UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): May 6, 2019**

# Navient Corporation

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware** | **001-36228** | **46-4054283** |
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(I.R.S. Employer Identification No.)** |

| | |
|---|---|
| **123 Justison Street, Wilmington, Delaware** | **19801** |
| **(Address of principal executive offices)** | **(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. ☐

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common stock, par value $.01 per share** | **NAVI** | **The Nasdaq Global Select Market** |
| **6% Senior Notes due December 15, 2043** | **JSM** | **The Nasdaq Global Select Market** |

**ITEM 7.01. REGULATION FD DISCLOSURE**

Navient Corporation (the "Company") frequently provides relevant information to its investors via posting to its corporate website. On May 6, 2019, a presentation entitled "2019 1st Quarter Investor Deck" was made available on the Company's website at https://navient.com/about/investors/webcasts/. In addition, the presentation is being furnished herewith as Exhibit 99.1

The information contained in, or incorporated into, this Item 7.01, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

(d) Exhibits

| **Exhibit No.** | **Exhibit** |
|---|---|
| 99.1 | 2019 1st Quarter Investor Presentation |

## SIGNATURES

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

**NAVIENT CORPORATION**
(Registrant)

| | | |
|---|---|---|
| Date: May 6, 2019 | By: | /s/ Mark L. Heleen |
| | | Name: Mark L. Heleen |
| | | Title: Chief Legal Officer |

Exhibit 99.1

NAVIENT

# 2019 1st Quarter Investor Deck

May 6, 2019

# Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of March 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 "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 first quarter earnings release and pages 48, 49, and 50 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 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[1]" Basis

**Selected Financial Information and Ratios**

| (In millions, except per share amounts) | Q1 19 | Q4 18 | Q1 18 |
|---|---|---|---|
| **GAAP diluted EPS** | **$0.52** | **$0.28** | **$0.47** |
| **Adjusted Core Earnings EPS [2]** | **$0.58** | **$0.58** | **$0.43** |
| **Restructuring and regulatory-related expenses** | ($0.03) | ($0.03) | ($0.03) |
| **Reported Core Earnings EPS** | **$0.55** | **$0.55** | **$0.40** |
| Average common stock equivalent | 247 | 256 | 269 |
| Ending total education loans, net | $92,049 | $94,498 | 102,326 |
| Average total education loans | $93,987 | $96,380 | 104,555 |

**1st Quarter Highlights**

- Adjusted Core Earnings per share of $0.58 compared to $0.43 in the year-ago quarter [2]
- Originated $984 million of Private Education Refinance Loans in the quarter
- Launched innovative, digital, and transparent in-school private education loan product
- Adjusted Core Earnings expenses decreased 8 percent to $249 million [3]
- Returned $146 million to shareholders through dividends and share repurchases in the quarter
  - Repurchased 9.4 million shares for $107 million
  - Payout Ratio of 107%
  - Tangible Net Asset Ratio remained at 1.25 x [4]
- Issued $1.9 billion in term asset backed securities

[1] Item is a non-GAAP financial measure. See note 1 on slide 50.
[2] Adjusted diluted Core Earnings per share excludes: $8 million, $12 million, and $11 million of restructuring and regulatory-related expenses in first-quarter 2019, fourth-quarter 2018, and first-quarter 2018, respectively.
[3] Item is a non-GAAP financial measure. See detail on slide 47.
[4] Item is a non-GAAP financial measure. See note 4 on slide 50.

# On Track to Achieve 2019 Targets

| | Key Company & Business Segment Metrics | |
|---|---|---|
| | 2018 Actual | 2019 Target |
| **Core Earnings Return on Equity [1]** | 15% | Mid-teens |
| **Core Earnings Efficiency Ratio [2]** | 47% | ~50% |
| **Tangible Net Asset Ratio [3]** | 1.25x | 1.23x – 1.25x |
| *Net Interest Margin – Federal Education Loan Segment* | 0.83% | Low to Mid 80's |
| *Charge-off Rate – Federal Education Loan Segment* | 0.09% | 0.08% - 0.10% |
| *Net Interest Margin – Consumer Lending Segment* | 3.24% | 3.10% - 3.20% |
| *Charge-off Rate – Consumer Lending Segment* | 1.7% | 1.6% - 1.8% |
| *EBITDA Margin – Business Processing Segment* | 17% | High Teens |

[1] Item is a non-GAAP financial measure. See note 2 on slide 50.
[2] Item is a non-GAAP financial measure. See note 3 on slide 50.
[3] Item is a non-GAAP financial measure. See note 4 on slide 50.

# Federal Education Loans Segment "Core Earnings" Basis

**Selected Financial Information and Ratios**

| ($ In millions) | Q1 19 | Q4 18 | Q1 18 |
|---|---|---|---|
| Segment net interest margin | 0.80% | 0.86% | 0.83% |
| FFELP Loans: | | | |
| Provision for loan losses | $8 | $10 | $10 |
| Charge-offs | $17 | $13 | $11 |
| Charge-off rate | 0.11% | 0.09% | 0.07% |
| Greater than 30-days delinquency rate | 11.0% | 10.2% | 13.1% |
| Greater than 90-days delinquency rate | 5.2% | 5.3% | 7.7% |
| Forbearance rate | 12.7% | 12.3% | 12.8% |
| Average FFELP Loans | $71,226 | $73,425 | $80,801 |
| Operating Expense | $91 | $89 | $80 |
| Net Income | $127 | $147 | $141 |
| Number of accounts serviced for ED (in millions) | 5.9 | 5.9 | 6.0 |
| Total federal loans serviced (in billions) | $293 | $292 | $295 |
| Contingent collections receivables inventory - education loans (billions) | $26.8 | $28.3 | $16.2 |

**1st Quarter Highlights**

**Federal Education**
- Net Interest Margin: 80 basis points
- Charge-off Rate: 11 basis points

- FFELP loan delinquencies decreased $2.1 billion or 25 percent from the year-ago quarter
- Asset recovery revenue increased $15 million
- Issued a $748 million FFELP ABS deal
  - Available capacity under FFELP secured facilities is $1.3 billion

# Consumer Lending Segment
# "Core Earnings Basis"

**Selected Financial Information and Ratios**

| ($ In millions) | Q1 19 | Q4 18 | Q1 18 |
|---|---|---|---|
| Segment net interest margin | 3.22% | 3.18% | 3.23% |
| Private Education Loans (including Refinance Loans): | | | |
| Provision for loan losses | $68 | $75 | $77 |
| Charge-offs | $94 | $102 | $78 |
| Annualized charge-off rate | 1.7% | 1.8% | 1.4% |
| Greater than 30-days delinquency rate | 5.2% | 5.9% | 5.7% |
| Greater than 90-days delinquency rate | 2.6% | 2.8% | 2.4% |
| Forbearance rate | 2.5% | 3.0% | 4.2% |
| Average Private Education Loans | $22,761 | $22,955 | $23,754 |
| Operating Expense | $38 | $36 | $56 |
| Net Income | $65 | $66 | $50 |

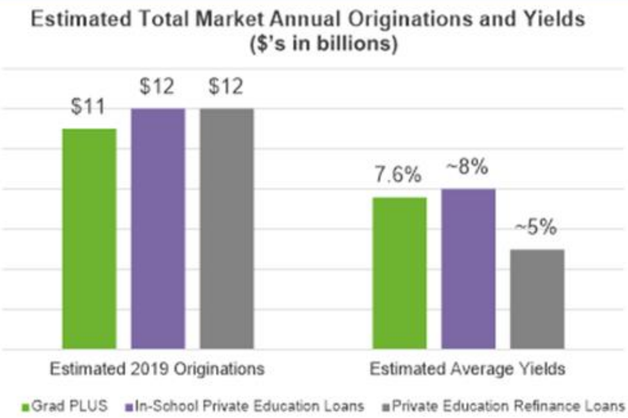
**1st Quarter Highlights**

**Consumer Lending**
- Net Interest Margin: 3.22%
- Charge-off Rate: 1.7%

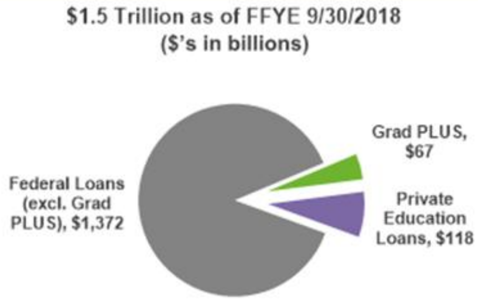
- Launched innovative, digital, and transparent in-school private education loan product
- Originated $984 million of Private Education Refinance Loans in the quarter
- Credit continues its strong performance
  - Provision for loan losses declined 12% from the year-ago quarter
  - Forbearance rate fell 40% from the year-ago quarter
- Issued two new Private Education Finance transactions
  - Available capacity under Private Education Loan secured facilities is $1.3 billion

# Originating Education Loans is an Attractive Opportunity

## Sizable Market With Attractive Yields [1]




## Estimated Outstanding Education Loan Market [2]




- 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

- Private Education Refinance Loans:
  - Expect to originate at least $3 billion in 2019
  - 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:
  - Expect to originate at least $150 million in 2019
  - 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 financially responsible, digitally native young professionals**

## Typical Borrower

| | Weighted Average |
|---|---|
| Borrower Age | 32 |
| Months since Graduation | 74 |
| Education | 65% advanced degrees |
| FICO | 761 |
| Income | $130,591 |
| Monthly Real Free Cash Flow [1] | $3,973 |
| Original Loan Amount | $71,731 |

## More Accurate Assessment

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


[1] 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 March 31, 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.

# Consumer Loan Segment Credit Detail

## Credit Metrics

| TDR Loans ($ in millions) | 1Q 19 | 4Q 18 | 1Q 18 |
|---|---|---|---|
| Total delinquencies | $1,014 | $1,135 | $1,065 |
| Total delinquency rate as a % of loans in repayment | 11.3% | 12.6% | 11.6% |
| Loans delinquent greater than 90 days | $512 | $556 | $465 |
| Greater than 90 days delinquency rate | 5.7% | 6.2% | 5.1% |
| Forbearance | $448 | $518 | $755 |
| Forbearance rate | 4.8% | 5.4% | 7.6% |
| Charge-off rate as a % of loans in repayment | 3.6% | 3.6% | 2.6% |

| Non-TDR Loans ($ in millions) | 1Q 19 | 4Q 18 | 1Q 18 |
|---|---|---|---|
| Total delinquencies | $127 | $161 | $211 |
| Total delinquency rate as a % of loans in repayment | 1.0% | 1.2% | 1.6% |
| Loans delinquent greater than 90 days | $47 | $58 | $82 |
| Greater than 90 days delinquency rate | 0.4% | 0.4% | 0.6% |
| Forbearance | $127 | $158 | $214 |
| Forbearance rate | 1.0% | 1.2% | 1.6% |
| Charge-off rate as a % of loans in repayment | 0.4% | 0.6% | 0.6% |

## Allowance for Loan Loss

| | March 31, 2019 | | |
|---|---|---|---|
| ($ in millions) | Allowance | Ending Balance | Allowance as % of Ending Balance |
| Non-TDR Loans | $ 117 | $ 13,591 | 0.9% |
| TDR Loans | 1,061 | 9,795 | 10.8% |
| Total before RPCO | 1,178 | 23,386 | 5.0% |
| RPCO | | 657 | 0.0% |
| Total | $ 1,178 | $ 24,043 | 4.9% |

| | March 31, 2018 | | |
|---|---|---|---|
| | Allowance | Ending Balance | Allowance as % of Ending Balance |
| Non-TDR Loans | $ 133 | $ 13,929 | 1.0% |
| TDR Loans | 1,165 | 10,441 | 11.2% |
| Total before RPCO | 1,298 | 24,370 | 5.3% |
| RPCO | | 741 | 0.0% |
| Total | $ 1,298 | $ 25,111 | 5.2% |

# Business Processing Segment
# "Core Earnings" Basis

**Selected Financial Information and Ratios**

| ($ In millions) | Q1 19 | Q4 18 | Q1 18 |
|---|---|---|---|
| Government Services | $42 | $41 | $53 |
| Healthcare RCM Services | $26 | $25 | $20 |
| **Total Business Processing Revenue** | **$68** | **$66** | **$73** |
| Operating Expenses | $55 | $57 | $59 |
| EBITDA [1] | $14 | $10 | $15 |
| EBITDA Margin [1] | 21% | 15% | 21% |
| **Net Income** | **$10** | **$7** | **$10** |
| Contingent collections receivables inventory (billions) | $15.0 | $14.4 | $11.3 |

**1st Quarter Highlights**

**Business Processing**

- EBITDA Margin: 21%

- EBITDA [1] increased 22 percent, excluding the impact of adopting a new revenue recognition accounting standard in the year-ago quarter [2]
- 30% increase in Healthcare RCM Services Revenue vs the year-ago quarter
- Contingent collections receivables inventory increased 33% to $15.0 billion from the year-ago quarter as a result of new placements

[1] Item is a non-GAAP financial measure. See note 5 on slide 50.
[2] The year-ago quarter included $8 million of revenue and $5 million of expense in connection with a new revenue recognition accounting standard (ASC 606) adopted as of January 1, 2018. These amounts would not have been recognized under the prior accounting standard until later periods; these amounts are excluded in calculating the 22% increase.

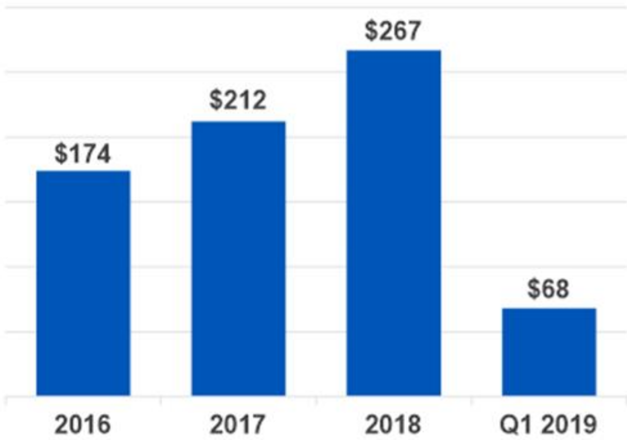
# Focused on Improving Margin and Organic Business Processing Growth

**Well Positioned for Long-Term Growth**

- Leveraging existing infrastructure along with 40 years of data, analytics and processing experience to deliver best-in-class performance and compliance
- Providing business processing services for over 600 non-education related clients
- Government Services
  - Integrated solutions technology and superior data-driven approach allows governments to achieve efficiencies in processing and revenue cycle management capabilities
  - Revenues of $174 million in 2018, up 30% from the prior year
- Healthcare Services
  - Full service provider of end-to-end revenue cycle solutions to U.S. based hospitals and healthcare systems
  - Revenues of $93 million in 2018, up 19% from the prior year

**Growing Fee Revenues at Attractive Margins**

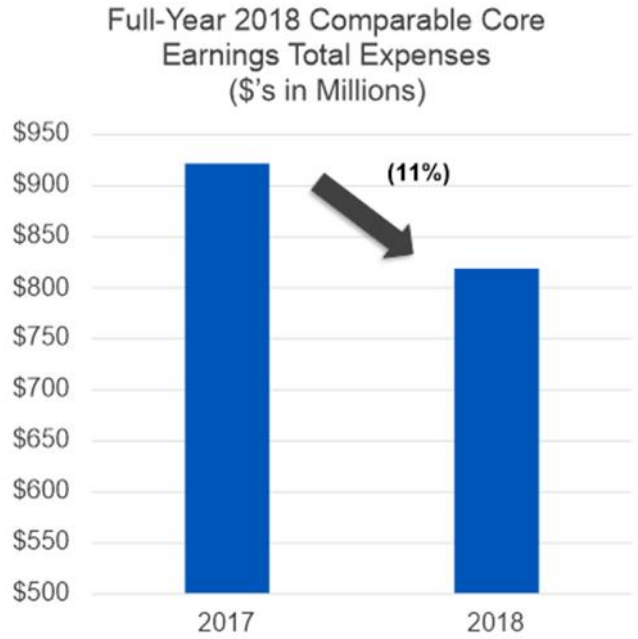
**Total Business Processing Fee Revenues ($ in millions)**

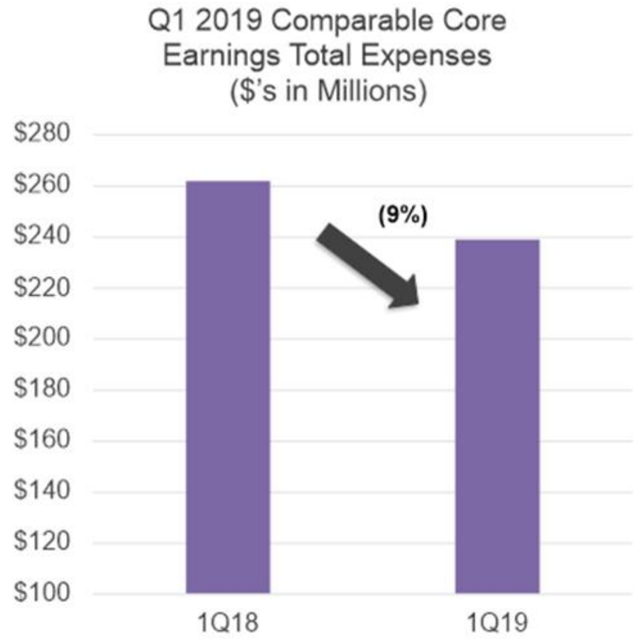



| | 2016 | 2017 | 2018 | Q1 2019 |
|---|---|---|---|---|
| EBITDA Margin [1] | 16% | 13% | 17% | 21% |

[1] Item is a non-GAAP financial measure. See note 5 on slide 50.

# Navient Is Focused On Expense Efficiency




**Continued to build on our strong track record of improving operating efficiency and managing an expense structure that compares favorably to our peers**

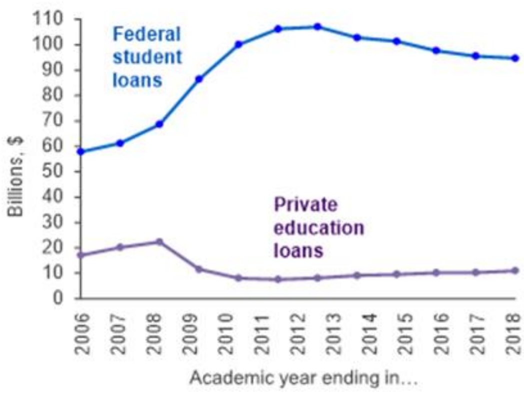
Note: See slides 47 and 48 for additional detail.

# Higher Education Industry

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

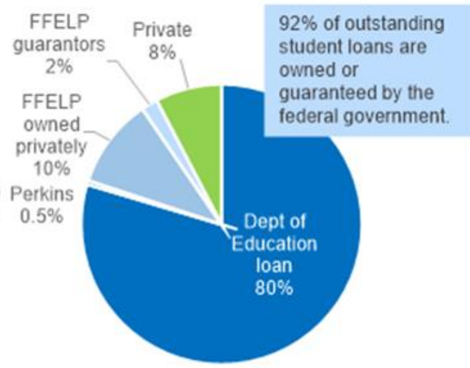
- Federal loan interest rates, limits and terms are set by Congress.
- All federal loans are issued directly by the U.S. Department of Education since 2010 when federally guaranteed loans ended.
- Federal loans have no traditional underwriting, and no truth in lending disclosures.
- In AY 16-17, ED disbursed $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.

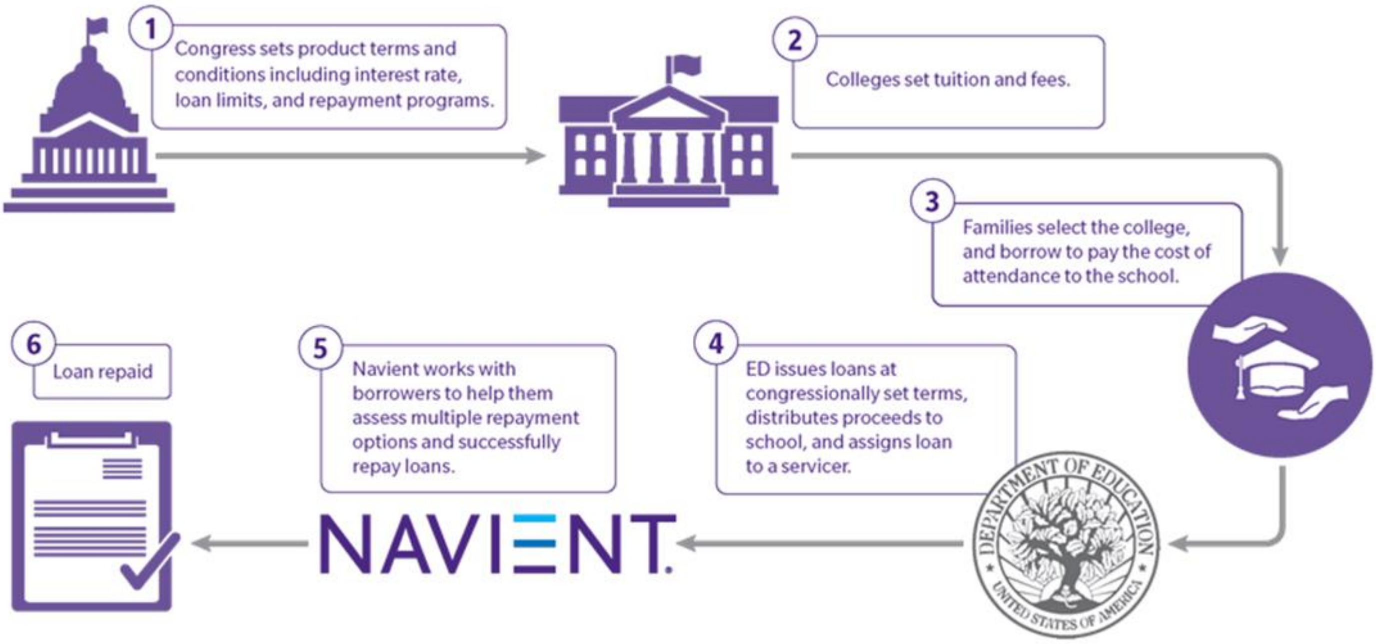
*Ownership distribution of student loans*




Source: Outstanding data as of 12/31/18, 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.**

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# Five Recommendations for Better Student Loans

❶ Providing better information *before* borrowing

❷ Improving the college completion rate

❸ Simplifying repayment

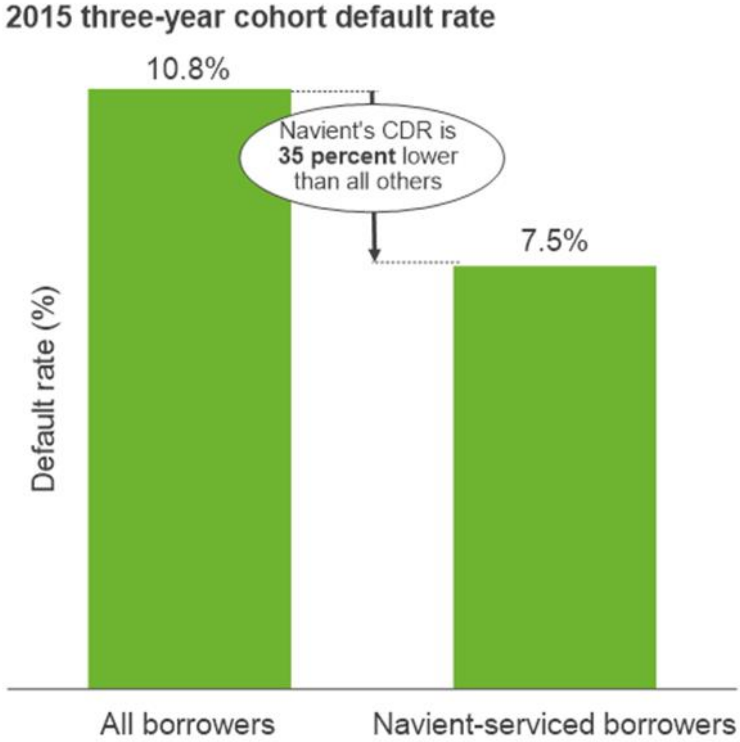
❹ Helping borrowers pay off faster

❺ Encouraging borrower contact with servicers

For additional information, please read "Five Recommendations for Better Student Loans" at news.Navient.com

# 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.

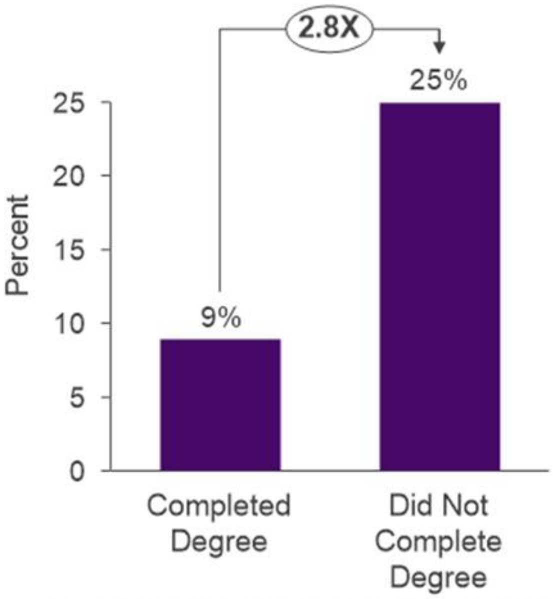



Source: "Official Cohort Default Rates for Schools," Federal Student Aid, 9/24/18; Navient data
The 2015 Cohort Default Rate analyzes data from the group of borrowers who entered repayment between Oct. 1, 2014, and Sept. 30, 2015, and who defaulted in a three-year window by fall of 2018. To isolate the 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%.

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

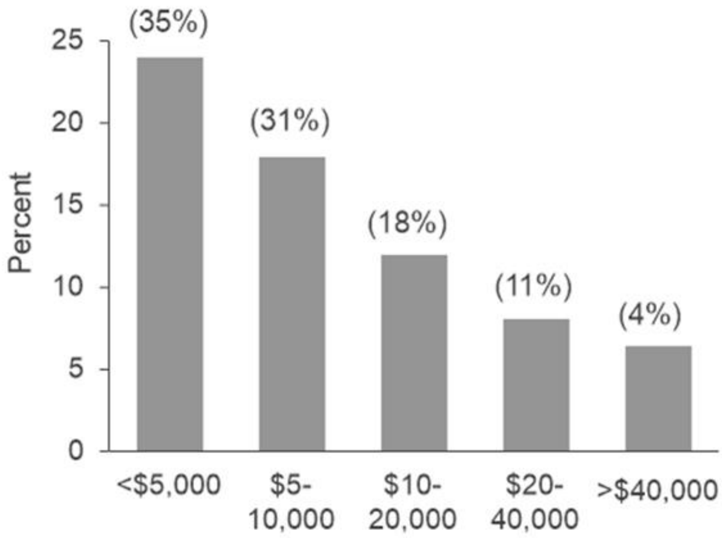
**Borrowers who do not complete a degree default at a rate almost three times higher than borrowers who earned a degree …**

Borrowers in default by attainment




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

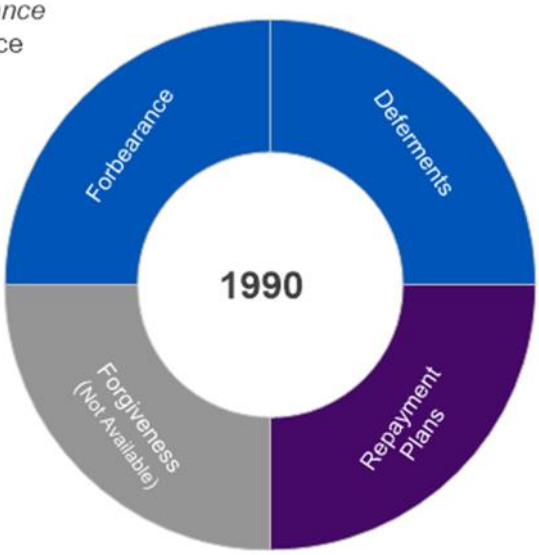
3-Year Default Rate by loan size, 2011 Repayment Cohort (parentheses contain share of all defaults)




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*

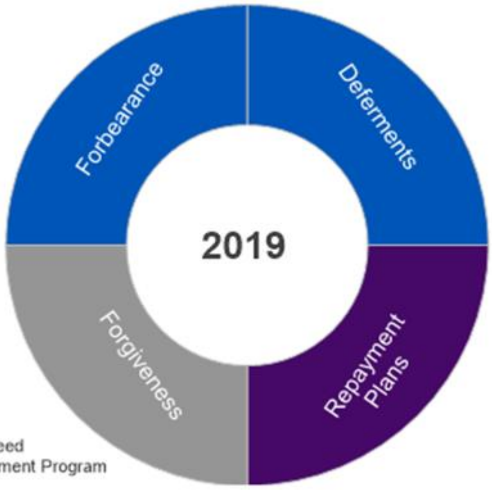
- Hardship Forbearance

*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)
20. Cancer Deferment

## Repayment plans

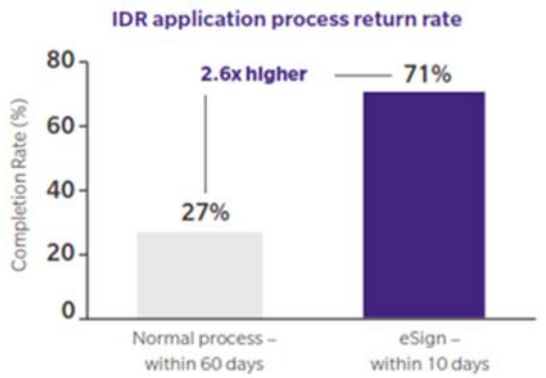
1. DL Standard Pre-HERA
2. FFELP/DL Standard Post-HERA (4)
3. DL Graduated Pre-HERA
4. FFELP/DL Graduated Post –HERA (4)
5. DL Extended Pre-HERA
6. FFELP/DL Extended Post-HERA (4)
7. Income-Sensitive
8. Income-Contingent Ver. 1 (5)
9. Income-Contingent Ver. 2 (5)
10. Income-Contingent Ver. 3
11. Forced 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**



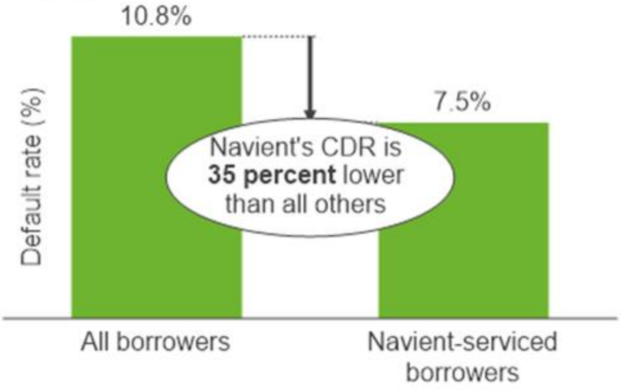

**55%** return the application within a single day.

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

## Testing IDR Payback Playbook

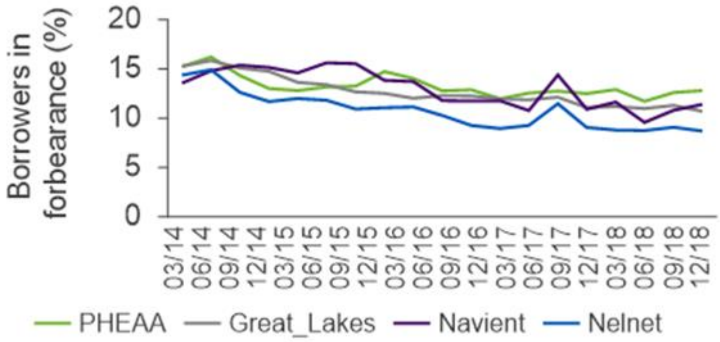
# Navient delivers strong performance for borrowers

**Navient-serviced borrowers are 35% less likely to default**



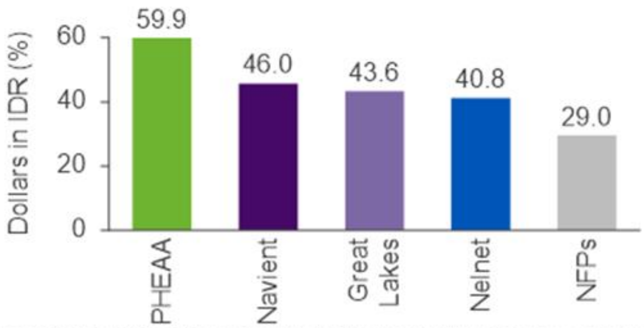

**Forbearance usage is in-line with other servicers**

**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 contract**


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, 09/24/2018; Navient data, Federal Student Aid, "Federal Student Loan Portfolio - FSA Data Center," U.S. Department of Education, as of Dec. 2018, accessed 04/29/2019. 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

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# Funding & Liquidity

# Q1 2019 Capital Management

✓ Capital Return

- ☑ Repurchased 9.4 million common shares for $107 million, $333 million in remaining authority
- ☑ Paid $39 million in dividends to shareholders
- ☑ The tangible net asset ratio[1] remained stable at 1.25x

Q1 2019 Total Payout Ratio: **107%**

✓ ABS Financing

- ☑ Two Private Education Loan ABS deals totaling $1.2 billion, with a blended weighted average life of 3.9 years
- ☑ Raised in excess of $500 million, through Private Education Loan ABS Repurchase Facilities
- ☑ Issued a $748 million FFELP ABS deal with a weighted average life of 5.7 years

**$1.9B** in ABS transactions in Q1 2019

✓ Unsecured Financing

- ☑ Repurchased $46 million of senior unsecured debt
  - ☑ Opportunistically repurchased longer dated bonds for a $15 million gain
- ☑ Navient has $0.8 billion of maturities remaining in 2019, with $1.2 billion of unrestricted cash

Reduced debt maturities by **$2.3B** over the last 12 months

[1] See note 4 on slide 50.

# FFELP ABS Transactions

| | NAVSL 2019-2 | | | | | NAVSL 2019-1 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Pricing Date:**<br>**Settlement Date:** | April 9, 2019<br>April 18, 2019 | | | | | January 15, 2019<br>January 24, 2019 | | | | |
| **Issuance Amount:** | $747M | | | | | $748M | | | | |
| **Collateral:** | US Govt. Guaranteed<br>FFELP Stafford, Plus and Consolidation Loans | | | | | US Govt. Guaranteed<br>FFELP Stafford, Plus and Consolidation Loans | | | | |
| **Prepayment Speed [2]:** | 6% CPR Non-Consolidation / 4% CPR Consolidation | | | | | 6% CPR Non-Consolidation / 4% CPR Consolidation | | | | |
| **Tranching:** | Class | Rating (M/S/D) [1] | Amt. ($M) | WAL [2] | Pricing [3] | Class | Rating (M/S/D) [1] | Amt. ($M) | WAL [2] | Pricing [3] |
| | A1 | Aaa / AAA / AAA | $171 | 1.06 | L + 0.27% | A1 | Aaa / AAA / AAA | $180 | 1.12 | L + 0.33% |
| | A2 | Aaa / AA+/ AAA | $565 | 7.00 | L + 1.00% | A2 | Aaa / AA+/ AAA | $557 | 7.00 | L + 0.95% |
| | B | Aaa / A / AA | $11 | 12.10 | L + 1.45% | B | Aaa / A / AA | $11 | 12.34 | L + 1.45% |

[1] Represents ratings by Moody's, S&P, Fitch, and DBRS.
[2] 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.
[3] Pricing represents the reoffer yield to expected call.

# Private Education Loan ABS Transactions

| | NAVSL Trust 2019-B | | | | | NAVSL Trust 2019-A | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Pricing Date: Settlement Date:** | March 12, 2019<br>March 21, 2019 | | | | | February 11, 2019<br>February 21, 2019 | | | | |
| **Issuance Amount:** | $550M | | | | | $647M | | | | |
| **Collateral:** | Private Education Loans | | | | | Private Education Refi Loans | | | | |
| **Prepayment Speed [2]:** | 100% PPC[3] | | | | | 12% CPR | | | | |
| **Tranching:** | Class | Expected Rating (S/D) [1] | Amt. (M) | WAL [2] | Pricing | Class | Rating (S/D) [1] | Amt. (M) | WAL [2] | Pricing |
| | A1 | AAA / AAA | $198 | 1.08 | 1ML + 0.40% | A1 | AAA / AAA | $314 | 1.26 | EDSF + 0.40% |
| | A2A | AAA / AAA | $201 | 5.51 | Swaps + 0.93% | A2A | AAA / AAA | $222 | 5.12 | Swaps + 0.90% |
| | A2B | AAA / AAA | $90 | 5.51 | 1ML + 0.98% | A2B | AAA / AAA | $50 | 5.12 | 1ML + 0.90% |
| | B | A / AA | $61 | 9.21 | Swaps + 1.48% | B | NR / AA | $62 | 8.57 | Swaps + 1.30% |

[1] Represents ratings by S&P and DBRS.
[2] 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.
[3] 12% CPR for Private Education Refi Loans and 6% CPR for all other loans.

# Long-term Capital Allocation Philosophy

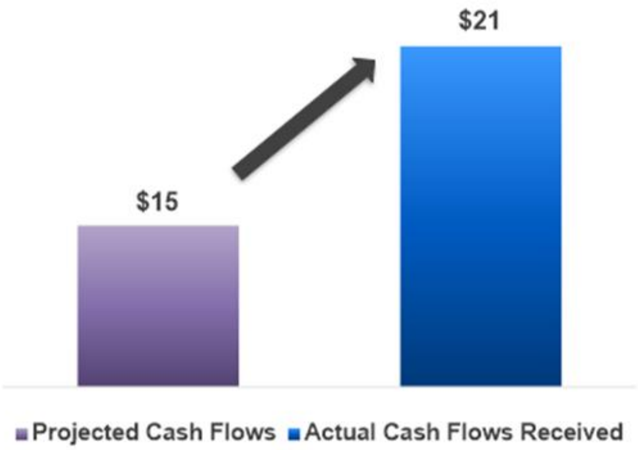
***Consistently balance capital adequacy with capital allocation opportunities, including dividends, organic growth, stock repurchases and acquisitions***

- ✓ **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 [1] 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**

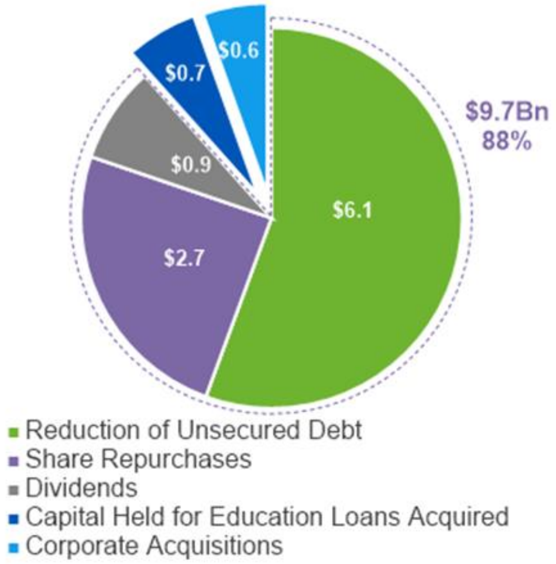
[1] The tangible net asset ratio or TNA ratio equals GAAP tangible assets (total assets less goodwill and acquired intangible assets) less secured debt and other liabilities adjusted for the impact of derivative accounting under GAAP and unamortized net floor premiums divided by unsecured debt.

# Actual Cash Flows From Our Education Loan Portfolio Are Exceeding Initial Projections

**Projected vs. Actual Cash Flows Received from June 30, 2014 to December 31, 2018**
($'s in Billions)




**Since separation, Navient has primarily used excess cash flows to reduce unsecured debt and return capital to shareholders [1]**
($'s in Billions)




**Additional cash flows of $6 billion were generated primarily by enhanced financing activity and acquisitions of additional education loan portfolios**

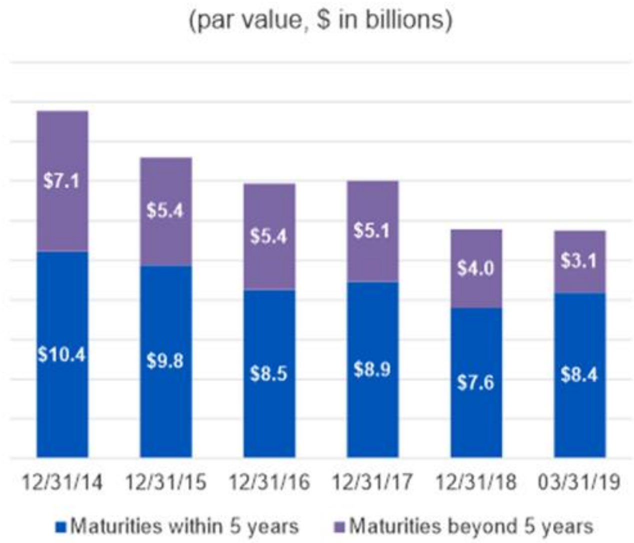
[1] From June 30, 2014 through December 31, 2018.
Note: Capital held for education loans acquired assumes equity of 50 basis points for $24 billion of FFELP loans, 5% for $3 billion of Private Education Refinance Loans, and 10% for $4 billion of Private Education Loans.

# Optimized Capital Structure

**Long-Term Conservative Funding Approach [1]**

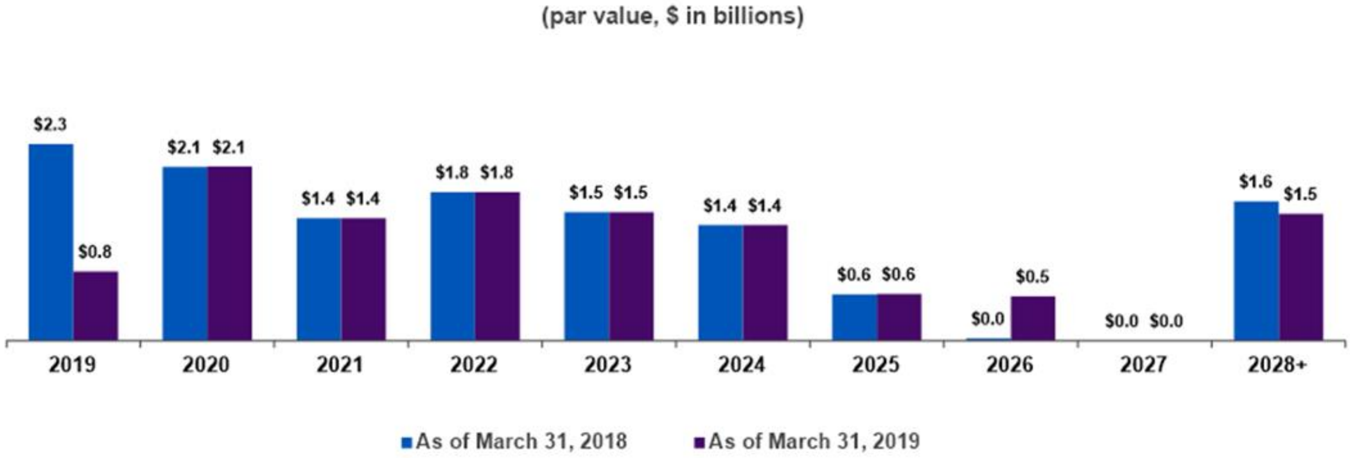
- Important to maintain our credit ratings which support ongoing access to the unsecured debt markets
  - We continue to opportunistically repurchase debt in the open market
- 81% of our education loan portfolio is funded to term
  - Issued $1.2 billion of Private Education Loan ABS in Q1 19 compared to $507 million in Q1 18
- Returned $146 million to shareholders through dividends and share repurchases in Q1 19
  - Tangible net asset ratio increased to 1.25x from 1.21x a year ago

**Managing Unsecured Debt Maturities [1]**




[1] As of 3/31/2019.

# 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
- Navient continues to opportunistically repurchase debt in the open market
  - In this quarter, we repurchased $46 million of unsecured debt

# Education Loan Portfolio Generates Significant Cash Flows

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

**$'s in Billions**

| **FFELP Cash Flows** | **3/31/19** |
|---|---|
| Secured | |
| Residual (including O/C) | $5.7 |
| Floor Income | 1.5 |
| Servicing | 2.4 |
| Total Secured | $9.5 |
| Unencumbered | 0.7 |
| **Total FFELP Cash Flows** | **$10.2** |
| **Private Credit Cash Flows** | |
| Secured | |
| Residual (including O/C) | $8.6 |
| Servicing | 0.6 |
| Total Secured | $9.2 |
| Unencumbered | 4.0 |
| **Total Private Cash Flows** | **$13.2** |
| **Combined Cash Flows before Unsecured Debt** | **$23.4** |
| **Unsecured Debt (par value)** | $11.5 |

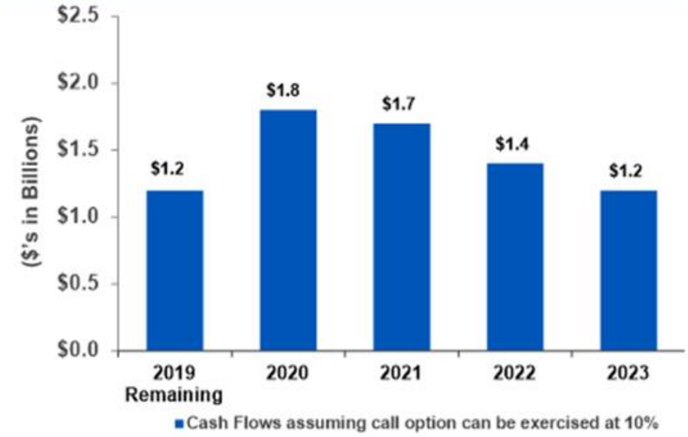
## Enhancing Cash Flows

- Realized $0.7 billion of cash flows in Q1 19
- Paid down unsecured debt of $46 million Q1 19
- Returned $0.1 billion to shareholders through share repurchase and dividends Q1 19
- Acquired $1.1 billion of student loans Q1 19
- $23.4 billion of estimated future cash flows remain over ~ 20 years
    - Includes ~$9 billion of overcollateralization[1] (O/C) to be released from residuals
- $3.6 billion of unencumbered student loans
- $0.9 billion of hedged FFELP Loan embedded floor income

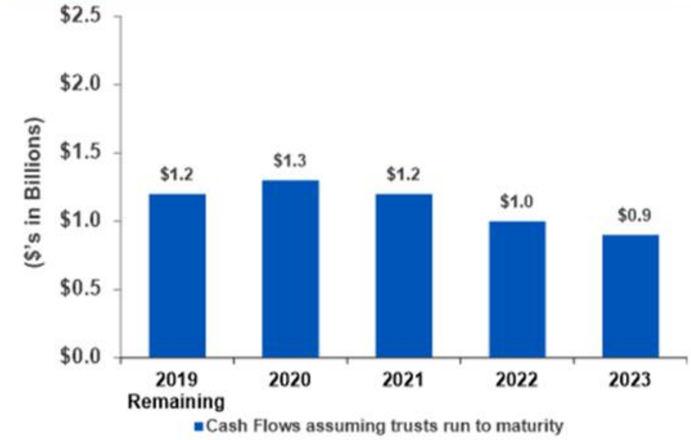
These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect
[1] Includes the PC Turbo Repurchase Facility Debt totaling $2.6B as of 3/31/2019.

# Education Loan Portfolio Generates Meaningful Cash Flows Over The Next Five Years

## Projected Annual Private Education Loan Cash Flows[1]




## Projected Annual FFELP Loan Cash Flows[1]




## Private Education Loan Portfolio Assumptions

- The Private Education Loan portfolio is projected to generate $7.2 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 $3.1 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 $5.6 billion in cash flows over the next five years excluding operating expenses, taxes and unsecured debt principal and interest payments
- Unencumbered loans of $0.5 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.
[1] As of 3/31/2019.

# FFELP Cash Flows Highly Predictable

$'s in millions

| as of 3/31/2019 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|
| Projected FFELP Average Balance | $66,600 | $60,562 | $54,148 | $48,056 | $42,293 | $36,679 | $31,367 | $26,366 |
| Projected Excess Spread | $544 | $657 | $597 | $538 | $496 | $440 | $404 | $377 |
| Projected Servicing Revenue | $252 | $314 | $287 | $262 | $236 | $210 | $184 | $156 |
| Projected Total Revenue | $796 | $971 | $884 | $800 | $732 | $649 | $588 | $533 |

| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033+ |
|---|---|---|---|---|---|---|---|
| Projected FFELP Average Balance | $21,655 | $17,239 | $13,195 | $9,854 | $7,124 | $4,714 | $1,187 |
| Projected Excess Spread | $337 | $296 | $248 | $192 | $196 | $147 | $215 |
| Projected Servicing Revenue | $128 | $102 | $76 | $54 | $39 | $26 | $41 |
| Projected Total Revenue | $465 | $398 | $324 | $247 | $235 | $172 | $256 |

- Total Cash Flows from Projected Excess Spread = $5.7 Billion
- Total Cash Flows from Projected Servicing Revenues = $2.4 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 | 1Q19YTD | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| *FFELP* | | | | |
| Term Securitized | | | | |
| Servicing (Cash Paid) | $ 67 | $ 288 | $ 314 | $ 342 |
| Net Residual[1] (Excess Distributions) | 193 | 583 | 643 | 624 |
| Other Secured FFELP | | | | |
| Net Cash Flow [2, 3] | 49 | 706 | 612 | 503 |
| *Total FFELP* | $ 309 | $ 1,577 | $ 1,569 | $ 1,469 |
| *Private Credit* | | | | |
| Term Securitized | | | | |
| Servicing (Cash Paid) | $ 34 | $ 147 | $ 163 | $ 180 |
| Residual (Excess Distribution) | 100 | 575 | 419 | 330 |
| Other Secured Financings | | | | |
| Net Cash Flow | 120 | 332 | 160 | 33 |
| *Total Private Credit* | $ 254 | $ 1,054 | $ 742 | $ 543 |
| *Total FFELP and Private Credit* | $ 563 | $ 2,631 | $ 2,311 | $ 2,013 |

| Average Principal Balances | 1Q19YTD | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| *FFELP* | | | | |
| Term FFELP | $ 64,972 | $ 69,512 | $ 72,768 | $ 75,354 |
| Other Secured FFELP | 5,029 | 3,920 | 7,110 | 11,135 |
| *Total FFELP* | $ 70,001 | $ 73,432 | $ 79,879 | $ 86,489 |
| *Private Credit* | | | | |
| Term Private Credit | $ 17,132 | $ 17,729 | $ 19,547 | $ 22,357 |
| Other Secured Financings | 3,523 | 3,700 | 2,406 | 612 |
| *Total Private Credit* | $ 20,655 | $ 21,429 | $ 21,953 | $ 22,969 |
| *Total FFELP and Private Credit* | $ 90,656 | $ 94,861 | $ 101,832 | $ 109,458 |

Note: Totals may not add due to rounding
[1] Beginning 1Q2017, Net Residual has been revised to include the impact of all floor contracts.
[2] The FHLB Facility matured in 2018.
[3] Beginning 1Q2017, Net Cash Flow amount reported for all years shown have been revised to include payments made on the 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 [1]
- Typically non-dischargeable in bankruptcy
- Offer significantly higher yields than government agency securities with comparable risk profiles

[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.

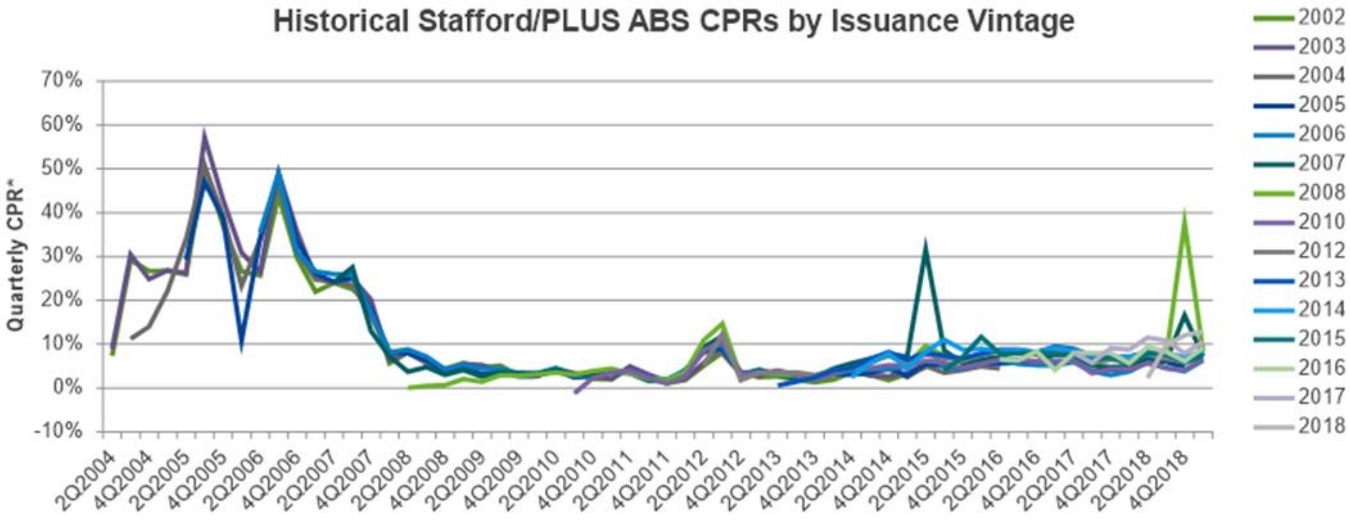
# FFELP Loan Program Characteristics

| 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<br>Graduate: $65,500 | Undergraduate [3]: $57,500<br>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.

# Navient Stafford & PLUS Loan Prepayments

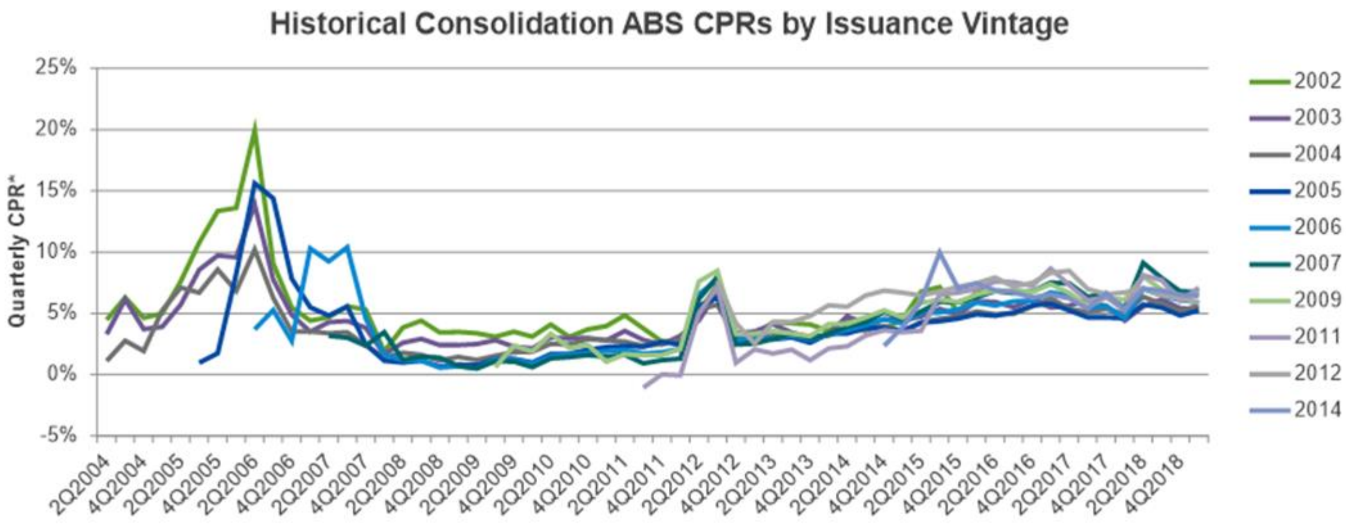
- Annualized CPRs for Stafford/PLUS ABS trusts have decreased from pre-2008 levels as incentives for borrowers to consolidate have declined
- Higher prepayment activity in mid-2012 was related to the short term availability of the Special Direct Consolidation Loan program
- Prepayments increases occurred in 2015 and 2018 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




* 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




* 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 Navient Private Education Loan ABS Issuance Characteristics

**Private Education Loan ABS Transaction Features**

- Issue size of $500M 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 | ‣ 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<br>‣ 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<br>‣ 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<br>‣ Signature, Excel, Law, Med and MBA Loan brands<br>‣ Title IV schools only 1<br>‣ Freshmen must have a cosigner with limited exceptions<br>‣ Co-signer stability test (minimum 3 year repayment history) | ‣ Terms and underwriting criteria similar to Undergraduate, Graduate, Med/Law/MBA with primary differences being:<br>Marketing channel<br>No school certification<br>Disbursement of proceeds directly to borrower<br>‣ Title IV schools only [1]<br>‣ Freshmen must have a co-signer with limited exceptions<br>‣ Co-signer stability test (minimum 3 year repayment history) | ‣ Loans made to students and parents to refinance one or more private education loans<br>‣ 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

| 2014-2018 YTD 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 | NAV 18-D | NAV 18-E | NAV 19-A | NAV 19-B |
| Bond Amount ($mil) | 463 | 664 | 689 | 700 | 359 | 488 | 662 | 507 | 521 | 632 | 626 | 688 | 647 | 550 |
| Initial AAA Enhancement (%) | 30% | 30% | 32% | 36% | 48% | 41% | 22% | 12% | 28% | 15% | 23% | 14% | 14% | 21% |
| Initial Enhancement (%) | 17% | 22% | 23% | 36% | 40% | 34% | 12% | 4% | 16% | 6% | 12% | 5% | 5% | 11% |
| **Loan Program (%)** | | | | | | | | | | | | | | |
| Signature/Law/MBA/Med | 0% | 26% | 27% | 52% | 81% | 43% | 17% | 0% | 29% | 0% | 44% | 0% | 0% | 31% |
| Smart Option | 0% | 50% | 51% | 0% | 0% | 29% | 30% | 0% | 16% | 0% | 17% | 0% | 0% | 24% |
| Consolidation | 0% | 9% | 2% | 8% | 3% | 9% | 0% | 0% | 7% | 0% | 6% | 0% | 0% | 5% |
| Private Education Refi | 0% | 0% | 0% | 0% | 0% | 0% | 52% | 100% | 40% | 100% | 22% | 100% | 100% | 30% |
| Direct to Consumer | 0% | 15% | 20% | 26% | 8% | 20% | 1% | 0% | 8% | 0% | 11% | 0% | 0% | 10% |
| Career Training | 100% | 0% | 0% | 13% | 8% | 0% | 0% | 0% | * | 0% | * | 0% | 0% | 0% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| **Payment Status** | | | | | | | | | | | | | | |
| School, Grace, Deferment | 0% | 46% | 24% | 9% | 12% | 12% | 9% | 0% | 3% | 0% | 5% | 0% | 1% | 6% |
| Repayment | 99% | 53% | 68% | 89% | 85% | 84% | 89% | 100% | 95% | 100% | 93% | 100% | 99% | 92% |
| Forbearance | 1% | 1% | 8% | 2% | 3% | 3% | 2% | 0% | 2% | 0% | 2% | 0% | * | 2% |
| WA Term to Maturity (Mo.) | 104 | 161 | 155 | 157 | 159 | 165 | 135 | 133 | 148 | 138 | 155 | 145 | 151 | 150 |
| WA Months in Repayment (Mo.) | 80 | 40 | 30 | 68 | 60 | 51 | 23[(2)] | - | 47[(2)] | - | 61[(2)] | - | - | 59[(2)] |
| % Loans with Cosigner | 71% | 79% | 80% | 64% | 38% | 69% | 49% | 0% | 52% | 0% | 60% | 0% | 0% | 55% |
| % Loans with No Cosigner | 29% | 21% | 20% | 36% | 62% | 31% | 51% | 100% | 48% | 100% | 40% | 100% | 100% | 45% |
| WA FICO at Origination | 743 | 739 | 731 | 730 | 625 | 720 | 752 | 765 | 750 | 764 | 745 | 760 | 756 | 745 |
| WA Recent FICO at Issuance | 726 | 737 | 714 | 726 | 690 | 713 | 750 | - | 748 | - | 748 | - | - | 747 |
| WA FICO (Cosigner at Origination) | 749 | 748 | 738 | 742 | 635 | 731 | 748 | - | 750 | - | 743 | - | - | 738 |
| WA FICO (Cosigner at Rescored) | 735 | 746 | 724 | 739 | 697 | 725 | 749 | - | 742 | - | 754 | - | - | 746 |
| WA FICO (Borrower at Origination) | 728 | 707 | 701 | 704 | 619 | 696 | 755 | 765 | 751 | 764 | 747 | 760 | 756 | 753 |
| WA FICO (Borrower at Rescored) | 701 | 701 | 672 | 704 | 687 | 685 | 752 | - | 743 | - | 734 | - | - | 749 |
| WA LIBOR Equivalent Margin[(1)] | 7.01% | 6.66% | 7.38% | 5.58% | 9.32% | 7.15% | 6.24% | 5.21% | 6.61% | 5.12% | 5.45% | 5.35% | 5.43% | 6.30% |

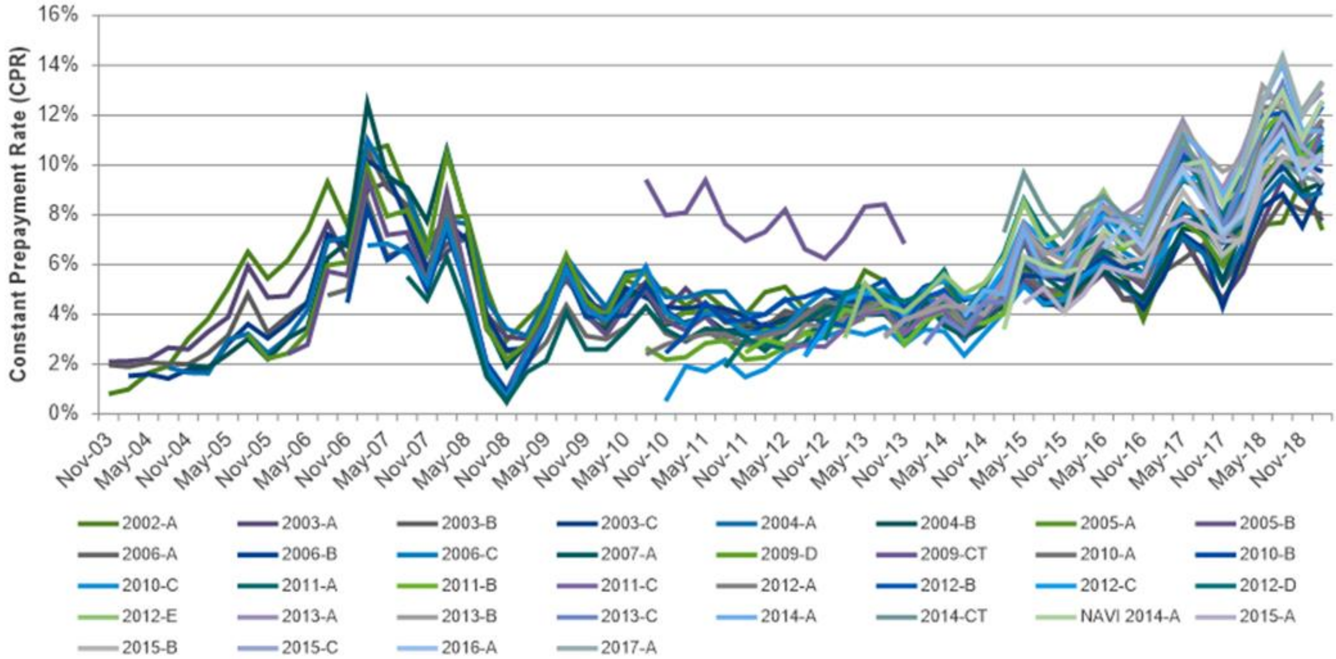
*(1) Assumes Prime / 1 month LIBOR spread of 3.00%. However for 100% Private Education Refi transactions, represents the gross borrower coupon.*

*(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%.*

# 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

# Notable Items Impacting Total Expenses Compared to Prior Quarter

**Compared to Prior Quarter**

| ($ In millions) | Q1 19 | Q1 18 |
|---|---|---|
| **Reported Core Earnings Expenses** | **$257** | **$282** |
| **Year over Year Change in Reported Core Earnings Expenses** | **(9%)** | |
| | | |
| Restructuring & Reorganization Expenses | $1 | $7 |
| Regulatory-Related Expenses | $7 | $4 |
| **Adjusted Core Earnings Expenses** | **$249** | **$271** |
| **Year over Year Change in Adjusted Core Earnings Expenses** | **(8%)** | |
| | | |
| 3rd Party Transfer Fee | - | $9 |
| Transition Services Agreement | $7 | - |
| Costs Associated with Proxy Contest Matters | $3 | - |
| | | |
| **Comparable Core Earnings Total Expenses** | **$239** | **$262** |
| **Year over Year Change in Comparable Core Earnings Total Expenses** | **(9%)** | |

Note: "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.

# Notable Items Impacting Total Expenses Compared to Prior Year

**Compared to Prior Year**

| ($ In millions) | 2018 | 2017 |
|---|---|---|
| **Reported Core Earnings Expenses** | **$997** | **$995** |
| **Year over Year Change in Reported Core Earnings Expenses** | **–%** | |
| | | |
| Restructuring & Reorganization Expenses | $13 | $29 |
| Regulatory-Related Expenses | $29 | $14 |
| **Adjusted Core Earnings Expenses** | **$955** | **$952** |
| **Year over Year Change in Adjusted Core Earnings Expenses** | **–%** | |
| | | |
| Duncan & Earnest Operating Expenses | $100 | $30 |
| 3rd Party Transfer Fee | $9 | – |
| Transition Services Agreement | $16 | – |
| Impact of ASC 606 | $51 | – |
| Reserve Release | ($40) | – |
| | | |
| **Comparable Core Earnings Total Expenses** | **$819** | **$922** |
| **Year over Year Change in Comparable Core Earnings Total Expenses** | **(11%)** | |

Note: Items above 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.

# GAAP Results

| (In millions, except per share amounts) | Q1 19 | Q4 18 | Q1 18 |
|---|---|---|---|
| Net income (loss) | $128 | $72 | $126 |
| Diluted earnings (loss) per common share | $0.52 | $0.28 | $0.47 |
| Operating expenses | $256 | $252 | $275 |
| Provision for loan losses | $76 | $85 | $87 |
| Average Education Loans | $93,987 | $96,380 | $104,555 |

# 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 11-17 of Navient's first-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 Q1 2019 is as follows:

$$\frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$142^{(1)}}{(\$3,430 + \$3,519 + \$3,724 + \$3,714) / 4} = 16\%^{(2)}$$

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 Q1 2019 is as follows:

$$\frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$249^{(1)}}{\$434 + \$76 - \$15} = 50\%$$

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 18 of Navient's first-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 18 of Navient's first-quarter earnings release.

[1] Excludes $8 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 Mar. 31, 2019 | Dec. 31, 2018 | Mar. 31, 2018 |
|---|---|---|---|
| GAAP net income (loss) | $128 | $72 | $126 |
| Net impact of derivative accounting | 6 | 59 | (31) |
| Net impact of goodwill and acquired intangible assets | 7 | 8 | 9 |
| Net income tax effect | (5) | 1 | 3 |
| Total Core Earnings adjustments to GAAP | 8 | 68 | (19) |
| Core Earnings net income (loss) | $136 | $140 | $107 |

# Investor Relations Website

**www.navient.com/investors**
**www.navient.com/abs**

- **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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