

# SLM CORPORATION INVESTOR PRESENTATION

## ABS VEGAS 2019

February 25-26, 2019



# Forward-Looking Statements and Disclaimer

## Cautionary Note Regarding Forward-Looking Statements

The following information is current as of January 23, 2019 (unless otherwise noted) and should be read in connection with the press release of SLM Corporation (the “Company”) announcing its financial results for the quarter and full year ended December 31, 2018, filed with the Securities and Exchange Commission (“SEC”) on January 23, 2019, and subsequent reports filed with the SEC.

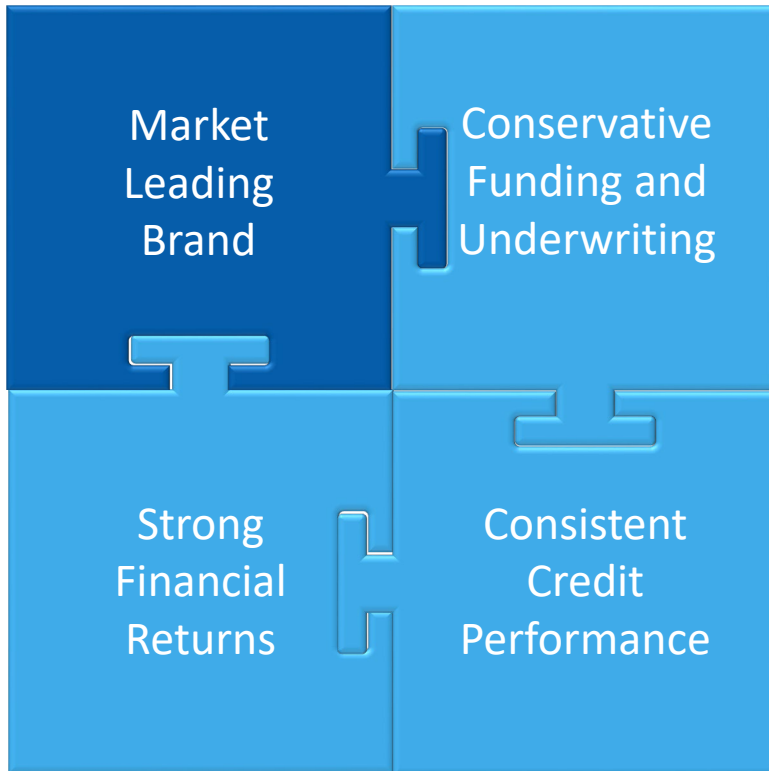
This Presentation contains “forward-looking” statements and information based on management’s current expectations as of the date of this Presentation. Statements that are not historical facts, including statements about the Company’s beliefs, opinions or expectations and statements that assume or are dependent upon future events, are forward-looking statements. This includes, but is not limited to, the Company’s expectation and ability to pay a quarterly cash dividend on its common stock in the future, subject to the determination by the Company’s Board of Directors, and based on an evaluation of the Company’s earnings, financial condition and requirements, business conditions, capital allocation determinations, and other factors, risks and uncertainties. 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. These factors include, among others, the risks and uncertainties set forth in Item 1A. “Risk Factors” and elsewhere in the Company’s Annual Report on Form 10-K for the year ended Dec. 31, 2017 (filed with the SEC on Feb. 23, 2018) and subsequent filings with the SEC; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; failure to comply with consumer protection, banking and other laws; changes in accounting standards and the impact of related changes in significant accounting estimates; any adverse outcomes in any significant litigation to which the Company or any subsidiary is a party; credit risk associated with the Company’s (or any subsidiary’s) exposure to third parties, including counterparties to the Company’s (or any subsidiary’s) 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). The Company could also be affected by, among other things: changes in its funding costs and availability; reductions to its credit ratings; cybersecurity incidents and cyberattacks and other failures or breaches of its operating systems or infrastructure, including those of third-party vendors; damage to its reputation; risks associated with restructuring initiatives, including failures to successfully implement cost-cutting programs and the adverse effects of such initiatives on the Company’s business; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; changes in banking rules and regulations, including increased capital requirements; increased competition from banks and other consumer lenders; the creditworthiness of customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of earning assets versus funding arrangements; rates of prepayments on the loans made or acquired by the Company and its subsidiaries; changes in general economic conditions and the Company’s ability to successfully effectuate any acquisitions; and other strategic initiatives. 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. 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. The Company does not undertake any obligation to update or revise these forward-looking statements to conform such statements to actual results or changes in its expectations.

The Company reports financial results on a GAAP basis and also provides certain non-GAAP “Core Earnings” performance measures. The difference between the Company’s “Core Earnings” and GAAP results for the periods presented were the unrealized, mark-to-market gains/losses on derivative contracts (excluding current period accruals on the derivative instruments), net of tax. These are recognized in GAAP, but not in “Core Earnings” results. The Company provides “Core Earnings” measures because this is what management uses when making management decisions regarding the Company’s performance and the allocation of corporate resources. The Company’s “Core Earnings” are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies.

In third-quarter 2018, management made an immaterial change to its definition of “Core Earnings”. For additional information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – ‘Core Earnings’” in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 for a further discussion and the “‘Core Earnings’ to GAAP Reconciliation” table in this Presentation for a complete reconciliation between GAAP net income and “Core Earnings”.

# Corporate Overview

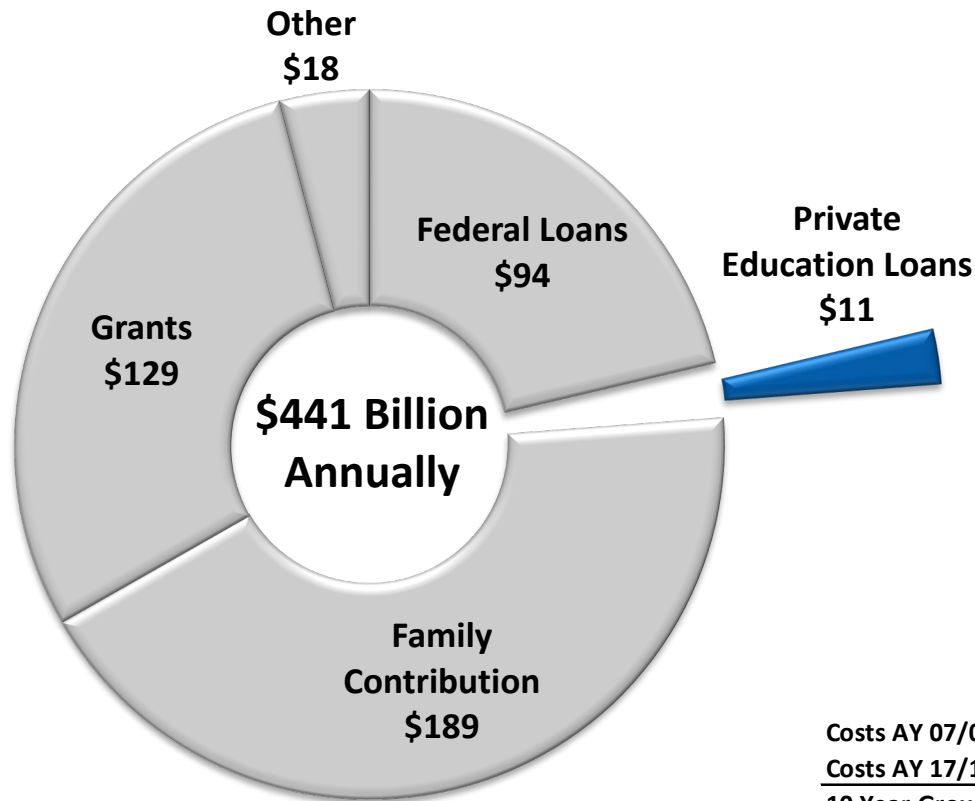
# Market leading brand, products and best-in-class service drives our success



- 40 years of leadership in the education lending market
- Top ranked brand
- Industry leading 55% market share<sup>(1)</sup>
- Over 2,400 actively managed university relationships across the U.S.
- Appear on 98% of preferred lender lists
- Largest salesforce in the industry

(1) Source: MeasureOne CBA Report as of December 2017

# Private Student Loan Industry



- Private education loans represent 2% of the overall spend in higher education annually
- Total spend on higher education grows 2-3% annually primarily due to increases in cost of attendance
- Attainment of a four-year college degree or more is up 11% between 2012 and 2017<sup>(1)</sup>

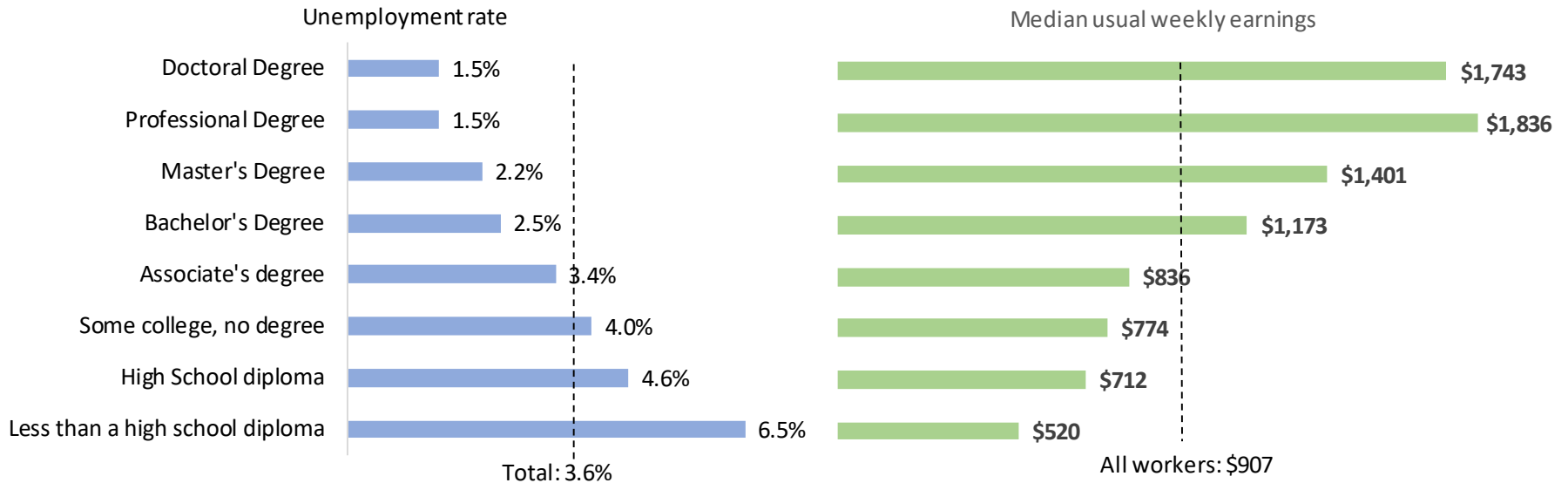
	Cost of College (Based on a Four-Year Term) <sup>(2)</sup>	
	Full Time Private (000s)	Full- Time Public (000s)
Costs AY 07/08	\$128	\$51
Costs AY 17/18	\$188	\$83
10 Year Growth	\$60	\$32
Federal Loan Limit 07/08	\$19	\$19
Federal Loan Limit 17/18	\$27	\$27
10 Year Growth	\$8	\$8

(1) U.S. Bureau of Labor Statistics, Current Population Survey

(2) Source: Trends in Student Aid, © 2017 The College Board, [www.collegeboard.org](http://www.collegeboard.org), U.S. Department of Education 2017

# Higher Education Value Proposition

## Unemployment rates and earnings by educational attainment, 2017<sup>(1)</sup>



- The unemployment rate for individuals age 25 and older with four-year college degrees was 2.2%, compared to 5.1% for high school graduates<sup>(2)</sup>
- 60% of students graduated with student loans in AY 2015-2016<sup>(3)</sup>
- Of the 60% of bachelor's degree recipients who graduated with student loans, the average debt amount is \$39,400<sup>(3)</sup>

(1) U.S. Bureau of Labor Statistics, Current Population Survey

(2) Source: U.S. Bureau of Labor Statistics- "More education: Lower unemployment, higher earnings" as of September 2018

(3) Source: Trends in Student Aid, © 2017 The College Board, [www.collegeboard.org](http://www.collegeboard.org), U.S. Department of Education 2017

# Smart Option Student Loan Program

# Product suite tailored to meet the needs of undergrad and grad students



- Smart Option Student Loan
- Introduced in 2009
- Flexible repayment options while in school
- Fixed and Variable rates
- Differentiated products for undergraduates and graduate students



# Sallie Mae's Smart Option Loan Product Overview

- The Smart Option loan product was introduced by Sallie Mae in 2009
- The Smart Option loan program consists of:
  - Smart Option Interest Only loans - require full interest payments during in-school, grace, and deferment periods
  - Smart Option Fixed Pay loans - require \$25 fixed payments during in-school, grace, and deferment periods
  - Smart Option Deferred loans – do not require payments during in-school and grace periods
- Variable rate loans indexed to LIBOR, or fixed rate
- Smart Option payment option may not be changed after selected at origination
- Underwritten using proprietary credit score model
- Marketed primarily through the school channel and also directly to consumers, with all loans certified by and disbursed directly to schools

Smart Option Loan Program	
Origination Channel	School
Typical Borrower	Student
Typical Co-signer	Parent
Typical Loan	\$10,000 avg orig bal, 5 to 15 yr term, in-school payments of interest only, \$25 fixed or fully deferred
Origination Period	March 2009 to present
Certification and Disbursement	School certified and school disbursed
Borrower Underwriting	FICO, custom credit score model, and judgmental underwriting
Borrowing Limits	Up to the full cost of education, less grants and federal loans
Historical Risk-Based Pricing	L + 2% to L + 14%
Dischargeable in Bankruptcy	No <sup>(1)</sup>
Additional Characteristics	<ul style="list-style-type: none"> <li>• Made to students and parents primarily through college financial aid offices to fund 2-year, 4-year and graduate school college tuition, room and board</li> </ul>
	<ul style="list-style-type: none"> <li>• Also available on a limited basis to students and parents to fund non-degree granting secondary education, including community college, part time, technical and trade school programs</li> </ul>
	<ul style="list-style-type: none"> <li>• Both Title IV and non-Title IV schools</li> </ul>

(1) Private education loans are typically non-dischargeable in bankruptcy, unless a borrower can prove that repayment of the loan would impose an "undue hardship".

# Product Overview



Undergraduate



Parent



Medical



Dental



MBA



Law



Health Professions



General Studies

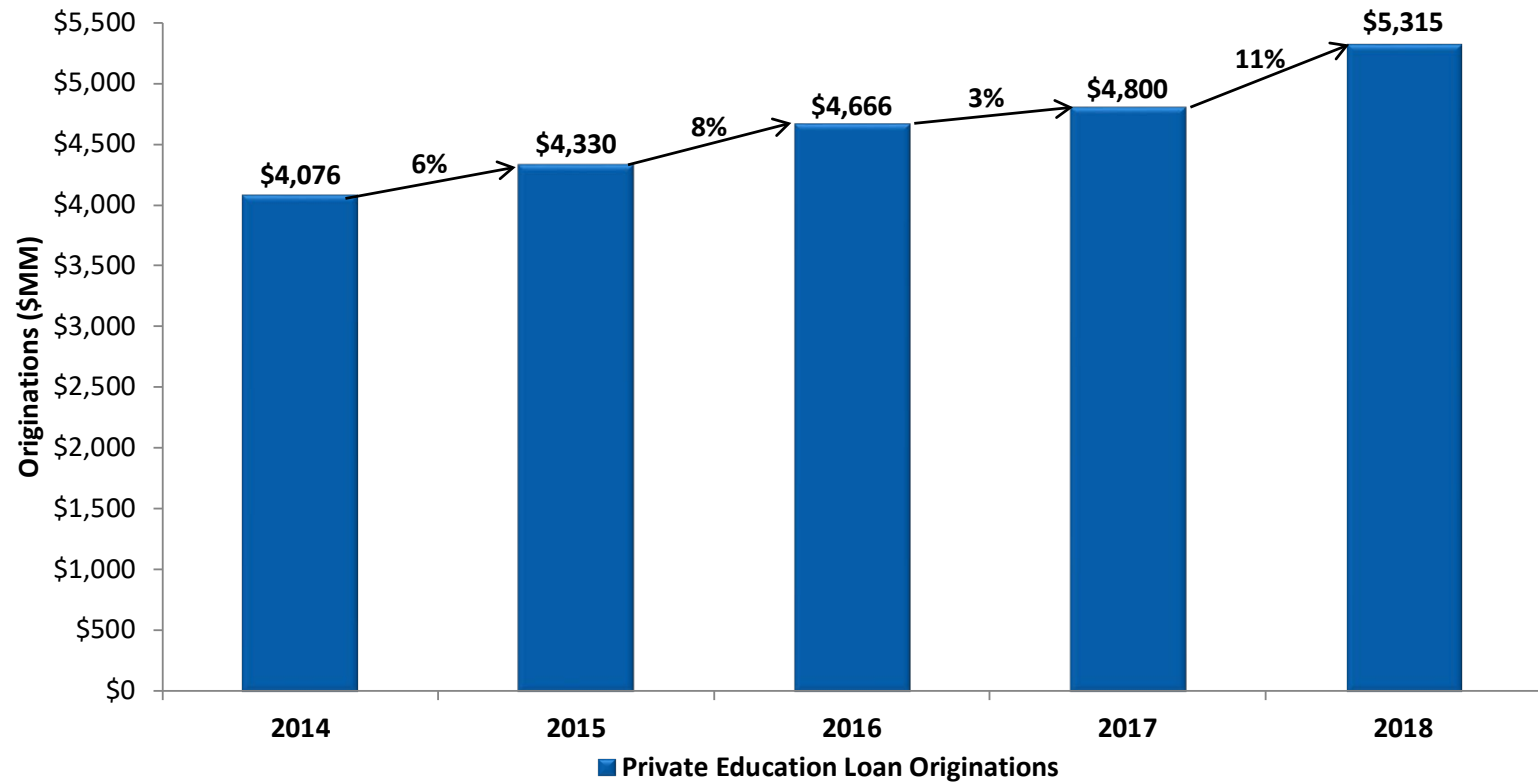
	Undergraduate	Graduate	Parent
Rate Type	Variable & Fixed	Variable & Fixed	Variable & Fixed
Interest Rate Ranges	Variable: LIBOR + 2.00% - LIBOR + 9.88% Fixed: 5.75% - 12.88%	Variable: LIBOR + 2.25% - LIBOR + 7.88% Fixed: 6.25% - 10.50%	Variable: LIBOR + 3.50% - LIBOR + 9.88% Fixed: 5.75% - 12.88%
Repayment Option	Deferred, Interest Only & Fixed Repayment	Deferred, Interest Only & Fixed Repayment	Interest Only, Full P&I
Repayment Term	5-15 years	20 years for Medical and Dental 15 years for Remaining Disciplines	10 years
Grace Period	6 months	6-36 months	None
Internship/Residency Deferment	Up to 60 months	Up to 48 months	None
Features	ACH discount   FICO® Score   Cosigner Release   GRP   Study Starter <sup>SM</sup>   Student Death & Disability Release	ACH discount   FICO® Score   Cosigner Release   GRP   Student Death & Disability Release	ACH discount   FICO® Score   Study Starter <sup>SM</sup>   Student Death & Disability Release

# Consistent underwriting has contributed to better than model credit performance



- Proprietary Scorecard built with Experian Decision Analytics
- Initial credit screen removes applicants with low FICO scores or prior derogatory trades on file
- Manually review ~8% of applications
- Through-the-cycle data was used to develop our conservative underwriting models.

# Consistent High Quality Originations Growth<sup>(1)</sup>



<b><u>Originations Statistics (\$)</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
% Cosigned	90%	90%	89%	88%	87%
% In School Payment	57%	56%	55%	54%	55%
Average FICO at Approval <sup>(2)</sup>	748	749	748	747	746

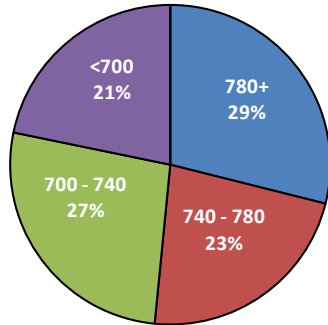
As of 12/31/18

(1) Originations represent loans that were funded or acquired during the period presented.

(2) Represents the higher credit score of the cosigner or the borrower.

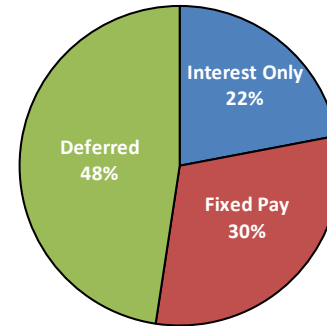
# High Quality Private Education Loan Portfolio

Customer FICO at Original Approval<sup>(1)</sup>



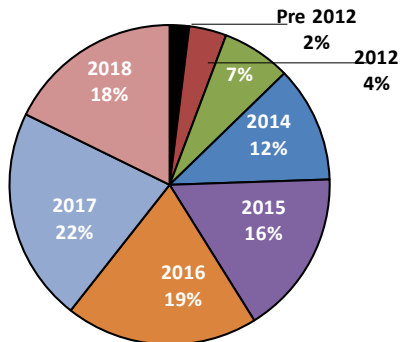
Weighted Average FICO: 744

Smart Option Payment Type



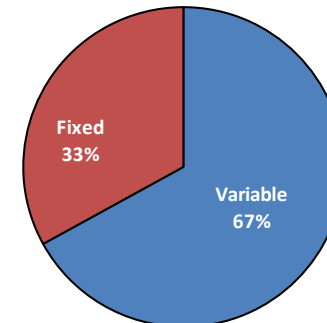
Smart Option Loans: \$19.5 billion

Portfolio by Originations Vintage



Weighted Average Age of Loan: ~2.7 years

Portfolio Interest Rate Type

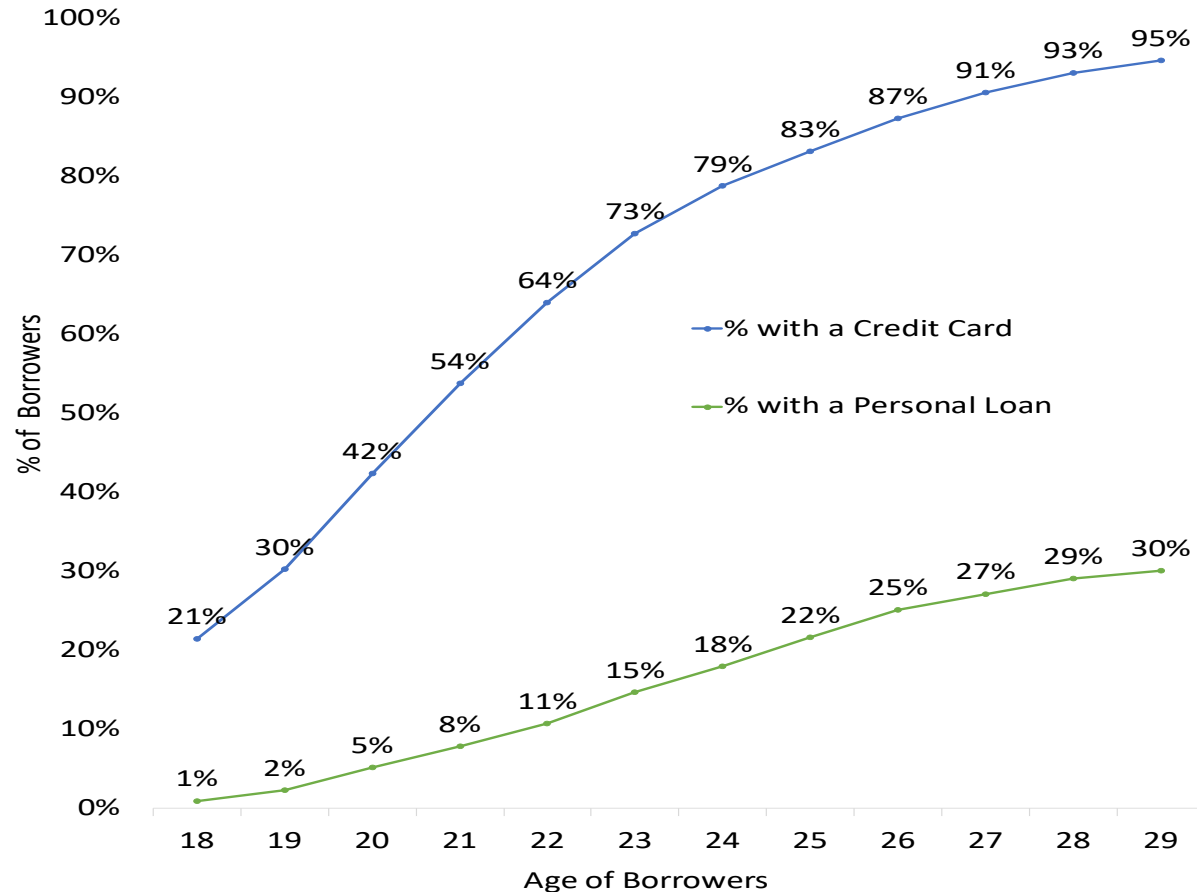


As of 12/31/18

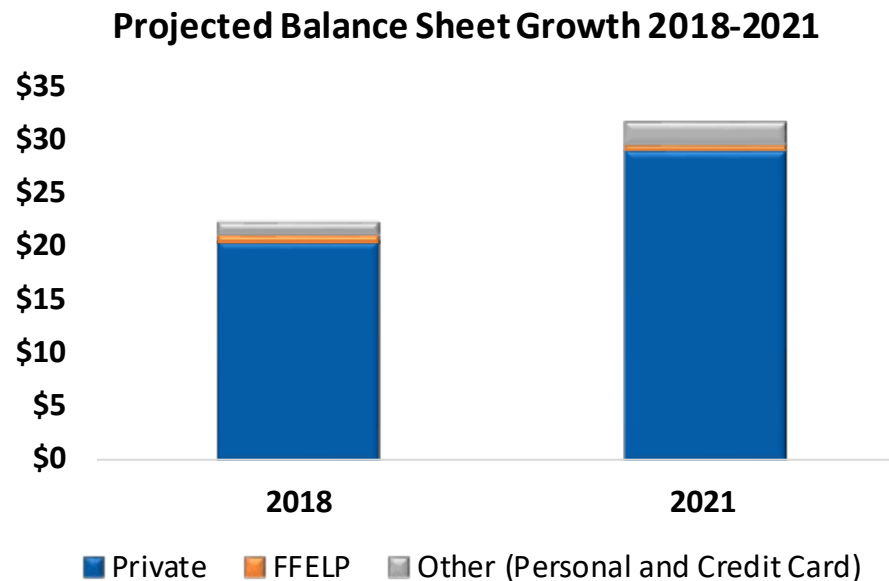
(1) Represents the higher credit score of the cosigner or the borrower.

# Enhancing franchise value through a deeper relationship with clients

**Distribution of Sallie Mae Borrowers by Product and Age**



# High Quality Portfolio Growth



- 78% of Private Education Loan Originations have FICO scores > 700<sup>(1)</sup>
- 52% of Private Education Loan Borrowers make payments while in school
- 68% of Private Education Loans are variable-rate, 32% fixed-rate

As of 12/31/18

(1) Represents the higher credit score of the cosigner or the borrower.

# Sallie Mae Bank Servicing Policies

Policy	Pre-Spin, Legacy SLM Serviced	Post-Spin, Sallie Mae Bank Serviced
Delinquencies	All loans serviced by an affiliate of legacy SLM; loan owned by Sallie Mae Bank sold to legacy SLM after becoming 90+ days past due.	Sallie Mae Bank collects delinquent loans thru charge-off, placing emphasis on returning loans to current status during early delinquency.
Charge-offs	Loans serviced by legacy SLM charge off at 212+ days past due.	Loans serviced by Sallie Mae Bank charge off at 120+ days past due.
Recoveries	Post-charge off collections managed by legacy SLM; recoveries realized over 10+ years.	Charged-off loans either collected internally or sold to third parties. Recoveries recognized immediately if charged-off loans sold to third parties.
Forbearance	Granted for 3 mo. intervals with a 12 month maximum, with fee.	Granted for 3 mo. intervals with a 12 month maximum, no fee.

## Sallie Mae Bank Forbearance Policy -

- First choice is always to collect a payment from the borrower or co-signer
- If payment is not possible, forbearance temporarily provides borrowers limited time to improve their ability to repay during temporary economic hardship
- The vast majority of loans do not use forbearance; those that do, typically remain in forbearance for less than 12 months



# Sallie Mae Bank Collections

**Each customer is approached individually, and the account manager is educated and empowered to identify optimal resolution**

- Co-borrowers are contacted and collected with similar efforts as the primary borrower

**Sallie Mae Bank employs a front-loaded, stage based collections approach:**

- Early Stage Loan Collections (1 – 29 days delinquent as of the first of the month)
  - Calling activity begins as early as 1 cycle day behind (5 days past their due date in most instances)
  - Dialer based calling and automated messaging are leveraged for early delinquency
  - E-mail and letter campaigns complement calling efforts
- Mid-Stage Loan Collections (30 – 59 days delinquent as of the first of the month)
  - Continue early stage activities
  - Account is assigned to a collector's queue based on the delinquency and the type of loan. Collection campaign includes telephone attempts and manual skip tracing
- Late Stage Loan Collections (60+ days delinquent as of the first of the month)
  - Continue both early and mid-stage activities
  - Tenured route management collectors and customized letter campaigns

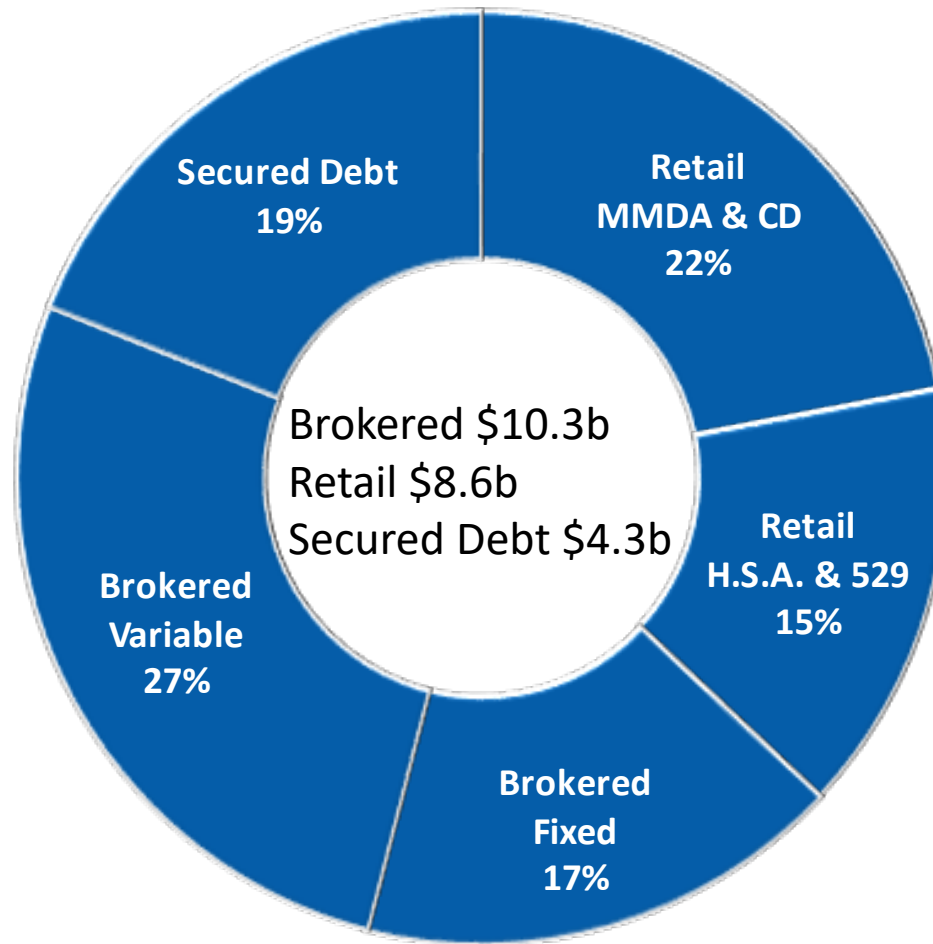
**Cash collection is the primary focus, but a variety of tools are also available to collectors to aid in resolving delinquency:**

- Auto pay – Monthly payment made automatically, prior delinquency cleared with forbearance
- Three Pay – After three scheduled monthly payments are made, prior delinquency cleared with forbearance
- Rate Reduction – Reduce rate for monthly payment relief, enrolled after three qualifying payments
- Rate Reduction with Term Extension – Reduced rate and extended term
- Additional programs are available when all other methods are not adequate

**Bankruptcy Collections Policy** – Collection activity stops if both parties on the loan file bankruptcy (borrower and cosigner) or on a non-cosigned loan; otherwise, collections can continue on the non-filing party

# Funding and ABS Overview

## Conservative funding optimizes net interest margin



# Sallie Mae Bank ABS Summary

	14-A	15-A	15-B	15-C	16-A	16-B	16-C	17-A	17-B	18-A	18-B	18-C
Issuance Date	8/7/2014	4/23/2015	7/30/2015	10/27/2015	5/26/2016	7/21/2016	10/12/2016	2/8/2017	11/8/2017	3/21/2018	6/20/2018	9/19/2018
Total Bond Amount (\$mil)	\$382	\$704	\$714	\$701	\$551	\$657	\$674	\$772	\$676	\$670	\$687	\$544
Initial AAA Enhancement (%)	21%	23%	22%	23%	20%	19%	16%	17%	17%	18%	17%	16%
Initial Class B Enhancement (%)	11%	13%	12%	14%	12%	12%	10%	11%	11%	11%	10%	10%
Wtd Avg Spread over Benchmarks												
'AAA' Rated A Classes (%)	+1.17%	+1.01%	+1.27%	+1.49%	+1.38%	+1.36%	+1.00%	+0.82%	+0.70%	+0.71%	+0.66%	+0.67%
A and B Classes Combined (%)	+1.39%	+1.28%	+1.50%	+1.74%	+1.60%	+1.55%	+1.15%	+0.93%	+0.80%	+0.78%	+0.76%	+0.77%
Loan Program (%)												
Smart Option	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Status (%) <sup>(1)</sup>												
School, Grace, Deferment	90%	79%	78%	73%	75%	74%	70%	65%	73%	69%	70%	69%
P&I Repayment	9%	20%	21%	24%	23%	24%	28%	33%	26%	29%	27%	30%
Forbearance	0%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Wtd Avg Term to Maturity (Mo.)	140	133	130	127	135	133	131	131	135	139	139	138
% Loans with CoSigner	93%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
Not For Profit (%)	89%	86%	87%	87%	87%	87%	89%	90%	91%	91%	91%	91%
Wtd Avg FICO at Origination <sup>(2)</sup>	747	747	746	747	747	747	748	746	747	747	746	746
Wtd Avg Recent FICO at Issuance <sup>(2)</sup>	745	744	741	747	743	745	745	744	745	744	742	744
Wtd Avg FICO at Origination (Cosigner) <sup>(2)</sup>	750	750	749	750	750	750	750	748	749	748	748	748
Wtd Avg Recent FICO at Issuance (Cosigner) <sup>(2)</sup>	748	748	745	750	747	749	748	748	748	747	745	747
Wtd Avg FICO at Origination (Borrower)	708	714	715	714	719	719	721	720	723	724	724	724
Wtd Avg Recent FICO at Issuance (Borrower)	701	702	699	701	704	708	708	705	707	708	706	709
Variable Rate Loans (%)	85%	82%	82%	82%	82%	82%	80%	81%	80%	75%	72%	70%
Wtd Avg Annual Borrower Interest Rate	7.82%	8.21%	8.21%	8.27%	8.22%	8.24%	8.26%	8.39%	8.94%	9.29%	9.58%	9.69%

(1) Smart Option loans considered in 'P&I Repayment' only if borrowers are subject to full principal and interest payments on the loan.

(2) Represents the higher credit score of the cosigner or the borrower.

Note: Pool characteristics as of the Statistical Cutoff Date for the respective transaction

# Sallie Mae Bank ABS Structures

	<u>SMB 2018-C</u>					<u>SMB 2018-B</u>					<u>SMB 2018-A</u>				
Size	\$544.0MM					\$686.50MM					\$670.0MM				
Pricing Date	September 2018					June 13, 2018					March 14, 2018				
Collateral	Smart Option Private Education Loans					Smart Option Private Education Loans					Smart Option Private Education Loans				
Servicer	Sallie Mae Bank					Sallie Mae Bank					Sallie Mae Bank				
Overcollateralization <sup>(1)</sup>	10%					10%					11%				
Pricing Prepayment Speed <sup>(2)</sup>	8%					8%					8%				
Tranche Structure at Issuance															
	Class	Amt (\$mm)	Mdy/ S&P	WAL	Pricing	Class	Amt (\$mm)	Mdy/ Fitch	WAL	Pricing	Class	Amt (\$mm)	Mdy/ S&P	WAL	Pricing
	A-1	177.00	Aaa/AAA	1.00	1mL +30	A-1	214.00	Aaa/AAA	1.00	1mL +32	A-1	256.00	Aaa/AAA	1.26	1mL +35
	A-2A	219.00	Aaa/AAA	5.46	IntS +68	A-2A	283.00	Aaa/AAA	5.49	IntS +67	A-2A	244.00	Aaa/AAA	5.93	IntS +75
	A-2B	108.00	Aaa/AAA	5.46	1mL +75	A-2B	139.00	Aaa/AAA	5.49	1mL +72	A-2B	120.00	Aaa/AAA	5.93	1mL +80
	B	40.00	Aa2/A	9.68	Ints +130	B	50.50	Aa2/A	9.77	IntS +130	B	50.00	Aa2/A	9.79	IntS +115
WA Borrower Interest Rate	9.69%					9.58%					9.29%				
WA FICO at Origination	746					746					747				
% Loans with Cosigner	92%					92%					92%				
Variable Rate Loans	70%					72%					75%				

(1) Overcollateralization for Class A & B bonds

(2) Estimated based on a variety of assumptions concerning loan repayment behavior. Actual prepayment rate may vary significantly from estimates.

# SMB 2018-C Structure

- Sallie Mae Bank is the loan servicer and transaction sponsor
- SMB 2018-C utilizes a sequential structure

<u>Class</u>	<u>Bond Balance</u>	<u>Pct of Total Bond Balance</u>	<u>Expected Ratings (M/S)</u>	<u>Index</u>	<u>Wtd Avg Life to Call (8% CPR)<sup>(1)</sup></u>	<u>Principal Window to Call<sup>(1)</sup></u>	<u>Expected Maturity to Call<sup>(1)</sup></u>	<u>Legal Maturity</u>
A-1	\$177,000,000	32.5%	Aaa(sf)/AAA(sf)	Libor	1.00	1-24	10/15/2020	9/15/2025
A-2A	\$219,000,000	40.3%	Aaa(sf)/AAA(sf)	Swaps	5.46	24-108	10/15/2027	11/15/2035
A-2B	\$108,000,000	19.9%	Aaa(sf)/AAA(sf)	Libor	5.46	24-108	10/15/2027	11/15/2035
B	\$40,000,000	7.4%	Aa2(sf)/A(sf)	Swaps	9.68	108-122	12/15/2028	11/17/2042
<b>Total</b>	<b>\$544,000,000</b>	<b>100.0%</b>			<b>4.32</b>			

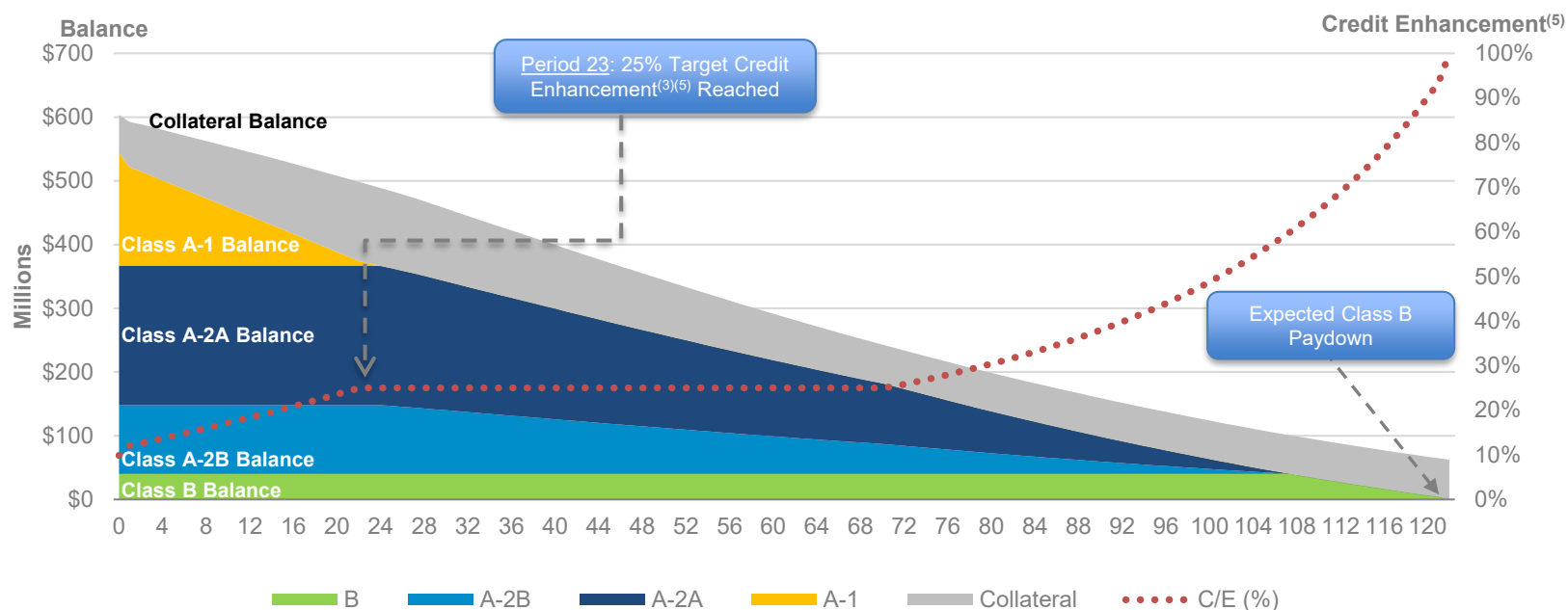
- **Credit Enhancement<sup>(2)</sup> to the Class A and Class B Notes:**
  - Initial: 9.9%
  - Target: 25.0%
  - Turbo: 100% until target credit enhancement is reached
- **Reserve:** 0.25% of Initial Pool Balance, non-declining
- **Initial Pool Balance:** \$603,530,591
- **Pricing speed:** 8% CPR
- **Servicing Fee:** 0.80% per annum
- **Call Features:** 10% pool balance clean-up call
- **ERISA Eligibility:** All rated notes will be ERISA eligible
- **Risk Retention:** Compliant with both Dodd-Frank and EU risk retention rules

(1) Estimated based on a variety of assumptions concerning loan repayment behavior. Actual average life and repayment characteristics may vary significantly from estimates.

(2) Does not include the Reserve balance.

# SMB 2018-C Cashflow

Deal	Credit Enhancement <sup>(2,4)</sup>				Reserve	WAL to Call (yrs) <sup>(1)</sup> (8% CPR)				Principal Window to Call <sup>(1)</sup>				Projected Credit Enhancement <sup>(3)</sup>			
	Class A	Class B	Target <sup>(3)(5)</sup>	Floor <sup>(5)</sup>		A-1	A-2A	A-2B	B	A-1	A-2A	A-2B	B	12mo	24mo	36mo	60mo
SMB 2018-C	17%	10%	25%	10%	0.25%	1.00	5.46	5.46	9.68	1-24	24-108	24-108	108-122	18%	25%	25%	25%



(1) Structure is run at 8% CPR; SMB 2018-C structure priced to 10% clean up call.

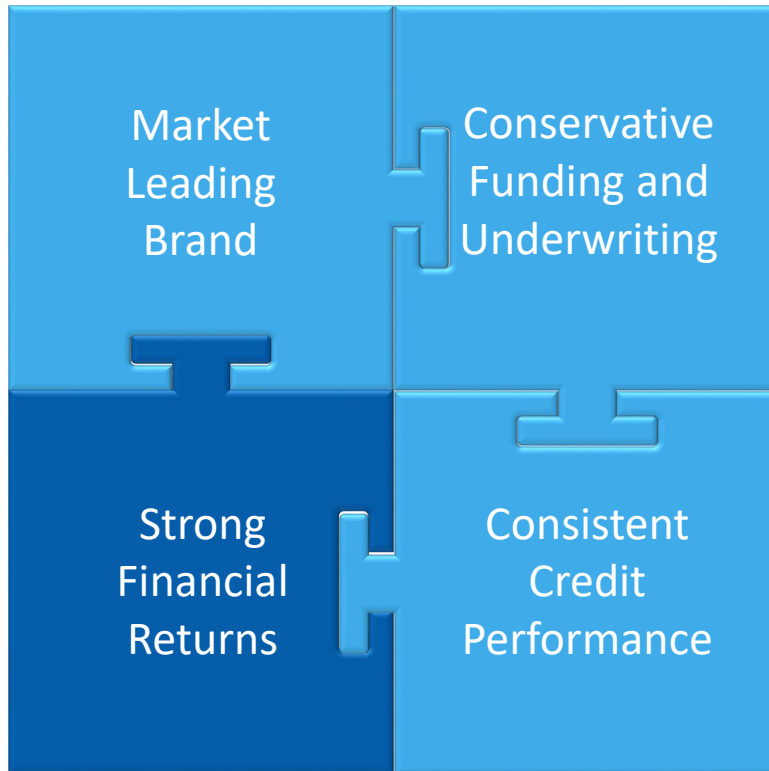
(2) As a percentage of the initial pool balance.

(3) As a percentage of the current pool balance. Target Credit Enhancement is reached on the first distribution date on which the pool balance minus the outstanding aggregate principal balance of class A and class B notes equals 25% of the pool balance.

(4) Consists of Overcollateralization, Reserve and Subordination.

(5) Does not include the Reserve balance.

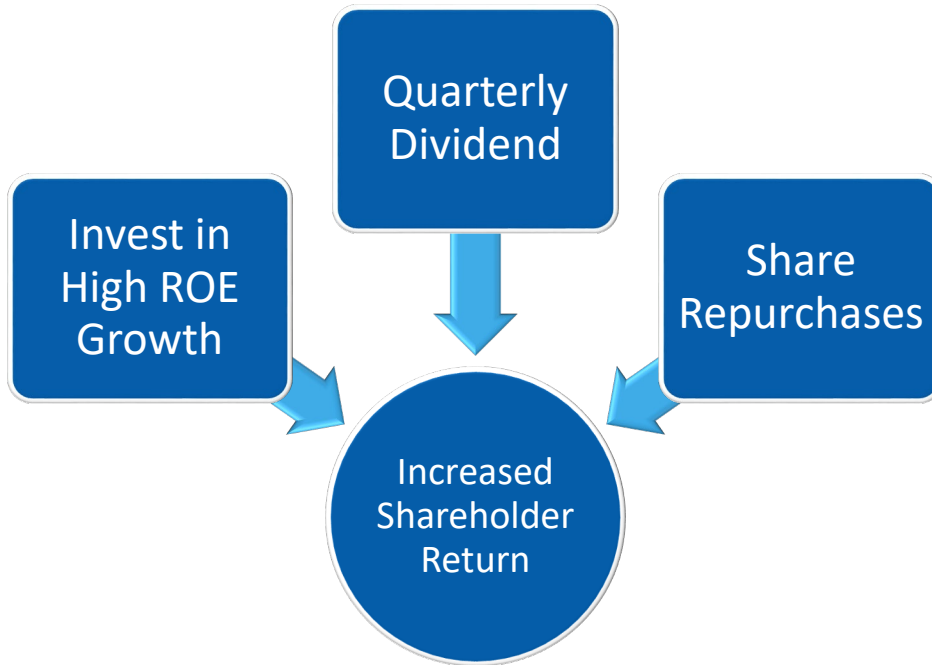
# Strong financial results translate to predictable returns to shareholders



- Consistent earnings per share growth
- High return on equity
- Stable net interest margin
- Introducing capital return programs



# Clear Capital Priorities



## Invest in High ROE Growth

Continue to focus on high-quality Private Education Loan originations, including deeper penetration of the graduate school market

Testing Personal Loan market

Offer credit cards to our high-quality customer base

## Quarterly Dividend

Established a quarterly dividend in 2019  
~1.2% yield

## Share Repurchase

Stock buyback authorization of \$200 million

# CECL Update

- The Financial Accounting Standards Board's (FASB) Current Expected Credit Loss impairment standard will require "life of loan" estimates of losses to be recorded at origination and is set to take effect in January 2020.
- There will be an initial build of the loan loss allowance that will be booked through retained earnings on a tax adjusted basis.
- After the initial build, additional reserves will be built as loans are originated.
- Regulators have indicated there will be no capital relief or changes to what capital levels are classified "Well Capitalized"

Initial estimates of fully phased-in CECL (includes impact of expected common dividends and share repurchases):

	December 31, 2020 Current Estimate	
	Without CECL	With CECL
<b>Total Reserve</b>	1.9%	7.2%
<b>Tier 1 Risk Based Capital</b>	12.4%	11.4%
<b>(GAAP Equity + Total Reserve)/Risk Weighted Assets</b>	14.1%	15.3%

- Regulators have proposed that CECL reserves will be phased in over a three-year period.
- Sallie Mae capital ratios will exceed "Well Capitalized" after implementation of CECL.

# Sallie Mae Investor Relations Website

[www.salliemae.com/investors](http://www.salliemae.com/investors)

- SMB Student Loan ABS trust data
  - Reg AB static pool information – Smart Option Student Loan historical performance data
  - Accrued interest factors
  - Distribution factors
  - Since issued CPR – monthly CPR data by trust since issuance
- SMB student loan performance by trust – issue specific details
  - Current and historical monthly distribution reports
  - Distribution factors
  - Current rates
  - 144A offering memorandums available through underwriters
  - Reg AB static pool reporting
  - Additional information (Webcasts and presentations)
- Archived and historical webcasts, transcripts and investor presentations

# Smart Option Student Loan Program Historical Performance Data

Period Ended December 31, 2018

# Important Information Regarding Historical Loan Performance Data

On April 30, 2014 (the "Spin-Off Date"), the former SLM Corporation legally separated (the "Spin-Off") into two distinct publicly-traded entities: an education loan management, servicing and asset recovery business called Navient Corporation ("Navient"), and a consumer banking business called SLM Corporation. SLM Corporation's primary operating subsidiary is Sallie Mae Bank. We sometimes refer to SLM Corporation, together with its subsidiaries and its affiliates, during the period prior to the Spin-Off as "legacy SLM."

In connection with the Spin-Off, all private education loans owned by legacy SLM, other than those owned by its Sallie Mae Bank subsidiary as of the date of the Spin-Off, and all private education loan asset-backed securities ("ABS") trusts previously sponsored and administered by legacy SLM were transferred to Navient. As of the Spin-Off Date, Navient and its sponsored ABS trusts owned \$30.8 billion of legacy SLM's private education loan portfolio originated both prior to and since 2009. As of the Spin-Off Date, Sallie Mae Bank owned \$7.2 billion of private education loans, the vast majority of which were unencumbered Smart Option Student Loans originated since 2009.

## **Legacy SLM's Private Education Loan and ABS Programs Prior to the Spin-Off**

In 1989, legacy SLM began making private education loans to graduate students. In 1996, legacy SLM expanded its private education loan offerings to undergraduate students. Between 2002 and 2007, legacy SLM issued \$18.6 billion of private education loan-backed ABS in 12 separate transactions.

In 2008, in response to the financial downturn, legacy SLM revised its private education loan underwriting criteria, tightened its forbearance and collections policies, ended direct-to-consumer disbursements, and ceased lending to students attending certain for-profit schools. Legacy SLM issued no private education loan ABS in 2008.

In 2009, legacy SLM introduced its Smart Option Student Loan product and began underwriting private education loans with a proprietary custom credit score. The custom credit score included income-based factors, which led to a significant increase in the percentage of loans requiring a co-signer, typically a parent. The initial loans originated under the Smart Option Student Loan program (the "Interest Only SOSLs") were variable rate loans and required interest payments by borrowers while in school, which reduced the amounts payable over the loans' lives and helped establish repayment habits among borrowers. In 2010, legacy SLM introduced a second option for its Smart Option Student Loan customers, which required a \$25 fixed monthly payment while borrowers were in school (the "Fixed Pay SOSLs"). In 2011, legacy SLM introduced another option for its Smart Option Student Loan customers, which allowed borrowers to defer interest and principal payments until after a student graduates or separates from school (the "Deferred SOSLs"). In 2012, legacy SLM introduced a fixed rate loan option for its Interest Only, Fixed Pay and Deferred SOSLs. Borrowers must select which of these options they prefer at the time of loan origination and are not permitted to change those options once selected.

In 2011, legacy SLM included private education loans originated under the Smart Option Student Loan program in its ABS pools for the first time. Between 2011 and 2014, the mix of Smart Option Student Loans included in legacy SLM's private education loan ABS steadily increased as a percentage of the collateral pools, from 10% initially to 64% in later transactions.

## **Sallie Mae Bank's Private Education Loan and ABS Programs Post-Spin-Off**

**Originations.** Following the Spin-Off, Sallie Mae Bank continued to originate loans under the Smart Option Student Loan program. As of December 31, 2018, it owned \$20.5 billion of private education loans (gross), the vast majority of which were Smart Option Student Loans originated since 2009, and over 90% of which were originated between 2013 and 2018.

**Servicing.** Immediately prior to the Spin-Off, Sallie Mae Bank assumed responsibility for collections of delinquent loans on the vast majority of its Smart Option Student Loan portfolio. Following the Spin-Off Date, Navient continued to service all private education loans owned by the two companies on its servicing platform until October 2014, when servicing for the vast majority of Sallie Mae Bank's private education loan portfolio was transitioned to Sallie Mae Bank. Sallie Mae Bank now services and is responsible for collecting the vast majority of the Smart Option Student Loans it owns.

**Securitization and Sales.** In August 2014, Sallie Mae Bank sponsored its first private education loan ABS, SMB Private Education Loan Trust 2014-A (the "SMB 2014-A transaction"). Because this transaction occurred prior to the transfer of loan servicing from Navient to Sallie Mae Bank, Sallie Mae Bank acted as master servicer for the transaction and Navient as subservicer, and the loan pool is serviced pursuant to Navient servicing policies. In April 2015 and October 2015, Sallie Mae Bank sponsored securitizations and residual sales, SMB Private Education Loan Trust 2015-A and SMB Private Education Loan Trust 2015-C, respectively. Sallie Mae Bank also sponsored on-balance sheet term securitizations as follows:

Date	Transaction	Date	Transaction	Date	Transaction
July 2015	SMB Private Education Loan Trust 2015-B	May 2016	SMB Private Education Loan Trust 2016-A	February 2017	SMB Private Education Loan Trust 2017-A
July 2016	SMB Private Education Loan Trust 2016-B	October 2016	SMB Private Education Loan Trust 2016-C	November 2017	SMB Private Education Loan Trust 2017-B
March 2018	SMB Private Education Loan Trust 2018-A	June 2018	SMB Private Education Loan Trust 2018-B	September 2018	SMB Private Education Loan Trust 2018-C

Sallie Mae Bank services the loans in all of the securitizations it has sponsored following the SMB 2014-A transaction.

**Additional Information.** Prior to the Spin-Off, all Smart Option Student Loans were originated and initially held by Sallie Mae Bank, as a subsidiary of legacy SLM. Sallie Mae Bank typically then sold certain of the performing Smart Option Student Loans to an affiliate of legacy SLM for securitization. Additionally, on a monthly basis Sallie Mae Bank sold all loans that were over 90 days past due, in forbearance, restructured or involved in a bankruptcy to an affiliate of legacy SLM. As a result of this second practice, prior to the occurrence of the Spin-Off, historical performance data for Sallie Mae Bank's Smart Option Student Loan portfolio reflected minimal later stage delinquencies, forbearance or charge-offs.

Legacy SLM collected Smart Option Student Loans pursuant to policies that required loans be charged off after 212 days of delinquency. In April 2014, Sallie Mae Bank began collecting the vast majority of its Smart Option Student Loans pursuant to policies that required loans be charged off after 120 days of delinquency, in accordance with bank regulatory guidance. For the reasons described above, a portion of Sallie Mae Bank's historical performance data does not reflect current collections and charge off practices and may not be indicative of the future performance of the Bank's Smart Option Student Loans.

# Important Information Regarding Historical Loan Performance Data (cont.)

## Types of Smart Option Student Loan Portfolio Data

The portfolio data we used in this report comes from four separate sources of information:

(1) Combined Smart Option Student Loan Portfolio Data for Legacy SLM, Navient and Sallie Mae Bank. Information in this category is presented on a combined basis for loans originated under the Smart Option Student Loan program, whether originated by Sallie Mae Bank when it was part of legacy SLM or by Sallie Mae Bank post Spin-Off, and regardless of whether the loan is currently held by an ABS trust, or held or serviced by Navient or Sallie Mae Bank. Data in this category is used in the tables below under the following headings:

- "Cumulative Defaults by P&I Repayment Vintage and Years Since First P&I Repayment Period" – Only for 2010-2014 P&I Repayment Vintages

This combined Smart Option Student Loan portfolio data provides insight into gross defaults of the covered vintages of Smart Option Student Loans since 2010, regardless of ownership or servicing standard. Data available for earlier periods includes a limited number of Smart Option Student Loan product types.

Loans contained in the combined Smart Option Student Loan portfolio category were serviced by legacy SLM prior to the Spin-Off, and by either Navient or Sallie Mae Bank after the Spin-Off. As noted above, loans serviced by legacy SLM and Navient were serviced pursuant to different policies than those loans serviced by Sallie Mae Bank after the Spin-Off. Specifically, legacy SLM charged off loans after 212 days of delinquency, and Navient has continued this policy. Sallie Mae Bank currently charges off loans after 120 days of delinquency. All loans included in the combined Smart Option Student Loan portfolio that were serviced by legacy SLM prior to the Spin-Off were serviced pursuant to a 212-day charge off policy. Following the Spin-Off, a portion of the loans included in the combined Smart Option Student Loan portfolio data have been serviced by Navient pursuant to a 212-day charge off policy, and a portion have been serviced by Sallie Mae Bank pursuant to a 120-day charge off policy. As a result, future performance of loans serviced by Sallie Mae Bank may differ from the historical performance of loans reflected in this combined Smart Option Student Loan portfolio data.

(2) Smart Option Student Loan Portfolio Data for Sallie Mae Bank Serviced Loans. Information in this category is presented for loans originated under the Smart Option Student Loan program, whether originated by Sallie Mae Bank when it was part of legacy SLM or by Sallie Mae Bank post Spin-Off, and regardless of whether the loan is currently held by an ABS trust. All loans in this category are serviced by Sallie Mae Bank. Data in this category is used in the tables below under the following headings:

- "Cumulative Defaults by P&I Repayment Vintage and Years Since First P&I Repayment Period" – Only for 2015-2018 P&I Repayment Vintages

The Sallie Mae Bank Serviced portfolio data provides insight into gross defaults of the Smart Option Student Loans covered and serviced by Sallie Mae Bank since 2015, regardless of ownership. We believe historical loan performance data since 2015 is more representative of the expected performance of Smart Option Student Loans to be included in new Sallie Mae Bank trusts than data available for earlier periods.

Loans contained in the Smart Option Student Loan Portfolio Data for Sallie Mae Bank Serviced Loans category were serviced by legacy SLM prior to the Spin-Off, and by Sallie Mae Bank after the Spin-Off. Sallie Mae Bank currently charges off loans after 120 days of delinquency.

(3) Legacy SLM Consolidated Smart Option Student Loan Portfolio Data prior to the Spin-Off Date, and Sallie Mae Bank-Only Smart Option Student Loan Data from and after the Spin-Off Date. Information in this category is presented (a) prior to the Spin-Off Date for Smart Option Student Loans owned or serviced by legacy SLM prior to the Spin-Off, and (b) from and after the Spin-Off Date for Smart Option Student Loans serviced by Sallie Mae Bank from and after the Spin-Off. Data in this category is used in the tables below under the following headings:

- "31-60 Day Delinquencies as a Percentage of Loans in P&I Repayment;"
- "61-90 Day Delinquencies as a Percentage of Loans in P&I Repayment;"
- "91-plus Day Delinquencies as a Percentage of Loans in P&I Repayment;"
- "Forbearance as a Percentage of Loans in P&I Repayment and Forbearance;"
- "Annualized Gross Defaults as a Percentage of Loans in P&I Repayment;"
- "Voluntary Constant Prepayment Rates by Disbursement Vintage and Product;" and
- "Total Constant Prepayment Rates by Disbursement Vintage and Product."

This consolidated Smart Option Student Loan portfolio data provides insight into historical delinquencies, forbearance, defaults and prepayment rates specifically of the Smart Option Student Loans covered, regardless of the loans' ownership at the time, or whether the loans serve as collateral for an ABS trust.

Loans owned or serviced by legacy SLM and contained in this consolidated Smart Option Student Loan portfolio category were serviced pursuant to legacy SLM servicing policies prior to the Spin-Off. Loans serviced by Sallie Mae Bank and contained in this consolidated Smart Option Student Loan portfolio were serviced pursuant to Sallie Mae Bank servicing policies since the Spin-Off. The servicing policies of legacy SLM were different than the servicing policies of Sallie Mae Bank. Specifically, legacy SLM charged off loans after 212 days of delinquency, while Sallie Mae Bank charges off loans after 120 days of delinquency in accordance with bank regulatory guidance. As a result, future performance of loans serviced by Sallie Mae Bank may differ from the historical performance of loans reflected in this consolidated Smart Option Student Loan portfolio data.

(4) Legacy SLM Consolidated Smart Option Student Loan Portfolio Data prior to the Spin-Off Date, and Navient-Only Smart Option Student Loan Data from and after the Spin-Off Date. Information in this category is presented (a) prior to the Spin-Off Date for Smart Option Student Loans owned or serviced by legacy SLM prior to the Spin-Off, and (b) from and after the Spin-Off Date for Smart Option Student Loans serviced by Navient from and after the Spin-Off. Data in this category is used in the tables below under the following headings:

- "Smart Option Loan Cumulative Recovery Rate"

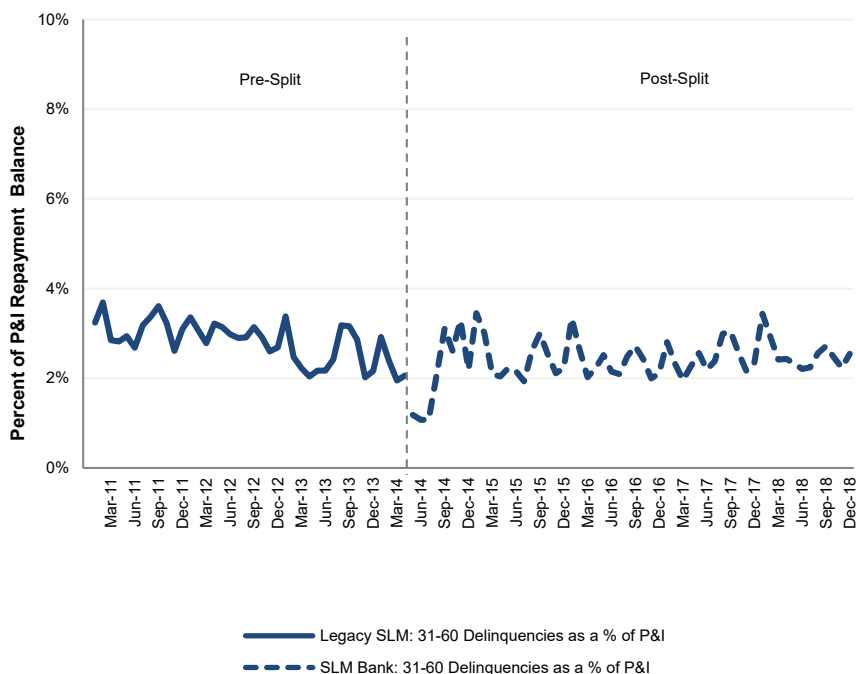
Loans contained in this Smart Option Student Loan portfolio category were serviced by legacy SLM prior to the Spin-Off, and by Navient after the Spin-Off. As noted above, loans serviced by legacy SLM and Navient were serviced pursuant to different policies than those loans serviced by Sallie Mae Bank after the Spin-Off. Specifically, legacy SLM charged off loans after 212 days of delinquency, and Navient has continued this policy. Sallie Mae Bank currently charges off loans after 120 days of delinquency. As a result, future performance of loans serviced by Sallie Mae Bank may differ from the historical performance of loans reflected in this Smart Option Student Loan portfolio data.

Any data or other information presented in the following charts is for comparative purposes only, and is not to be deemed a part of any offering of securities.

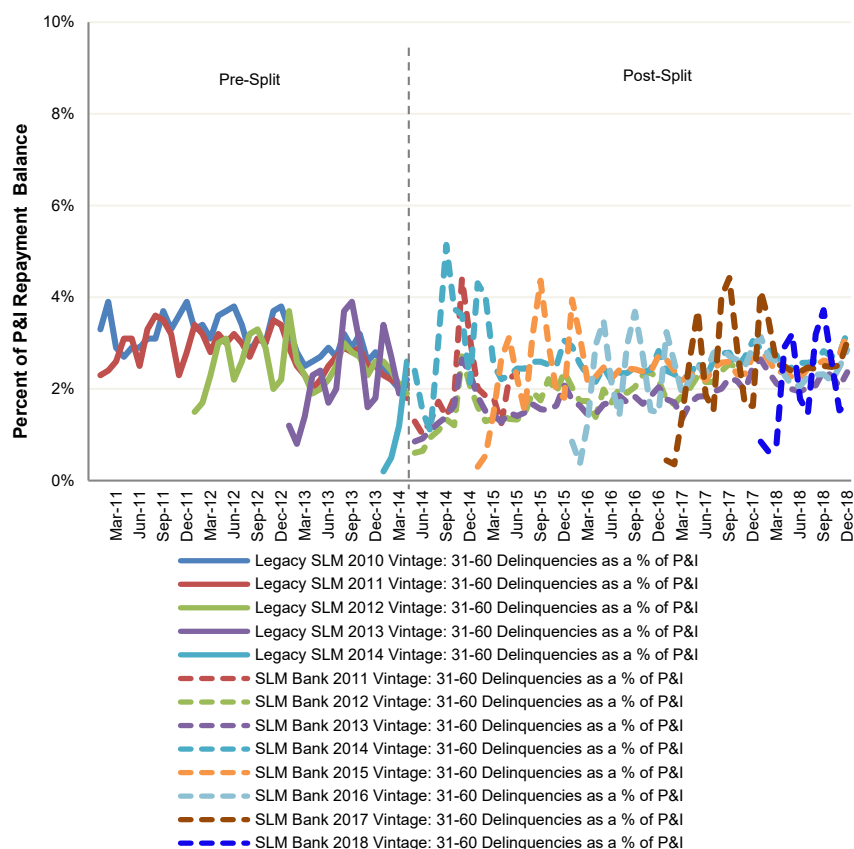
**A significant portion of the Smart Option Student Loan performance data described above is provided to Sallie Mae Bank by Navient under a data sharing agreement executed in connection with the Spin-Off. This data sharing agreement expires on April 30, 2019. Under the data sharing agreement, Navient makes no representations or warranties to Sallie Mae Bank concerning the accuracy and completeness of information that it provided. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.**

# Smart Option Serviced Portfolio: 31-60 Day Delinquencies

**Smart Option Student Loans - Serviced Portfolio**  
**31-60 Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
**31-60 Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014  
 P&I Repayment Vintages 2010-2018 <sup>(2), (3)</sup>



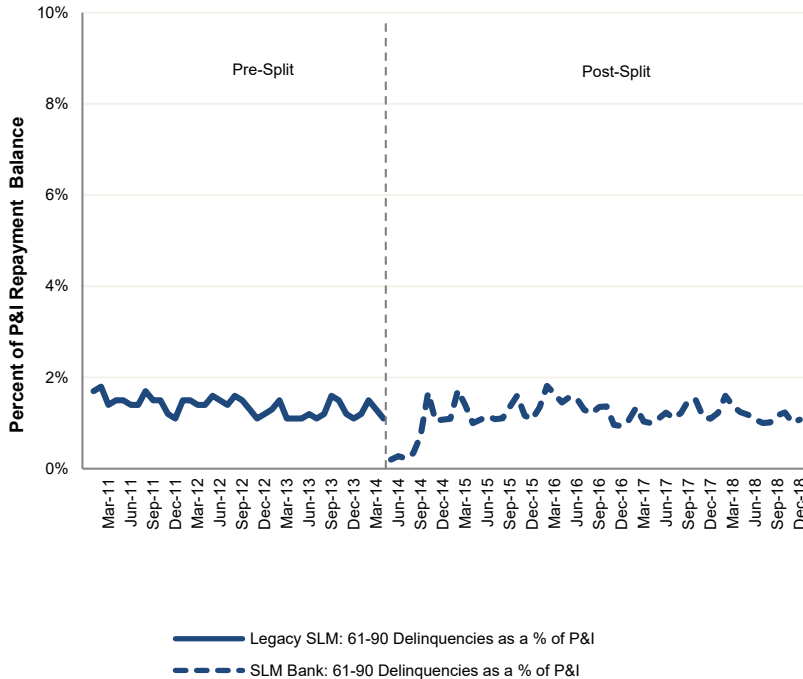
Data as of December 31, 2018.

- (1) Loans in P&I Repayment include only those loans for which scheduled principal and interest payments were due at the end of the applicable monthly reporting period.
- (2) P&I Repayment Vintage is defined as the calendar year during which a borrower is first required to make full principal and interest payments on the loan.
- (3) Post-split vintage performance history excludes data points for a vintage when the balance of loans in P&I Repayment outstanding in that vintage constitutes less than 1% of total balance of loans in P&I Repayment outstanding for all vintages.

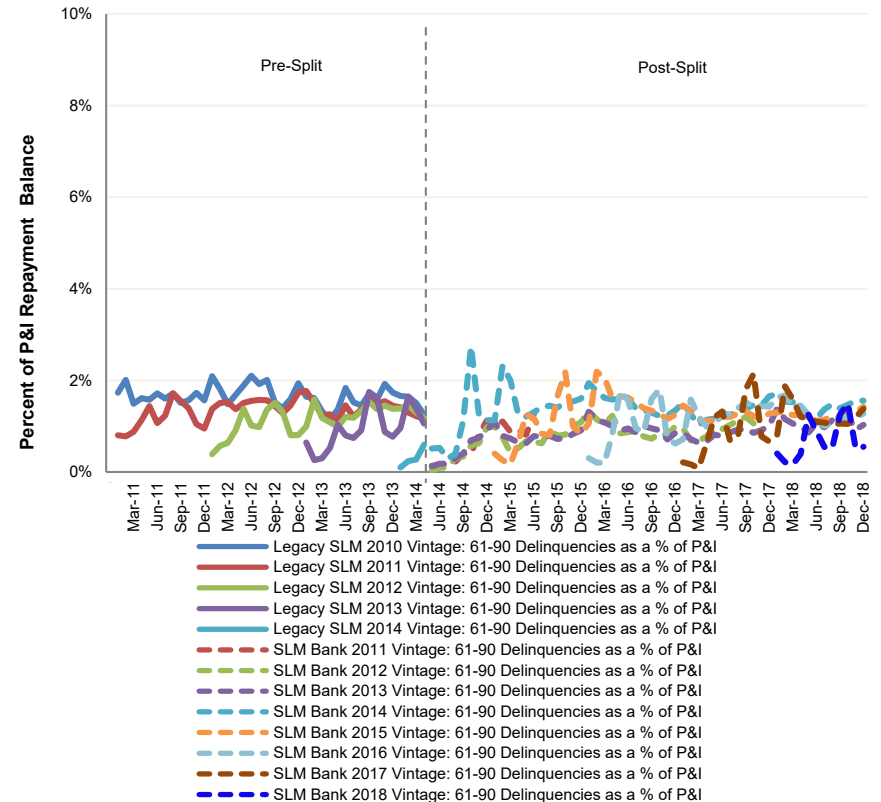
Note: Legacy SLM portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Smart Option Serviced Portfolio: 61-90 Day Delinquencies

**Smart Option Student Loans - Serviced Portfolio**  
**61-90 Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
**61-90 Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014  
 P&I Repayment Vintages 2010-2018 <sup>(2), (3)</sup>



Data as of December 31, 2018.

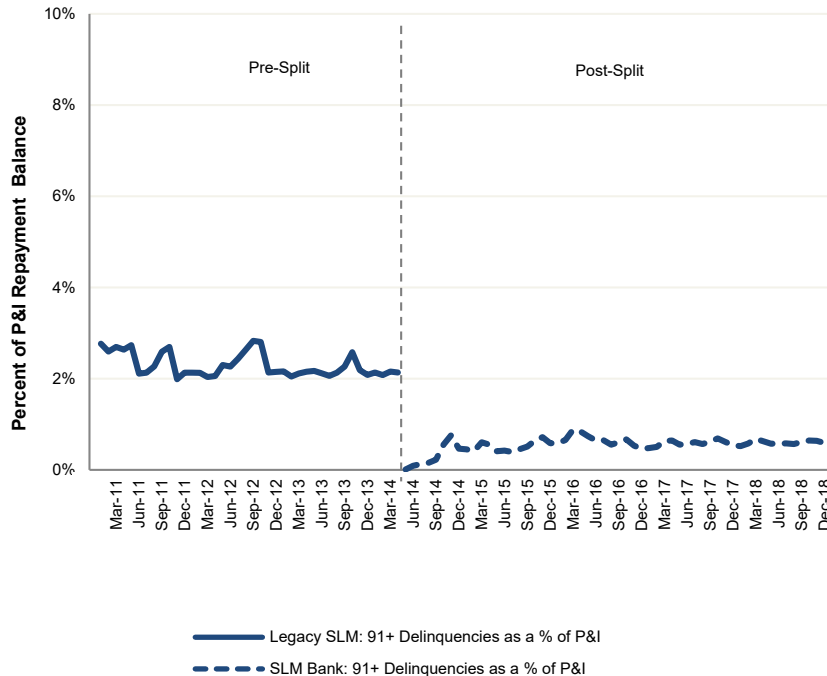
- (1) Loans in P&I Repayment include only those loans for which scheduled principal and interest payments were due at the end of the applicable monthly reporting period.
- (2) P&I Repayment Vintage is defined as the calendar year during which a borrower is first required to make full principal and interest payments on the loan.
- (3) Post-split vintage performance history excludes data points for a vintage when the balance of loans in P&I Repayment outstanding in that vintage constitutes less than 1% of total balance of loans in P&I Repayment outstanding for all vintages.

Note: Legacy SLM portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

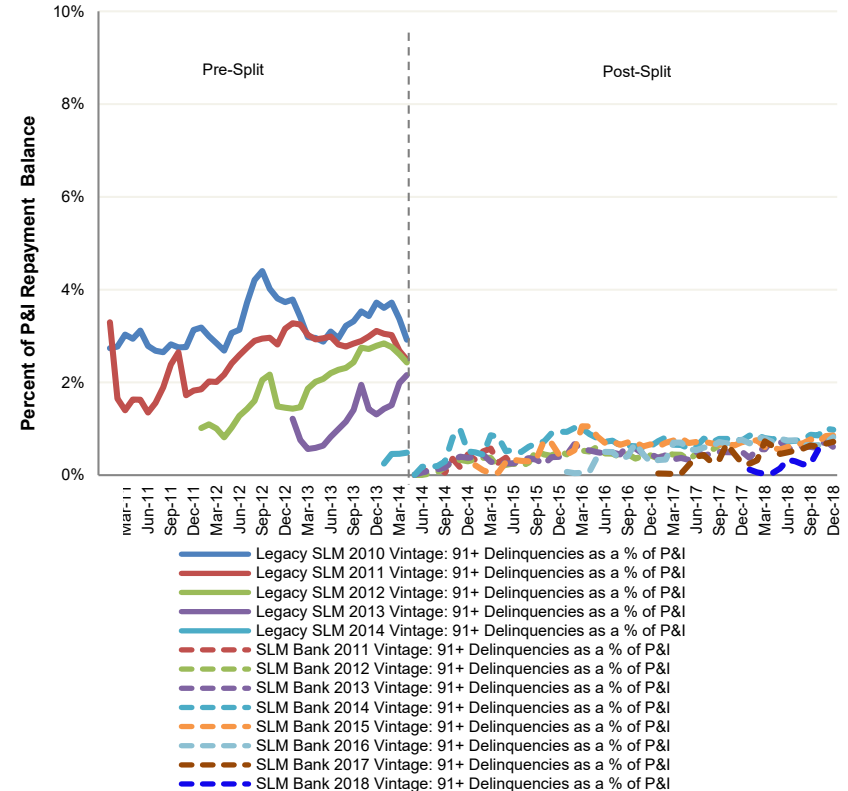


# Smart Option Serviced Portfolio: 91+ Day Delinquencies

**Smart Option Student Loans - Serviced Portfolio**  
**91+ Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
**91+ Day Delinquencies as a % of Loans in P&I Repayment <sup>(1)</sup>**  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014  
 P&I Repayment Vintages 2010-2018 <sup>(2), (3)</sup>



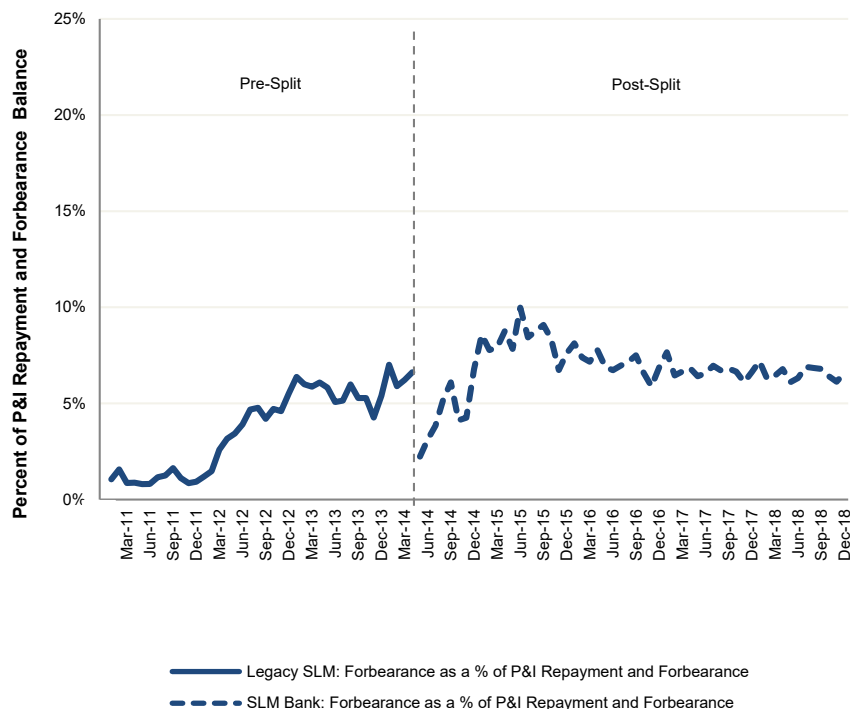
Data as of December 31, 2018.

- (1) Loans in P&I Repayment include only those loans for which scheduled principal and interest payments were due at the end of each applicable monthly reporting period.
- (2) P&I Repayment Vintage is defined as the calendar year during which a borrower is first required to make full principal and interest payments on the loan.
- (3) Post-split vintage performance history excludes data points for a vintage when the balance of loans in P&I Repayment outstanding in that vintage constitutes less than 1% of total balance of loans in P&I Repayment outstanding for all vintages.

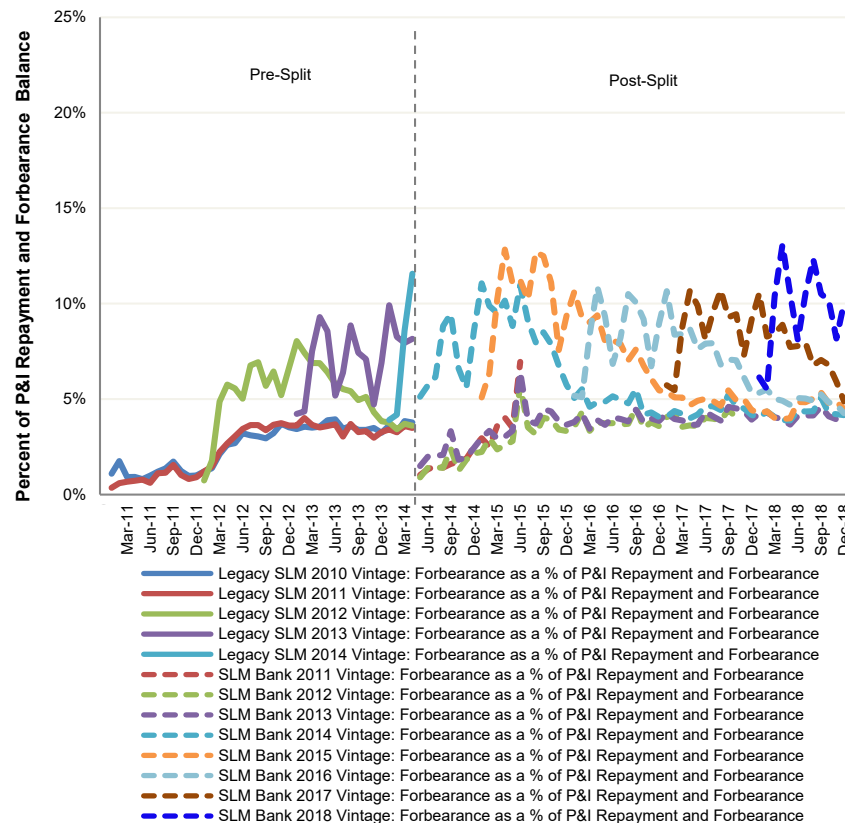
Note: Legacy SLM portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Smart Option Serviced Portfolio: Forbearance

**Smart Option Student Loans - Serviced Portfolio**  
Forbearance as a % of Loans in P&I Repayment and Forbearance <sup>(1)</sup>  
Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
Forbearance as a % of Loans in P&I Repayment and Forbearance <sup>(1)</sup>  
Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014  
P&I Repayment Vintages 2010-2018 <sup>(2), (3)</sup>



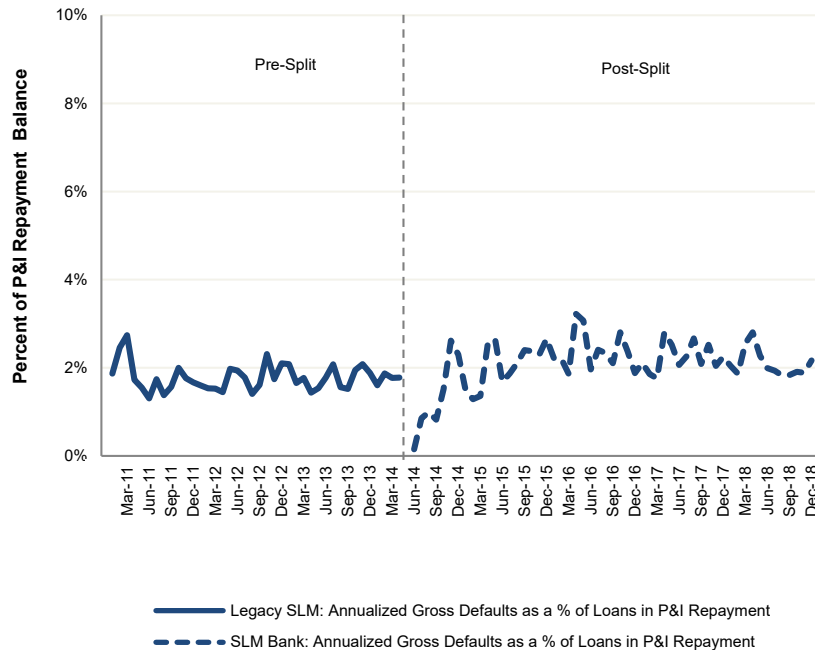
Data as of December 31, 2018.

- (1) Loans in P&I Repayment and Forbearance include loans in forbearance and loans for which scheduled principal and interest payments were due at the end of the applicable monthly reporting period.
- (2) P&I Repayment Vintage is defined as the calendar year during which a borrower is first required to make full principal and interest payments on the loan.
- (3) Post-split vintage performance history excludes data points for a vintage when the balance of loans in P&I Repayment outstanding in that vintage constitutes less than 1% of total balance of loans in P&I Repayment outstanding for all vintages.

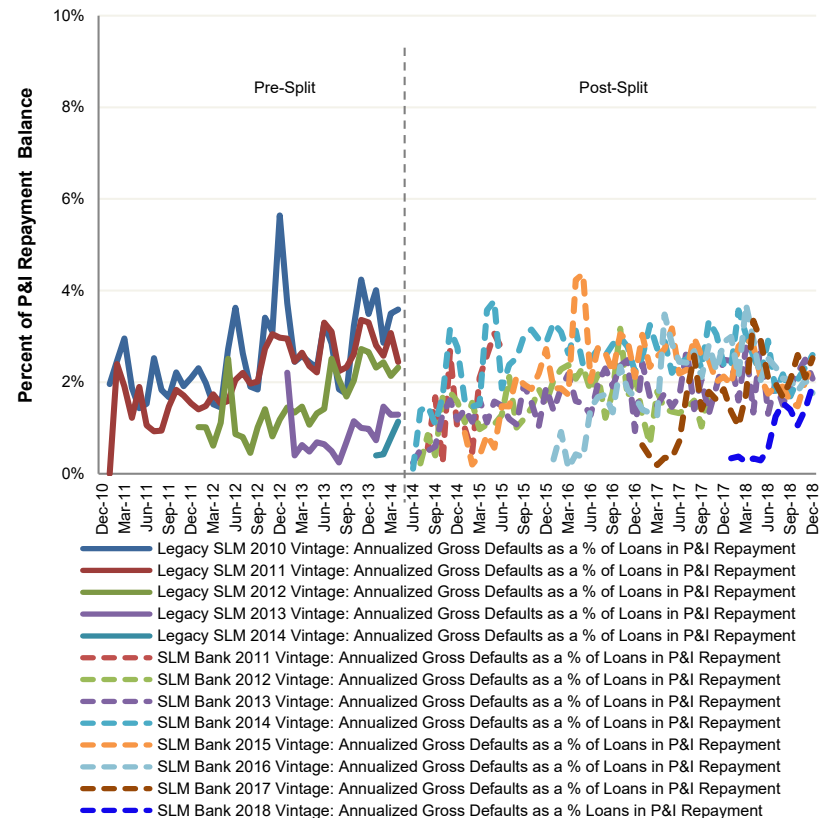
Note: Legacy SLM portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Smart Option Serviced Portfolio: Annualized Gross Defaults

**Smart Option Student Loans - Serviced Portfolio**  
Annualized Gross Defaults as a % of Loans in P&I Repayment<sup>(1)</sup>  
Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
Annualized Gross Defaults as a % of Loans in P&I Repayment<sup>(1)</sup>  
Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014  
P&I Repayment Vintages 2010-2018 <sup>(2), (3)</sup>



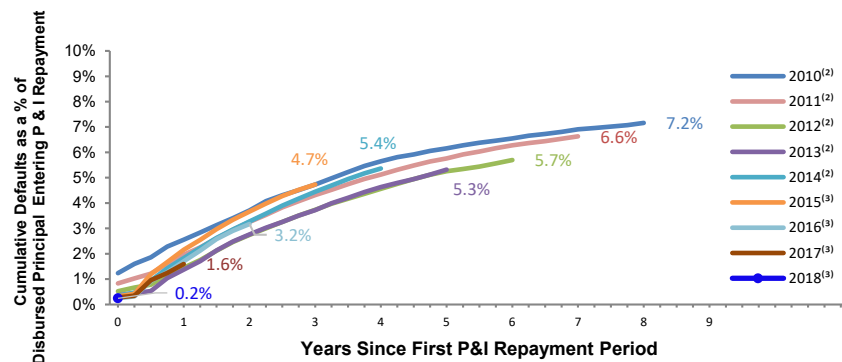
Data as of December 31, 2018.

- (1) Loans in P&I Repayment include only those loans for which scheduled principal and interest payments were due at the end of each applicable monthly reporting period.
- (2) P&I Repayment Vintage is defined as the calendar year during which a borrower is first required to make full principal and interest payments on the loan.
- (3) Post-split vintage performance history excludes data points for a vintage when the balance of loans in P&I Repayment outstanding in that vintage constitutes less than 1% of total balance of loans in P&I Repayment outstanding for all vintages.

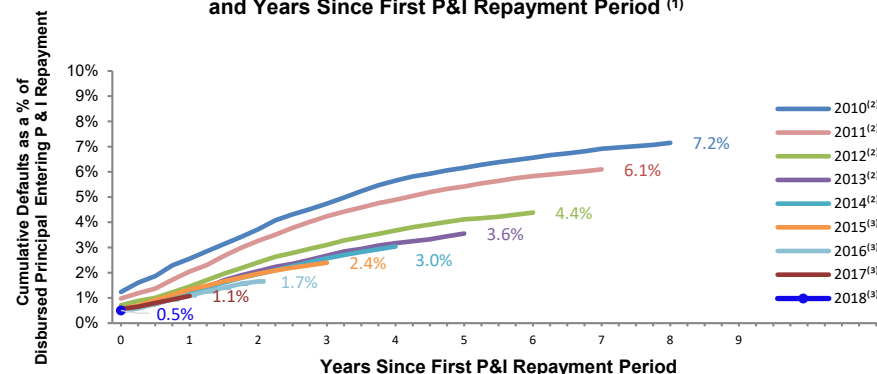
Note: Legacy SLM portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Smart Option Vintage Data: Cumulative Gross Default by Loan Type

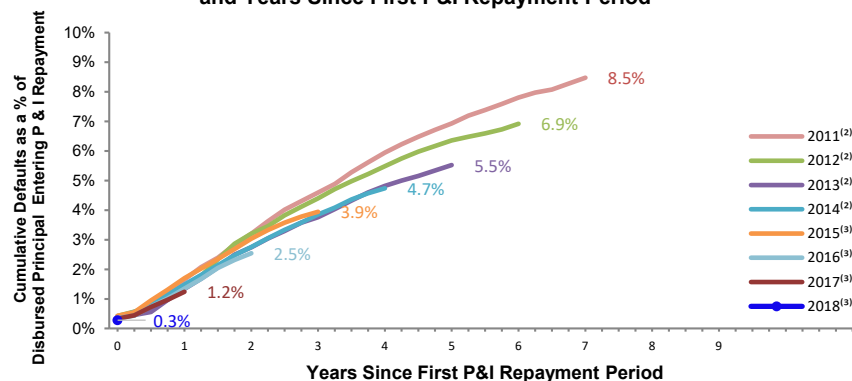
**Smart Option Student Loans - Serviced Portfolio: All Products**  
Cumulative Defaults by P&I Repayment Vintage  
and Years Since First P&I Repayment Period <sup>(1)</sup>



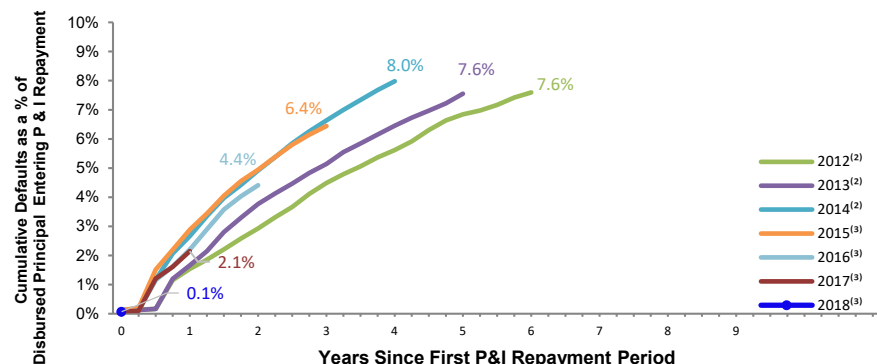
**Smart Option Student Loans - Serviced Portfolio: Interest Only**  
Cumulative Defaults by P&I Repayment Vintage  
and Years Since First P&I Repayment Period <sup>(1)</sup>



**Smart Option Student Loans - Serviced Portfolio: Fixed Pay**  
Cumulative Defaults by P&I Repayment Vintage  
and Years Since First P&I Repayment Period <sup>(1)</sup>



**Smart Option Student Loans - Serviced Portfolio: Deferred**  
Cumulative Defaults by P&I Repayment Vintage  
and Years Since First P&I Repayment Period <sup>(1)</sup>



Data as of December 31, 2018.

(1) Please see page 45 for a description and explanation of the data and calculations underlying these charts.

(2) Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

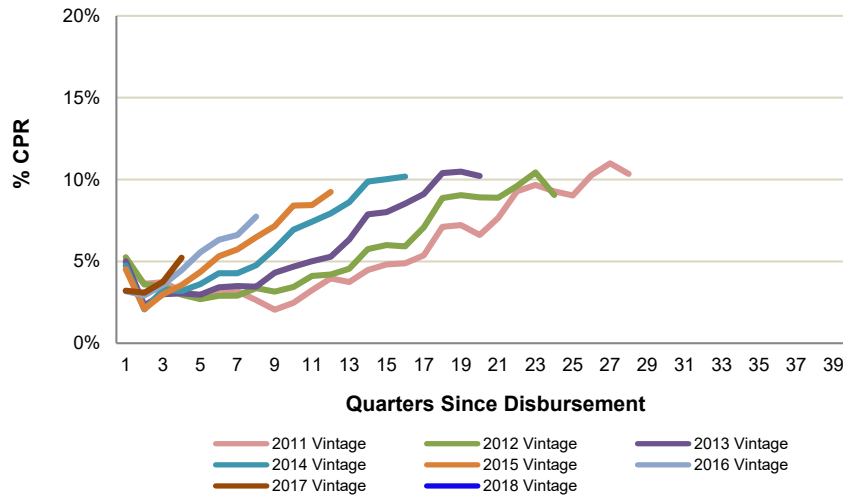
(3) Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

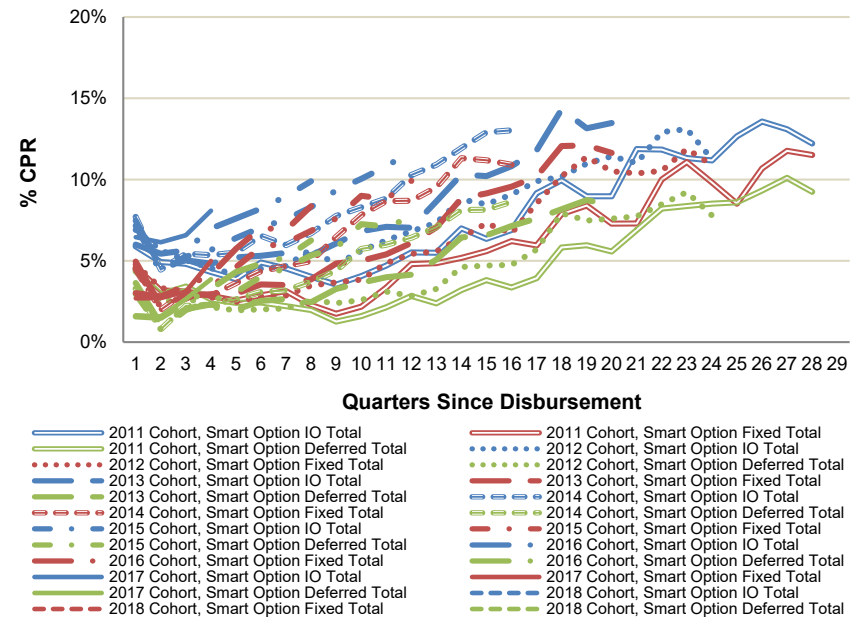
# Smart Option Vintage Data: Voluntary Prepayments

- ▶ Voluntary prepay speeds trend up as more loans enter P&I repayment

**Smart Option Student Loans - Serviced Portfolio**  
**Voluntary CPR by Disbursement Vintage** <sup>(1), (2), (3)</sup>  
 Interest Only, Fixed Payment and Deferred Products  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
**Voluntary CPR by Disbursement Vintage and Product** <sup>(1), (2), (3)</sup>  
 Interest Only, Fixed Payment and Deferred Products  
 Data for Legacy SLM thru Apr 30, 2014 and Sallie Mae Bank since May 1, 2014



Data as of December 31, 2018.

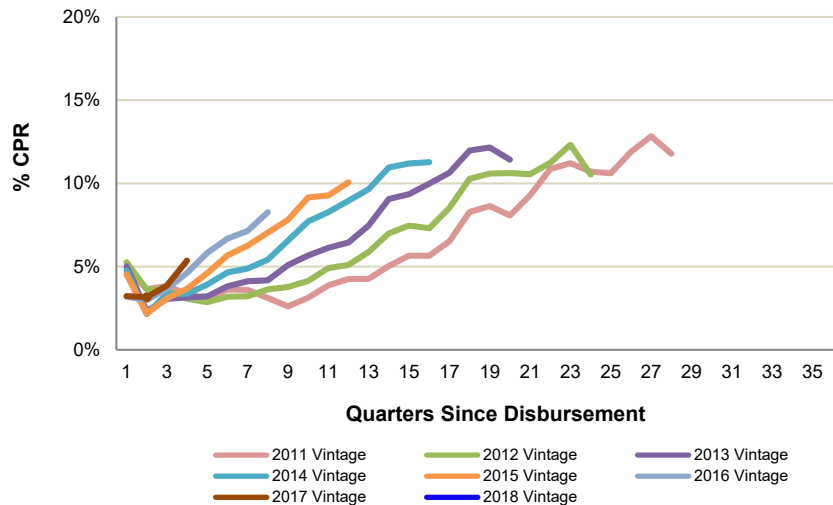
- (1) Please see pages 46 & 47 for a description and explanation of the data and calculations underlying these charts.
- (2) Data for all loans from initial disbursement, whether or not scheduled payments are due. Voluntary CPR includes only voluntary prepayments.
- (3) Loans in a particular annual Disbursement Vintage are disbursed at different times during the Disbursement Vintage year. Prepayment data is not reported for loans in a particular annual Disbursement Vintage until all loans in that annual Disbursement Vintage have been disbursed. Once reporting starts, data reflects prepayments that occurred in a particular period based on the number of months all loans in that annual Disbursement Vintage have been disbursed. For example, in the charts above: (i) prepayment data reported for loans in the 2017 Disbursement Vintage represents prepayments occurring during the first 12 months (i.e., first four quarters) after a loan was disbursed regardless of the month in 2017 during which such loan was disbursed; and (ii) prepayment data for loans in the 2016 Disbursement Vintage represents prepayments occurring during the first 24 months (i.e., first eight quarters) after a loan was disbursed regardless of the month in 2016 during which such loan was disbursed.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

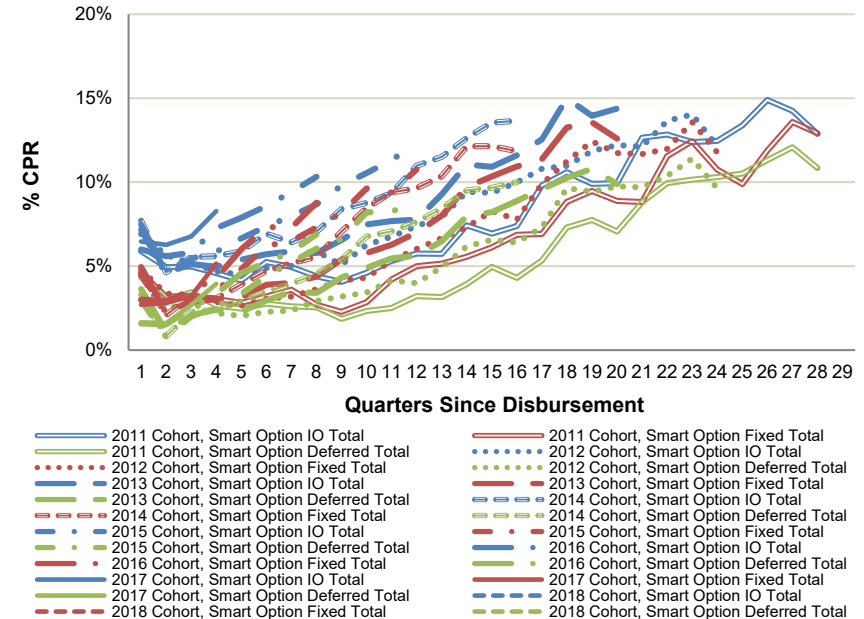
# Smart Option Vintage Data: Total Prepayments

- ▶ Following the initial few years after disbursement, total prepayments begin to rise more quickly as loans begin to default.

**Smart Option Student Loans - Serviced Portfolio**  
**Total CPR by Disbursement Vintage** <sup>(1), (2), (3)</sup>  
 Interest Only, Fixed Payment and Deferred Products  
 Data for Legacy SLM thru April 30, 2014 and Sallie Mae Bank since May 1, 2014



**Smart Option Student Loans - Serviced Portfolio**  
**Total CPR by Disbursement Vintage and Product** <sup>(1), (2), (3)</sup>  
 Interest Only, Fixed Payment and Deferred Products  
 Data for Legacy SLM thru Apr 30, 2014 and Sallie Mae Bank since May 1, 2014



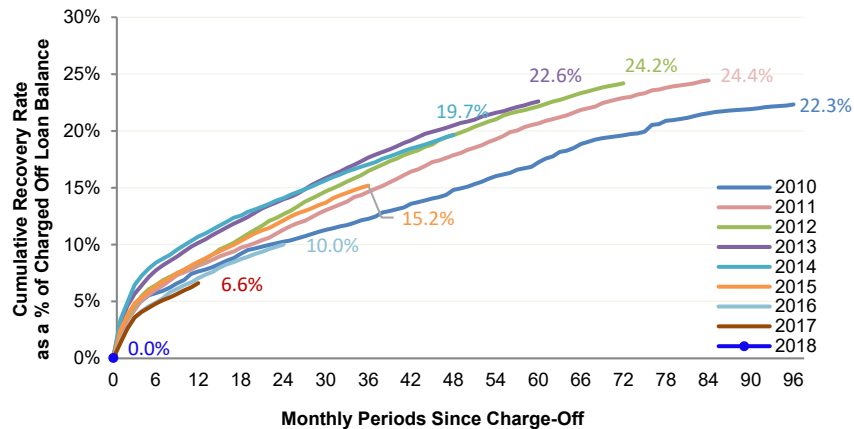
Data as of December 31, 2018.

- (1) Please see pages 46 & 47 for a description and explanation of the data and calculations underlying these charts.
- (2) Data for all loans from initial disbursement, whether or not scheduled payments are due. Total CPR includes voluntary and involuntary prepayments.
- (3) Loans in a particular annual Disbursement Vintage are disbursed at different times during the Disbursement Vintage year. Prepayment data is not reported for loans in a particular annual Disbursement Vintage until all loans in that annual Disbursement Vintage have been disbursed. Once reporting starts, data reflects prepayments that occurred in a particular period based on the number of months all loans in that annual Disbursement Vintage have been disbursed. For example, in the charts above: (i) prepayment data reported for loans in the 2017 Disbursement Vintage represents prepayments occurring during the first 12 months (i.e., first four quarters) after a loan was disbursed regardless of the month in 2017 during which such loan was disbursed; and (ii) prepayment data for loans in the 2016 Disbursement Vintage represents prepayments occurring during the first 24 months (i.e., first eight quarters) after a loan was disbursed regardless of the month in 2016 during which such loan was disbursed.

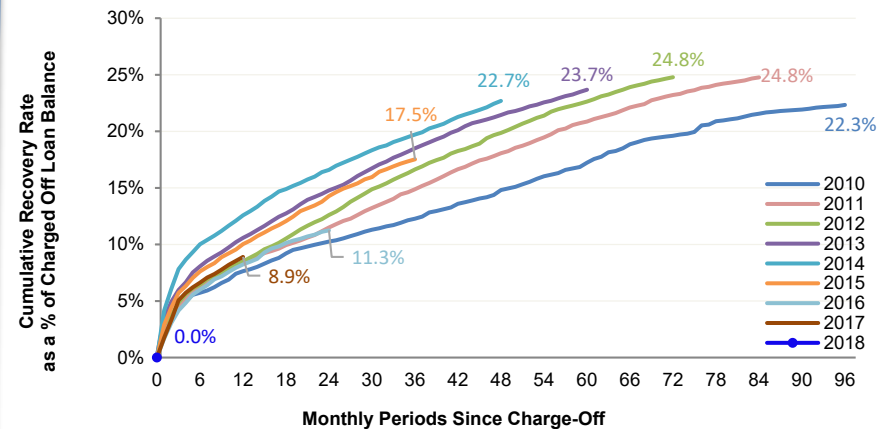
Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Smart Option: Cumulative Recoveries

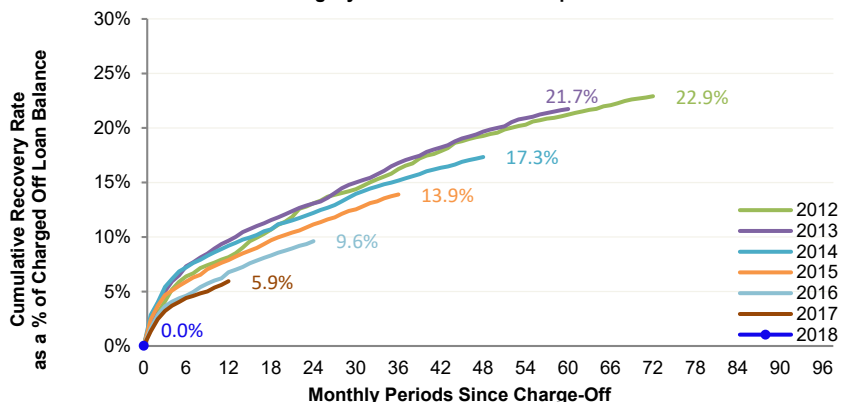
**Overall Smart Option Loan Cumulative Recovery Rate  
For Charge-Off Vintages Since 2010**  
Data for Legacy SLM and Navient thru present <sup>(1), (2)</sup>



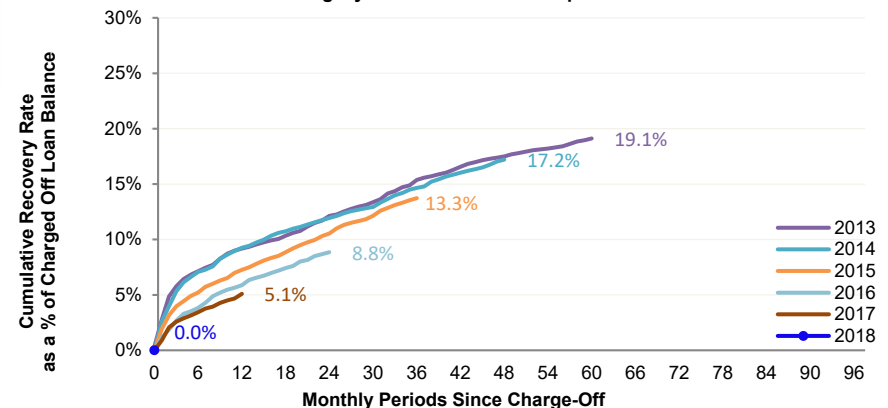
**Interest Only Smart Option Loan Cumulative Recovery Rate  
For Charge-Off Vintages Since 2010**  
Data for Legacy SLM and Navient thru present <sup>(1), (2)</sup>



**Fixed Pay Smart Option Loan Cumulative Recovery Rate  
For Charge-Off Vintages Since 2012**  
Data for Legacy SLM and Navient thru present <sup>(1), (2)</sup>



**Deferred Smart Option Loan Cumulative Recovery Rate  
For Charge-Off Vintages Since 2013**  
Data for Legacy SLM and Navient thru present <sup>(1), (2)</sup>



Data as of December 31, 2018.

- (1) Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.
- (2) Loans in a particular annual Charge-Off Vintage are charged off at different times during the Charge-Off Vintage year. Recovery data is not reported for loans in a particular annual Charge-Off Vintage until all loans in that annual Charge-Off Vintage have been charged off. Once reporting starts, data reflects recoveries that were received in a particular period based on the number of months all loans in that annual Charge-Off Vintage have been charged off. For example, in the charts above: (i) recovery data reported for loans in the 2017 Charge-Off Vintage represents recoveries received during the first 12 months after a loan was charged off regardless of the month in 2017 during which such loan was charged off; and (ii) recovery data for loans in the 2016 Charge-Off Vintage represents recoveries received during the first 24 months after a loan was charged off regardless of the month in 2016 during which such loan was charged off.

Note: Recovery data is for collections of charged off Smart Option loans managed by legacy SLM and Navient only. Historical trends may not be indicative of future Sallie Mae Bank recoveries.

# Cohort Default Triangles – Smart Option Combined (Interest Only, Fixed Payment & Deferred)

Smart Option Combined (P&I Repayment - Total)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$428	1.2%	1.3%	1.2%	1.0%	0.9%	0.5%	0.4%	0.4%	0.3%	7.2%
2011 <sup>(2)</sup>	\$998	0.8%	1.1%	1.3%	1.1%	0.8%	0.6%	0.5%	0.4%		6.6%
2012 <sup>(2)</sup>	\$1,632	0.5%	0.9%	1.3%	1.0%	0.8%	0.7%	0.4%			5.7%
2013 <sup>(2)</sup>	\$2,256	0.4%	1.0%	1.4%	1.0%	0.9%	0.7%				5.3%
2014 <sup>(2)</sup>	\$2,823	0.3%	1.5%	1.4%	1.2%	0.9%					5.4%
2015 <sup>(3)</sup>	\$2,490	0.3%	1.8%	1.5%	1.1%						4.7%
2016 <sup>(3)</sup>	\$3,180	0.2%	1.4%	1.5%							3.2%
2017 <sup>(3)</sup>	\$3,777	0.3%	1.3%								1.6%
2018 <sup>(3)</sup>	\$4,123	0.2%									0.2%

Smart Option Combined (P&I Repayment - Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$408	1.2%	1.2%	1.1%	1.0%	0.9%	0.5%	0.4%	0.4%	0.3%	7.0%
2011 <sup>(2)</sup>	\$916	0.7%	1.0%	1.2%	1.0%	0.8%	0.6%	0.5%	0.4%		6.2%
2012 <sup>(2)</sup>	\$1,490	0.5%	0.7%	1.2%	0.9%	0.8%	0.7%	0.4%			5.1%
2013 <sup>(2)</sup>	\$2,046	0.3%	0.8%	1.2%	0.9%	0.9%	0.7%				4.7%
2014 <sup>(2)</sup>	\$2,544	0.3%	1.2%	1.3%	1.1%	0.9%					4.7%
2015 <sup>(3)</sup>	\$2,220	0.2%	1.5%	1.4%	1.0%						4.1%
2016 <sup>(3)</sup>	\$2,848	0.2%	1.2%	1.4%							2.8%
2017 <sup>(3)</sup>	\$3,390	0.2%	1.1%								1.4%
2018 <sup>(3)</sup>	\$3,709	0.2%									0.2%

Smart Option Combined (P&I Repayment - No Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$19	1.7%	2.8%	1.7%	1.6%	0.9%	0.6%	0.2%	0.4%	0.1%	10.0%
2011 <sup>(2)</sup>	\$82	1.8%	2.9%	2.2%	1.7%	1.1%	1.0%	0.6%	0.4%		11.7%
2012 <sup>(2)</sup>	\$142	1.1%	2.8%	2.7%	2.0%	1.3%	1.1%	0.6%			11.7%
2013 <sup>(2)</sup>	\$210	0.8%	2.9%	3.1%	1.8%	1.5%	0.9%				11.0%
2014 <sup>(2)</sup>	\$279	0.9%	4.2%	3.0%	2.0%	1.4%					11.6%
2015 <sup>(3)</sup>	\$270	1.0%	4.3%	2.6%	1.8%						9.7%
2016 <sup>(3)</sup>	\$332	0.6%	3.0%	2.5%							6.1%
2017 <sup>(3)</sup>	\$387	0.6%	2.9%								3.5%
2018 <sup>(3)</sup>	\$414	0.5%									0.5%

Data as of December 31, 2018.

(1) Please see page 45 for a description and explanation of the data and calculations underlying these charts.

(2) Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

(3) Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust.

(4) Numerator is the Periodic Defaults in each P&I Repayment Vintage. Denominator is the amount of Disbursed Principal for that P&I Repayment Vintage.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.



# Cohort Default Triangles – Smart Option Interest Only

Smart Option Interest Only (P&I Repayment - Total)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$426	1.2%	1.3%	1.2%	1.0%	0.9%	0.5%	0.4%	0.4%	0.2%	7.2%
2011 <sup>(2)</sup>	\$772	1.0%	1.1%	1.2%	1.0%	0.7%	0.5%	0.4%	0.3%		6.1%
2012 <sup>(2)</sup>	\$855	0.7%	0.7%	1.0%	0.7%	0.6%	0.4%	0.3%			4.4%
2013 <sup>(2)</sup>	\$890	0.5%	0.6%	0.9%	0.6%	0.5%	0.4%				3.6%
2014 <sup>(2)</sup>	\$864	0.5%	0.7%	0.7%	0.6%	0.5%					3.0%
2015 <sup>(3)</sup>	\$570	0.6%	0.8%	0.6%	0.4%						2.4%
2016 <sup>(3)</sup>	\$748	0.5%	0.6%	0.6%							1.7%
2017 <sup>(3)</sup>	\$953	0.6%	0.5%								1.1%
2018 <sup>(3)</sup>	\$1,071	0.5%									0.5%

Smart Option Interest Only (P&I Repayment - Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$407	1.2%	1.2%	1.1%	1.0%	0.9%	0.5%	0.4%	0.4%	0.2%	7.0%
2011 <sup>(2)</sup>	\$713	0.9%	1.0%	1.2%	0.9%	0.6%	0.5%	0.4%	0.3%		5.8%
2012 <sup>(2)</sup>	\$787	0.7%	0.6%	0.9%	0.6%	0.6%	0.4%	0.3%			4.0%
2013 <sup>(2)</sup>	\$818	0.5%	0.5%	0.8%	0.5%	0.5%	0.4%				3.1%
2014 <sup>(2)</sup>	\$785	0.5%	0.5%	0.6%	0.6%	0.4%					2.6%
2015 <sup>(3)</sup>	\$497	0.5%	0.6%	0.5%	0.4%						2.0%
2016 <sup>(3)</sup>	\$650	0.4%	0.5%	0.5%							1.4%
2017 <sup>(3)</sup>	\$831	0.5%	0.4%								0.9%
2018 <sup>(3)</sup>	\$941	0.4%									0.4%

Smart Option Interest Only (P&I Repayment - No Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2010 <sup>(2)</sup>	\$19	1.7%	2.8%	1.7%	1.6%	0.9%	0.6%	0.2%	0.4%	0.1%	10.0%
2011 <sup>(2)</sup>	\$59	2.1%	2.5%	1.8%	1.5%	1.0%	0.8%	0.5%	0.2%		10.2%
2012 <sup>(2)</sup>	\$67	1.4%	2.1%	2.0%	1.3%	0.8%	0.7%	0.3%			8.5%
2013 <sup>(2)</sup>	\$72	1.4%	2.1%	2.0%	1.4%	0.9%	0.4%				8.3%
2014 <sup>(2)</sup>	\$79	1.3%	2.1%	1.8%	1.2%	0.9%					7.3%
2015 <sup>(3)</sup>	\$73	1.3%	2.0%	1.2%	0.7%						5.2%
2016 <sup>(3)</sup>	\$97	1.0%	1.4%	1.1%							3.5%
2017 <sup>(3)</sup>	\$122	1.1%	1.3%								2.4%
2018 <sup>(3)</sup>	\$130	0.9%									0.9%

Data as of December 31, 2018.

(1) Please see page 45 for a description and explanation of the data and calculations underlying these charts.

(2) Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

(3) Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust.

(4) Numerator is the Periodic Defaults in each P&I Repayment Vintage. Denominator is the amount of Disbursed Principal for that P&I Repayment Vintage.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Cohort Default Triangles – Smart Option Fixed Payment

Smart Option Fixed Payment (P&I Repayment - Total)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2011 <sup>(2)</sup>	\$221	0.3%	1.3%	1.6%	1.4%	1.4%	1.0%	0.9%	0.7%		8.5%
2012 <sup>(2)</sup>	\$529	0.4%	1.0%	1.8%	1.2%	1.1%	0.9%	0.6%			6.9%
2013 <sup>(2)</sup>	\$731	0.3%	1.0%	1.4%	1.0%	1.1%	0.7%				5.5%
2014 <sup>(2)</sup>	\$960	0.4%	1.1%	1.3%	1.1%	0.9%					4.7%
2015 <sup>(3)</sup>	\$781	0.4%	1.3%	1.3%	0.9%						3.9%
2016 <sup>(3)</sup>	\$1,009	0.4%	1.0%	1.2%							2.5%
2017 <sup>(3)</sup>	\$1,172	0.3%	0.9%								1.2%
2018 <sup>(3)</sup>	\$1,224	0.3%									0.3%

Smart Option Fixed Payment (P&I Repayment - Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2011 <sup>(2)</sup>	\$199	0.2%	1.0%	1.4%	1.3%	1.3%	0.9%	0.9%	0.7%		7.7%
2012 <sup>(2)</sup>	\$482	0.3%	0.8%	1.6%	1.1%	1.0%	0.8%	0.6%			6.2%
2013 <sup>(2)</sup>	\$669	0.3%	0.8%	1.3%	0.9%	1.0%	0.7%				5.0%
2014 <sup>(2)</sup>	\$877	0.3%	0.9%	1.2%	1.1%	0.8%					4.3%
2015 <sup>(3)</sup>	\$705	0.3%	1.1%	1.2%	0.8%						3.4%
2016 <sup>(3)</sup>	\$908	0.3%	0.9%	1.1%							2.2%
2017 <sup>(3)</sup>	\$1,054	0.3%	0.8%								1.1%
2018 <sup>(3)</sup>	\$1,102	0.2%									0.2%

Smart Option Fixed Payment (P&I Repayment - No Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2011 <sup>(2)</sup>	\$22	1.3%	3.9%	3.2%	2.4%	1.5%	1.5%	0.9%	0.8%		15.6%
2012 <sup>(2)</sup>	\$47	1.4%	3.1%	3.8%	2.3%	1.9%	1.2%	0.7%			14.3%
2013 <sup>(2)</sup>	\$63	1.0%	2.7%	3.0%	1.8%	1.4%	1.1%				11.0%
2014 <sup>(2)</sup>	\$82	1.3%	3.1%	2.4%	1.6%	1.3%					9.7%
2015 <sup>(3)</sup>	\$77	1.5%	2.9%	2.8%	1.8%						9.0%
2016 <sup>(3)</sup>	\$102	0.9%	2.3%	2.0%							5.2%
2017 <sup>(3)</sup>	\$117	0.7%	2.1%								2.8%
2018 <sup>(3)</sup>	\$122	0.7%									0.7%

Data as of December 31, 2018.

(1) Please see page 45 for a description and explanation of the data and calculations underlying these charts.

(2) Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

(3) Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust.

(4) Numerator is the Periodic Defaults in each P&I Repayment Vintage. Denominator is the amount of Disbursed Principal for that P&I Repayment Vintage.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Cohort Default Triangles – Smart Option Deferred Payment

Smart Option Deferred (P&I Repayment - Total)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2012 <sup>(2)</sup>	\$249	0.1%	1.5%	1.4%	1.6%	1.1%	1.2%	0.8%			7.6%
2013 <sup>(2)</sup>	\$634	0.1%	1.6%	2.1%	1.4%	1.3%	1.1%				7.6%
2014 <sup>(2)</sup>	\$999	0.1%	2.5%	2.3%	1.7%	1.3%					8.0%
2015 <sup>(3)</sup>	\$1,139	0.1%	2.8%	2.1%	1.5%						6.4%
2016 <sup>(3)</sup>	\$1,423	0.0%	2.2%	2.2%							4.4%
2017 <sup>(3)</sup>	\$1,653	0.1%	2.1%								2.1%
2018 <sup>(3)</sup>	\$1,828	0.1%									0.1%

Smart Option Deferred (P&I Repayment - Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2012 <sup>(2)</sup>	\$220	0.1%	1.1%	1.2%	1.4%	1.0%	1.2%	0.7%			6.7%
2013 <sup>(2)</sup>	\$559	0.1%	1.3%	1.8%	1.2%	1.2%	1.1%				6.7%
2014 <sup>(2)</sup>	\$882	0.1%	2.0%	2.0%	1.6%	1.3%					7.0%
2015 <sup>(3)</sup>	\$1,019	0.1%	2.3%	1.9%	1.4%						5.7%
2016 <sup>(3)</sup>	\$1,290	0.0%	1.9%	2.0%							4.0%
2017 <sup>(3)</sup>	\$1,504	0.1%	1.8%								1.9%
2018 <sup>(3)</sup>	\$1,666	0.1%									0.1%

Smart Option Deferred (P&I Repayment - No Co-signer)											
P&I Repayment Vintage	Disbursed Principal Entering P&I Repayment (\$m)	Periodic Defaults Percentage by Years Since First P&I Repayment Period <sup>(1), (4)</sup>									
		0	1	2	3	4	5	6	7	8	Total
2012 <sup>(2)</sup>	\$28	0.0%	4.2%	2.8%	3.0%	1.8%	1.7%	1.2%			14.8%
2013 <sup>(2)</sup>	\$75	0.1%	3.9%	4.2%	2.3%	2.0%	1.2%				13.7%
2014 <sup>(2)</sup>	\$118	0.3%	6.4%	4.2%	2.9%	1.8%					15.7%
2015 <sup>(3)</sup>	\$120	0.6%	6.6%	3.3%	2.4%						13.0%
2016 <sup>(3)</sup>	\$133	0.0%	4.8%	3.8%							8.7%
2017 <sup>(3)</sup>	\$148	0.1%	4.8%								4.9%
2018 <sup>(3)</sup>	\$162	0.0%									0.0%

Data as of December 31, 2018.

(1) Please see page 45 for a description and explanation of the data and calculations underlying these charts.

(2) Data for Legacy SLM, Navient and Sallie Mae Bank serviced portfolios combined. Certain data used in the charts above was provided by Navient under a data sharing agreement. Sallie Mae Bank has not independently verified, and is not able to verify, the accuracy or completeness of the data provided under the agreement.

(3) Data for Sallie Mae Bank serviced loans only – All loans covered are serviced by Sallie Mae Bank, regardless of whether the loans were originated by Sallie Mae Bank when it was part of legacy SLM, or by Sallie Mae Bank post Spin-Off, and regardless of whether the loans are held by an ABS trust.

(4) Numerator is the Periodic Defaults in each P&I Repayment Vintage. Denominator is the amount of Disbursed Principal for that P&I Repayment Vintage.

Note: Legacy SLM and Navient portfolio serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank portfolio serviced pursuant to a 120 day charge-off policy. Historical trends may not be indicative of future performance.

# Additional Information

# Smart Option Loan Program Cohort Default Triangles

Terms and calculations used in the cohort default triangles are defined below:

- ▶ **First P&I Repayment Period** – The month during which a borrower is first required to make a full principal and interest payment on a loan.
- ▶ **P&I Repayment Vintage** – The calendar year of a loan's First P&I Repayment Period.
- ▶ **Disbursed Principal Entering P&I Repayment** – The total amount of disbursed loan principal in a P&I Repayment Vintage, excluding any interest capitalization.
- ▶ **Reported Default Data** –
  - **For loans that default after their First P&I Repayment Period:** Loans enter a particular annual P&I Repayment Vintage at different times during the P&I Repayment Vintage year. Default data is not reported for loans in a particular annual P&I Repayment Vintage until the First P&I Repayment Period has occurred for all loans in that annual P&I Repayment Vintage. Once reporting starts, data reflects defaults that occurred in a particular period through the number of months since December 31 of that annual P&I Repayment Vintage year. For example, in the relevant charts and tables included in this presentation as of December 31, 2018: (i) default data reported for loans in the 2017 P&I Repayment Vintage represents defaults occurring during the first 12 months after a loan's First P&I Repayment Period regardless of the month in 2017 during which the first full principal and interest payment for that loan became due; and (ii) default data for loans in the 2016 P&I Repayment Vintage represents defaults occurring during the first 24 months after a loan's First P&I Repayment Period regardless of the month in 2016 during which the first full principal and interest payment for that loan became due.
  - **For loans that default prior to their First P&I Repayment Period:** Loans defaulting prior to their First P&I Repayment Period are included in the P&I Repayment Vintage corresponding to the calendar year in which the default occurs, and are aggregated and reported in Year 0 of that P&I Repayment Vintage in the relevant charts and tables. For example: (a) if a loan's First P&I Repayment Period was scheduled for 2015, but the loan defaulted in 2014, the default amount is reflected in Year 0 of the 2014 P&I Repayment Vintage; and (b) if a loan's First P&I Repayment Period occurred in 2015, but the loan defaulted in 2015 before that First P&I Repayment Period, the default amount is reflected in Year 0 of the 2015 P&I Repayment Vintage.
  - **For loans that pay off prior to their First P&I Repayment Period:** Loans paid off prior to their First P&I Repayment Period are included in the Disbursed Principal Entering P&I Repayment of the P&I Repayment Vintage corresponding to the calendar year in which the payoff occurs.
- ▶ **Periodic Defaults** – For any loan in a particular P&I Repayment Vintage, the defaulted principal and interest is reflected in the year corresponding to the number of years since the First P&I Repayment Period for that loan.
- ▶ **Cumulative Defaults** – At any time for a particular P&I Repayment Vintage, the cumulative sum of Periodic Defaults for that vintage.
  - Defaulted principal includes any interest capitalization that occurred prior to default
  - Defaulted principal is not reduced by any amounts recovered after the loan defaulted
  - Because the numerator includes capitalized interest while the denominator (i.e., Disbursed Principal Entering P&I Repayment) does not, default rates are higher than they would be if the numerator and denominator both included capitalized interest

*Note: Historical trends suggested by the cohort default triangles may not be indicative of future performance. Legacy SLM and Navient serviced loans were serviced pursuant to a 212 day charge-off policy. Sallie Mae Bank serviced loans were serviced pursuant to a 120 day charge-off policy.*

# Smart Option Loan Program: Prepayment Methodology

The Constant Prepayment Rate (CPR) represents an annualized rate of prepayment speed measuring the reduction in the principal balance of a pool of loans in excess of the scheduled pool amortization. The rate can be positive or negative depending on whether the pool principal balance is less than or greater than the expected principal amount. A CPR greater than zero suggests that the pool is paying down faster than the expected amortization. Conversely, a CPR less than zero suggests that the pool is paying down more slowly than the expected amortization.

- ▶ **Total CPR** – A broad measure of prepayment activity including both voluntary and involuntary prepayments
- ▶ **Voluntary CPR** – The portion of Total CPR attributable to pool principal balance paid down prematurely by borrowers in a given period
- ▶ **Involuntary CPR** – The portion of Total CPR attributable to defaults
- ▶ **Actual Balance (ACT)** – For any month, the month-ending outstanding principal and, for loans not in a P&I repayment status (e.g. school, deferment, etc.), the interest accrued that is yet to be capitalized
- ▶ **Scheduled Payment (PMT)** – The monthly payment due on a loan; not impacted by forbearance, deferment, or any concession
- ▶ **Expected Balance (EXP)** – For any month, the prior month's Actual Balance plus the current month's interest accrued less the Scheduled Payment
- ▶ **Prepayment** – Any payment made during the month exceeding the Scheduled Payment
- ▶ **Single Month Mortality Rate (SMM)** – The percentage of the Expected Balance prepaid in a given month
- ▶ **Survival Rate (SR)** – The percentage of the Expected Balance not prepaid in a given month

Factors Impacting Prepayments	Total CPR	Voluntary CPR
Capitalization of accrued interest after school and six month grace	No impact	No impact
Borrower's payment equals the Scheduled Payment	No impact	No impact
Borrower makes an extra payment on the loan (i.e., principal curtailment)	+	+
Borrower pays off the loan balance prior to loan's scheduled maturity	+	+
Loan is paid in full through a loan consolidation	+	+
Forbearance, deferment, or any concession	—	—
Delinquency	—	—
Default	+	No impact
Borrower benefit interest rate discounts	No impact	No impact

Legend	+	Impact is positive	—	Impact is negative
--------	---	--------------------	---	--------------------

# Smart Option Loan Program: Prepayment Methodology

## Calculations

$$\text{Prepayment}_t = \text{EXP}_t - \text{ACT}_t$$

$$\text{SMM}_t = \text{Prepayment}_t / \text{EXP}_t$$

$$\text{SR}_t = \text{ACT}_t / \text{EXP}_t = 1 - \text{SMM}_t$$

$$\text{CPR}_n = 1 - \left[ \prod_{t=1}^3 \text{SR}_t \right]^4$$

where:

$n$  = quarter

$t$  = month of quarter

## Examples<sup>(1)</sup>

$t$	$\text{PMT}_t$	$\text{ACT}_t$	$\text{EXP}_t$	$\text{Prepayment}_t$	$\text{SMM}_t$	$\text{SR}_t$	$\text{CPR}$
0		\$10,000					
Borrower is in school (\$25 fixed payment due)							
1	\$25	\$10,029	\$10,029	\$0	0.0%	100.0%	
2	\$25	\$10,058	\$10,058	\$0	0.0%	100.0%	
3	\$25	\$10,088	\$10,088	\$0	0.0%	100.0%	0.0%
Borrower is in P&I repayment (full P&I payment due)							
1	\$114	\$9,891	\$9,941	\$50	0.5%	99.5%	
2	\$114	\$9,781	\$9,831	\$50	0.5%	99.5%	
3	\$114	\$9,670	\$9,720	\$50	0.5%	99.5%	5.9%
Borrower uses forbearance in period 3 (full P&I payment due)							
1	\$114	\$9,941	\$9,941	\$0	0.0%	100.0%	
2	\$114	\$9,881	\$9,881	\$0	0.0%	100.0%	
3	\$114	\$9,934	\$9,821	(\$114)	-1.2%	101.2%	-4.7%

(1) Calculations assume a 6.5% interest rate and a standard 10-year loan repayment term. Starting loan balance is \$10,000 for all three scenarios.