

Student Lending Update

August 2021



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Agenda

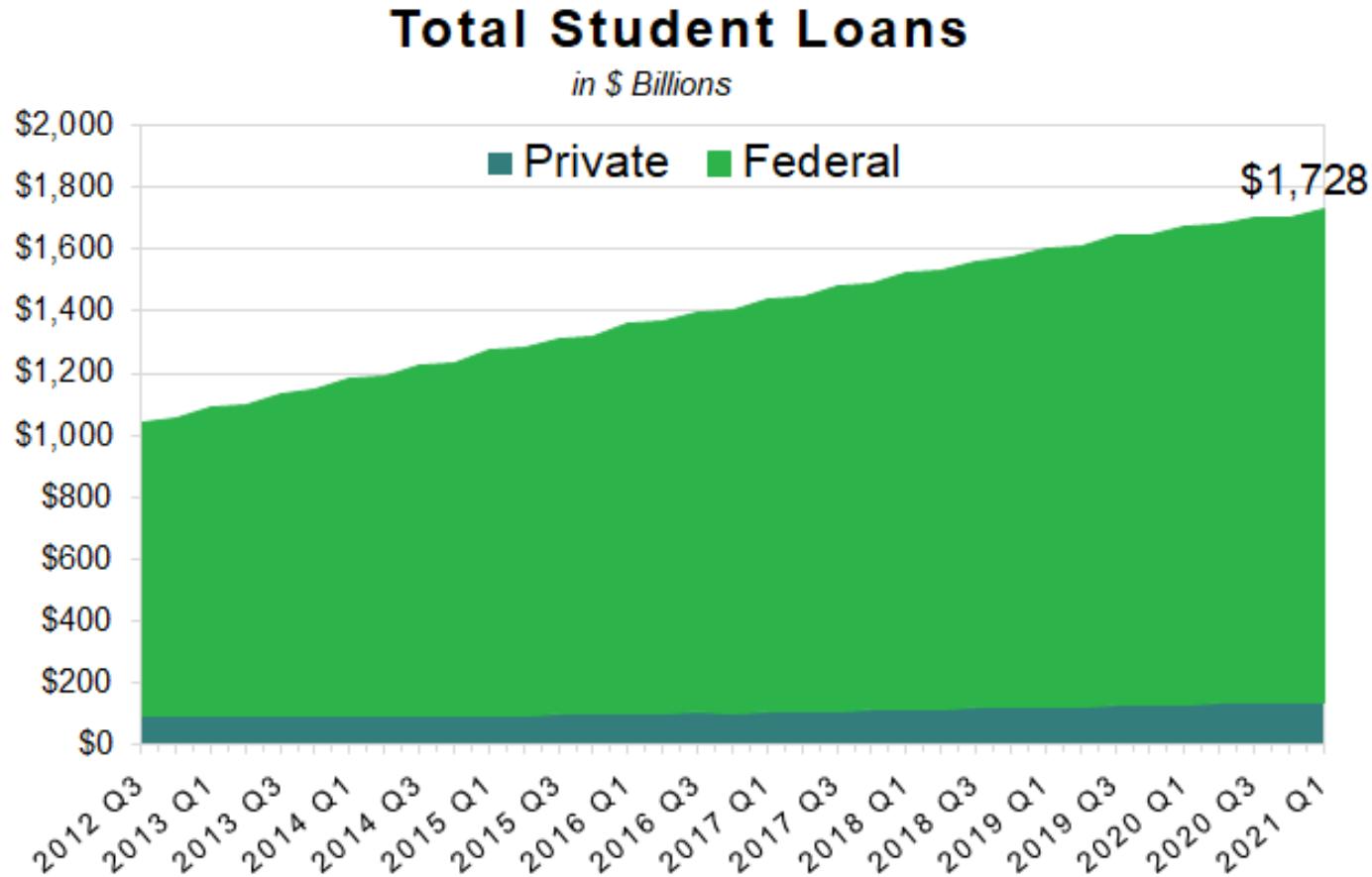
- Student lending developments
- Consumer Education initiatives

Student Lending Markets Update



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Student Loan Portfolio Continues to Expand



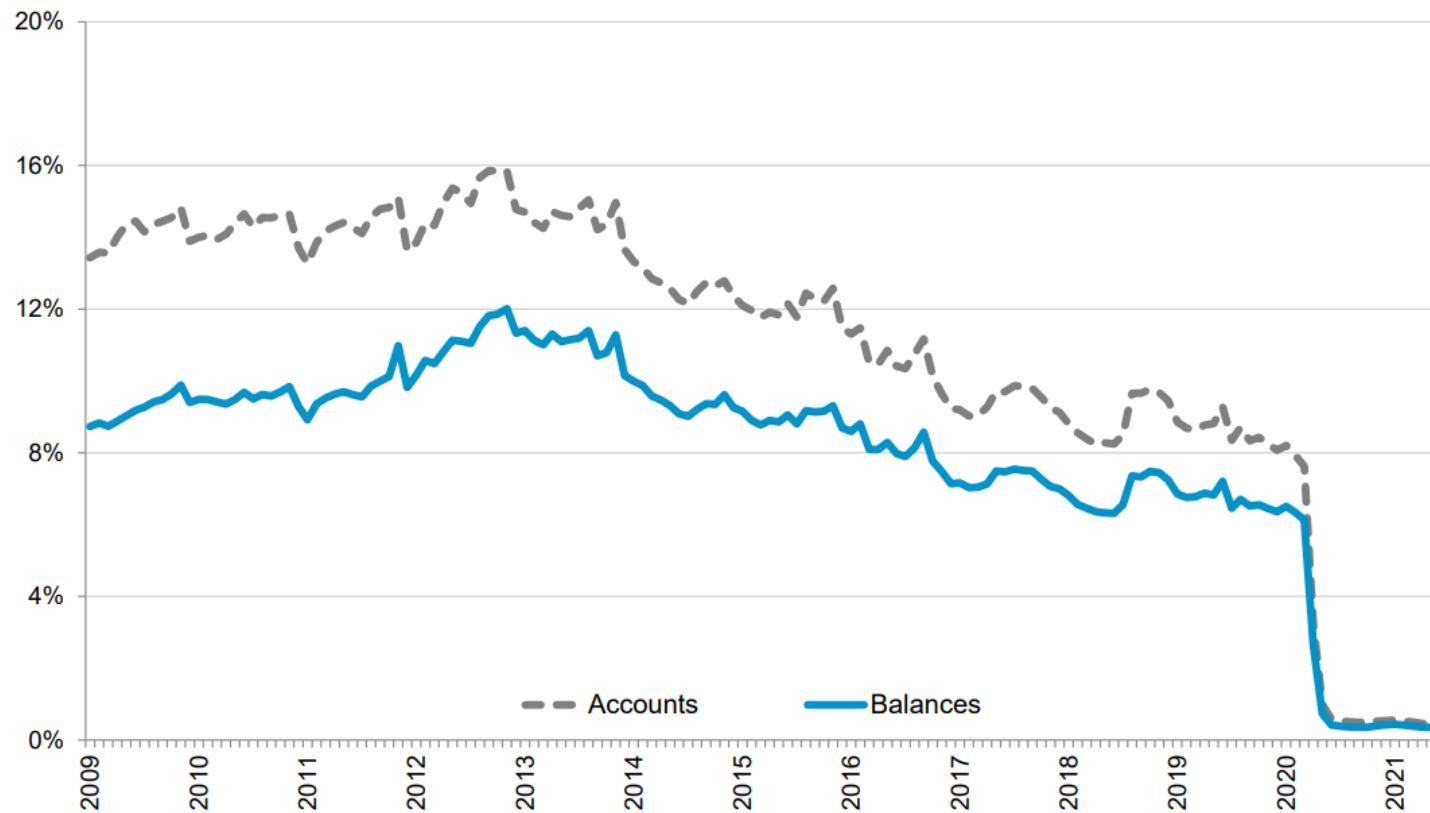
Sources: Federal Reserve Board, U.S. Department of Education.

COVID Safety Net Still in Effect for Most Borrowers

- CARES Act protected >40 million borrowers with federally-owned student loans
 - 0% interest accrual
 - Monthly payment suspension
 - Key benefits preserved for those making income-based payments or seeking PSLF
 - Suspension of involuntary collection of defaulted student loans
- Disaster forbearance offered to borrowers with privately-held student loans

Plunge in Delinquency Rates

90+ Days Past Due or in Bankruptcy
Percent of Non-deferred Accounts and Balances; NSA; Excludes Severe Derogatory



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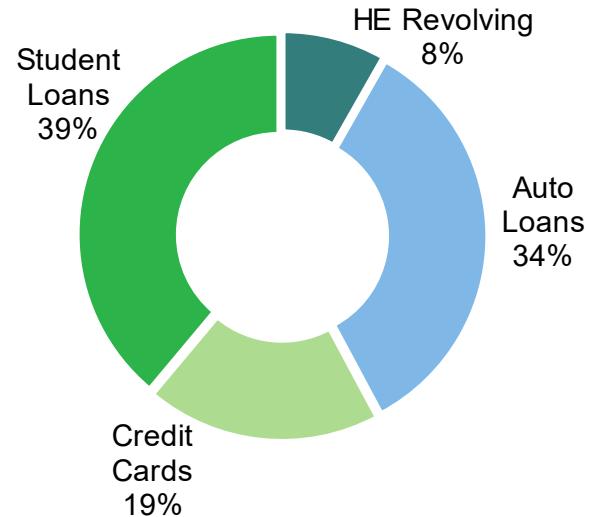
Source: Equifax.

Concern Grows Over Transition to Repayment

- More than 30 million borrowers will be asked to make payments
 - Approx. 25 million borrowers in repayment in March 2020
 - 4 to 5 million borrowers who recently completed or left school and entering repayment for first time
- > 9 million borrowers must re-certify enrollment in income-driven repayment plans

Student Loan Share
of Non-Mortgage Credit

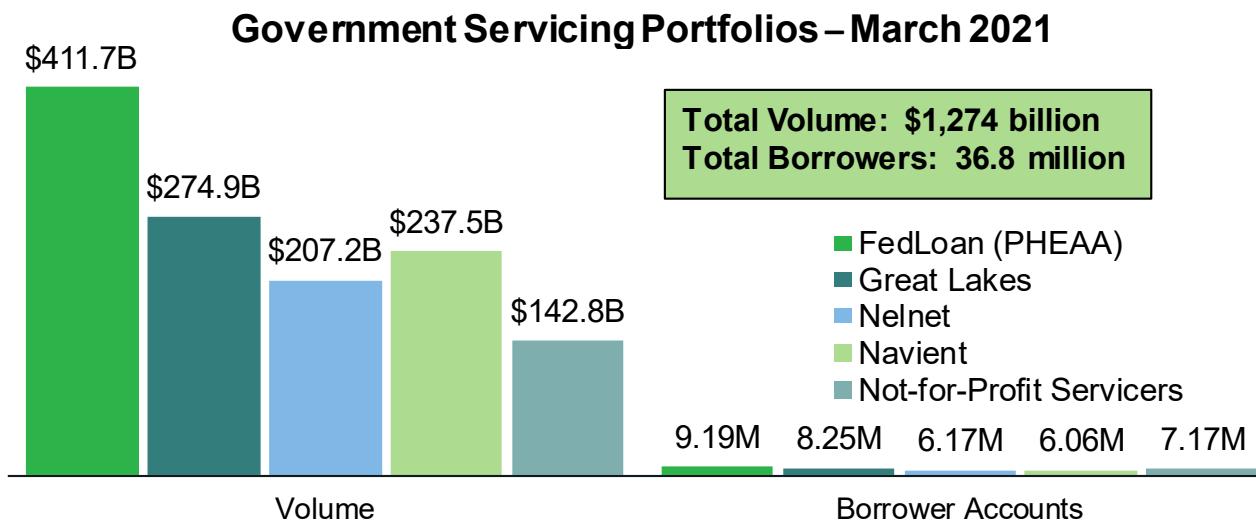
March 2021



Source: Federal Reserve Bank of New York.

Concern Grows Over Servicing Transition

- 2 servicer exits will require transfer of > 10 million accounts
- Contracts for remaining 6 servicers start expiring in December
- Plans for “Next Gen” platform are under review
- Bridge contracts to maintain existing structure for up to 2 years



Private Lenders Begin Transition from LIBOR

- LIBOR is benchmark for most variable-rate student loans
- PSL lenders have begun switching to new index for new contracts
 - Lenders are adopting SOFR – an index published by the Federal Reserve Bank of New York
- Lenders and servicers are also planning conversion of “legacy” variable rate loans to a new index

Consumer Education Update



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