2019 4th Quarter and Full Year Earnings Call Presentation

January 22, 2020

Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of December 31, 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 "2019 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 2019 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 2019 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 fourth-quarter earnings release and pages 19 - 21 of this presentation for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.

Operating Results
"Core Earnings[1]" Basis

Selected Financial Information and Ratios

(In millions, except per share amounts)	Q4 19	Q4 18	2019	2018
GAAP diluted EPS	**$0.78**	**$0.28**	**$2.56**	**$1.49**
Adjusted Core Earnings EPS [2]	**$0.67**	**$0.58**	**$2.64**	**$2.09**
Restructuring and regulatory-related expenses	$0.02	($0.03)	($0.04)	($0.13)
Reported Core Earnings EPS [1]	**$0.69**	**$0.55**	**$2.60**	**$1.96**
Average common stock equivalent	221	256	233	264
Ending total education loans, net	$86,820	$94,498	$86,820	$94,498
Average total education loans	$88,266	$96,380	$90,783	$100,252

Full Year and 4th Quarter Highlights

- Adjusted Core Earnings per share increased 16% to $0.67 compared to $0.58 in the year-ago quarter [2], and 26% to $2.64 in full year 2019 [2]
  - Adjusted core net income increased 12% in full year 2019 to $616 million, from $552 million in 2018
- Originated $1.6 billion of Private Education Refinance Loans in the quarter and $4.9 billion for the year
- Sustained improvement in credit quality
  - Private Education loan delinquency rate declined 22%
  - FFELP loan charge-offs declined 31% from the year-ago quarter
- Returned $111 million to shareholders through dividends and share repurchases in the quarter
  - Repurchased 34.5 million shares in full year 2019, a 13% reduction in shares outstanding
  - Approved an additional $1 billion multi-year share repurchase program

[1] Item is a non-GAAP financial measure. See note 1 on slide 19.
[2] Adjusted diluted Core Earnings per share excludes: $(7) million and $12 million of net restructuring and regulatory-related expenses in fourth-quarters 2019 and 2018, respectively, and $12 million and $42 million in full years 2019 and 2018, respectively.

Federal Education Loans Segment
"Core Earnings" Basis

Selected Financial Information and Ratios

($ In millions)	Q4 19	Q4 18	2019	2018
Segment net interest margin	0.87%	0.86%	0.83%	0.83%
FFELP Loans:				
Provision for loan losses	$8	$10	$30	$70
Charge-offs	$9	$13	$42	$54
Charge-off rate	0.06%	0.09%	0.07%	0.09%
Greater than 30-days delinquency rate	11.7%	10.2%	11.7%	10.2%
Greater than 90-days delinquency rate	5.8%	5.3%	5.8%	5.3%
Forbearance rate	12.2%	12.3%	12.2%	12.3%
Average FFELP Loans	$65,642	$73,425	$68,271	$76,971
Operating Expense	$89	$89	$359	$298
Net Income	$136	$147	$525	$580
Number of accounts serviced for ED (in millions)	5.6	5.9	5.6	5.9
Total federal loans serviced (in billions)	$287	$292	$287	$292
Contingent collections receivables inventory - education loans (billions)	$19.0	$28.3	$19.0	$28.3

Full Year and 4th Quarter Highlights

Federal Education

- **Q4 19** Net Interest Margin: 87 basis points
- **Q4 19** Charge-off Rate: 6 basis points

- Disciplined financing strategy has enhanced returns
  - FFELP portfolio continued to deliver strong and stable cash flows in 2019
- FFELP loan charge-offs declined 31% from the year-ago quarter
- More efficient funding costs contributed to a strong net interest margin
- Asset recovery revenue increased $67 million, or 41%, in full year 2019

Consumer Lending Segment
"Core Earnings Basis"

Selected Financial Information and Ratios

($ In millions)	Q4 19	Q4 18	2019	2018
Segment net interest margin	3.31%	3.18%	3.30%	3.24%
Private Education Loans (including Refinance Loans):				
Provision for loan losses	$42	$75	$228	$300
Charge-offs [1]	$97	$102	$364	$371
Annualized charge-off rate [1]	1.7%	1.8%	1.7%	1.7%
Greater than 30-days delinquency rate	4.6%	5.9%	4.6%	5.9%
Greater than 90-days delinquency rate	2.0%	2.8%	2.0%	2.8%
Forbearance rate	2.7%	3.0%	2.7%	3.0%
Average Private Education Loans	$22,624	$22,955	$22,512	$23,281
Operating Expense	$40	$36	$156	$169
Net Income	$89	$66	$316	$252

Full Year and 4th Quarter Highlights

Consumer Lending

- **Q4 19** Net Interest Margin: 3.31%
- **Q4 19** Charge-off Rate: 1.7%

- Portfolio performance remains strong:
  - Forbearance rate declined 10% from the year-ago quarter
  - Total delinquency rate declined 22% from the year-ago quarter
  - Loan loss provision expense declined 24% in full year 2019
- Delivered significant value in the loan origination franchise
  - Originated $1.6 billion of Private Education Refinance Loans in the quarter, and $4.9 billion in 2019
  - Ending Private Education Refinance Loans of $6.4 billion
  - Annualized charge-off rate and greater than 90-days delinquency rate remain under 10 basis points
- Driven by more efficient funding costs, fourth-quarter net interest income increased 3%, to $195 million
- Net income increased 25% in full year 2019, to $316 million
- Ending loan balance of $22.2 billion, unchanged from the year-ago quarter

[1] Full year 2019 and full year 2018 exclude the $21 million and $32 million of charge-offs on the receivable for partially charged-off loans that occurred as a result of changing the charge-off rate from 80.5% to 81% in 3Q 2019 and from changing the charge-off rate from 79% to 80.5% in 3Q 2018, respectively.

Business Processing Segment “Core Earnings” Basis

Selected Financial Information and Ratios

($ In millions)	Q419	Q4 18	2019	2018
Government Services	$34	$41	$154	$174
Healthcare RCM Services	$25	$25	$104	$93
Total Business Processing Revenue	**$59**	**$66**	**$258**	**$267**
Operating Expenses	$49	$57	$215	$229
EBITDA [1]	$11	$10	$49	$44
EBITDA Margin [1]	18%	15%	19%	17%
Net Income	**$8**	**$7**	**$33**	**$30**
Contingent collections receivables inventory (billions)	$14.9	$14.4	$14.9	$14.4

Full Year and 4th Quarter Highlights

Business Processing

- **Q4 19** EBITDA Margin [1]: 18%

- Full year EBITDA [1] increased 11% to $49 million
- Improving margins delivered through disciplined expense management
- Contingent collections receivables inventory increased to $14.9 billion
- Won and implemented multiple engagements across healthcare RCM and government services

[1] Item is a non-GAAP financial measure. See note 5 on slide 20.

Q4 2019 Capital Management

Capital Return

- ✓ Repurchased 5.8 million common shares for $77 million in the quarter
  - Repurchased 34.5 million shares in 2019, a 13% reduction in shares outstanding
  - Since inception[1], returned $3.2 billion through share repurchases
- ✓ Paid $34 million in dividends to shareholders
  - Since inception[1], returned $1.1 billion through dividends

Financing

- ✓ Issued FFELP ABS transaction for $497 million, with a weighted average life of 4.7 years
- ✓ Issued 2 Private Education Loan ABS transactions for $1.2 billion, with a blended weighted average life of 3.5 years
- ✓ Optimized secured facilities, with $1.3 billion of available capacity
- ✓ Completed make-whole call of $1 billion of unsecured debt
  - Reduced unsecured debt outstanding by $2.0 billion since the year-ago quarter

Impact of CECL

- ✓ Estimated incremental pre-tax allowance of approximately $800 million

[1] Inception is the period from May 1, 2014 through December 31, 2019.
[2] Item is a non-GAAP financial measure. See note 4 on slide 20.

Well Positioned to Continue on Our Successful Financial Performance

- 2020 Adjusted Core EPS guidance: $3.00 - $3.10 [1]

	Key Company & Business Segment Metrics		
	2019 Original [2] Targets	2019 Actual	2020 Targets
Core Earnings Return on Equity [3]	Mid Teens	19% ✓	High Teens to Low Twenties
Core Earnings Efficiency Ratio [4]	~50%	49% ✓	~50%
Tangible Net Asset Ratio [5]	1.23x – 1.25x	1.30x ✓	N/A
Adjusted Tangible Equity Ratio [6]	N/A	7.6%	Above 6.0%
Net Interest Margin – Federal Education Loan Segment	Low to Mid 80's	0.83% ✓	Low to Mid 80's
Charge-off Rate – Federal Education Loan Segment	0.08% - 0.10%	0.07% ✓	0.06% - 0.08%
Net Interest Margin – Consumer Lending Segment	3.10% - 3.20%	3.30% ✓	3.00% - 3.10%
Charge-off Rate – Consumer Lending Segment	1.6% - 1.8%	1.7% ✓	1.5% - 1.7%
EBITDA Margin – Business Processing Segment [7]	High Teens	19% ✓	High Teens

[1] Item is a non-GAAP financial measure. See note 1 on slide 19.
[2] Key Company & Business Segment Metrics were first provided on January 23, 2019.
[3] Item is a non-GAAP financial measure. See note 2 on slide 19.
[4] Item is a non-GAAP financial measure. See note 3 on slide 19.
[5] Item is a non-GAAP financial measure. See note 4 on slide 20.
[6] Item is a non-GAAP financial measure. See note 6 on slide 20.
[7] Item is a non-GAAP financial measure. See note 5 on slide 20.

GAAP Results

(In millions, except per share amounts)	Q4 19	Q4 18	2019	2018
Net income (loss)	$171	$72	$597	$395
Diluted earnings (loss) per common share	$0.78	$0.28	$2.56	$1.49
Operating expenses	$235	$252	$984	$984
Provision for loan losses	$50	$85	$258	$370
Average Education Loans	$88,266	$96,380	$90,783	$100,252

Appendix

Education Loan Portfolio Generates Significant Cash Flows

Projected Life of Loan Cash Flows over ~20 Years

$’s in Billions	
FFELP Cash Flows	**12/31/19**
Secured	
Residual (including O/C)	$4.8
Floor Income	1.4
Servicing	2.1
Total Secured	$8.3
Unencumbered	0.5
Total FFELP Cash Flows	**$8.8**
Private Credit Cash Flows	
Secured	
Residual (including O/C)	$6.5
Servicing	0.5
Total Secured	$7.0
Unencumbered	3.4
Total Private Cash Flows	**$10.4**
Combined Cash Flows before Unsecured Debt	**$19.2**
Unsecured Debt (par value)	**$9.6**

Enhancing Cash Flows

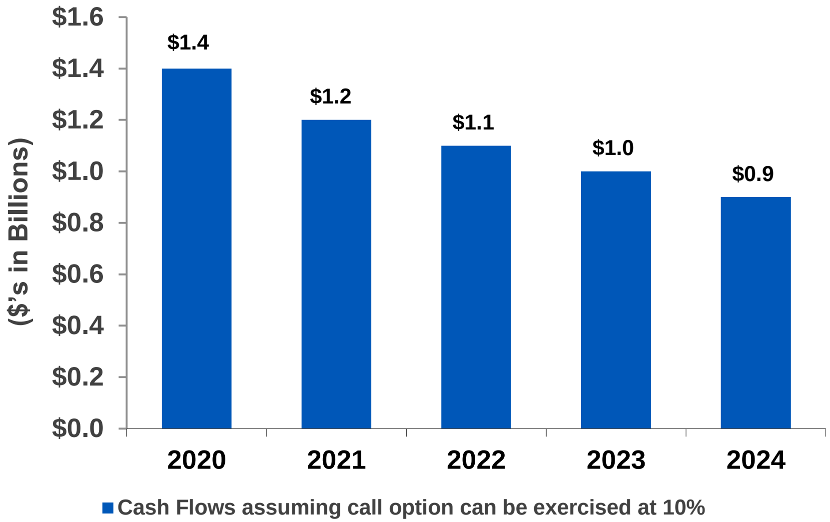
- Generated $2.6 billion of cash flows in 2019
- Paid down unsecured debt of $2.0 billion in 2019
- Returned $0.6 billion to shareholders through share repurchase and dividends in 2019
- Acquired $5.4 billion of student loans in 2019
- $19.2 billion of estimated future cash flows remain over ~ 20 years
  - Includes ~$8 billion of overcollateralization[1] (O/C) to be released from residuals
- $3.0 billion of unencumbered student loans
- $0.7 billion of hedged FFELP Loan embedded floor income

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

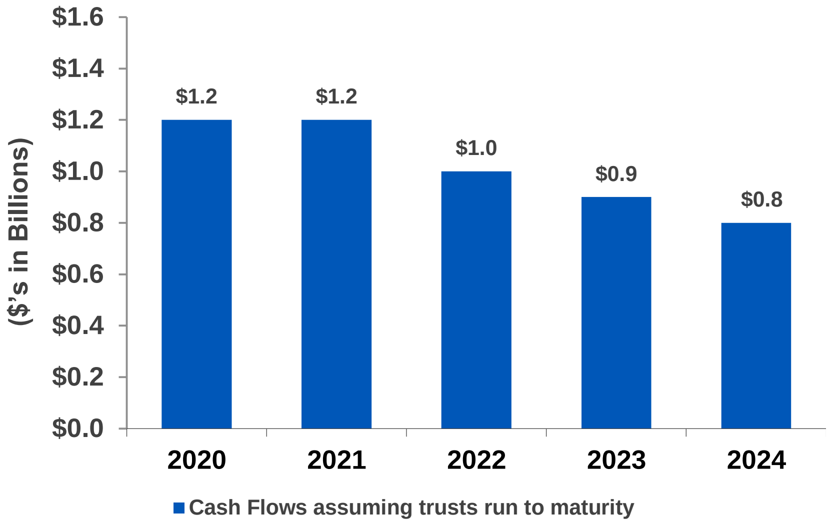
[1]Includes debt related to Private Education Loan asset-backed securitization repurchase facilities totaling $2.3B as of 12/31/2019.

Education Loan Portfolio Generates Meaningful Cash Flows Over the Next Five Years

Projected Annual Private Education Loan Cash Flows



Projected Annual FFELP Loan Cash Flows



Private Education Loan Portfolio Assumptions

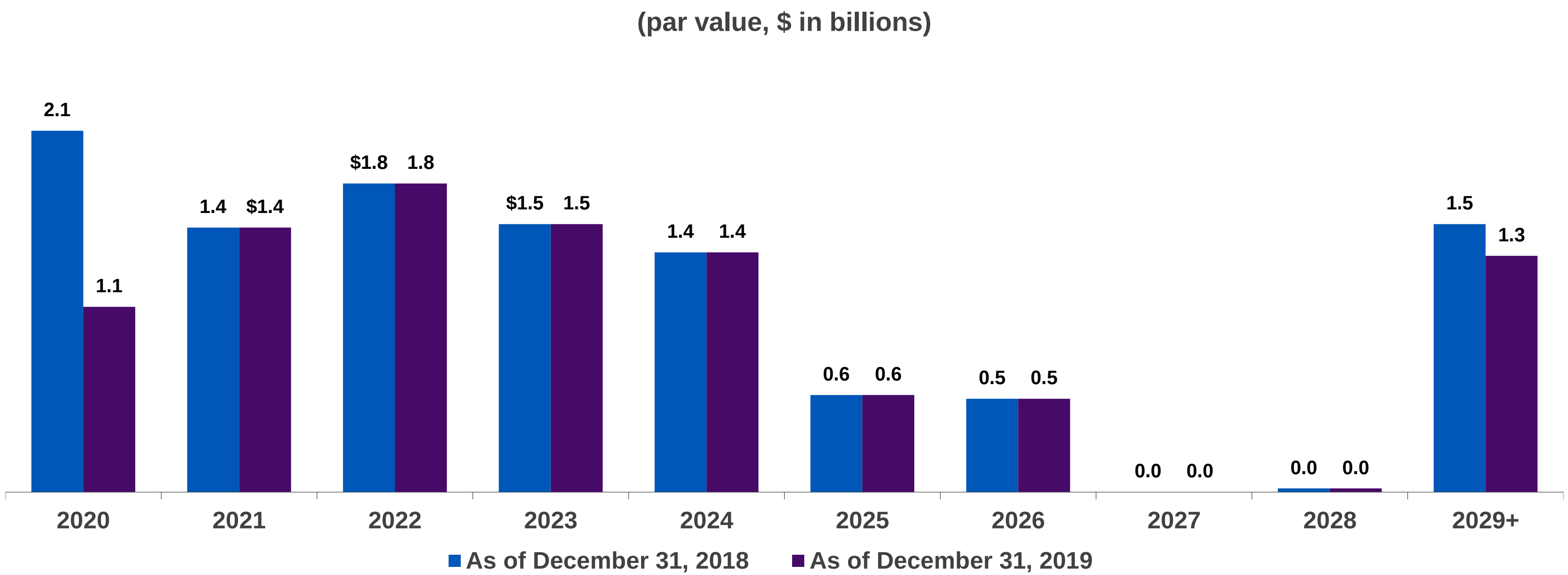
- The Private Education Loan portfolio is projected to generate $5.7 billion in cash flows through 2024 excluding operating expenses, taxes and unsecured debt principal and interest payments
- Future loan originations are not included
- Unencumbered loans of $2.6 billion are not securitized to term
- Includes the repayment of debt related to asset-backed securitization repurchase facilities when the call option is exercised

FFELP Loan Portfolio Assumptions

- The FFELP loan portfolio is projected to generate $5.1 billion in cash flows through 2024 excluding operating expenses, taxes and unsecured debt principal and interest payments
- Unencumbered loans of $0.3 billion are not securitized to term
- Includes projected floor income

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

Managing Unsecured Debt Maturities



Long-term Conservative Funding Approach

- Unsecured debt is a critical part of Navient's capital structure
  - Focused on maintaining our credit ratings to support access to capital markets
- We continue to proactively manage our unsecured debt issues
  - Repurchased $1.0 billion of senior unsecured debt in the quarter
  - Navient's total unsecured debt has declined $2.0 billion or 17%, since the year-ago quarter

Consumer Loan Segment Credit Detail

Credit Metrics

TDR Loans ($ in millions)	2019	2018	2017
Total delinquencies	$885	$1,135	$1,045
Total delinquency rate as a % of loans in repayment	10.5%	12.6%	11.1%
Loans delinquent greater than 90 days	$398	$556	$487
Greater than 90 days delinquency rate	4.7%	6.2%	5.2%
Forbearance	$479	$518	$681
Forbearance rate	5.4%	5.4%	6.8%
Charge-off rate as a % of loans in repayment	3.8%	3.6%	4.3%

Non-TDR Loans ($ in millions)	2019	2018	2017
Total delinquencies	$121	$161	$289
Total delinquency rate as a % of loans in repayment	0.9%	1.2%	2.1%
Loans delinquent greater than 90 days	$41	$58	$110
Greater than 90 days delinquency rate	0.3%	0.4%	0.8%
Forbearance	$125	$158	$214
Forbearance rate	0.9%	1.2%	1.6%
Charge-off rate as a % of loans in repayment	0.4%	0.6%	0.5%

Allowance for Loan Loss

	December 31, 2019		
($ in millions)	Allowance	Ending Balance	Allowance as % of Ending Balance
Non-TDR Loans	$ 107	$ 14,052	0.8%
TDR Loans	941	9,270	10.2%
Total before RPCO	1,048	23,322	4.5%
RPCO		588	0.0%
Total	$ 1,048	$ 23,910	4.4%

	December 31, 2018		
($ in millions)	Allowance	Ending Balance	Allowance as % of Ending Balance
Non-TDR Loans	$ 101	$ 13,562	0.7%
TDR Loans	1,100	9,969	11.0%
Total before RPCO	1,201	23,531	5.1%
RPCO		674	0.0%
Total	$ 1,201	$ 24,205	5.0%

[1] Purchased Credit Impaired Loans' losses are not provided for by the allowance for loan losses in the above table as these loans are separately reserved for, if needed. Related to the Purchased Non-Credit Impaired Loans acquired at a discount, no allowance for loan losses has been established for these loans as of December 31, 2019.

Long-term Capital Allocation Philosophy

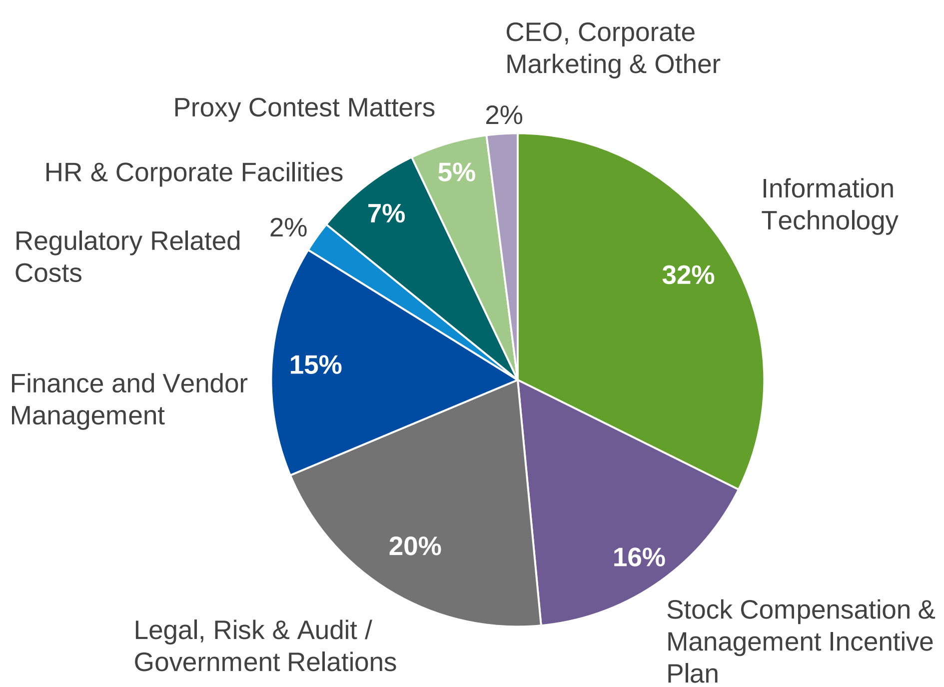
Consistently balance capital adequacy with capital allocation opportunities, including dividends, organic growth, stock repurchases and acquisitions

- ✓ **Execute dynamic capital allocation policy to maintain appropriate leverage that supports our credit ratings and enhances ongoing access to unsecured debt markets**
  - Critical to delivering shareholder value
- ✓ **Maintain dividend**
- ✓ **Invest capital generated from legacy portfolio and operating businesses among the following:**
  - Loan growth (portfolio acquisitions and refi originations); Share repurchases; Investments that exceed our return hurdle
- ✓ **Committed to ensuring excess capital is returned to shareholders**

Other Segment
"Core Earnings" Basis

2019 shared services expenses declined 12% from the year-ago period

2019 Total Unallocated Shared Services Expenses
$254 Million



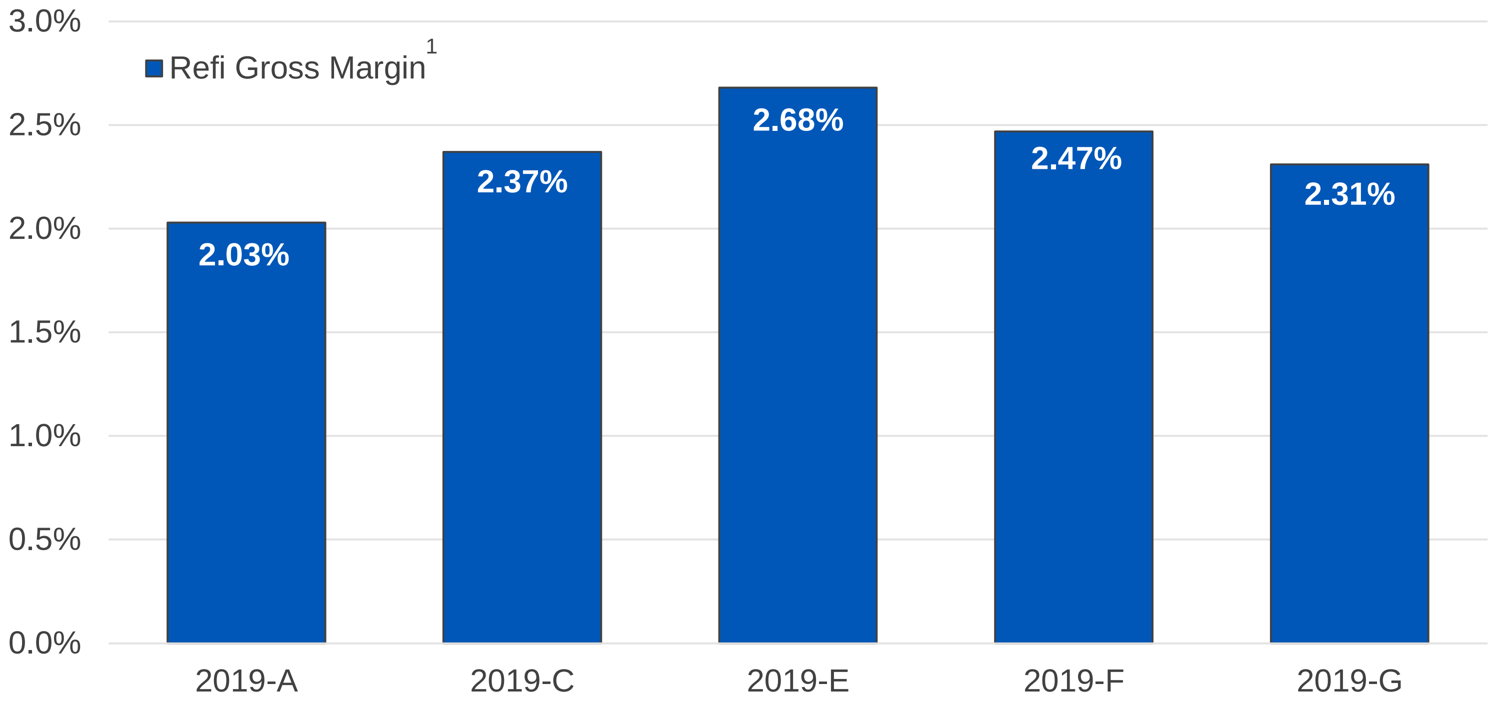
Shared Services Overview

- Nearly 75% of total expenses are allocated
- Proxy contest matters include the fulfillment of our obligations under the settlement agreement
- Shared services are related to the management of the entire company or shared by multiple reporting segments
  - Centralization of related functions creates cost efficiencies
  - These costs include certain executive management, Board, Accounting, Finance, HR, Legal, Audit, insurance and Risk & Compliance, as well as other corporate-related facilities
- Information Technology expense, which includes infrastructure, operations, and IT security, together with regulatory costs, are primarily shared between the Federal Education and Consumer Lending segments

Numbers may not add due to rounding.

Refi Portfolio Has Created Value For Shareholders

Refi Securitization Transactions in 2019



	2019-A	2019-C	2019-E	2019-F	2019-G
Deal Size	$647	$610	$535	$714	$498
Average FICO [2]	756	756	760	762	765
Free Cash Flow	$4,063	$3,729	$4,216	$4,199	$4,598

[1] Gross Margin is equal to the weighted average LIBOR equivalent margin less weighted average yield, where weighted average LIBOR equivalent margin represents the gross borrower coupon, and yield captures the trust's financing cost as a weighted average spread to LIBOR. Values were recorded on the day of the issuance of each respective trust.
[2] Weighted average (WA) original borrower FICO score.

Navient Is Focused On Expense Efficiency

Notable Items Impacting Total Expenses Compared to Prior Periods

($ In millions)	Q4 19	Q4 18	2019	2018
Reported Core Earnings Expenses	**$237**	**$256**	**$990**	**$997**
Year over Year Change in Reported Core Earnings Expenses	**(7%)**		**(1%)**	
Restructuring & Reorganization Expenses	$2	$4	$6	$13
Regulatory-Related Expenses	($9)	$8	$6	$29
Adjusted Core Earnings Expenses [1]	**$244**	**$244**	**$978**	**$955**
Year over Year Change in Adjusted Core Earnings Expenses	**0%**		**2%**	
Contingency Reserve Release	-	-	-	($40)
3rd Party Transfer Fee	-	-	-	$9
Transition Services Agreement	$4	$7	$20	$16
Costs Associated with Proxy Contest Matters	$1	-	$13	-
Comparable Core Earnings Total Expenses [1]	**$239**	**$237**	**$945**	**$970**
Year over Year Change in Comparable Core Earnings Total Expenses	**1%**		**(3%)**	

[1] "Adjusted" and "Comparable" expenses are non-GAAP financial measures. By using these measures, management can make better short-term and long-term decisions related to expense management and allocation.

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 21 of this presentation and pages 19 - 23 of Navient's fourth-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 Q4 2019 and full year 2019, respectively, is as follows:

$$\text{Q4 2019} = \frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$148^{(1)}}{(\$3{,}430 + \$3{,}301 + \$3{,}240 + 3{,}336) / 4} = 18\%^{(2)}$$

$$\text{FY 2019} = \frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$616^{(1)}}{(\$3{,}430 + \$3{,}301 + \$3{,}240 + 3{,}336) / 4} = 19\%^{(2)}$$

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 Q4 2019 and full year 2019, respectively, is as follows:

$$\text{Q4 2019} = \frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$244^{(1)}}{\$486 - (\$14)} = 49\%$$

$$\text{FY 2019} = \frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$978^{(1)}}{\$2{,}036 - \$33} = 49\%$$

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.

[1] Excludes $(7) million and $12 million of net restructuring and regulatory-related expenses in fourth-quarter 2019 and fourth-quarter 2018, respectively.
[2] Return on Equity has been annualized.

Notes on Non-GAAP Financial Measures

(Dollars in Millions)

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 23 of Navient's fourth-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 23 of Navient's fourth-quarter earnings release.

6. **Adjusted Tangible Equity Ratio (ATE)** – The Adjusted Tangible Equity Ratio provides a measure of Navient's tangible equity, relative to its tangible assets, after removing the assets and equity associated with our FFELP loan portfolio. The Adjusted Tangible Equity Ratio is calculated by first calculating Adjusted Tangible Equity, (GAAP Total Equity less Goodwill & Acquired Intangible Assets less Equity held for FFELP Loans), and dividing by Adjusted Tangible Assets (Total Assets less Goodwill & Acquired Intangible Assets less FFELP Loans); Equity Held for FFELP loans is 50 basis points. Management uses this ratio, in addition to other rating agency metrics, for analysis and decision making related to capital allocation decisions. The calculation for 2019 is as follows:

Adjusted Tangible Equity = (Equity - Goodwill & Intangibles) - Equity held for FFELP Loans
Adjusted Tangible Assets = Total Assets - Goodwill & Intangibles - FFELP Loans

Adjusted Tangible Equity = ($3,336 - $757) - (0.005*$64,575) = $2,256
Adjusted Tangible Assets = $94,903 - $757 - $64,575 = $29,571

$$\frac{\text{Adjusted Tangible Equity}}{\text{Adjusted Tangible Assets}} = \frac{\$2,256}{\$29,571} = 7.6\%$$

Differences Between Core Earnings And GAAP

Core Earnings adjustments to GAAP: (Dollars in Millions)	Quarters Ended Dec. 31, 2019	Quarters Ended Dec. 31, 2018	Years Ended 2019	Years Ended 2018
GAAP net income (loss)	$171	$72	$597	$395
Net impact of derivative accounting	(27)	59	(5)	90
Net impact of goodwill and acquired intangible assets	6	8	30	47
Net income tax effect	3	1	(15)	(13)
Total Core Earnings adjustments to GAAP	(18)	68	10	124
Core Earnings net income (loss)	$153	$140	$607	$519

NAVIENT®