,365	Auto
11	Honda	$4,004	Auto
12	Social Finance	$3,703	Consumer/Student Loan
13	World Omni	$3,461	Auto
14	Hyundai	$3,045	Auto
15	Ally	$2,551	Auto
16	Verizon	$2,245	Device Payment
17	Nelnet	$2,204	Student Loan
18	WestLake	$2,200	Auto
19	OneMain Financial	$2,200	Auto/Consumer Loan
20	Hertz	$2,100	Fleet Lease/Rental Car

Table Source: Barclays 2019 ABS volume priced as of September 17, 2019.

- **2019 Issuances**
  - FFELP ABS Financing
    - Issued 3 transactions for $2.2B
  - Private Education ABS Financing
    - Issued 5 transactions for $2.9B
  - Whole Loan Pass-Through Sale
    - Issued 1 transaction for $412M

Recent FFELP ABS Issuance Characteristics

FFELP ABS Transaction Features

- Issue size of $500M+
- Senior and subordinate notes
- Amortizing tranches with 1 to 12(+) year average lives
- Floating rate securities
- Compliant with U.S. risk retention regulations
- Navient Solutions, LLC is master servicer

Collateral Characteristics

- Guarantee of underlying collateral insulates bondholders from most risk of loss of principal [1]
- Typically non-dischargeable in bankruptcy

[1] Principal and accrued interest on underlying FFELP loan collateral carry insurance or guarantee of 97%-100% dependent on origination year and on meeting the servicing requirements of the U.S. Department of Education.

FFELP ABS Transactions

	NAVSL 2019-3					NAVSL 2019-2				
Pricing Date: **Settlement Date:**	September 17, 2019 September 26, 2019					April 9, 2019 April 18, 2019				
Issuance Amount:	$749M					$747M				
Collateral:	U.S. Government Guaranteed FFELP Consolidation and Non-Consolidation Loans					U.S. Government Guaranteed FFELP Consolidation and Non-Consolidation Loans				
Prepayment Speed [1]:	4% CPR Consolidation / 6% CPR Non-Consolidation / 8% CPR Rehabilitation					4% CPR Consolidation / 6% CPR Non-Consolidation				
Tranching:	**Class**	**Ratings (M/S/D) [2]**	**Amt. ($M)**	**WAL**	**Pricing [3]**	**Class**	**Ratings (M/S/D) [2]**	**Amt. ($M)**	**WAL**	**Pricing [3]**
	A	Aaa / AA+ / AAA	$739	4.95	1ML + 0.83%	A-1	Aaa / AAA / AAA	$180	1.12	1ML + 0.33%
	B	Aaa / AA / AAA	$11	10.33	1ML + 1.55%	A-2	Aaa / AA+/ AAA	$557	7.00	1ML + 0.95%
						B	Aaa / A / AA	$11	12.34	1ML + 1.45%

[1] Constant Repayment Rate (CPR) estimated based on a variety of assumptions concerning loan repayment behavior.
[2] Represents ratings by Moody's (M), S&P (S), and DBRS (D).
[3] Pricing represents the re-offer yield to expected call.

FFELP Loan Program Characteristics

Parameter	Subsidized Stafford	Unsubsidized Stafford	PLUS/Grad PLUS	Consolidation
Borrower	Student	Student	Parents or Graduate Students	Student or Parents
Needs Based	Yes	No	No	N/A
Federal Guarantee of Principal and Accrued Interest	97 - 100%	97 - 100%	97 - 100%	97 - 100%
Interest Subsidy Payments	Yes	No	No	Yes [1]
Special Allowance Payments (SAP)	Yes	Yes	Yes [2]	Yes
Original Repayment Term [4]	120 months	120 months	120 months	Up to 360 months
Aggregate Loan Limit	Undergraduate: $23,000 Graduate: $65,500	Undergraduate [3]: $57,500 Graduate: $138,500	None	None

[1] Only on the subsidized portion of the loan.
[2] Only applies for loans made between July 1, 1987 through January 1, 2000 if cap is reached.
[3] Aggregate loan limit for a Dependent Undergraduate is $31,000.
[4] Repayment Term may be extended through various repayment options including Income Driven Repayment plans and Extended Repayment.
Note: As of July 1, 2011.

Recent Private Education Loan ABS Issuance Characteristics

Private Education Loan ABS Transaction Features	Collateral Characteristics

Private Education Loan ABS Transaction Features

- Issue size of $500M+
- Senior and subordinate notes
- Amortizing tranches with 1 to 10 year average lives
- Fixed rate and floating rate securities
- Compliant with U.S. risk retention and on occasions with European risk retention
- Navient Solutions, LLC is master servicer

Collateral Characteristics

- Collateralized by loans made to students and parents to fund college tuition, room and board
  - Seasoned assets benefiting from proven payment history
  - Refi assets with strong credit factors including high FICO scores, income, and ability to pay
- Underwritten using a combination of FICO, custom scorecard & judgmental criteria with risk based pricing, debt-to-income, household income, and free cash flow, as applicable

Private Education Loan ABS Transactions

	NAVSL 2019-E					NAVSL 2019-D				
Pricing Date: **Settlement Date:**	July 23, 2019 August 1, 2019					June 19, 2019 June 27, 2019				
Issuance Amount:	$535M					$560M				
Collateral:	Private Education Refi Loans					Private Education Loans				
Prepayment Speed [1]:	12% Constant Prepayment Rate					6% CPR				
Tranching:	**Class**	**Ratings (S/D) [2]**	**Amt ($M)**	**WAL**	**Pricing [3]**	**Class**	**Ratings (S/D) [2]**	**Amt ($M)**	**WAL**	**Pricing [3]**
	A-1	AAA / AAA	$263	1.26	EDSF + 0.45%	A-1	AAA / AAA	$166	1.00	1ML + 0.45%
	A-2A	AAA / AAA	$178	5.17	Swaps + 0.87%	A-2A	AAA / AAA	$150	6.15	Swaps + 1.15%
	A-2B	AAA / AAA	$50	5.17	1ML + 0.92%	A-2B	AAA / AAA	$184	6.15	1ML + 1.20%
	B	NR / AA	$44	8.37	Swaps + 1.50%	B	AA / AA	$60	10.45	Swaps + 1.60%

[1] Constant Repayment Rate (CPR) estimated based on a variety of assumptions concerning loan repayment behavior.
[2] Represents ratings by S&P (S) and DBRS (D).
[3] Pricing represents the re-offer yield to expected call.

Navient Private Education Loan Programs

	Smart Option	Undergraduate/Graduate/ Med/Law/MBA	Direct-to-Consumer (DTC)	Consolidation (Legacy)	Private Education Refi
Origination Channel	School	School	Direct-to-Consumer	Lender	Lender
Typical Borrower	Student	Student	Student	College Graduates	College Graduates & Select Non-Graduates
Typical Co-signer	Parent	Parent	Parent	Parent	Parent
Typical Loan	$10k avg orig bal, 10 yr avg term, in-school payments of interest only, $25 or fully deferred	$10k avg orig bal, 15 yr term, deferred payments	$12k avg orig bal, 15 yr term, deferred payments	$43k avg orig bal, 15-30 year term depending on balance, immediate repayment	$50k-75k avg orig bal, 5-20 year term depending on balance, immediate repayment
Origination Period	March 2009 to April 2014	All history through 2014	2004 through 2008	2006 through 2008	2014 through current
Certification and Disbursement	School certified and disbursed	School certified and disbursed	Borrower self-certified, disbursed to borrower	Proceeds to lender to pay off loans being consolidated	Proceeds to lender to pay off loans being consolidated
Borrower Underwriting	FICO, custom credit score model, and judgmental underwriting	Primarily FICO	Primarily FICO	FICO and Debt-to-Income	FICO, Debt-to-Income, Income, Free Cash Flow (as applicable)
Borrowing Limits	$200,000	$100,000 Undergraduate, $150,000 Graduate	$130,000	$400,000	Maximum $550,000, varies by program
School UW	No	No	No	No	No
Additional Characteristics	‣ Made to students and parents primarily through college financial aid offices to fund 2-year, 4-year and graduate school college tuition, room and board ‣ Also available on a limited basis to students and parents to fund non-degree granting secondary education, including community college, part time, technical and trade school programs ‣ Both Title IV and non-Title IV schools [1]	‣ Made to students and parents through college financial aid offices to fund 2-year, 4-year and graduate school college tuition, room and board ‣ Signature, Excel, Law, Med and MBA Loan brands ‣ Title IV schools only 1 ‣ Freshmen must have a cosigner with limited exceptions ‣ Co-signer stability test (minimum 3 year repayment history)	‣ Terms and underwriting criteria similar to Undergraduate, Graduate, Med/Law/MBA with primary differences being: Marketing channel No school certification Disbursement of proceeds directly to borrower ‣ Title IV schools only [1] ‣ Freshmen must have a co-signer with limited exceptions ‣ Co-signer stability test (minimum 3 year repayment history)	‣ Loans made to students and parents to refinance one or more private education loans ‣ Student must provide proof of graduation in order to obtain loan	‣ Loans made to high FICO / high income customers with positive free cash flow and/or established credit profiles.

[1] Title IV Institutions are post-secondary institutions that have a written agreement with the Secretary of Education that allows the institution to participate in any of the Title IV federal student financial assistance programs and the National Early Intervention Scholarship and Partnership (NEISP) programs.

Navient Private Education Trusts

2015-2019 YTD Issuance Program	Navient															
	NAV 15-A	NAV 15-B	NAV 15-C	NAV 16-A	NAV 17-A	NAV 18-A	NAV 18-B	NAV 18-C	NAV 18-D	NAV 18-E	NAV 19-A	NAV 19-B	NAV 19-C	NAV 19-PTA	NAV 19-D	NAV 19-E
Bond Amount ($mil)	689	700	359	488	662	507	521	632	626	688	647	550	610	-	560	535
Initial AAA Enhancement (%)	32%	36%	48%	41%	22%	12%	28%	15%	23%	14%	14%	21%	12%	-	22%	13%
Initial Enhancement (%)	23%	36%	40%	34%	12%	4%	16%	6%	12%	5%	5%	11%	4%	-	13%	5%
Loan Program (%)																
Signature/Law/MBA/Med	27%	52%	81%	43%	17%	-	29%	-	44%	-	-	31%	-	-	63%	-
Smart Option	51%	-	-	29%	30%	-	16%	-	17%	-	-	24%	-	-	11%	-
Consolidation	2%	8%	3%	9%	-	-	7%	-	6%	-	-	5%	-	-	12%	-
Private Education Refi	-	-	-	-	52%	100%	40%	100%	22%	100%	100%	30%	100%	100%	-	100%
Direct to Consumer	20%	26%	8%	20%	1%	-	8%	-	11%	-	-	10%	-	-	13%	-
Career Training	-	13%	8%	-	-	-	*	-	*	-	-	-	-	-	1%	-
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Payment Status																
School, Grace, Deferment	24%	9%	12%	12%	9%	-	3%	-	5%	-	1%	6%	*	*	7%	*
Repayment	68%	89%	85%	84%	89%	100%	95%	100%	93%	100%	99%	92%	100%	100%	92%	100%
Forbearance	8%	2%	3%	3%	2%	-	2%	-	2%	-	*	2%	*	*	1%	*
WA Term to Maturity (Mo.)	155	157	159	165	135	133	148	138	155	145	151	150	151	149	163	147
WA Months in Repayment (Mo.)	30	68	60	51	23[2]	-	47[2]	-	61[2]	-	-	59[2]	-	-	86	57
% Loans with Cosigner	80%	64%	38%	69%	49%	-	52%	-	60%	-	-	55%	-	-	75%	-
% Loans with No Cosigner	20%	36%	62%	31%	51%	100%	48%	100%	40%	100%	100%	45%	100%	100%	25%	100%
WA FICO at Origination	731	730	625	720	752	765	750	764	745	760	756	745	756	772	734	760
WA Recent FICO at Issuance	714	726	690	713	750	-	748	-	748	-	-	747	-	-	744	-
WA FICO (Cosigner at Origination)	738	742	635	731	748	-	750	-	743	-	-	738	-	-	744	-
WA FICO (Cosigner at Rescored)	724	739	697	725	749	-	742	-	754	-	-	746	-	-	753	-
WA FICO (Borrower at Origination)	701	704	619	696	755	765	751	764	747	760	756	753	756	772	705	760
WA FICO (Borrower at Rescored)	672	704	687	685	752	-	743	-	734	-	-	749	-	-	716	-
WA LIBOR Equivalent Margin[1]	7.38%	5.58%	9.32%	7.15%	6.24%	5.21%	6.61%	5.12%	5.45%	5.35%	5.43%	6.30%	5.56%	5.68%	6.02%	5.46%

[1] Assumes Prime / 1 month LIBOR spread of 3.00%. However for 100% Private Education Refi transactions, represents the gross borrower coupon.

[2] All other loans (non-NaviRefi) have weighted average months in repayment of 79 months for NAVSL 2018-D, 78 months for NAVSL 2018-B, 49 months for NAVSL 2017-A, 86 months for NAVSL 2019-B.

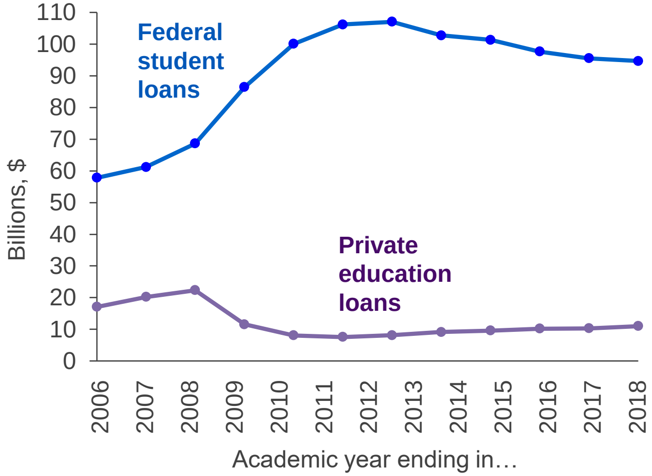
* Represents a percentage greater than 0% but less than 0.5%.

Higher Education Industry

At $1.4 trillion in student loans, the federal government is the largest non-mortgage consumer lender

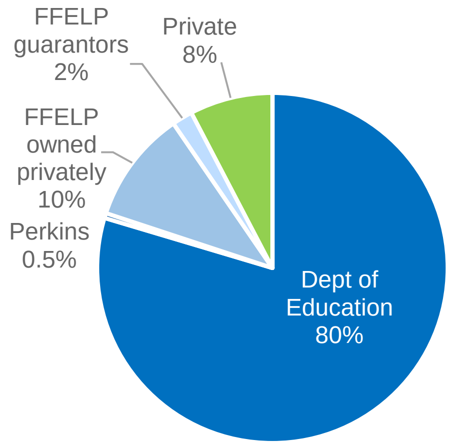
- Federal loan interest rates, limits and terms are set by Congress.
- All federal loans are issued directly by the U.S. Department of Education since 2010 when federally guaranteed loans ended.
- Federal loans have no traditional underwriting, and no truth in lending disclosures.
- The number of federal borrowers is up by 51 percent since 2007.

Total student loan originations, by type



The increasing dominance of federal student loan originations versus private loans reflects the federal government's massive involvement in student loans: it owns or guarantees more than 90% of the $1.56T outstanding in student loans.

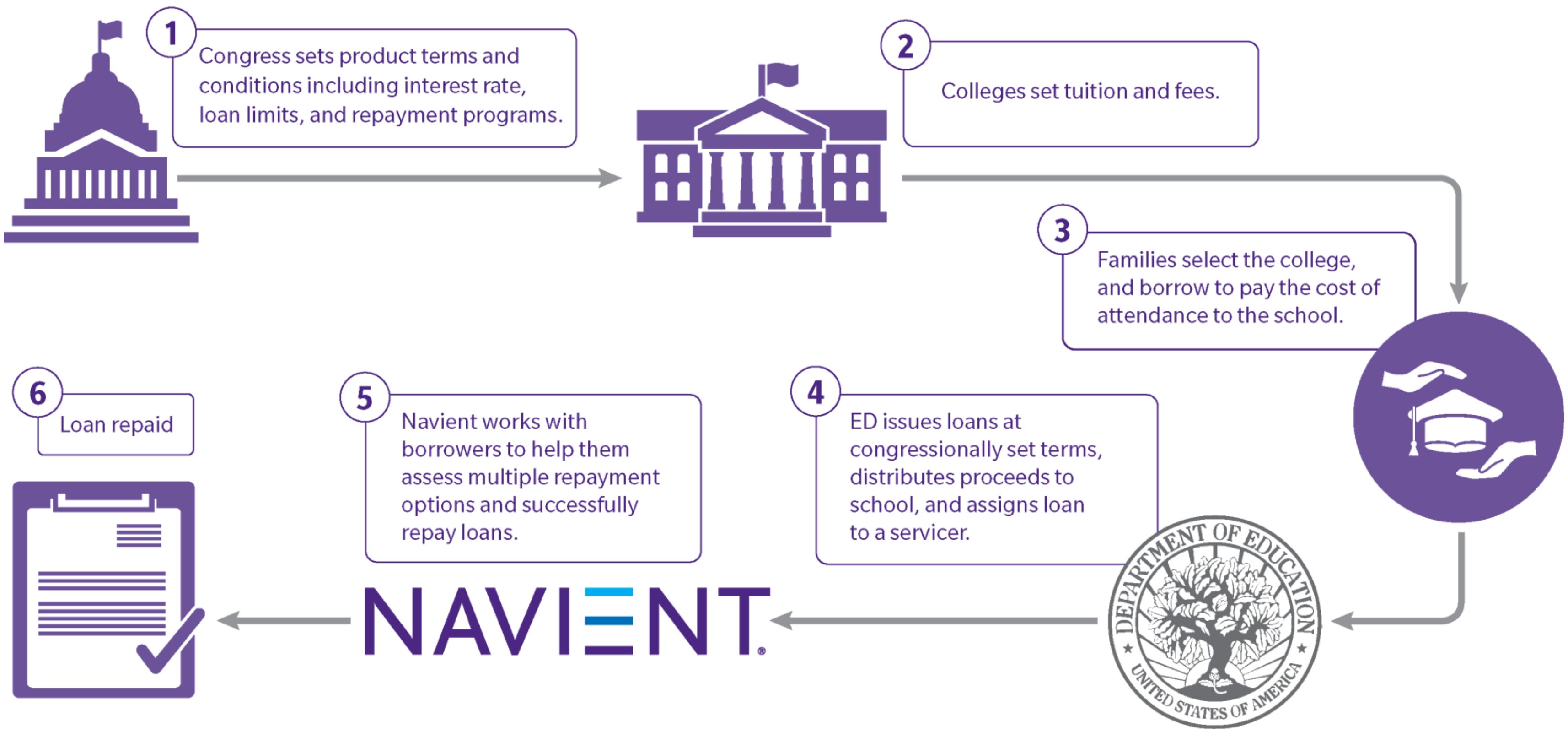
Ownership distribution of student loans



Source: Outstanding data as of 12/31/18, from FSA Data Center, originations from College Board, "Trends in Student Aid 2018", MeasureOne, "Private Student Loan Report" December 20, 2018.

In its role as a student loan servicer, Navient helps borrowers successfully repay their loans

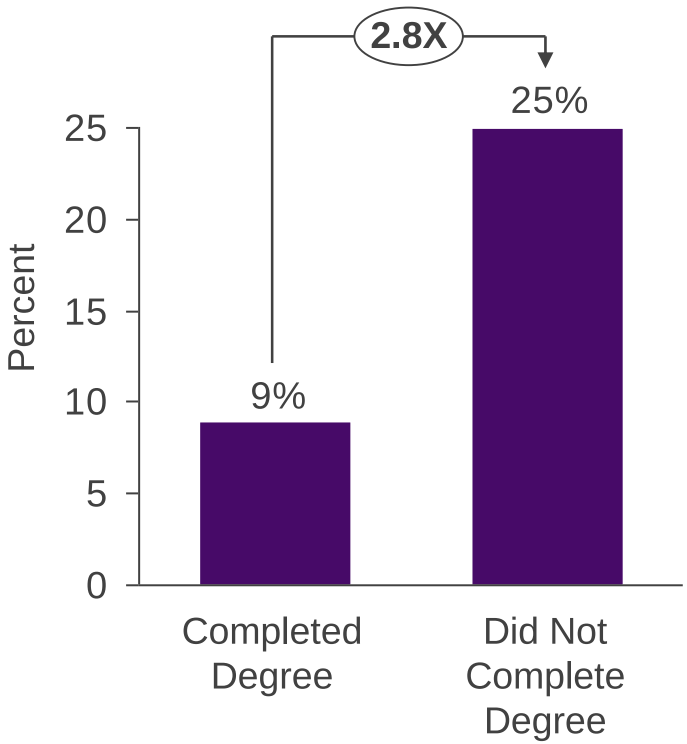
Servicers begin helping borrowers navigate repayment after important financial decisions about the total cost and experience of their education have already been made.



The borrowers who struggle most are often non-completers with less than $10,000 in debt

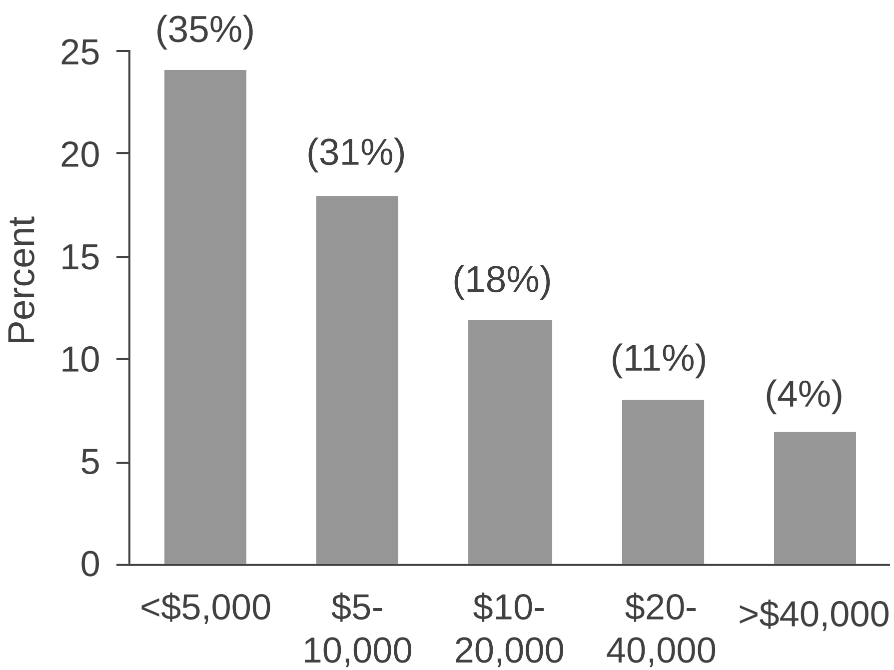
Borrowers who do not complete a degree default at a rate almost three times higher than borrowers who earned a degree …

Borrowers in default by attainment



… As a result, borrowers who run into trouble repaying usually have below-average amounts of debt.

3-Year Default Rate by loan size, 2011 Repayment Cohort (parentheses contain share of all defaults)



Source: President Obama's Council of Economic Advisors, "Investing In Higher Education: Benefits, Challenges, And The State Of Student Debt," July 2016
Note: Years are fiscal years. Loan size is based on balance of loan when entering repayment.

Appendix

Notes on Non-GAAP Financial Measures

(Dollars in Millions)

In addition to financial results reported on a GAAP basis, Navient also provides certain performance measures which are non-GAAP financial measures. The following non-GAAP financial measures are presented within this Presentation:

1. **Core Earnings** – The difference between the company's Core Earnings and its GAAP results is that Core Earnings excludes the impacts of: (1) mark-to-market gains/losses on derivatives and (2) goodwill and acquired intangible asset amortization and impairment. Management uses Core Earnings in making decisions regarding the company's performance and the allocation of corporate resources and, as a result, our segment results are presented using Core Earnings. In addition, Navient's equity investors, credit rating agencies and debt capital investors use these Core Earnings measures to monitor the company's business performance. For further detail and reconciliation, see page 51 of this presentation and pages 13-21 of Navient's second-quarter earnings release.

2. **Core Earnings Return on Equity (CEROE)** – Core Earnings Return on Equity is calculated as Core Net income, excluding restructuring and regulatory-related expenses, divided by the quarterly average of GAAP equity for the trailing four quarters. This measure allows management, as well as investors and analysts, to measure the company's use of its equity. The calculation for Q2 2019 is as follows:

$$\frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$177^{(1)}}{(\$3{,}301 + \$3{,}430 + \$3{,}519 + \$3{,}724) / 4} = 20\%^{(2)}$$

i. For a reconciliation to the full year 2018 Core Earnings Return on Equity, see slide 18 of the full year 2018 earnings presentation, dated January 23, 2019.

3. **Core Earnings Efficiency Ratio** – The Core Earnings Efficiency Ratio measures the company's Core Earnings Expenses, excluding restructuring and regulatory-related expenses, relative to its Adjusted Core Earnings Revenue. This ratio can be calculated by dividing Core Earnings Expenses, excluding restructuring and regulatory-related expenses, by Adjusted Core Earnings Revenue. Adjusted Core Earnings Revenue is derived by adding provision for loan losses, and excluding gains or loss on debt repurchases, to Total Core Earnings Revenue. This is a useful measure to management as we plan and forecast, as it removes variables that cannot be easily predicted in advance. By using this measure, management can make better short-term and long-term decisions related to expense management and allocation. The calculation for Q2 2019 is as follows:

$$\frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$240^{(1)}}{\$470 + \$68 - \$32} = 47\%$$

i. For a reconciliation to the full year 2018 Core Earnings Efficiency Ratio, see slide 18 of the full year 2018 earnings presentation, dated January 23, 2019.

4. **Tangible Net Asset Ratio (TNA)** – The Tangible Net Asset Ratio measures the amount of assets available to retire the Company's unsecured debt. Management and Navient's equity investors, credit rating agencies and debt capital investors use this ratio to monitor and make decisions about the appropriate level of unsecured funding. It is measured by dividing Tangible net assets by par unsecured debt. For further detail and reconciliation, see page 22 of Navient's second-quarter earnings release.

5. **Earnings before Interest, Taxes, Depreciation and Amortization Expense ("EBITDA") –** This metric measures the operating performance of the Business Processing segment and is used by management and our equity investors to monitor operating performance and determine the value of those businesses. For further detail and reconciliation, see page 22 of Navient's second-quarter earnings release, and for reconciliations to 2016, 2017, and 2018, see page 66 of our 2018 10-K.

[1] Excludes $2 million of restructuring and regulatory costs.
[2] Return on Equity has been annualized.

Differences Between Core Earnings And GAAP

Core Earnings adjustments to GAAP: (Dollars in Millions)	Quarters Ended Jun. 30, 2019	 Mar. 31, 2019	 Jun. 30, 2018
GAAP net income (loss)	$153	$128	$83
Net impact of derivative accounting	23	6	$51
Net impact of goodwill and acquired intangible assets	11	7	6
Net income tax effect	(12)	(5)	(9)
Total Core Earnings adjustments to GAAP	22	8	$48
Core Earnings net income (loss)	$175	$136	$131

Investor Relations Website

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- **NAVI / SLM student loan trust data (Debt/asset backed securities – NAVI / SLM Student Loan Trusts)**
  - Static pool information – detailed portfolio stratifications by trust as of the cutoff date
  - Accrued interest factors
  - Quarterly distribution factors
  - Historical trust performance – monthly charge-off, delinquency, loan status, CPR, etc. by trust
  - Since issued CPR – monthly CPR data by trust since issuance

- **NAVI / SLM student loan performance by trust – Issue details**
  - Current and historical monthly distribution reports
  - Distribution factors
  - Current rates
  - Prospectus for public transactions and Rule 144A transactions are available through underwriters

- **Additional information (Webcasts and presentations)**
  - Archived and historical webcasts, transcripts and investor presentations