# 2016 4th Quarter and Full Year Earnings Call Presentation

January 25, 2017

# Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of December 31, 2016 (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, 2015 (the "2015 Form 10-K"), filed by Navient with the Securities and Exchange Commission (the "SEC") on February 25, 2016 and subsequent reports filed by Navient with the SEC. Definitions for capitalized terms in this presentation not defined herein can be found in our 2015 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 our 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 us, these factors include, among others, the risks and uncertainties associated with:
- increases in financing costs;
- the availability of financing;
- limits on liquidity resulting from disruptions in the capital markets or other factors;
- unanticipated increases in costs associated with compliance with laws and regulations;
- changes in the marketplaces in which we compete (including changes in demand or changes resulting from new laws and regulations);
- changes in accounting standards pertaining to loan loss reserves and estimates or other accounting standards that may impact our operations;
- adverse outcomes in any significant litigation to which we are a party;
- credit risk associated with our exposure to third parties, including counterparties to hedging or other derivative 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).

We could also be affected by, among other things:
- unanticipated deferrals in our FFELP securitization trusts that would delay repayment of the bonds beyond their legal final maturity date;
- 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 potential disclosure of confidential customer information;
- damage to our reputation resulting from the politicization of student loan servicing;
- failures to successfully implement cost-cutting initiatives and adverse effects of such initiatives on our business;
- delays or errors in converting portfolio acquisitions to our servicing platform;
- risks associated with restructuring initiatives;
- changes in law and regulations with respect to the student lending business and financial institutions generally;
- increased competition from banks and other consumer lenders;
- the creditworthiness of our customers;
- changes in the general interest rate environment, including 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 the demand for debt management services;
- changes in general economic conditions; and
- the other factors that are described in the "Risk Factors" section of the 2015 Form 10-K and in our future reports filed with the SEC.

The preparation of our 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 presentation are qualified by these cautionary statements and are made only as of the date of this presentation. We do 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 core earnings performance measures. When compared to GAAP results, core earnings exclude the impact of: (1) the financial results of the consumer banking business for historical periods prior to the April 30, 2014 spin-off of Navient from SLM Corporation as well as related restructuring and reorganization expenses incurred in connection with the spin-off, including the restructuring initiated in the second quarter of 2015; (2) unrealized, mark-to-market gains/losses on derivatives; and (3) 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 — Definition and Limitations" in Navient's fourth quarter earnings release for a further discussion and a complete reconciliation between GAAP net income and core earnings.

# 2016 Highlights

- Generated adjusted “Core Earnings” of $1.89 per share[1]
- Private Education Loan charge-offs decreased $146 million[2]
- Non-education fee revenue increased 77%
- Repurchased 17% or 60 million of common shares

[1] Excludes $0.07 per share related to expenses associated with regulatory-related costs and reserve for legal contingencies
[2] In 2015, the portion of private education loan amounts charged off at default was 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 and is not included in the $146 million reduction in year-over-year charge-offs.

# Operating Results
# "Core Earnings" Basis

| (In millions, except per share amounts) | Q4 16 | Q4 15[1] | 2016 | 2015[1] |
|---|---|---|---|---|
| **Adjusted Core EPS before regulatory-related costs and reserve for legal contingencies** | **$0.47** | **$0.48** | **$1.89** | **$1.82** |
| Regulatory-related costs | ($0.00) | ($0.01) | ($0.04) | ($0.03) |
| Reserve for legal contingencies | ($0.04) | - | ($0.03) | - |
| **Reported Core EPS** | **$0.43** | **$0.47** | **$1.82** | **$1.79** |
| Average common stock equivalent | 300 | 361 | 322 | 382 |
| | | | | |
| Operating expenses before regulatory-related costs and reserve for legal contingencies | **$226** | **$228** | **$917** | **$899** |
| Regulatory-related costs | $3 | $7 | $17 | $19 |
| Reserve for legal contingencies | $17 | - | $17 | - |
| Operating expenses | **$246** | **$235** | **$951** | **$918** |
| | | | | |
| Provision for loan losses | $102 | $120 | $429 | $581 |
| Average total education loans | $113,151 | $125,023 | $117,858 | $129,224 |

[1] See "Correction of an Immaterial Error in Prior Periods Related to FFELP Loan Provision for Loan Losses" on page 20 of this presentation for further discussion

# FFELP Loans Segment "Core Earnings" Basis

## Selected Financial Information and Ratios

| ($ In millions) | Q4 16 | Q4 15 | 2016 | 2015 |
|---|---|---|---|---|
| Net income | $68 | $71 | $272 | $308 |
| Average FFELP Loans | $88,914 | $97,472 | $92,497 | $100,421 |
| Net interest margin | 0.89%[1] | 0.84% | 0.85%[1] | 0.84% |
| Provision for loan losses | $13 | $12 | $43 | $46 |
| Charge-offs | $12 | $18 | $54 | $61 |
| Annualized charge-off rate | 0.07% | 0.10% | 0.07% | 0.08% |
| Total delinquency rate | 12.2% | 15.2% | 12.2% | 15.2% |
| Greater than 90-day delinquency rate | 6.3% | 8.2% | 6.3% | 8.2% |
| Forbearance rate | 12.9% | 15.3% | 12.9% | 15.3% |

## Performance

- Acquired $3.5 billion of FFELP student loans in 2016
- Q4 16 net interest margin increased 5 basis points from the year ago quarter
  - 3 basis points of the increase is a result of revised prepayment rates[1]
- Greater than 90-day delinquency rate declined by 23% from the prior year
- Forbearance rate declined by 16% from the prior year

[1] The net interest margin for the fourth-quarter 2016 and full-year 2016 reflects the revised prepayment rates that resulted from a correction to our policy regarding the application of the interest method. This correction was previously disclosed in the third -quarter 2016 Form 10-Q. As a result of this correction, the Private Education Loan discount balance increased by $9 million (resulting in a $9 million reduction to net interest income and a 0.14 percent reduction to fourth-quarter 2016 Private Education Loan net interest margin) and the FFELP Loan premium balance increased by $7 million (resulting in a $7 million increase to net interest income and a 0.03 percent increase to fourth-quarter 2016 FFELP Loan net interest margin). The net impact of this correction was a decrease of $2 million to net interest income

# Private Education Loans Segment "Core Earnings" Basis

## Selected Financial Information and Ratios

| ($ In millions) | Q4 16 | Q4 15 | 2016 | 2015 |
|---|---|---|---|---|
| Net income | $41 | $56 | $219 | $233 |
| Average Private Education Loans | $24,237 | $27,551 | $25,361 | $28,803 |
| Net interest margin | 3.08%[1] | 3.61% | 3.41%[1] | 3.67% |
| Provision for loan losses | $87 | $110 | $383 | $538 |
| Charge-offs[2] | $130 | $141 | $513 | $659 |
| Annualized charge-off rate[2] | 2.3% | 2.3% | 2.2% | 2.6% |
| Total delinquency rate | 7.4% | 7.2% | 7.4% | 7.2% |
| Greater than 90-day delinquency rate | 3.6% | 3.4% | 3.6% | 3.4% |
| Forbearance rate | 3.4% | 3.8% | 3.4% | 3.8% |

## Performance

- Acquired $225 million of Private Education loans in 2016
- Q4 16 net interest margin decreased 53 basis points from the year ago quarter
  - 14 basis points of the reduction is a result of revised prepayment rates[1]
- Charge-offs declined 22% or $146 million from the prior year
- Total delinquency rate increased 3% due to the change in mix of the total portfolio
  - TDR total delinquency rates declined 3%
  - Non-TDR total delinquency rates declined 19%
- Forbearance rate declined 11%

[1] The net interest margin for the fourth-quarter 2016 and full-year 2016 reflects the revised prepayment rates that resulted from a correction to our policy regarding the application of the interest method. This correction was previously disclosed in the third -quarter 2016 Form 10-Q. As a result of this correction, the Private Education Loan discount balance increased by $9 million (resulting in a $9 million reduction to net interest income and a 0.14 percent reduction to fourth-quarter 2016 Private Education Loan net interest margin) and the FFELP Loan premium balance increased by $7 million (resulting in a $7 million increase to net interest income and a 0.03 percent increase to fourth-quarter 2016 FFELP Loan net interest margin). The net impact of this correction was a decrease of $2 million to net interest income.

[2] In 2015, the portion of the loan amount charged off at default increased from 73 percent to 79 percent. This did not impact the provision for loan losses as previously this had been reserved through the allowance for loan losses. This change resulted in a $330 million reduction to the balance of the receivable for partially charged-off loans. This $330 million is not included in the 2015 charge-offs of $659 million in the table above.

# Business Services Segment
# “Core Earnings” Basis

## Selected Financial Information and Ratios

| (In Millions) | Q4 16 | Q4 15 | 2016 | 2015 |
|---|---|---|---|---|
| Net income | $71 | $81 | $308 | $338 |
| Number of accounts serviced for Department of Education | 6.2 | 6.3 | 6.2 | 6.3 |
| Total federal loans serviced (in billions) | $293 | $288 | $293 | $288 |
| Contingent collections receivables inventory (in billions): | | | | |
| Education loan inventory | $9.9 | $10.3 | $9.9 | $10.3 |
| Other inventory | $10.1 | $9.9 | $10.1 | $9.9 |
| Total contingent collections receivables inventory (in billions) | $20.0 | $20.2 | $20.0 | $20.2 |

## Performance

- Non-education fee revenue grew to $174 million, a 77% increase from the prior year
- One of four designated contractors to collect, on the government’s behalf, outstanding inactive tax receivables
- Increased federal loans serviced by $5 billion
  - Submitted bid for the U.S. Department of Education’s proposal for single servicing solution on January 9, 2017
- Won 38 new healthcare revenue cycle management contracts in 2016

# 2016 Capital Markets Summary

- Acquired $3.7 billion of education loans
- Issued seven FFELP ABS transactions totaling $5.8 billion
  - FFELP ABS spreads improved 23 basis points or 17% from 2016-2 to 2016-7
- Issued one Private Education Loan ABS transaction totaling $488 million
- Issued $1.3 billion of long-term unsecured debt
- Reduced outstanding unsecured debt by 9% or $1.4 billion
  - 2017 outstanding unsecured maturities reduced from $1.5 billion to $0.7 billion
  - 2018 outstanding unsecured maturities reduced from $2.6 billion to $2.1 billion
- Returned $956 million to shareholders through share repurchases and dividends
  - Repurchased 17% or 60 million of common shares
- Maintained a tangible net asset ratio of 1.24x
  - This ratio has remained within our target range of 1.2x to 1.3x for the past five years

The tangible net asset ratio equals GAAP tangible 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

# Outlook

## 2017 Guidance

- "Core Earnings" per share between $1.80 and $1.84 excluding expenses associated with regulatory costs
- Operating expenses below $900 million excluding expenses associated with regulatory costs
- Full year FFELP net interest margin in the high 70's basis points
- Full year Private Education Loan net interest margin in the mid 320's basis points
- Business services revenue excluding intercompany loan servicing revenue to range between $630 and $660 million

## Franchise Growth Opportunities in 2017 and Beyond

- Asset Generation
  - Refinancing Private Education Loans
  - Non-compete for new Private Education Loan originations ends on December 31, 2018
- Business Processing Solutions
  - Submitted bid for the U.S. Department of Education's proposal for single servicing solution on January 9, 2017
  - Recovering unpaid tax receivables for federal government
  - Expand footprint in state and local markets
  - Commercial portfolio management

## Legacy Growth Opportunities in 2017 and Beyond

- Acquisitions of FFELP and seasoned Private Education Loan portfolios
- FFELP related services
  - Loan servicing
  - Portfolio management
  - Asset recovery

# GAAP Results

| (In millions, except per share amounts) | Q4 16 | Q4 15 | 2016 | 2015 |
|---|---|---|---|---|
| Net income | $145 | $283 | $681 | $984 |
| EPS | $0.48 | $0.73 | $2.12 | $2.58 |
| Operating expenses | $246 | $235 | $951 | $918 |
| Provision | $102 | $120 | $429 | $581 |
| Average Student Loans | $113,151 | $125,023 | $117,858 | $129,224 |

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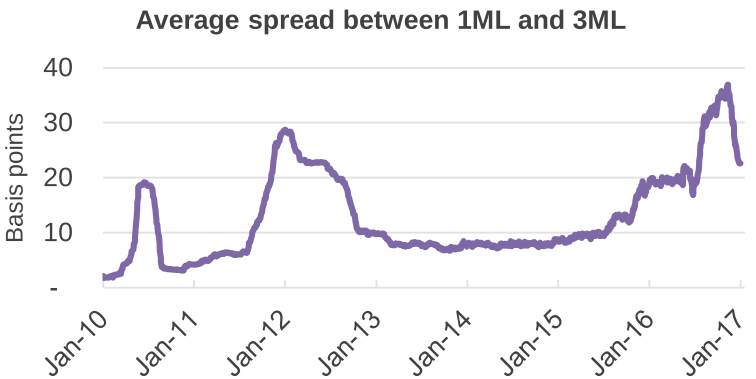
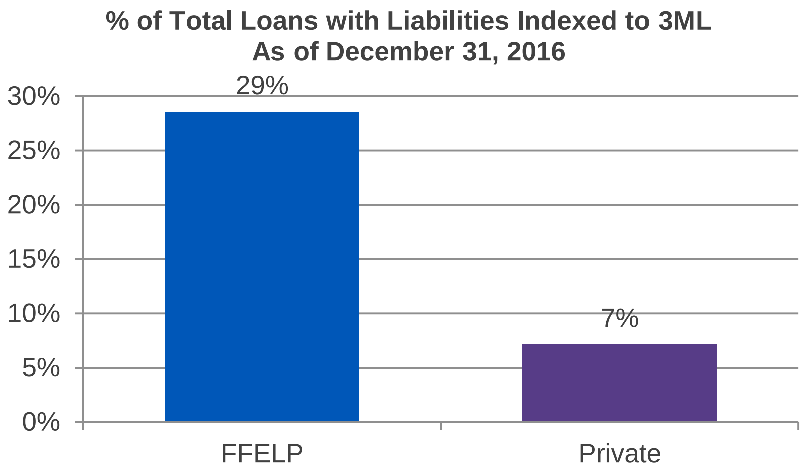
# Appendix

# Three Month LIBOR Basis Risk Management

## Exposure to Funding Indexed to 3ML[1]

- From 2010 to 2015, the average spread between 1ML and 3ML was 11 basis points.
  - In Q4 16, the average spread was 32 basis points.
- Navient uses floor contracts and other derivatives to convert a portion of our liabilities from quarterly reset 3ML to other indices that more closely correlate to our asset indices.
- The company has $32 billion of **FFELP loans** indexed to 1ML that reset daily with funding indexed to 3ML that reset quarterly.
- The company has $8 billion of **Private Education Loans** indexed to Prime with funding indexed to 3ML.




[1] After the impact of hedges

# Education Loan Portfolio Generates Significant Cash Flows

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

**$'s in Billions**

| **FFELP Cash Flows** | **12/31/16** |
|---|---|
| Secured | |
| Residual (including O/C) | $7.3 |
| Floor Income | 2.0 |
| Servicing | 3.1 |
| Total Secured | $12.4 |
| Unencumbered | 0.6 |
| **Total FFELP Cash Flows** | **$13.0** |
| **Private Credit Cash Flows** | |
| Secured | |
| Residual (including O/C) | $11.2 |
| Servicing | 0.9 |
| Total Secured | $12.1 |
| Unencumbered | 3.7 |
| **Total Private Cash Flows** | **$15.8** |
| **Combined Cash Flows before Unsecured Debt** | **$28.8** |

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

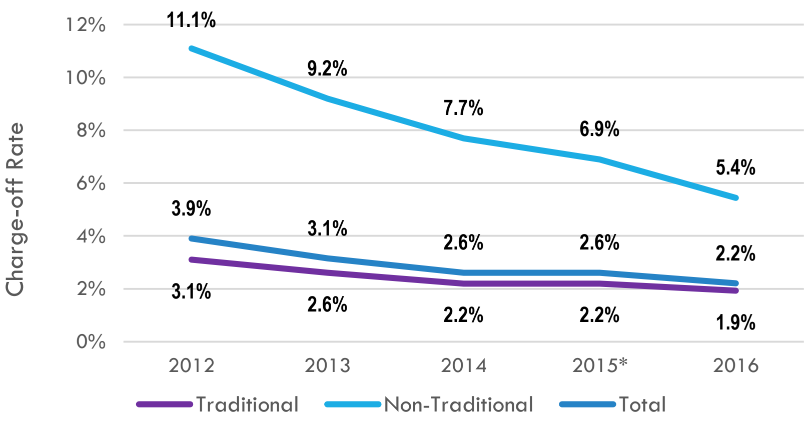
## Enhancing Cash Flows

- Generated $3.6 billion of cash flows in 2016
- Reduced unsecured debt by $1.4 billion and returned $1.0 billion to shareholders through share repurchases and dividends in 2016
- Acquired $3.7 billion of student loans in 2016
- $28.8 billion of estimated future cash flows remain over ~ 20 years
  - Includes ~$11 billion of overcollateralization[1] (O/C) to be released from residuals
- $3.2 billion of unencumbered student loans
- $1.1 billion of hedged FFELP Loan embedded floor income

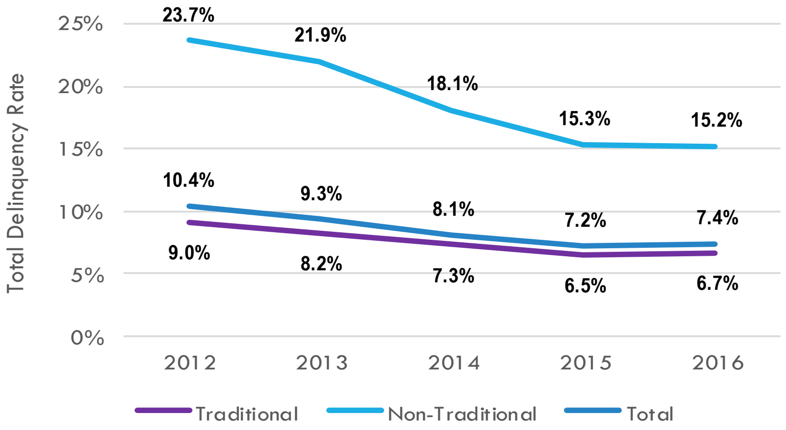
[1] Includes $1.5B O/C related to six private education ABS trusts securing our private education loan ABS repurchase transactions

# Private Education Loans
# “Core Earnings” Basis

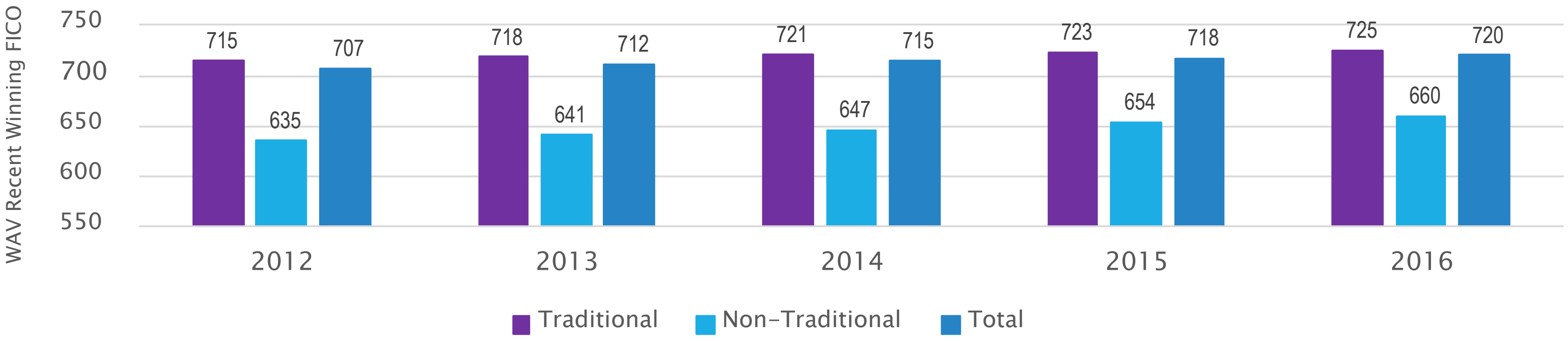
**Private Education Loan Charge-Off Rate by Segment**




**Private Education Loan Total Delinquencies by Segment**




**Private Education Loan Recent FICO Score by Segment**




* In 2015, the portion of private education loan amounts charged off at default was 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 and is not included in the $146 million reduction in year-over-year charge-offs.

# Private Education Loan Seasoning – “Core Earnings” Basis

**Quarter Ending December 31, 2016**

**Traditional Portfolio**

| Loan Status | Monthly Scheduled Payments Received: 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | **1,271** | |
| Loans in Forbearance | | 205 | 17.1% | | 85 | 7.5% | | 84 | 5.0% | | 88 | 3.6% | | 238 | 1.6% | **700** | 3.3% |
| Loans in Repayment- Current | | 799 | 66.6% | | 875 | 77.9% | | 1,412 | 83.1% | | 2,162 | 87.6% | | 13,772 | 94.3% | **19,020** | 90.2% |
| Loans in Repayment- Delinq 31-60 days | | 52 | 4.3% | | 46 | 4.1% | | 57 | 3.4% | | 70 | 2.8% | | 219 | 1.5% | **444** | 2.1% |
| Loans in Repayment- Delinq 61-90 days | | 37 | 3.1% | | 30 | 2.7% | | 40 | 2.4% | | 42 | 1.7% | | 120 | 0.8% | **269** | 1.3% |
| Loans in Repayment- Delinq 90 + days | | 106 | 8.9% | | 87 | 7.7% | | 106 | 6.2% | | 107 | 4.3% | | 257 | 1.8% | **663** | 3.1% |
| **Total Loans in Repayment or Forbearance** | **$** | **1,199** | **100%** | **$** | **1,123** | **100%** | **$** | **1,699** | **100%** | **$** | **2,469** | **100%** | **$** | **14,606** | **100%** | **$ 21,096** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **11.1%** | | | **5.2%** | | | **3.6%** | | | **2.2%** | | | **0.9%** | | **2.0%** | |

**Non Traditional Portfolio**

| Loan Status | Monthly Scheduled Payments Received: 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | **122** | |
| Loans in Forbearance | | 34 | 24.5% | | 13 | 8.8% | | 11 | 5.4% | | 11 | 4.4% | | 21 | 2.0% | **90** | 4.9% |
| Loans in Repayment- Current | | 61 | 43.6% | | 98 | 66.3% | | 153 | 73.2% | | 201 | 79.0% | | 973 | 89.1% | **1,486** | 80.6% |
| Loans in Repayment- Delinq 31-60 days | | 13 | 8.9% | | 10 | 6.5% | | 12 | 5.6% | | 11 | 4.3% | | 32 | 3.0% | **78** | 4.2% |
| Loans in Repayment- Delinq 61-90 days | | 8 | 5.6% | | 7 | 5.0% | | 8 | 3.9% | | 9 | 3.4% | | 20 | 1.8% | **52** | 2.8% |
| Loans in Repayment- Delinq 90 + days | | 25 | 17.4% | | 20 | 13.4% | | 25 | 11.9% | | 22 | 8.5% | | 46 | 4.2% | **138** | 7.5% |
| **Total Loans in Repayment or Forbearance** | **$** | **141** | **100%** | **$** | **148** | **100%** | **$** | **209** | **100%** | **$** | **254** | **100%** | **$** | **1,092** | **100%** | **$ 1,844** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **25.3%** | | | **9.7%** | | | **7.8%** | | | **5.0%** | | | **2.3%** | | **5.4%** | |

**Total**

| Loan Status | Monthly Scheduled Payments Received: 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | **1,393** | |
| Loans in Forbearance | | 239 | 17.8% | | 98 | 7.7% | | 95 | 5.0% | | 99 | 3.6% | | 259 | 1.6% | **790** | 3.4% |
| Loans in Repayment- Current | | 860 | 64.2% | | 973 | 76.5% | | 1,565 | 82.0% | | 2,363 | 86.8% | | 14,745 | 93.9% | **20,506** | 89.4% |
| Loans in Repayment- Delinq 31-60 days | | 65 | 4.9% | | 56 | 4.4% | | 69 | 3.6% | | 81 | 3.0% | | 251 | 1.6% | **522** | 2.3% |
| Loans in Repayment- Delinq 61-90 days | | 45 | 3.4% | | 37 | 2.9% | | 48 | 2.5% | | 51 | 1.9% | | 140 | 0.9% | **321** | 1.4% |
| Loans in Repayment- Delinq 90 + days | | 131 | 9.8% | | 107 | 8.4% | | 131 | 6.8% | | 129 | 4.7% | | 303 | 1.9% | **801** | 3.5% |
| **Total Loans in Repayment or Forbearance** | **$** | **1,340** | **100%** | **$** | **1,271** | **100%** | **$** | **1,908** | **100%** | **$** | **2,723** | **100%** | **$** | **15,698** | **100%** | **$ 22,940** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **12.6%** | | | **5.7%** | | | **4.1%** | | | **2.5%** | | | **1.0%** | | **2.3%** | |

# Private Education Loan Seasoning – “Core Earnings” Basis

**Quarter Ending December 31, 2015**

**Traditional Portfolio**

| Loan Status | 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | | **1,859** | |
| Loans in Forbearance | | 292 | 18.8% | | 118 | 6.7% | | 122 | 4.5% | | 109 | 3.1% | | 222 | 1.6% | | **863** | 3.7% |
| Loans in Repayment- Current | | 980 | 63.0% | | 1,423 | 81.0% | | 2,320 | 86.2% | | 3,164 | 90.6% | | 13,198 | 94.8% | | **21,085** | 90.0% |
| Loans in Repayment- Delinq 31-60 days | | 79 | 5.1% | | 63 | 3.6% | | 77 | 2.9% | | 76 | 2.2% | | 196 | 1.4% | | **491** | 2.1% |
| Loans in Repayment- Delinq 61-90 days | | 54 | 3.5% | | 42 | 2.4% | | 45 | 1.7% | | 43 | 1.2% | | 108 | 0.8% | | **292** | 1.2% |
| Loans in Repayment- Delinq 90 + days | | 149 | 9.6% | | 111 | 6.3% | | 126 | 4.7% | | 102 | 2.9% | | 202 | 1.5% | | **690** | 2.9% |
| **Total Loans in Repayment or Forbearance** | **$** | **1,554** | **100%** | **$** | **1,757** | **100%** | **$** | **2,690** | **100%** | **$** | **3,494** | **100%** | **$** | **13,926** | **100%** | **$** | **23,422** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **10.3%** | | | **4.1%** | | | **2.4%** | | | **1.4%** | | | **0.8%** | | | **1.9%** | |

Monthly Scheduled Payments Received

**Non-Traditional Portfolio**

| Loan Status | 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | | **181** | |
| Loans in Forbearance | | 49 | 22.0% | | 16 | 7.4% | | 14 | 4.8% | | 10 | 3.6% | | 21 | 2.0% | | **110** | 5.4% |
| Loans in Repayment- Current | | 108 | 48.4% | | 153 | 69.5% | | 223 | 76.3% | | 243 | 82.9% | | 919 | 89.5% | | **1,646** | 80.1% |
| Loans in Repayment- Delinq 31-60 days | | 18 | 7.9% | | 13 | 5.7% | | 15 | 5.2% | | 11 | 3.9% | | 29 | 2.8% | | **86** | 4.2% |
| Loans in Repayment- Delinq 61-90 days | | 10 | 4.6% | | 10 | 4.5% | | 11 | 3.6% | | 8 | 2.7% | | 17 | 1.7% | | **56** | 2.7% |
| Loans in Repayment- Delinq 90 + days | | 37 | 16.6% | | 28 | 12.9% | | 29 | 10.1% | | 21 | 7.3% | | 41 | 4.0% | | **156** | 7.6% |
| **Total Loans in Repayment or Forbearance** | **$** | **222** | **100%** | **$** | **220** | **100%** | **$** | **292** | **100%** | **$** | **293** | **100%** | **$** | **1,027** | **100%** | **$** | **2,054** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **21.8%** | | | **11.6%** | | | **7.6%** | | | **4.2%** | | | **2.2%** | | | **6.1%** | |

Monthly Scheduled Payments Received

**Total**

| Loan Status | 0-12 payments | | | 13-24 payments | | | 25-36 payments | | | 37-48 payments | | | More than 48 payments | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Yet in Repayment | | | | | | | | | | | | | | | | | **2,040** | |
| Loans in Forbearance | | 341 | 19.2% | | 134 | 6.8% | | 136 | 4.6% | | 119 | 3.1% | | 243 | 1.6% | | **973** | 3.8% |
| Loans in Repayment- Current | | 1,088 | 61.3% | | 1,576 | 79.7% | | 2,543 | 85.3% | | 3,407 | 90.0% | | 14,117 | 94.4% | | **22,731** | 89.2% |
| Loans in Repayment- Delinq 31-60 days | | 97 | 5.4% | | 76 | 3.8% | | 92 | 3.1% | | 87 | 2.3% | | 225 | 1.5% | | **577** | 2.3% |
| Loans in Repayment- Delinq 61-90 days | | 64 | 3.6% | | 52 | 2.6% | | 56 | 1.9% | | 51 | 1.4% | | 125 | 0.8% | | **348** | 1.4% |
| Loans in Repayment- Delinq 90 + days | | 186 | 10.5% | | 139 | 7.0% | | 155 | 5.2% | | 123 | 3.2% | | 243 | 1.6% | | **846** | 3.3% |
| **Total Loans in Repayment or Forbearance** | **$** | **1,776** | **100%** | **$** | **1,977** | **100%** | **$** | **2,982** | **100%** | **$** | **3,787** | **100%** | **$** | **14,953** | **100%** | **$** | **25,475** | **100%** |
| **Charge-offs as a % of loans in repayment** | | **12.0%** | | | **5.0%** | | | **3.0%** | | | **1.7%** | | | **0.9%** | | | **2.3%** | |

Monthly Scheduled Payments Received

# Private Education Loans Segment Troubled Debt Restructurings (TDR)

## Delinquency & Forbearance Usage

| TDR Loans ($ in millions) | 2016 | 2015 | 2014 |
|---|---|---|---|
| Total delinquencies | $1,365 | $1,355 | $1,509 |
| Total delinquency rate as a % of loans in repayment | 14.2% | 14.7% | 17.3% |
| Greater than 90-day delinquencies | $686 | $678 | $746 |
| Greater than 90-day delinquency rate as a % of loans in repayment | 7.1% | 7.3% | 8.6% |
| Forbearance | $588 | $694 | $745 |
| Forbearance rate | 5.7% | 7.0% | 7.9% |

| Non-TDR Loans ($ in millions) | 2016 | 2015 | 2014 |
|---|---|---|---|
| Total delinquencies | $279 | $416 | $679 |
| Total delinquency rate as a % of loans in repayment | 2.2% | 2.7% | 3.7% |
| Greater than 90-day delinquencies | $115 | $168 | $272 |
| Greater than 90-day delinquency rate as a % of loans in repayment | 0.9% | 1.0% | 1.5% |
| Forbearance | $202 | $279 | $314 |
| Forbearance rate | 1.6% | 1.8% | 1.7% |

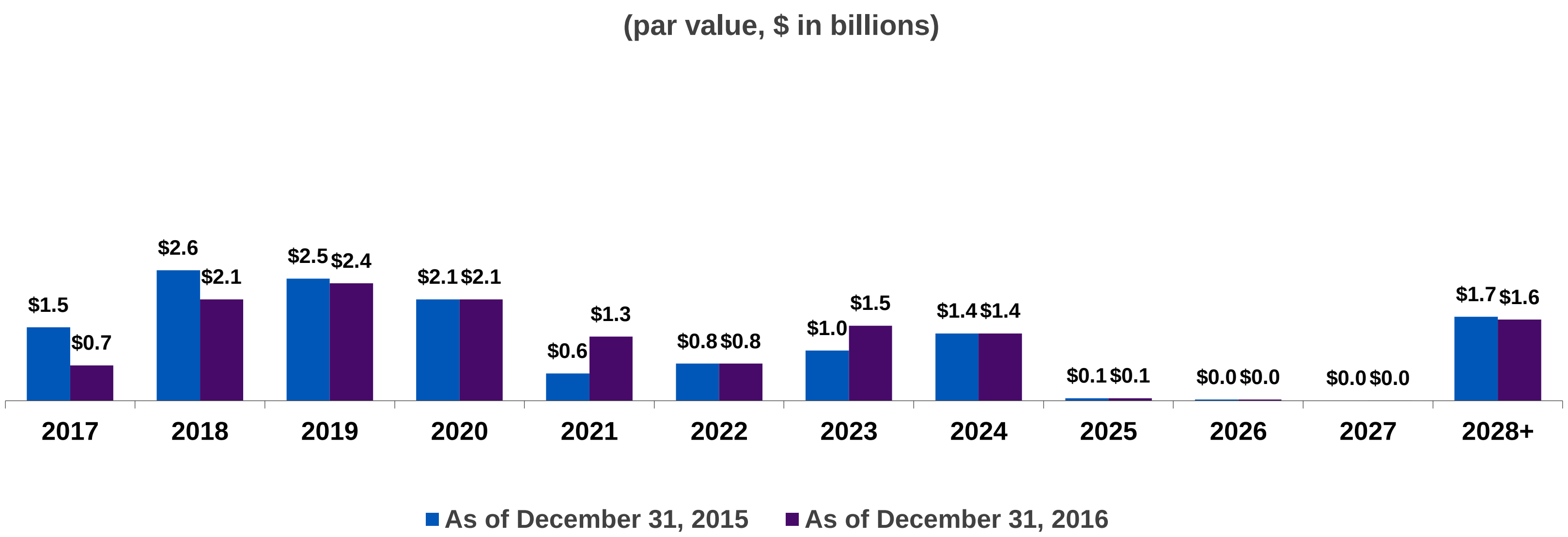
## Allowance for Loan Loss

| | December 31, 2016 | | |
|---|---|---|---|
| ($ in millions) | Allowance | Ending Balance | Allowance as % of Ending Balance |
| Non-TDR Loans | $ 161 | $ 13,528 | 1.2% |
| TDR Loans | 1,190 | 10,805 | 11.0% |
| Total before RPCO | 1,351 | 24,333 | 5.6% |
| RPCO | | 815 | 0.0% |
| Total | $ 1,351 | $ 25,148 | 5.4% |

| | December 31, 2015 | | |
|---|---|---|---|
| | Allowance | Ending Balance | Allowance as % of Ending Balance |
| Non-TDR Loans | $ 262 | $ 16,873 | 1.6% |
| TDR Loans | 1,209 | 10,642 | 11.4% |
| Total before RPCO | 1,471 | 27,515 | 5.3% |
| RPCO | | 881 | 0.0% |
| Total | $ 1,471 | $ 28,396 | 5.2% |

Receivable for Partially Charged-Off Private Education Loans (RPCO)

# Managing Unsecured Debt Maturities




## Long Term Conservative Funding Approach

- Important to maintain our credit ratings to support ongoing access to the unsecured debt markets
- Manage tangible net asset ratio to a range of 1.2x to 1.3x
  - 1.24x as of December 31, 2016
- Reduced total unsecured maturities by $1.4 billion from a year ago to $13.9 billion through opportunistic debt repurchases and maturities

The tangible net asset ratio equals GAAP tangible 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

# Correction of an Immaterial Error in Prior Periods Related to FFELP Loan Provision for Loan Losses

| Dollars in Millions | Quarter Ended Dec. 31, 2015 | Year Ended Dec. 31, 2015 | Year Ended Dec. 31, 2014 |
|---|---|---|---|
| Increase to FFELP Loan charge-offs and provision for loan losses[1] | $5 | $20 | $19 |
| After-tax reduction to net income from the increase in FFELP Loan provision for loan losses | ($3) | ($13) | ($12) |
| Reduction to diluted EPS from the increase in FFELP Loan provision for loan losses | ($0.01) | ($0.03) | ($0.03) |
| GAAP net income – previously reported | $286 | $997 | $1,149 |
| GAAP net income – revised | $283 | $984 | $1,137 |
| "Core Earnings" net income – previously reported | $172 | $694 | $818 |
| "Core Earnings" net income – revised | $169 | $681 | $806 |

[1] In 2015 and 2014, $20 million and $19 million of FFELP Permanently Uninsured Loans, respectively, were incorrectly classified as a recovery of previously defaulted loans, which understated the net charge-offs and provision for loan losses reported for FFELP Loans. The revised results correct for this error and result in $20 million and $19 million of additional FFELP Loan charge-offs and provision for loan losses being recorded in 2015 and 2014, respectively. There was $66 million of FFELP Permanently Uninsured Loans in years prior to 2014 that were incorrectly classified as a recovery of previously defaulted loans. The impact to each of the periods prior to 2014 was not material. Retained earnings was reduced by $42 million (after tax) as of December 31, 2013, to correct for this error.

# Differences between “Core Earnings” and GAAP

| “Core Earnings” adjustments to GAAP: | Quarters Ended Dec. 31, 2016 | Quarters Ended Dec. 31, 2015 | Years Ended Dec. 31, 2016 | Years Ended Dec. 31, 2015 |
|---|---|---|---|---|
| GAAP net income | $145 | $283 | $681 | $984 |
| Net impact of derivative accounting | (50) | (186) | (212) | (543) |
| Net impact of goodwill and acquired intangible assets | 13 | 5 | 36 | 12 |
| Net impact from spin-off of SLM BankCo | - | - | - | 32 |
| Net income tax effect | 21 | 67 | 82 | 196 |
| Total “Core Earnings” adjustments to GAAP | (16) | (114) | (94) | (303) |
| “Core Earnings” net income | $129 | $169 | $587 | $681 |