

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): November 5, 2018

**Navient Corporation**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-36228  
(Commission  
File Number)

46-4054283  
(I.R.S. Employer  
Identification No.)

123 Justison Street, Wilmington, Delaware  
(Address of principal executive offices)

19801  
(Zip Code)

Registrant's telephone number, including area code: (302) 283-8000

Not Applicable  
(Former name or former address, if changed since last report)

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.

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NAVIENT.

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# 2018 3<sup>rd</sup> Quarter Investor Deck

November 5, 2018



# Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of September 30, 2018 (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, 2017 (the "2017 Form 10-K"), filed by Navient with the Securities and Exchange Commission (the "SEC") on February 26, 2018 and subsequent reports filed by Navient with the SEC. Definitions for capitalized terms in this presentation not defined herein can be found in our 2017 Form 10-K. This presentation contains "forward-looking" statements 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," 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 the hedging transactions; and
- changes in the terms of education loans and the educational credit marketplace generally (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;
- changes in general economic conditions;
- the other factors that are described in the "Risk Factors" section of Navient's Annual Report on 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. 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 third-quarter earnings release for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.





# NAVIENT®

- Navient is a leading provider of asset 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 approximately 12 million 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

# Operating Results

## Core Earnings Basis

(In millions, except per share amounts)	Q3 18	Q3 17	YTD 18	YTD 17
Adjusted Core EPS <sup>1</sup>	\$0.56	\$0.56	\$1.51	\$1.36
Restructuring and regulatory expenses	(\$0.03)	(\$0.01)	(\$0.09)	(\$0.02)
Reported Core EPS	<u>\$0.53</u>	<u>\$0.55</u>	<u>\$1.42</u>	<u>1.34</u>
Average common stock equivalent	264	274	267	285
Ending total education loans, net	\$96,704	\$107,340	\$96,704	\$107,340
Average total education loans	\$98,689	\$109,367	\$101,557	\$109,348

<sup>1</sup> Adjusted Core EPS excludes regulatory-related expenses and restructuring expenses.

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# Opportunities to Create Value in 2018 and Beyond

## Federal Education Loans

- Loan servicing & asset recovery
- Default prevention & portfolio management

## Consumer Lending

- Refinancing education loans
- Non-compete for new in-school Private Education Loan originations ends December 31, 2018

## Business Processing

- Non-Education Government Services – Federal, State, and Municipal
- Healthcare Revenue Cycle Management

# Federal Education Loans Segment

## Core Earnings Basis

In this segment, Navient holds and acquires FFELP loans and performs servicing and asset recovery services on its own loan portfolio, federal education loans owned by the U.S. Department of Education and other institutions.

(\$'s in millions)	Q3 18	Q3 17	FY 2017	FY 2016	FY 2015
Segment net interest margin	0.82%	0.71%	0.79%	0.86%	0.84%
FFELP Loans:					
Provision for loan losses	\$10	\$10	\$44	\$46	\$43
Charge-offs	\$13	\$10	\$49	\$54	\$61
Charge-off rate	0.09%	0.05%	0.07%	0.07%	0.08%
Greater than 30 days delinquency rate	11.4%	12.2%	12.7%	12.2%	15.2%
Greater than 90 days delinquency rate	6.6%	5.9%	6.2%	6.3%	8.2%
Forbearance rate	12.4%	15.2%	11.2%	12.9%	15.3%
Average FFELP Loans	\$75,582	\$85,019	\$84,989	\$92,497	\$100,421
Total revenues <sup>1</sup>	\$280	\$326	\$1,204	\$1,282	\$1,436
Operating Expense	\$87	\$77	\$316	\$366	\$401
Net Income	\$148	\$157	\$567	\$578	\$651
Number of accounts serviced for ED (in millions)	6.0	6.1	6.1	6.2	6.3
Total federal loans serviced (in billions)	\$294	\$296	\$296	\$293	\$288
Contingent collections receivables inventory - education loans (billions)	\$27.3	\$8.1	\$15.0	\$9.9	\$10.3

<sup>1</sup> Total revenues equals the net interest income after provision for loan losses plus total other income.



# Consumer Lending Segment

## Core Earnings Basis

In this segment, Navient holds, originates and acquires consumer loans and performs servicing activities on its own loan portfolio.

(\$'s in millions)	Q3 18	Q3 17	FY 2017	FY 2016	FY 2015
Segment net interest margin	3.35%	3.57%	3.33%	3.41%	3.67%
Private Education Loans (including Refinance Loans):					
Provision for loan losses	\$75	\$95	\$382	\$383	\$538
Charge-offs <sup>1,2</sup>	\$116	\$96	\$443	\$513	\$659
Annualized charge-off rate <sup>1,2</sup>	2.1%	1.6%	2.0%	2.2%	2.6%
Greater than 30 days delinquency rate	6.3%	5.7%	5.8%	7.4%	7.2%
Greater than 90 days delinquency rate	2.9%	2.6%	2.6%	3.6%	3.4%
Forbearance rate	3.9%	5.4%	3.8%	3.4%	3.8%
Average Private Education Loans	\$23,107	\$24,348	\$23,762	\$25,361	\$28,803
<b>Total revenues <sup>3</sup></b>	<b>\$130</b>	<b>\$133</b>	<b>\$442</b>	<b>\$517</b>	<b>\$538</b>
<b>Operating Expense</b>	<b>\$38</b>	<b>\$39</b>	<b>\$156</b>	<b>\$149</b>	<b>\$151</b>
<b>Net Income</b>	<b>\$72</b>	<b>\$60</b>	<b>\$183</b>	<b>\$231</b>	<b>\$244</b>

<sup>1</sup> In the second quarter of 2015, the portion of the loan amount charged off at default increased from 73 percent to 79 percent. This change resulted in a \$330 million reduction to the balance of the receivable for partially charged-off loans which is not included in the charge-off disclosures above.

<sup>2</sup> In the third quarter of 2018, the portion of the loan amount charged off at default on our Private Education Loans increased from 79 percent to 80.5 percent. This change resulted in a \$32 million reduction to the balance of the receivable for partially charged-off loans, which is not included in the charge-off disclosures above.

<sup>3</sup> Total revenues equals the net interest income after provision for loan losses plus total other income.

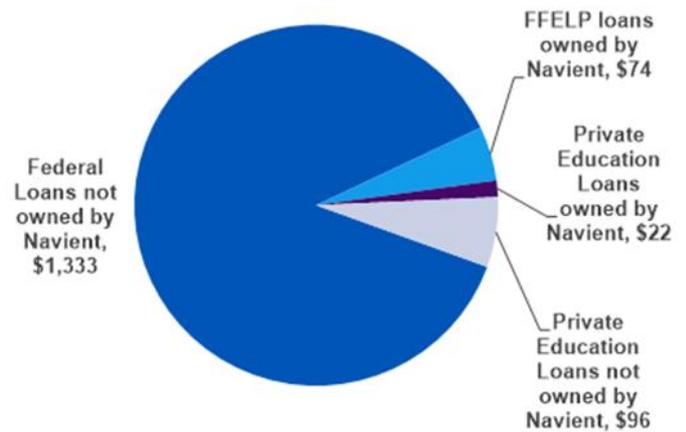
# Refinancing Education Loans is an Attractive Asset Generating Opportunity

## Overview

- Leverages our 40-plus years of data, analytics, capital markets and industry experience
- Graduation, employment and proven cash flows meaningfully reduce credit risk
- Opportunity to acquire assets from other originators
- Expected to generate low to mid teens ROE at scale, in line with our existing private education loan portfolio and above our cost of capital

## Estimated Outstanding Education Loan Market <sup>1</sup>

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



<sup>1</sup> 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; Navient 10-Q filings.

# Typical Private Education Refi Borrower Profile

## Typical Borrower

	Weighted Average
Borrower Age	32
Months since Graduation	77
Education	70% advanced degrees
FICO	767
Income	\$136,379
Monthly Real Free Cash Flow <sup>1</sup>	\$4,272
Original Loan Amount	\$72,336

## More Accurate Assessment

Underwriters assess loan applications down to the transaction level where available



<sup>1</sup> 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 September 30, 2018. 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.

# Consumer Loan Segment

## Credit Detail

### Delinquency & Forbearance Usage

TDR Loans (\$ in millions)	3Q 18	2Q 18	3Q 17
Total delinquencies	\$1,202	\$1,116	\$1,010
Total delinquency rate as a % of loans in repayment	13.4%	12.2%	11.0%
Loans delinquent greater than 90 days	\$567	\$531	\$480
Greater than 90 days delinquency rate	6.3%	5.8%	5.2%
Forbearance	\$707	\$690	\$931
Forbearance rate	7.3%	7.0%	9.2%

Non-TDR Loans (\$ in millions)	3Q 18	2Q 18	3Q 17
Total delinquencies	\$190	\$191	\$284
Total delinquency rate as a % of loans in repayment	1.4%	1.5%	2.1%
Loans delinquent greater than 90 days	\$69	\$71	\$107
Greater than 90 days delinquency rate	0.5%	0.6%	0.8%
Forbearance	\$185	\$195	\$341
Forbearance rate	1.4%	1.5%	2.5%

### Allowance for Loan Loss <sup>1</sup>

(\$ in millions)	September 30, 2018		
	Allowance	Ending Balance	Allowance as % of Ending Balance
Non-TDR Loans	\$ 92	\$ 13,650	0.7%
TDR Loans	1,134	10,131	11.2%
Total before RPCO	1,226	23,781	5.2%
RPCO		688	0.0%
Total	\$ 1,226	\$ 24,469	5.0%

(\$ in millions)	September 30, 2017		
	Allowance	Ending Balance	Allowance as % of Ending Balance
Non-TDR Loans	\$ 118	\$ 14,314	0.8%
TDR Loans	1,169	10,580	11.0%
Total before RPCO	1,287	24,894	5.2%
RPCO		771	0.0%
Total	\$ 1,287	\$ 25,665	5.0%

Note: In third quarter 2018, the portion of the loan amount charged off at default increased from 79 percent to 80.5 percent. This change resulted in a \$32 million reduction to the balance of the receivable for partially charged-off loans (RPCO). These amounts are included in total charge-offs as reported in the "Allowance for Private Education Loan Losses" table.

<sup>1</sup> 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 September 30, 2018.

# Business Processing Segment

## Core Earnings Basis

In this segment, Navient performs business processing services for non-education related government and healthcare clients.

(\$'s in millions)	Q3 18	Q3 17	FY 2017	FY 2016	FY 2015
Government Services	\$40	\$34	\$134	\$106	\$86
Healthcare RCM Services	\$24	\$21	\$78	\$68	\$13
<b>Total Business Processing Revenue</b>	<b>\$64</b>	<b>\$55</b>	<b>\$212</b>	<b>\$174</b>	<b>\$99</b>
Operating Expenses	\$59	\$49	\$187	\$149	\$83
EBITDA <sup>1</sup>	\$8	\$7	\$28	\$26	\$17
EBITDA Margin <sup>1</sup>	13%	13%	13%	15%	17%
<b>Net Income</b>	<b>\$4</b>	<b>\$4</b>	<b>\$16</b>	<b>\$16</b>	<b>\$10</b>
Contingent collection receivables inventory (billions)	\$13.1	\$15.9	\$11.4	\$10.1	\$9.9

<sup>1</sup> EBITDA is calculated by adding back depreciation and amortization expenses of \$3 million and \$1 million, respectively, to the quarterly pretax net income of Q3 18 and Q3 17, and \$3 million, \$1 million, and \$1 million for FY 2017, FY 2016, and FY 2015, respectively, to yearly pretax income. There is no interest expense in any period. EBITDA Margin is calculated as EBITDA divided by revenue. Numbers may not add due to rounding.

# Expanding our Reach in Growing Markets

Navient business processing has grown from a student loan and tax-centric collections business to a revenue-cycle BPO business serving government and healthcare markets, realizing \$212M in non-education related revenue in 2017.

	<b>Government * Services</b>	<b>Healthcare Revenue Cycle Management (RCM)</b>
<b>Market Opportunities &amp; Potential</b>	<ul style="list-style-type: none"><li>• Large addressable market, with multiple servicing needs<ul style="list-style-type: none"><li>• \$4B Market for collections and payment processing services to state and local entities</li><li>• \$2.8B Toll services market</li></ul></li><li>• Diverse client base</li><li>• Broad suite of services and client solutions</li><li>• Navient grew revenues by 26% in 2017 compared to the prior year</li></ul>	<ul style="list-style-type: none"><li>• \$13B RCM Services market</li><li>• \$3-4B in "back-end", growing 10% YOY</li><li>• Health systems facing thin margins and industry change</li><li>• Competitive landscape remains fragmented</li><li>• Navient grew revenues by 15% in 2017 compared to the prior year</li></ul>
<b>Capabilities That Position Us to Win</b>	<ul style="list-style-type: none"><li>• Brand, reputation, and performance</li><li>• Large scale data and transaction management</li><li>• Client-first, service-focused operations</li><li>• Strong reputation as back office specialist</li><li>• Compliance</li></ul>	<ul style="list-style-type: none"><li>• Brand, reputation, and performance</li><li>• Expert RCM knowledge</li><li>• Payer billing and claim resolution, analytics</li><li>• Compliance</li></ul>

\* Non-education related

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12

# Navient Is Focused On Expense Efficiency

## Notable Items Impacting Total Expenses Compared to Prior Periods

(\$ In millions)	Q3 18	Q3 17	YTD Q3 18	YTD Q3 17
<b>Reported Total Core Earnings Expenses</b>	<b>\$256</b>	<b>\$238</b>	<b>\$741</b>	<b>\$707</b>
Restructuring & Reorganization Expenses	\$1	-	\$10	-
Regulatory-Related Expenses	\$9	\$3	\$21	\$11
Duncan & Earnest Operating Expenses	\$25	\$8	\$78	\$8
3 <sup>rd</sup> Party Transfer Fee	-	-	\$9	-
Transition Services Agreement	\$9	-	\$9	-
Impact of ASC 606	\$14	-	\$38	-
Reserve Release	-	-	(\$40)	-
<b>Adjusted Total Core Earnings Expenses</b>	<b>\$198</b>	<b>\$227</b>	<b>\$616</b>	<b>\$688</b>
<b>Year over Year Change in Adjusted Total Core Earnings Expenses</b>	<b>(13%)</b>		<b>(10%)</b>	

## 3<sup>rd</sup> Quarter Highlights

- Year to date, adjusted total core earnings expenses have declined 10% as result of ongoing operating efficiency initiatives
- In Q3, closed on a strategic agreement with First Data related to Navient's student loan technology platform creating a more effective long-term variable cost structure for the business
- Transition Services Agreement (TSA) expenses and the impact of ASC 606 are fully offset by a corresponding increase in revenues
- Continued to build on our strong track record of improving operating efficiency and managing an expense structure that compares favorably to our peers

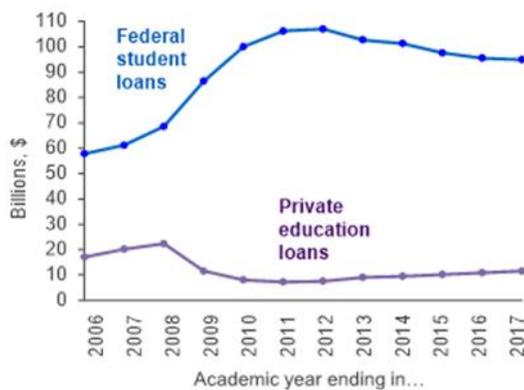


# Higher Education Industry

# Federal government is the largest consumer lender, owning or guaranteeing \$1.4 trillion in student loans

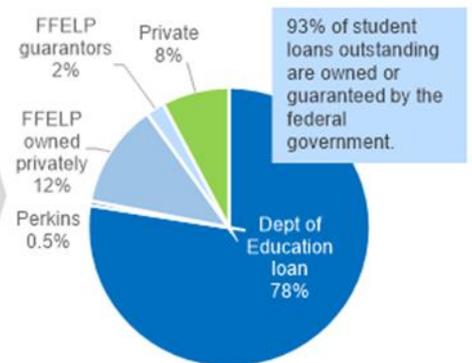
- Federal loan interest rates, limits and terms are set by Congress.
- All federal loans are issued directly by the U.S. Department of Education since 2010 when federally guaranteed loans ended.
- Federal loans have no traditional underwriting, and no truth in lending disclosures.
- In AY 16-17, ED disbursed \$95B in student loans, a decline from peak of \$117B in AY 10-11.
- 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 93 percent of the \$1.4 trillion outstanding in student loans.

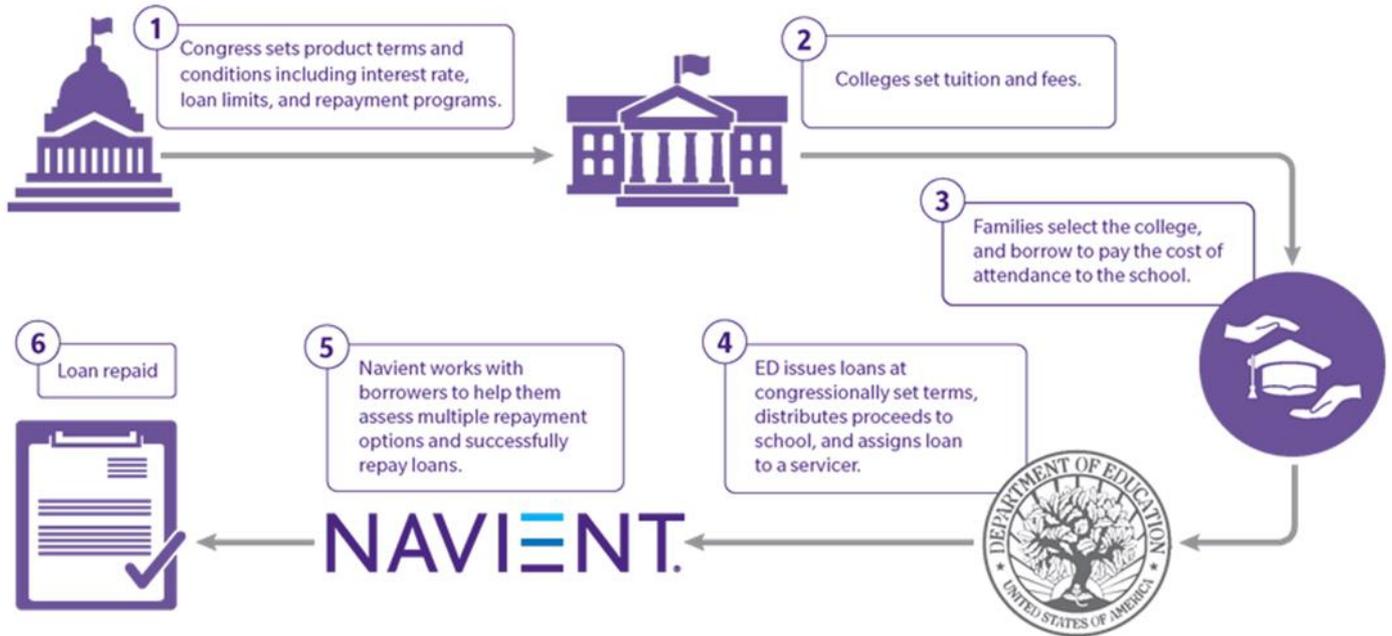
Ownership distribution of student loans



Source: Outstanding data as of 12/31/17, from FSA Data Center, Federal Reserve G.19 report; originations from College Board, "Trends in Student Aid 2017"

# 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.



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# Five Recommendations for Better Student Loans

- ① Providing better information *before* borrowing
- ② Improving the college completion rate
- ③ Simplifying repayment
- ④ Helping borrowers pay off faster
- ⑤ Encouraging borrower contact with servicers

For additional information, please read ["Five Recommendations for Better Student Loans"](#) at [news.Navient.com](#)

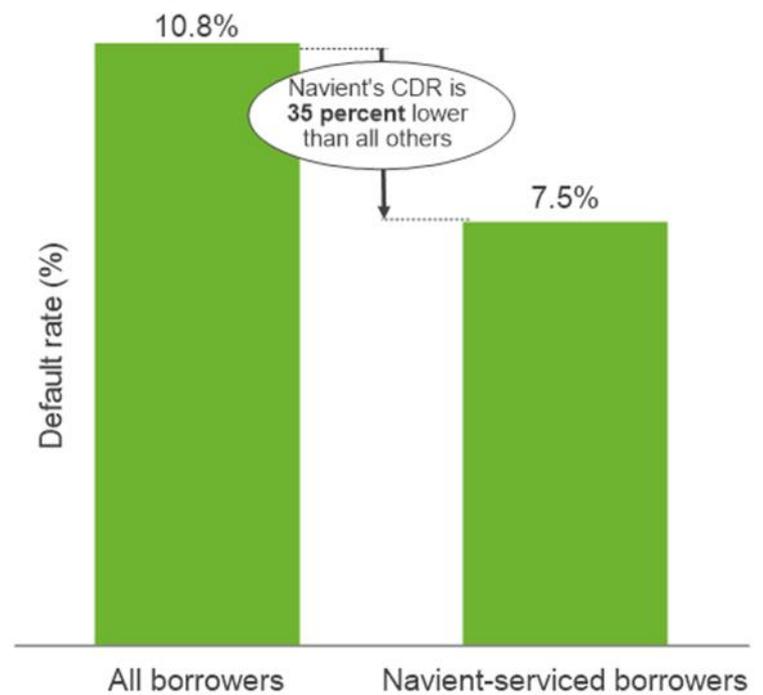
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# Navient's default prevention expertise has been a key factor in the decline of the national default rate

- The cohort default rate (CDR) measures the percent of borrowers who defaulted on a student loan within three years of entering repayment.
- In 2018, the Department of Education announced the 2015 CDR was 10.8 percent, a decrease from 2017 (11.5%) .
- The CDR for Navient-serviced customers was 7.5 percent, 35 percent lower than the national rate excluding Navient-serviced borrowers.
- Our outreach to borrowers is key. Nine times out of 10, if we can reach a struggling borrower, we can help him or her avoid default.

2015 three-year cohort default rate



Source: "Official Cohort Default Rates for Schools," [Federal Student Aid](#), 9/24/18; Navient data

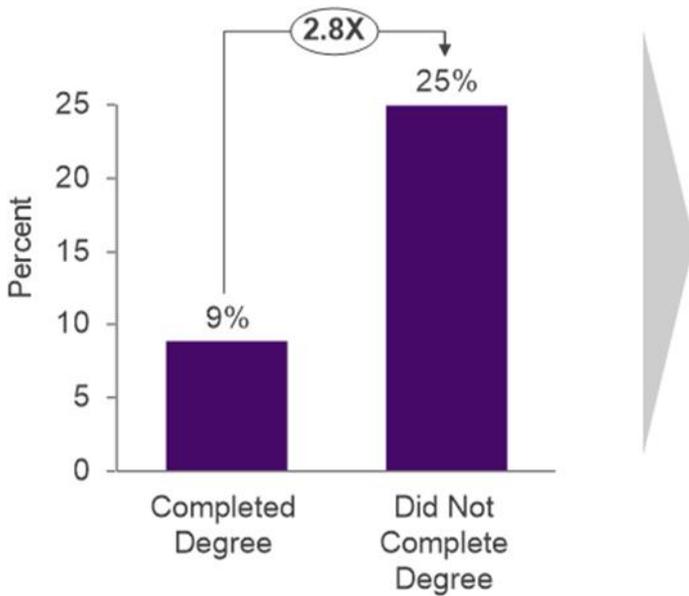
The 2015 Cohort Default Rate analyzes data from the group of borrowers who entered repayment between Oct. 1, 2014, and Sept. 30, 2015, and who defaulted in a three-year window by fall of 2018. To isolate the difference in defaults between Navient borrowers and others, the difference is calculated by removing Navient's marketshare from the overall national cohort default rate; the resulting CDR for non-Navient serviced borrowers is 11.6%.

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

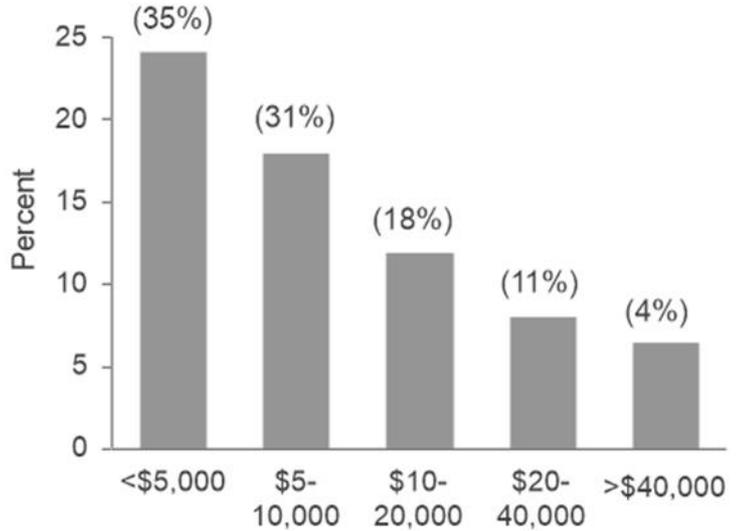
Borrowers who do not complete a degree default at a rate almost three times higher than borrowers who earned a degree ...

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)



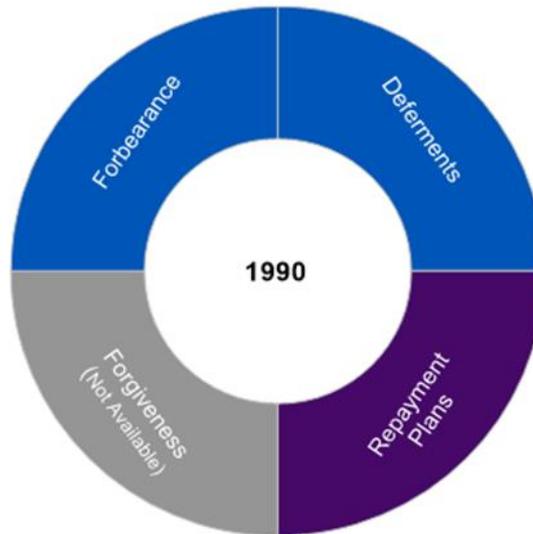
Source: President Obama's Council of Economic Advisors, "Investing In Higher Education: Benefits, Challenges, And The State Of Student Debt," [July 2016](#)  
Note: Years are fiscal years. Loan size is based on balance of loan when entering repayment.

# In 1990, there were two repayment plans, and the most complex area was deferment

## Forbearance

*Discretionary Forbearance*

- Hardship Forbearance



## Repayment Plans

1. Standard
2. Graduated

## Deferment

1. School Full-Time
2. School Half-Time
3. Graduate Fellowship
4. Unemployment Deferment – 2 years
5. Rehabilitation Training Program
6. Teacher Shortage
7. Internship/Residency Training
8. Temporary Total Disability
9. Armed Forces or Public Health Services
10. National Oceanic and Atmospheric Administration Corps
11. Peace Corps, ACTION Program, and Tax-Exempt Organization Volunteer
12. Parental Leave
13. Mother Entering/Re-entering Work Force

# Today's repayment options are numerous and complex

## Forbearance

### Discretionary Forbearance

- Hardship Forbearance

### Mandatory Forbearance

- Medical or Dental Internship Residency
- Department of Defense Student Loan Repayment Programs
- National Service
- Active Military State Duty
- Student Loan Debt Burden
- Teacher Loan Forgiveness

### Mandatory Administrative Forbearance

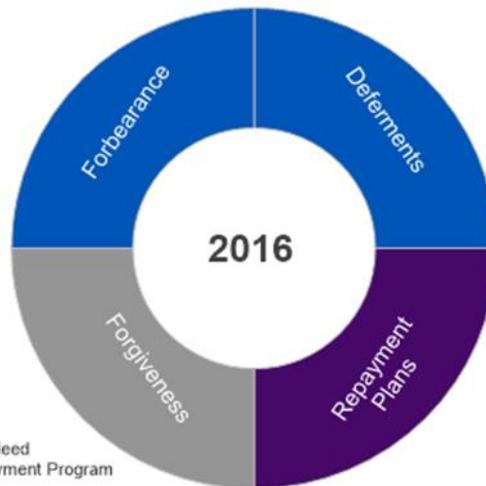
- Local or National Emergency
- Military Mobilization
- Designated Disaster Area
- Repayment Accommodation
- Teacher Loan Forgiveness

## Forgiveness

1. Teacher Loan Forgiveness
2. Loan Forgiveness for Service in Areas of National Need
3. Civil Legal Assistance Attorney Student Loan Repayment Program
4. Income Contingent Repayment Plan Forgiveness
5. Income Based Repayment Plan Forgiveness
6. Pay As You Earn Repayment Plan Forgiveness
7. Income Based 2014 Repayment Plan Forgiveness
8. REPAYE Repayment Plan Forgiveness
9. Public Service Loan Forgiveness

### Effective Date Details

- (1) Limited to FFELP borrowers with all new loans made on or after July 1, 1993; All DL are eligible.
- (2) Limited to FFELP borrowers with all loans made on or after July 1, 1987 and prior to July 1, 1993; DL eligible if borrower has FFELP loan made during this period.
- (3) All FFELP and DL loans eligible regardless of disbursement date
- (4) HERA aligned FFELP and DL repayment plans for loans first entering repayment on or after July 1, 2006.
- (5) Pre July 1, 1996, ICR plans, the DL borrower can choose between ICR1 - the Formula Amount, or ICR2 - the Capped Amount.
- (6) The DL borrower can request from 5 alternative repayment plans: Fixed Payment Amount, Fixed Term, Graduated Repayment, Negative Amortization, or Post REPAYE.



## Deferment

1. School (1)
2. School Full-Time (2)
3. School Half-Time (2)
4. Post Enrollment (1)
5. Graduate Fellowship (3)
6. Unemployment Deferment - 2 years (2)
7. Unemployment Deferment - 3 years (1)
8. Economic Hardship (1)
9. Rehabilitation Training Program (3)
10. Military Service (3)
11. Post-Active Duty Student (3)
12. Teacher Shortage(2)
13. Internship/Residency Training (2)
14. Temporary Total Disability (2)
15. Armed Forces or Public Health Services (2)
16. National Oceanic and Atmospheric Administration Corps (2)
17. Peace Corps, ACTION Program, and Tax-Exempt Organization Volunteer (2)
18. Parental Leave (2)
19. Mother Entering/Re-entering Work Force (2)

## Repayment plans

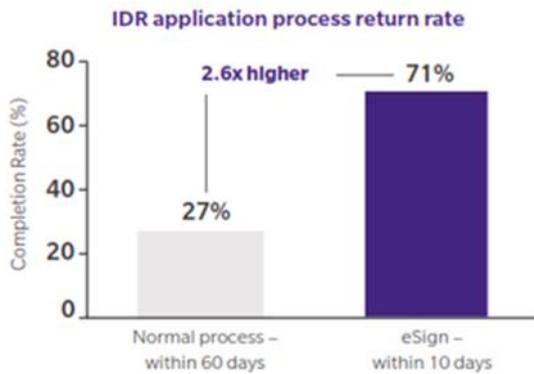
1. DL Standard Pre-HERA
2. FFELP/DL Standard Post-HERA (4)
3. DL Graduated Pre-HERA
4. FFELP/DL Graduated Post -HERA (4)
5. DL Extended Pre-HERA
6. FFELP/DL Extended Post-HERA (4)
7. Income-Sensitive
8. Income-Contingent Ver. 1 (5)
9. Income-Contingent Ver. 2 (5)
10. Income-Contingent Ver. 3
11. Forced Income-Driven
12. Income-Based
13. Pay As You Earn
14. Income-Based 2014
15. Alternative (6)
16. REPAYE

# We've piloted solutions to reduce complexity

## IDR eSign Enrollment Pilot

Navient launched a pilot program focusing on past-due FFELP borrowers to explore whether a simpler process could produce better results. Under the pilot, we made contact with the borrower, gathered salary and family information over the phone, and then pre-populated the IDR application. We then securely transmitted the pre-filled application to the borrower for electronic signature.

The eSign pilot nearly tripled IDR application return rates



**55%** return the application within a single day.

**71%** of applications completed within 10 days.

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## Testing IDR Payback Playbook

**NAVIENT** | Department of Education  
Loan Servicing



### Your Personalized Repayment Options (PRO) Plan is now available

You're about to begin repaying your loans - do you know what option is right for you?

Did you know that you may qualify for a \$0 monthly payment or be eligible to pursue future debt forgiveness?

Your PRO Plan is a simple guide to understanding your repayment options once you start paying your loans



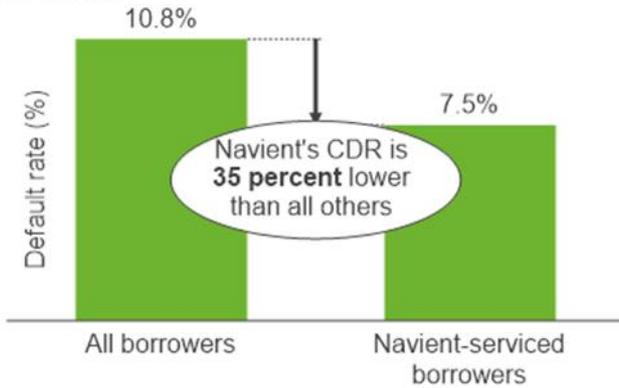
[Create an account](#) or [Log into your Navient inbox](#) today to check out the PRO Plan that we've created just for you, including custom cost estimates. On the site, you also can calculate your potential costs under other available plans.

**TIP:** You'll be receiving your first statement shortly. [Log in to your account at Navient.com](#) to ensure your contact information is correct and to sign up for e-delivery, the fastest and easiest way to get all your important student loan information.

**View your PRO Plan today**

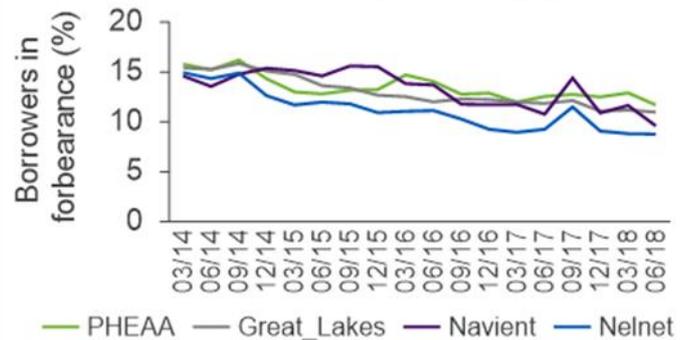
# Navient delivers strong performance for borrowers

Navient-serviced borrowers are 35% less likely to default



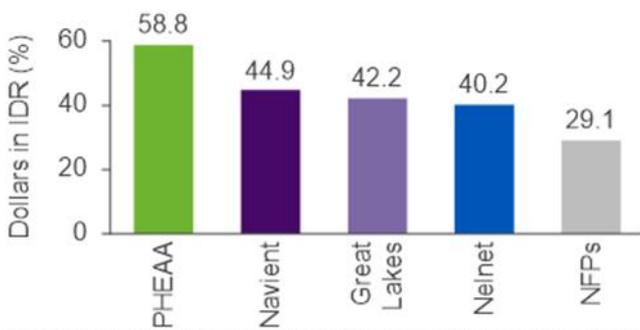
Forbearance usage is in-line with other servicers

Borrowers in forbearance as a percent of repayment\*



Note: Increase in forbearance usage in Sept 17 due to disaster relief in Puerto Rico, Florida, and Texas.

Navient's IDR enrollment leads other comparable servicers



Data-driven programs help make contact

**9 times out of 10**

...when we can reach a past-due federal student loan borrower, Navient can help him or her avoid default.



**90%**

of borrowers who default have not responded to Navient outreach during the year of missed payments leading up to default.

Sources: FSA data center, Federal Student Loan portfolio, Portfolio by Loan Status; forbearance as a percent of borrowers in repayment, forbearance, and deferment, \*Official Cohort Default Rates for Schools; Federal Student Aid, 9/24/18; Navient data, Federal Student Aid, Federal Student Loan Portfolio - FSA Data Center; U.S. Department of Education, as of June 2018, accessed 9/24/2018. Chart represents ED-owned federal loans. Excluding Parent PLUS loans which are not eligible for these payment plans, 53% of ED-owned balances serviced by Navient are enrolled in IDR.  
 \*Including all types of forbearance, including forbearance necessary for IDR enrollment



# Funding & Liquidity

# 3<sup>rd</sup> Quarter 2018 Capital Markets Activity

- Facility funding capacity for education loans
  - ▲ Available capacity under FFELP secured facilities is \$2.6 billion
  - ▲ Available capacity under Private Education Loan secured facilities is \$108 million
  
- FFELP ABS Financing
  - ▲ In the third quarter of 2018, Navient issued one transaction for \$992 million
  
- Private Education ABS Financing
  - ▲ In the third quarter of 2018, Navient issued one transaction for \$632 million
  
- Unsecured Financing
  - ▲ Retired or repurchased \$86 million of senior unsecured debt
  
- The tangible net asset ratio<sup>1</sup> was unchanged at 1.23x
  - ▲ Repurchased 6.9 million common shares for \$95 million in the quarter
  - ▲ Will manage the business to a TNA ratio between 1.23x - 1.25x

<sup>1</sup> The tangible net asset ratio equals GAAP tangible assets (total assets less goodwill and acquired intangible assets) less secured debt and other liabilities adjusted for the impact of derivative accounting under GAAP and unamortized net floor premiums divided by unsecured debt. For a more detailed reconciliation of the TNA ratio, see page 23 of Navient's third quarter 2018 earnings release.

# FFELP ABS Transactions

	NAVSL 2018-4					NAVSL 2018-3				
<b>Pricing Date:</b> <b>Settlement Date:</b>	September 10, 2018 September 20, 2018					June 20, 2018 June 28, 2018				
<b>Issuance Amount:</b>	\$992M					\$997M				
<b>Collateral:</b>	US Govt. Guaranteed FFELP Stafford, Plus and Consolidation Loans					US Govt. Guaranteed FFELP Stafford, Plus and Consolidation Loans				
<b>Prepayment Speed <sup>2</sup>:</b>	6% CPR Non-Consolidation / 4% CPR Consolidation					6% CPR Non-Consolidation / 4% CPR Consolidation				
<b>Tranching:</b>	Class	Rating (M/S/D) <sup>1</sup>	Amt. (\$M)	WAL <sup>2</sup>	Pricing <sup>3</sup>	Class	Rating (M/F/D) <sup>1</sup>	Amt. (\$M)	WAL <sup>2</sup>	Pricing <sup>3</sup>
	A1	Aaa / AAA / AAA	\$248	1.17	L + 0.25%	A1	Aaa / AAA / AAA	\$224	1.00	L + 0.27%
	A2	Aaa / AA+ / AAA	\$730	7.00	L + 0.68%	A2	Aaa / AAA / AAA	\$272	3.50	L + 0.42%
	B	Aaa / AA / AA	\$14	12.01	L + 1.30%	A3	Aaa / AAA / AAA	\$501	8.60	L + 0.80%

<sup>1</sup> Represents ratings by Moody's, S&P, Fitch, and DBRS.

<sup>2</sup> Estimated based on a variety of assumptions concerning loan repayment behavior, as more fully described in the related prospectus, which may be obtained from the underwriters of these transactions. Actual average life may vary significantly from estimates.

<sup>3</sup> Pricing represents the reoffer yield to expected call.



# Private Education Loan ABS Transactions

	NAVSL Trust 2018-D					NAVSL Trust 2018-C				
<b>Pricing Date:</b>	October 18, 2018					July 18, 2018				
<b>Settlement Date:</b>	October 25, 2018					July 26, 2018				
<b>Issuance Amount:</b>	\$626M					\$632M				
<b>Collateral:</b>	Private Education Loans and Private Education Refi Loans					Private Education Refi Loans				
<b>Prepayment Speed <sup>2</sup>:</b>	6% CPR PE Loans / 12% CPR PE Refi Loans					12% CPR				
<b>Tranching:</b>	Class	Rating (S/D) <sup>1</sup>	Amt. (\$M)	WAL <sup>2</sup>	Pricing <sup>3</sup>	Class	Rating (S/D) <sup>1</sup>	Amt. (\$M)	WAL <sup>2</sup>	Pricing <sup>3</sup>
	A1	AAA / AAA	\$210	1.01	1ML + 0.30%	A1	AAA / AAA	\$348	1.31	EDSF + 0.30%
	A2A	AAA / AAA	\$241	5.49	Swaps + 0.90%	A2	AAA / AAA	\$221	5.02	Swaps + 0.65%
	A2B	AAA / AAA	\$100	5.49	1ML + 0.85%	B	NR / AA	\$63	7.88	Swaps + 1.35%
	B	A / AA	\$75	9.67	Swaps + 1.35%					

<sup>1</sup> Represents ratings by S&P and DBRS.

<sup>2</sup> Estimated based on a variety of assumptions concerning loan repayment behavior, as more fully described in the related prospectus, which may be obtained from the underwriters of these transactions. Actual average life may vary significantly from estimates.

<sup>3</sup> Yield on fixed rate tranches A2A and B, for 2018-D, were 4.11% and 4.62%, respectively; Yield on fixed rate tranches A1, A2, and B, for 2018-C, were 3.04%, 3.55% and 4.26%, respectively.

# 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**
  - Execute TNA ratio <sup>1</sup> within guidance
  - 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; Acquisitions that exceed our investment return hurdle
- ✓ **Committed to ensuring excess capital is returned to shareholders**

<sup>1</sup> The tangible net asset ratio or TNA ratio equals GAAP tangible assets (total assets less goodwill and acquired intangible assets) less secured debt and other liabilities adjusted for the impact of derivative accounting under GAAP and unamortized net floor premiums divided by unsecured debt.

# Managing Unsecured Debt Maturities

(par value, \$ in billions)



## Rating Agency Profile

	Fitch	Moody's	S&P
Unsecured Debt Rating	BB	Ba3	B+
Outlook	Stable	Stable	Stable

As of September 30, 2018

## Long-term Conservative Funding Approach

- Important to maintain our credit ratings to support ongoing access to the unsecured debt markets
- Year to date, Navient has extinguished more than \$1.5 billion of unsecured debt
- We continue to opportunistically repurchase debt in the open market

# Education Loan Portfolio Generates Significant Cash Flows

## Projected Life of Loan Cash Flows over ~20 Years

\$'s in Billions

### FFELP Cash Flows

Secured

Residual (including O/C)

Floor Income

Servicing

Total Secured

Unencumbered

**Total FFELP Cash Flows**

### Private Credit Cash Flows

Secured

Residual (including O/C)

Servicing

Total Secured

Unencumbered

**Total Private Cash Flows**

**Combined Cash Flows  
before Unsecured Debt**

**Unsecured Debt**

09/30/18

\$6.1

1.4

2.5

\$10.0

0.5

**\$10.5**

\$10.1

0.6

\$10.7

3.5

**\$14.2**

**\$24.7**

**\$13.0**

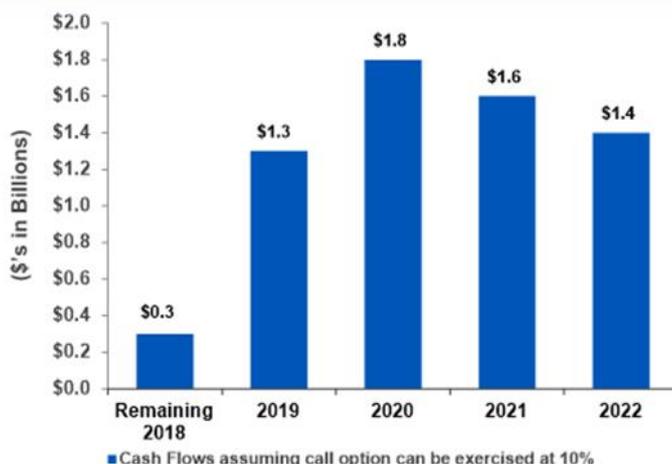
## Enhancing Cash Flows

- Generated \$2.0 billion of cash flows in YTD 2018
- Issued \$0.5 billion of unsecured debt and paid down \$1.5 billion in YTD 2018
- Returned \$0.2 billion to shareholders through share repurchase and dividends in YTD 2018
- Acquired \$2.6 billion of student loans in YTD 2018
- \$24.7 billion of estimated future cash flows remain over ~20 years
  - Includes ~\$10 billion of overcollateralization<sup>1</sup> (O/C) to be released from residuals
- \$2.9 billion of unencumbered student loans
- \$1.0 billion of hedged FFELP Loan embedded floor income

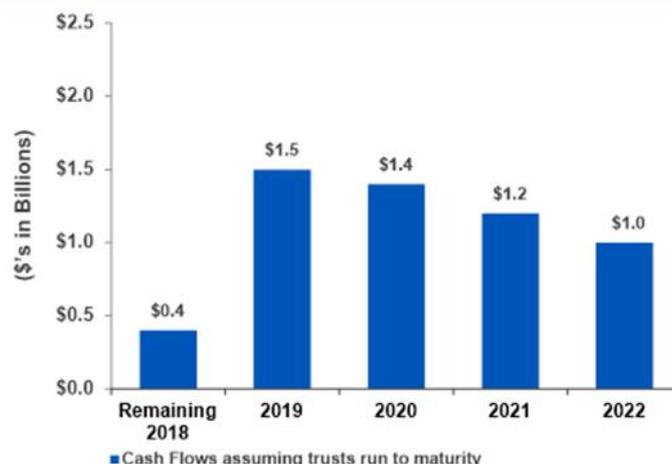
These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect.  
<sup>1</sup> Includes the PC Turbo Repurchase Facility Debt totaling \$2.4 billion as of 9/30/2018.

# 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 \$6.5 billion in cash flows over the next five years excluding operating expenses, taxes and unsecured debt principal and interest payments
- Future loan originations are not included
- Unencumbered loans of \$2.5 billion are not securitized to term
- Includes the repayment of debt related to asset-backed securitization repurchase facilities when the call option is exercised

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

### FFELP Loan Portfolio Assumptions

- The FFELP loan portfolio is projected to generate \$5.5 billion in cash flows over the next five years 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

# FFELP Cash Flows Highly Predictable

\$'s in millions

as of 09/30/2018	Remaining <u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Projected FFELP Average Balance	\$72,677	\$68,617	\$61,976	\$55,385	\$49,170	\$43,135	\$37,269	\$31,679
Projected Excess Spread	\$205	\$780	\$703	\$633	\$568	\$518	\$460	\$417
Projected Servicing Revenue	\$90	\$347	\$320	\$292	\$265	\$239	\$212	\$183
Projected Total Revenue	\$295	\$1,126	\$1,023	\$925	\$834	\$757	\$672	\$600
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033+</u>
Projected FFELP Average Balance	\$26,368	\$21,334	\$16,648	\$12,650	\$9,530	\$6,762	\$4,389	\$1,285
Projected Excess Spread	\$373	\$331	\$280	\$220	\$175	\$148	\$101	\$199
Projected Servicing Revenue	\$153	\$123	\$95	\$69	\$51	\$36	\$23	\$30
Projected Total Revenue	\$526	\$455	\$375	\$289	\$225	\$184	\$124	\$229

- Total Cash Flows from Projected Excess Spread = \$6.1 Billion
- Total Cash Flows from Projected Servicing Revenues = \$2.5 Billion

**Assumptions**

No Floor Income, CPR/CDR = 5%

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

\* Numbers may not add due to rounding



# Secured Cash Flow

\$ in Millions	3Q18YTD	2017	2016	2015
<b>FFELP</b>				
Term Securitized				
Servicing (Cash Paid)	\$ 218	\$ 314	\$ 342	\$ 387
Net Residual <sup>1</sup> (Excess Distributions)	392	643	624	724
Other Secured FFELP				
Net Cash Flow <sup>2,3</sup>	630	612	503	244
<b>Total FFELP</b>	<b>\$ 1,240</b>	<b>\$ 1,569</b>	<b>\$ 1,469</b>	<b>\$ 1,354</b>
<b>Private Credit</b>				
Term Securitized				
Servicing (Cash Paid)	\$ 111	\$ 163	\$ 180	\$ 188
Residual (Excess Distribution)	354	419	330	198
Other Secured Financings				
Net Cash Flow	230	160	33	35
<b>Total Private Credit</b>	<b>\$ 695</b>	<b>\$ 742</b>	<b>\$ 543</b>	<b>\$ 420</b>
<b>Total FFELP and Private Credit</b>	<b>\$ 1,935</b>	<b>\$ 2,311</b>	<b>\$ 2,013</b>	<b>\$ 1,774</b>
<b>Average Principal Balances</b>				
	3Q18YTD	2017	2016	2015
<b>FFELP</b>				
Term FFELP	\$ 70,148	\$ 72,768	\$ 75,354	\$ 82,316
Other Secured FFELP	3,719	7,110	11,135	12,982
<b>Total FFELP</b>	<b>\$ 73,867</b>	<b>\$ 79,879</b>	<b>\$ 86,489</b>	<b>\$ 95,297</b>
<b>Private Credit</b>				
Term Private Credit	\$ 17,912	\$ 19,547	\$ 22,357	\$ 23,850
Other Secured Financings	3,695	2,406	612	993
<b>Total Private Credit</b>	<b>\$ 21,607</b>	<b>\$ 21,953</b>	<b>\$ 22,969</b>	<b>\$ 24,843</b>
<b>Total FFELP and Private Credit</b>	<b>\$ 95,474</b>	<b>\$ 101,832</b>	<b>\$ 109,458</b>	<b>\$ 120,140</b>

Note: Totals may not add due to rounding.

<sup>1</sup> Beginning 1Q 2017, Net Residual has been revised to include the impact of all floor contracts.

<sup>2</sup> Beginning 2016, Other Secured FFELP net cash flow includes all excess cash on deposit in the FHLB collection account, after bond paydowns. This cash is released to Navient Corp.

<sup>3</sup> Beginning 1Q 2017, Net Cash Flow amount reported for all years shown have been revised to include payments made on revolving credit agreements with Navient Corporation.



# FFELP ABS

# Recent FFELP ABS Issuance Characteristics

## FFELP ABS Transaction Features

- Issue size of \$500M to \$1.0B
- Denominated in US\$
- Senior and subordinate notes
- Floating rate tied to 1 month LIBOR
- Amortizing tranches with 1 to 15(+) year average lives
- Compliant with U.S. risk retention regulations
- Navient Solutions, LLC is master servicer

## Collateral Characteristics

- Insurance or guarantee of underlying collateral insulates bondholders from most risk of loss of principal<sup>1</sup>
- Typically non-dischargeable in bankruptcy
- Offer significantly higher yields than government agency securities with comparable risk profiles

<sup>1</sup> 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 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 <sup>1</sup>
Special Allowance Payments (SAP)	Yes	Yes	Yes <sup>2</sup>	Yes
Original Repayment Term <sup>4</sup>	120 months	120 months	120 months	Up to 360 months
Aggregate Loan Limit	Undergraduate: \$23,000 Graduate: \$65,500	Undergraduate <sup>3</sup> : \$57,500 Graduate: \$138,500	None	None

<sup>1</sup> Only on the subsidized portion of the loans on or after November 13, 1997.

<sup>2</sup> Only applies for loans made between July 1, 1987 through January 1, 2000 if cap is reached.

<sup>3</sup> Aggregate loan limit (combined limit that includes Subsidized and Unsubsidized Loans) for a Dependent Undergraduate is \$31,000.

<sup>4</sup> Repayment Term may be extended through various repayment options including Income-based repayment plans and extended repayment.

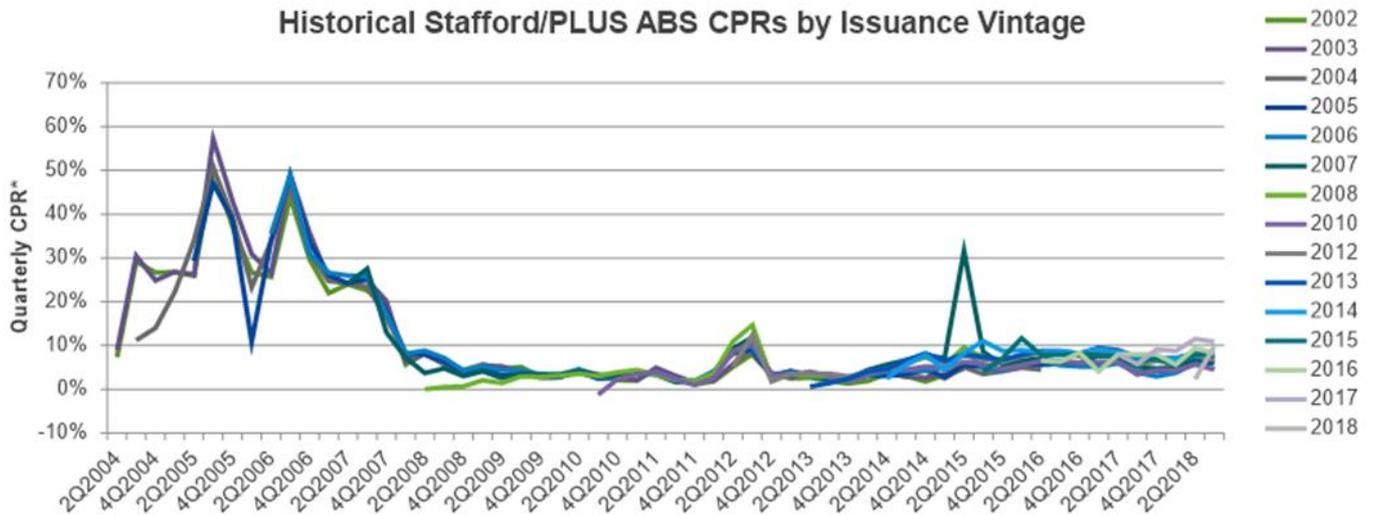
Note: As of July 1, 2011



# Navient Stafford & PLUS Loan Prepayments

- Annualized CPRs for Stafford/PLUS ABS trusts have decreased from pre-2008 levels as incentives for borrowers to consolidate have declined
- Higher prepayment activity in mid-2012 was related to the short term availability of the Special Direct Consolidation Loan program
- Prepayments increased beginning in 2014 as we exercised our option to purchase assets from selected transactions to mitigate the risk that certain tranches might remain outstanding past their legal final maturity dates

**Historical Stafford/PLUS ABS CPRs by Issuance Vintage**

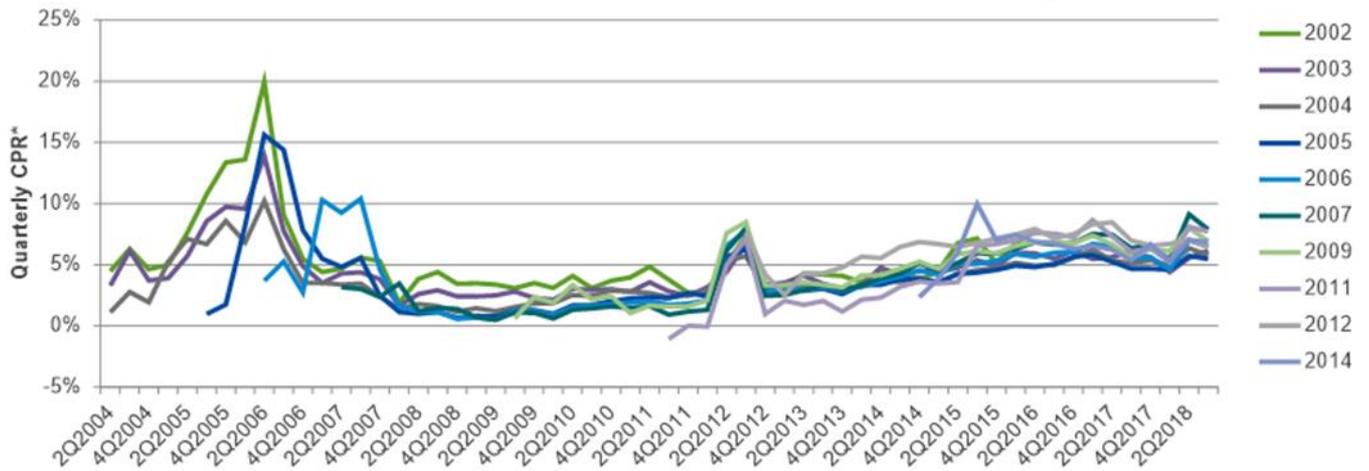


\* Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

# Navient Consolidation Loan Prepayments

- CPRs for Consolidation ABS trusts declined significantly following legislation effective in 2006 that prevented in-school and re-consolidation of borrowers' loans
- Higher prepayment activity in mid 2012 was related to the short term availability of the Special Direct Consolidation Loan program

Historical Consolidation ABS CPRs by Issuance Vintage



\* Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.



# Private Education Loan ABS

# Recent Private Education Loan ABS Issuance Characteristics

## Private Education Loan ABS Transaction Features

- Issue size of \$250M to \$750M
- Senior and subordinate notes
- Amortizing tranches with 1 to 10 year average lives
- Fixed rate or floating rate tied to 1 month LIBOR
- Compliant with U.S. risk retention and/or European risk retention (5% 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

# 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, as applicable
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	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ 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</li> <li>▶ Both Title IV and non-Title IV schools<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>▶ Made to students and parents through college financial aid offices to fund 2-year, 4-year and graduate school college tuition, room and board</li> <li>▶ Signature, Excel, Law, Med and MBA Loan brands</li> <li>▶ Title IV schools only</li> <li>▶ Freshmen must have a cosigner with limited exceptions</li> <li>▶ Co-signer stability test (minimum 3 year repayment history)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Terms and underwriting criteria similar to Undergraduate, Graduate, Med/Law/MBA with primary differences being:                             <ul style="list-style-type: none"> <li>Marketing channel</li> <li>No school certification</li> <li>Disbursement of proceeds directly to borrower</li> </ul> </li> <li>▶ Title IV schools only<sup>(1)</sup></li> <li>▶ Freshmen must have a co-signer with limited exceptions</li> <li>▶ Co-signer stability test (minimum 3 year repayment history)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Loans made to students and parents to refinance one or more private education loans</li> <li>▶ Student must provide proof of graduation in order to obtain loan</li> </ul>	<ul style="list-style-type: none"> <li>▶ Loans made to high FICO / high income customers with positive free cash flow and/or established credit profiles.</li> </ul>

<sup>1</sup> 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

2014 - 2018YTD Issuance Program	Navient									
	NAV 14-CT	NAV 14-A	NAV 15-A	NAV 15-B	NAV 15-C	NAV 16-A	NAV 17-A	NAV 18-A	NAV 18-B	NAV 18-C
Bond Amount (\$mil)	463	664	689	700	359	488	662	507	521	632
Initial AAA Enhancement (%)	30%	30%	32%	36%	48%	41%	22%	12%	28%	15%
Initial Enhancement (%)	17%	22%	23%	36%	40%	34%	12%	4%	16%	6%
<b>Loan Program (%)</b>										
Signature/Law/MBAMed	0%	26%	27%	52%	81%	43%	17%	0%	29%	0%
Smart Option	0%	50%	51%	0%	0%	29%	30%	0%	16%	0%
Consolidation	0%	9%	2%	8%	3%	9%	0%	0%	7%	0%
Private Education Refi	0%	0%	0%	0%	0%	0%	52%	100%	40%	100%
Direct to Consumer	0%	15%	20%	26%	8%	20%	1%	0%	8%	0%
Career Training	100%	0%	0%	13%	8%	0%	0%	0%	*	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Payment Status (%)</b>										
School, Grace, Deferment	0%	46%	24%	9%	12%	12%	9%	0%	3%	0%
Repayment	99%	53%	68%	89%	85%	84%	89%	100%	95%	100%
Forbearance	1%	1%	8%	2%	3%	3%	2%	0%	2%	0%
WA Term to Maturity (Mo.)	104	161	155	157	159	165	135	133	148	138
WA Months in Repayment (Mo.)	80	40	30	68	60	51	23 <sup>2</sup>	-	47 <sup>2</sup>	-
% Loans with Cosigner	71%	79%	80%	64%	38%	69%	49%	0%	52%	0%
% Loans with No Cosigner	29%	21%	20%	36%	62%	31%	51%	100%	48%	100%
WA FICO at Origination	743	739	731	730	625	720	752	765	750	764
WA Recent FICO at Issuance	726	737	714	726	690	713	750	-	748	-
WA FICO (Cosigner at Origination)	749	748	738	742	635	731	748	-	750	-
WA FICO (Cosigner at Rescored)	735	746	724	739	697	725	749	-	742	-
WA FICO (Borrower at Origination)	728	707	701	704	619	696	755	765	751	764
WA FICO (Borrower at Rescored)	701	701	672	704	687	685	752	-	743	-
WALIBOR Equivalent Margin <sup>1</sup>	7.01%	6.66%	7.38%	5.58%	9.32%	7.15%	6.24%	5.21%	6.61%	5.12%

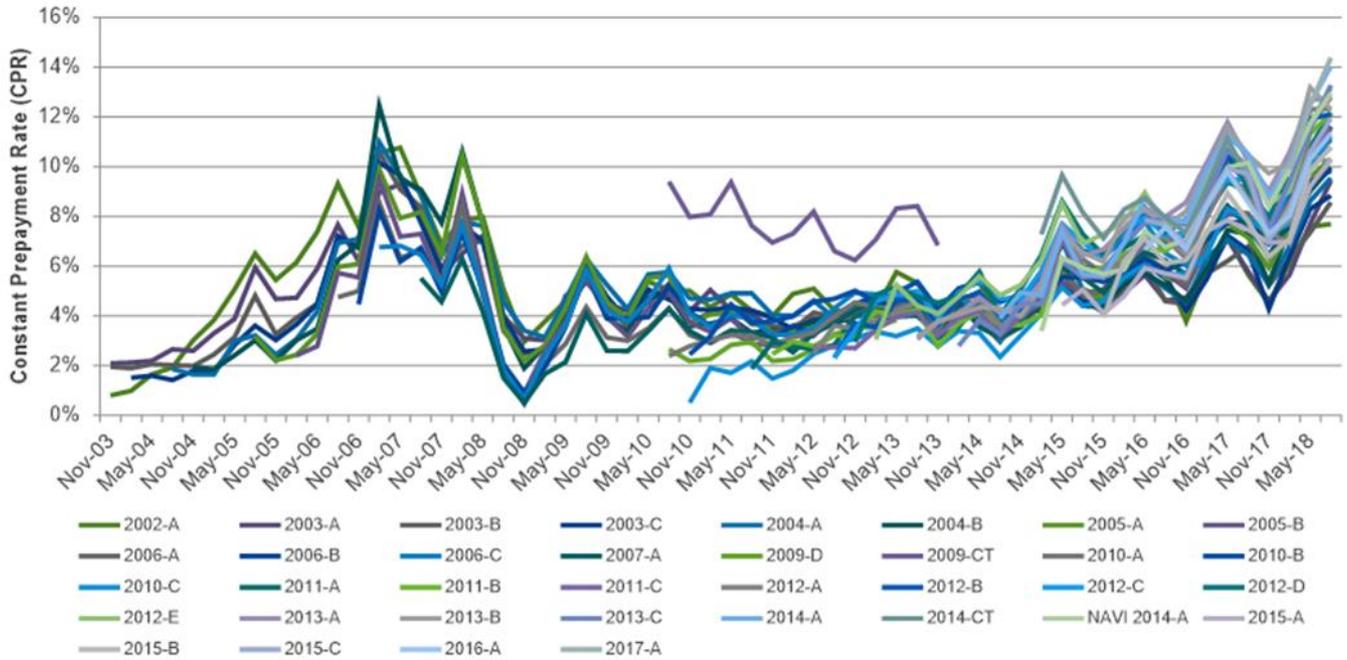
<sup>1</sup> Assumes Prime / 1m LIBOR spread of 3.00% for all transactions. 2018-A and 2018-C reflect the WA Coupon.

<sup>2</sup> All other (non-Private Education Refi) loans have a weighted average of 78 months in repayment for NAVSL 2018-B and 49 months in repayment for NAVSL 2017-A.

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

# Navient Private Education Loan Trusts – Prepayment Analysis

- Constant prepayment rates have increased since 2014 on increased seasoning-related voluntary prepayment and the emergence of the external student loan refinance market





# Navient Corporation Appendix

# GAAP Results

(In millions, except per share amounts)	Q3 18	Q2 18	Q3 17
Net income	\$114	\$83	\$176
EPS	\$0.43	\$0.31	\$0.64
Operating expenses	\$255	\$201	\$238
Provision	\$85	\$112	\$105
Average Student Loans	\$98,689	\$101,490	\$109,367

# Differences Between Core Earnings And GAAP

Core Earnings adjustments to GAAP: (Dollars in Millions)	Quarters Ended		
	Sep. 30, 2018	Jun. 30, 2018	Sep. 30, 2017
GAAP net income	\$114	\$83	\$176
Net impact of derivative accounting	12	51	(36)
Net impact of goodwill and acquired intangible assets	23	6	6
Net income tax effect	(9)	(9)	6
Total Core Earnings adjustments to GAAP	26	48	(24)
Core Earnings net income	\$140	\$131	\$152



# Investor Relations Website

**[www.navient.com/investors](http://www.navient.com/investors)**

**[www.navient.com/abs](http://www.navient.com/abs)**

*Beginning November 5, 2018, Cohort Default Triangles can be found at [navient.com/about/investors/debtasset](http://navient.com/about/investors/debtasset)*

- **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



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