

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-36228

Navient Corporation

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

13865 Sunrise Valley Drive, Herndon, Virginia 20171

(Address of principal executive offices)

46-4054283

*(I.R.S. Employer
Identification No.)*

(703) 810-3000

(Telephone Number)

(703) 810-3000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.01 per share	NAVI	The NASDAQ Global Select Market
6% Senior Notes due December 15, 2043	JSM	The NASDAQ Global Select Market
Preferred Stock Purchase Rights	None	The NASDAQ Global Select Market

As of June 30, 2025, there were 99,431,038 shares of common stock outstanding.



TABLE OF CONTENTS

Organization of Our Form 10-Q

The order and presentation of content in our Quarterly Report on Form 10-Q (Form 10-Q) differs from the traditional Securities and Exchange Commission (SEC) Form 10-Q format. Our format is designed to improve readability and to better present how we organize and manage our business. See Appendix A, "Form 10-Q Cross-Reference Index" for a cross-reference index to the traditional SEC Form 10-Q format.

	Page Number
Forward-Looking and Cautionary Statements	1
Use of Non-GAAP Financial Measures	2
Business	3
Overview and Fundamentals of Our Business	3
Recent Business Developments	5
How We Organize Our Business	5
Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Selected Historical Financial Information and Ratios	7
The Quarter in Review	8
Results of Operations	9
Segment Results	12
Financial Condition	19
Liquidity and Capital Resources	24
Critical Accounting Policies and Estimates	27
Non-GAAP Financial Measures	27
Legal Proceedings	37
Risk Factors	37
Quantitative and Qualitative Disclosures about Market Risk	38
Unregistered Sales of Equity Securities and Use of Proceeds	41
Controls and Procedures	42
Exhibits	43
Financial Statements	44
Signatures	79
Appendix A – Form 10-Q Cross-Reference Index	80

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This Form 10-Q contains "forward-looking" statements and other information that is based on management's current expectations as of the date of this report. 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," "assume," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "may," "could," "should," "goals," or "target." Such statements are based on management's expectations as of the date of this filing and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties are discussed more fully under the section titled "Risk Factors" and include, but are not limited to the following:

- general economic conditions, including the potential impact of inflation and interest rates on Navient and its clients and customers and on the creditworthiness of third parties;
- increased defaults on education loans held by us;
- unanticipated repayment trends on education loans including prepayments or deferrals resulting from new interpretations or the timing of the execution and implementation of current laws, rules or regulations or future laws, executive orders or other policy initiatives that operate to encourage or require consolidation, abolish existing or create additional income-based repayment or debt forgiveness programs or establish other policies and programs which may increase or decrease the prepayment rates on education loans and accelerate or slow down the repayment of the bonds in our securitization trusts;
- a reduction in our credit ratings;
- changes to applicable laws, rules, regulations and government policies, as well as changing regulatory and governmental oversight;
- changes in the general interest rate environment, including the availability of any relevant money-market index rate or the relationship between the relevant money-market index rate and the rate at which our assets are priced;
- the interest rate characteristics of our assets do not always match those of our funding arrangements;
- adverse market conditions or an inability to effectively manage our liquidity risk or access liquidity could negatively impact us;
- the cost and availability of funding in the capital markets;
- our ability to earn Floor Income and our ability to enter into hedges relative to that Floor Income are dependent on the future interest rate environment and therefore is variable;
- our use of derivatives exposes us to credit and market risk;
- our ability to continually and effectively align our cost structure with our business operations;
- a failure or breach of our operating systems, infrastructure or information technology systems;
- failure by any third party providing us material services or products or a breach or violation of law by one of these third parties;
- our current or previous work with government clients exposes us to additional risks inherent in the government contracting environment;
- acquisitions, strategic initiatives and investments or divestitures that we pursue;
- shareholder activism; and
- reputational risk and social factors.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Form 10-Q and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business.

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 report are qualified by these cautionary statements and are made only as of the date of this report. We do not undertake any obligation to update or revise these forward-looking statements except as required by law.

Through this discussion and analysis, we intend to provide the reader with some narrative context for how our management views our consolidated financial statements, additional context within which to assess our operating results, and information on the quality and variability of our earnings, liquidity and cash flows.

USE OF NON-GAAP FINANCIAL MEASURES

We prepare financial statements and present financial results in accordance with GAAP. However, we also evaluate our business segments and present our financial results on a basis that differs from GAAP. We refer to this different basis of presentation as Core Earnings, which is a non-GAAP financial measure. We provide this Core Earnings basis of presentation on a consolidated basis and for each business segment because this is what we review internally when making management decisions regarding our performance and how we allocate resources. We also include this information in our presentations with credit rating agencies, lenders and investors. Because our Core Earnings basis of presentation is our measure of profit or loss for our segments, we are required by GAAP to provide Core Earnings disclosures in the notes to our consolidated financial statements for our business segments.

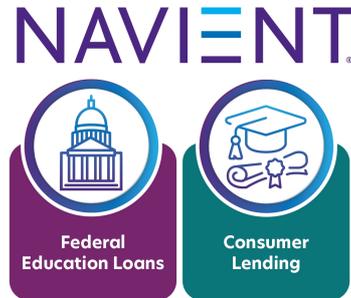
In addition to Core Earnings, we present the following other non-GAAP financial measures: Tangible Equity, Adjusted Tangible Equity Ratio, Earnings before Interest, Taxes, Depreciation and Amortization Expense (EBITDA) (for the Business Processing segment), and Allowance for Loan Losses Excluding Expected Future Recoveries on Previously Fully Charged-off Loans. Definitions for the non-GAAP financial measures and reconciliations are provided below, except that reconciliations of forward-looking non-GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including, but not limited to, the impact of any mark-to-market gains/losses resulting from our use of derivative instruments to hedge our economic risks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.

Business

Overview and Fundamentals of Our Business

Navient (Nasdaq: NAVI) helps students and families confidently manage the cost of higher education. We create long-term value for customers and investors through responsible lending, flexible refinancing, trusted servicing oversight, and decades of portfolio management expertise. Our employees thrive in a culture of belonging, where they are supported and proud to deliver meaningful outcomes. Learn more on [Navient.com](https://www.navient.com).

With a focus on data-driven insights, service, compliance and innovative support, Navient's business consists of:



•Federal Education Loans

We own and manage a portfolio of \$29.6 billion of federally guaranteed Federal Family Education Loan Program (FFELP) Loans. We support the success of our customers and ensure a compliant, efficient customer experience.

•Consumer Lending

We own and manage a portfolio of \$15.5 billion of Private Education Loans. Through our Earnest brand we also refinance and originate Private Education Loans. We help students and families succeed through the college journey with innovative planning tools, student loans and refinancing products through our Earnest brand. In the first half of 2025, we originated \$1.0 billion of Private Education Loans, an 87% increase from \$538 million a year ago.

Navient previously provided both healthcare and government business processing services. Our healthcare services business was sold in September 2024 and our government services business was sold in February 2025, marking the end of Navient providing business processing solutions. See "Recent Business Developments" for more detail.

Maximizing Cash Flows from Loan Portfolios and Maintaining a Strong Balance Sheet

Our second-quarter 2025 results continue to demonstrate the strength of our balance sheet, credit risk management and underwriting of high-quality private education loans with attractive economics.

By optimizing capital adequacy and allocating capital to highly accretive opportunities, including organic growth and acquisitions, we remain well positioned to pay dividends and repurchase stock, while maintaining appropriate leverage that supports our credit ratings and ensures ongoing access to capital markets.

In December 2021, our Board of Directors approved a share repurchase program authorizing the purchase of up to \$1 billion of the Company's outstanding common stock. At June 30, 2025, \$52 million remained in share repurchase authorization.

To inform our capital allocation decisions, we use the Adjusted Tangible Equity Ratio⁽¹⁾ in addition to other metrics. Our GAAP equity-to-asset ratio was 5.1% and our Adjusted Tangible Equity Ratio⁽¹⁾ was 9.8% as of June 30, 2025.

(Dollars and shares in millions)	Q2-25	Q2-24
Shares repurchased	1.9	2.5
Reduction in shares outstanding	2%	2%
Total repurchases in dollars	\$ 24	\$ 38
Dividends paid	\$ 16	\$ 17
Total Capital Returned ⁽²⁾	\$ 40	\$ 55
GAAP equity-to-asset ratio	5.1%	4.9%
Adjusted Tangible Equity Ratio ⁽¹⁾	9.8%	8.2%

Commitment to Corporate Social Responsibility and Compliance

We maintain a robust, multi-layered compliance management system and thoroughly understand and comply with applicable federal, state, and local laws. We follow the industry-leading “Three Lines Model” compliance framework. This framework and other compliance protocols ensure we adhere to key industry laws and regulations including but not limited to: Fair and Accurate Credit Transactions Act (FACTA); Fair Credit Reporting Act (FCRA); Fair Debt Collection Practices Act (FDCPA); Electronic Funds Transfer Act (EFTA); Equal Credit Opportunity Act (ECOA); Gramm-Leach-Bliley Act (GLBA); Health Insurance Portability and Accountability Act (HIPAA); IRS Publication 1075; Servicemembers Civil Relief Act (SCRA); Military Lending Act (MLA); Telephone Consumer Protection Act (TCPA); Truth in Lending Act (TILA); Unfair, Deceptive, or Abusive Acts and Practices (UDAAP); state laws; and state and city licensing.

We are committed to contributing to the social and economic wellbeing of our communities; fostering the success of our customers; supporting a culture of integrity and inclusion in our workforce; and embracing sustainable business practices. Navient has earned recognition from a variety of leading organizations for our continued commitment to social responsibility. Our employees are engaged in our communities through company-sponsored volunteering and philanthropic programs.

Navient is committed to a sustainable future. We leverage technologies that minimize energy use in our office buildings and promote widespread adoption of “paperless” digital customer communications. Navient prioritizes the usage of power-saving features to our buildings to reduce energy usage. Energy efficiency and reducing carbon dioxide (CO2) and CO2 equivalents are among the many factors considered in our real estate decisions.

⁽¹⁾Item is a non-GAAP financial measure. For a description and reconciliation, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.”

⁽²⁾Capital Returned is defined as share repurchases and dividends paid.

Recent Business Developments

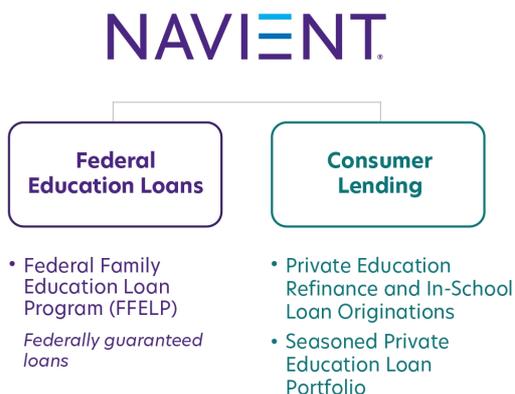
On January 30, 2024, as a result of an in-depth review of our business, Navient announced strategic actions to simplify our company, reduce our expense base, and enhance our flexibility. We have made substantial progress on these actions. We adopted a variable, outsourced servicing model when MOHELA began servicing our loan portfolio in July 2024. We completed the divestiture of our Business Processing segment business with our healthcare services business sold in September 2024 and our government services business sold in February 2025. In conjunction with the decision to outsource student loan servicing, divesting the Business Processing segment increased the opportunities for shared cost reduction. Along with the above actions, we are also reshaping our shared services functions and corporate footprint to align with the needs of a more focused, flexible and streamlined company. The \$42 million of restructuring and other reorganization charges recognized in 2024 and the first half of 2025 (the vast majority of which relates to severance in connection with job abolishments) reflects the progress made to date in connection with this effort. As of June 30, 2025, we have reduced our headcount by over 80% since the beginning of 2024.

In 2025, as it relates to the above strategic actions:

- We are providing transition services related to the outsourcing of servicing and divestiture of the Business Processing segment. The transition services related to the outsourcing of servicing and the sale of our healthcare services business ended in May 2025. We expect the transition services related to our government services business to be mostly completed by the end of 2025.
- We expect to have additional cost saving initiatives implemented which will further reduce our operating costs mostly in connection with our shared service functions and corporate footprint.
- We are executing on enhancing the value of our growth business related to in-school and refinance Private Education Loan originations, investing in capabilities to grow high-quality originations that generate targeted returns. In the first half of 2025, total originations nearly doubled to \$1.0 billion compared to \$538 million a year ago and almost tripled from our originations of \$366 million just two years ago.

How We Organize Our Business

Today we operate our business in two primary segments: Federal Education Loans and Consumer Lending. As of February 2025, we had divested our Business Processing segment.



Federal Education Loans Segment

Navient owns and manages FFELP Loans and is the master servicer on this portfolio. We generate revenue primarily through net interest income on our FFELP Loans.

Consumer Lending Segment

Navient owns and manages Private Education Loans and is the master servicer for these portfolios. Through our Earnest brand, we also refinance and originate in-school Private Education Loans. "Refinance" Private Education Loans are loans where a borrower has refinanced their education loans, and "In-school" Private Education Loans are loans originally made to borrowers while they are attending school. We generate revenue primarily through net interest income on our Private Education Loan portfolio.

Through our Earnest brand, we help students and families in the planning and paying for college journey. Our digital tools empower people to find scholarships and compare financial aid offers. We believe our 50 years of experience, product design, digital marketing strategies, and origination and servicing expertise provide a unique competitive advantage. We see meaningful growth opportunities in originating Private Education Loans, generating attractive long-term, risk-adjusted returns.

The passage of new legislation on July 3, 2025 (the "Big Beautiful Bill") marks a significant shift in federal student lending programs, notably eliminating the GradPLUS loan program effective July 1, 2026. This development is anticipated to drive increased demand for private in-school graduate loans, presenting a unique loan origination growth opportunity for Navient. With our disciplined approach to growing in-school volume with a focus on graduate borrowers, we are well-positioned to capture our share of this expanded market.

Business Processing Segment

In September 2024, Navient completed the sale of Xtend, which comprised the Company's healthcare services business in its Business Processing segment. In February 2025, Navient completed the sale of its government services businesses, which constitutes the remainder of the Business Processing segment.

Prior to the sale of its healthcare and government services businesses, Navient provided business processing solutions such as omnichannel contact center services, workflow processing, and revenue cycle optimization. We leveraged the same expertise and intelligent tools we use to deliver successful results for portfolios we own. Our support enabled our clients to ensure better constituent outcomes, meet rapidly changing needs, improve technology, reduce operating expenses, manage risk and optimize revenue opportunities. Our clients included:

- Government:** We offered our solutions to federal agencies, state governments, tolling and parking authorities, and other public sector clients.

- Healthcare:** Our clients included hospitals, hospital systems, medical centers, large physician groups, other healthcare providers and public health departments.

Other Segment

This segment consists of our corporate liquidity portfolio, gains and losses incurred on the repurchase of debt, unallocated expenses of shared services (which includes regulatory expenses) and restructuring/other reorganization expenses. Additionally, the segment contains the revenue and expenses in connection with the transition services we are performing related to the outsourcing of servicing and divestiture of our Business Processing segment discussed under "Recent Business Developments."

Management's Discussion and Analysis of Financial Condition and Results of Operations

Selected Historical Financial Information and Ratios

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
GAAP Basis				
Net income	\$ 14	\$ 36	\$ 11	\$ 109
Diluted earnings per common share	\$.13	\$.32	\$.11	\$.97
Weighted average shares used to compute diluted earnings per share	101	112	102	113
Return on assets	.11%	.26%	.05%	.39%
Core Earnings Basis⁽¹⁾				
Net income ⁽¹⁾	\$ 21	\$ 33	\$ 47	\$ 86
Diluted earnings per common share ⁽¹⁾	\$.20	\$.29	\$.46	\$.77
Weighted average shares used to compute diluted earnings per share	101	112	102	113
Net interest margin, Federal Education Loans segment	.70%	.36%	.66%	.46%
Net interest margin, Consumer Lending segment	2.32%	2.89%	2.54%	2.94%
Return on assets	.17%	.24%	.19%	.31%
Education Loan Portfolios				
Ending FFELP Loans, net	\$ 29,618	\$ 32,940	\$ 29,618	\$ 32,940
Ending Private Education Loans, net	15,530	16,238	15,530	16,238
Ending total education loans, net	<u>\$ 45,148</u>	<u>\$ 49,178</u>	<u>\$ 45,148</u>	<u>\$ 49,178</u>
Average FFELP Loans	\$ 30,327	\$ 34,741	\$ 30,619	\$ 35,950
Average Private Education Loans	15,992	16,936	16,075	17,160
Average total education loans	<u>\$ 46,319</u>	<u>\$ 51,677</u>	<u>\$ 46,694</u>	<u>\$ 53,110</u>

⁽¹⁾Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures – Core Earnings."

The Quarter in Review

We prepare financial statements and present financial results in accordance with GAAP. However, we also evaluate our business segments and present financial results on a basis that differs from GAAP. We refer to this different basis of presentation as Core Earnings. We provide this Core Earnings basis of presentation on a consolidated basis and for each business segment because this is what we review internally when making management decisions regarding our performance and how we allocate resources. We also include this information in our presentations with credit rating agencies, lenders and investors. Because our Core Earnings basis of presentation corresponds to our segment financial presentations, we are required by GAAP to provide certain Core Earnings disclosures in the notes to our consolidated financial statements for our business segments. See "Non-GAAP Financial Measures — Core Earnings" for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.

Second-quarter 2025 net income was \$14 million (\$0.13 diluted earnings per share), compared with net income of \$36 million (\$0.32 diluted earnings per share) for the year-ago quarter. See "Results of Operations — GAAP Comparison of Second-Quarter 2025 Results with Second-Quarter 2024" for a discussion of the primary contributors to the change in GAAP earnings between periods.

Second-quarter 2025 Core Earnings net income was \$21 million (\$0.20 diluted Core Earnings per share), compared with \$33 million (\$0.29 diluted Core Earnings per share) for the year-ago quarter. See "Segment Results" for a discussion of the primary contributors to the change in Core Earnings between periods.

GAAP and Core Earnings results included:

- Provision for loan losses of \$37 million (\$8 million for FFELP and \$29 million for Consumer Lending). The \$23 million increase from the year-ago quarter is a result of increased originations, a weakening in the forecasted macroeconomic outlook, higher delinquencies as well as the extension of the FFELP portfolio.
- Regulatory and restructuring expenses of \$1 million (\$0.01 diluted loss per share).

Financial highlights of second-quarter 2025 include:

Federal Education Loans segment:

- Net income of \$30 million.
- Net interest margin of 0.70%.
- FFELP Loan prepayments of \$228 million compared to \$2.5 billion in second-quarter 2024.

Consumer Lending segment:

- Net income of \$26 million.
- Net interest margin of 2.32%.
- Originated \$500 million of Private Education Loans.

Business Processing segment:

- Navient no longer provides business processing segment services after the sale in February 2025 of the government services business.

Capital, funding and liquidity:

- GAAP equity-to-asset ratio of 5.1% and adjusted tangible equity ratio⁽¹⁾ of 9.8%.
- Repurchased \$24 million of common shares. \$52 million common share repurchase authority remains outstanding.
- Paid \$16 million in common stock dividends.
- Issued \$500 million of unsecured debt and \$536 million of asset-backed securities.

⁽¹⁾Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures."

Operating Expenses:

•Operating expenses of \$100 million, of which \$13 million is in connection with transition services we have provided related to our various strategic initiatives. There is \$14 million of revenue recognized in Other revenue related to these services.

The transition services related to the outsourcing of servicing and the sale of our healthcare services business ended in May 2025. We expect the transition services related to the sale of our government services business to be mostly completed by the end of 2025.

Results of Operations

GAAP Income Statements (Unaudited)

(In millions, except per share data)	Three Months Ended June 30,		Increase		Six Months Ended June 30,		Increase	
	2025	2024	\$	%	2025	2024	\$	%
Interest income								
FFELP Loans	\$ 483	\$ 608	\$ (125)	(21)%	\$ 975	\$ 1,269	\$ (294)	(23)%
Private Education Loans	273	317	(44)	(14)	562	645	(83)	(13)
Cash and investments	22	48	(26)	(54)	43	86	(43)	(50)
Total interest income	778	973	(195)	(20)	1,580	2,000	(420)	(21)
Total interest expense	650	843	(193)	(23)	1,322	1,718	(396)	(23)
Net interest income	128	130	(2)	(2)	258	282	(24)	(9)
Less: provisions for loan losses	37	14	23	164	67	26	41	158
Net interest income after provisions for loan losses	91	116	(25)	(22)	191	256	(65)	(25)
Other income (loss):								
Servicing revenue	14	18	(4)	(22)	27	35	(8)	(23)
Asset recovery and business processing revenue	—	81	(81)	(100)	23	158	(135)	(85)
Other income	19	4	15	375	33	13	20	154
Gains (losses) on derivative and hedging activities, net	(5)	14	(19)	(136)	(30)	46	(76)	(165)
Total other income	28	117	(89)	(76)	53	252	(199)	(79)
Expenses:								
Operating expenses	100	166	(66)	(40)	227	350	(123)	(35)
Goodwill and acquired intangible assets impairment and amortization expense	1	3	(2)	(67)	2	5	(3)	(60)
Restructuring/other reorganization expenses	—	16	(16)	(100)	3	17	(14)	(82)
Total expenses	101	185	(84)	(45)	232	372	(140)	(38)
Income before income tax expense	18	48	(30)	(63)	12	136	(124)	(91)
Income tax expense	4	12	(8)	(67)	1	27	(26)	(96)
Net income	\$ 14	\$ 36	\$ (22)	(61)%	\$ 11	\$ 109	\$ (98)	(90)%
Basic earnings per common share	\$.14	\$.32	\$ (.18)	(56)%	\$.11	\$.98	\$ (.87)	(89)%
Diluted earnings per common share	\$.13	\$.32	\$ (.19)	(59)%	\$.11	\$.97	\$ (.86)	(89)%
Dividends per common share	\$.16	\$.16	\$ —	—	\$.32	\$.32	\$ —	—

GAAP Comparison of Second-Quarter 2025 Results with Second-Quarter 2024

For the three months ended June 30, 2025, net income was \$14 million, or \$0.13 diluted earnings per common share, compared with net income of \$36 million, or \$0.32 diluted earnings per common share, for the year-ago period.

The primary contributors to the change in net income are as follows:

- Net interest income decreased by \$2 million primarily as a result of the paydown of the FFELP and Private Education Loan portfolios, and increased reserving for the increase in accrued interest receivable on Private Education Loans greater than 90-days delinquent. This decrease was partially offset by a \$22 million decline in premium amortization on the FFELP Loan portfolio due to the significant decrease in prepayments from \$2.5 billion in the year-ago period to \$228 million in the current period.
- Provisions for loan losses increased \$23 million from \$14 million to \$37 million:
 - The provision for FFELP Loan losses increased \$10 million from \$(2) million to \$8 million.
 - The provision for Private Education Loan losses increased \$13 million from \$16 million to \$29 million.

The provision for FFELP Loan losses of \$8 million in the current period was primarily the result of an increase in delinquency balances. The provision of \$(2) million in the year-ago quarter was the result of stable credit trends.

The provision for Private Education Loan losses of \$29 million in the current period included \$7 million in connection with loan originations and \$22 million related to a general reserve build (primarily as a result of an increase in delinquency balances as well as a weakening in the forecasted macroeconomic metrics used to estimate expected losses). The provision of \$16 million in the year-ago quarter included \$6 million in connection with loan originations and \$10 million related to a general reserve build.

- Asset recovery and business processing revenue decreased \$81 million as a result of the sale of our healthcare services business in the third quarter of 2024 (\$32 million of the decrease), and our government services business in February 2025 (\$49 million of the decrease). With the sale of our government services business, Navient no longer provides business processing segment services.
- Other income increased \$15 million primarily related to the transition services we provide related to our various strategic initiatives. The transition services related to the outsourcing of servicing and the sale of our healthcare services business ended in May 2025. We expect the transition services related to the sale of our government services business to be mostly completed by the end of 2025.
- Net gains on derivative and hedging activities decreased \$19 million. The primary factor affecting the change was interest rate fluctuations. Valuations of derivative instruments fluctuate based upon many factors including changes in interest rates and other market factors. As a result, net gains and losses on derivative and hedging activities may vary significantly in future periods.
- Operating expenses decreased \$66 million, \$74 million of which was due to a decline in business processing expenses as a result of the sale of our government services business in February 2025 and our healthcare services business in the third quarter of 2024 (\$62 million of the reduction is in the Business Processing segment and \$12 million of the reduction is in the Other segment). In addition, regulatory-related expenses decreased \$11 million due to a \$12 million contingency loss accrual recorded in the year-ago quarter related to the September 2024 CFPB settlement agreement. Current period expense includes \$13 million incurred in connection with providing transition services related to our various strategic initiatives. We expect these services to be mostly completed by the end of 2025. There is \$14 million of revenue recognized in Other revenue related to these services.
- Restructuring and other reorganization expenses decreased \$16 million primarily due to a decrease in severance-related costs in connection with the various strategic initiatives being implemented to simplify the company, reduce our expense base and enhance our flexibility.

We repurchased 1.9 million and 2.5 million shares of our common stock during the second quarters of 2025 and 2024, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 11 million common shares (or 10%) from the year-ago period.

GAAP Comparison of Six Months Ended June 30, 2025 Results with Six Months Ended June 30, 2024

For the six months ended June 30, 2025, net income was \$11 million, or \$0.11 diluted earnings per common share, compared with net income of \$109 million, or \$0.97 diluted earnings per common share, for the year-ago period.

The primary contributors to the change in net income are as follows:

- Net interest income decreased by \$24 million primarily as a result of the paydown of the FFELP and Private Education Loan portfolios, the impact of decreasing interest rates on the different index resets for the FFELP Loan and Private Education Loan assets and debt, as well as a \$7 million decrease in mark-to-market gains on fair value hedges recorded in interest expense. This decrease was partially offset by a \$40 million decline in premium amortization on the FFELP Loan portfolio due to the significant decrease in prepayments from \$4.1 billion in the year-ago period to \$485 million in the current period.
- Provisions for loan losses increased \$41 million, from \$26 million to \$67 million:
 - The provision for FFELP Loan losses increased \$17 million from \$(1) million to \$16 million.
 - The provision for Private Education Loan losses increased \$24 million from \$27 million to \$51 million.

The provision for FFELP Loan losses of \$16 million in the current period was primarily the result of an increase in delinquency balances. The provision of \$(1) million in the year-ago period was the result of stable credit trends.

The provision for Private Education Loan losses of \$51 million in the current period included \$14 million in connection with loan originations and \$37 million related to a general reserve build (primarily as a result of an increase in delinquency balances as well as a weakening in the forecasted macroeconomic metrics used to estimate expected losses). The provision of \$27 million in the year-ago period included \$11 million in connection with loan originations and \$16 million related to a general reserve build.
- Asset recovery and business processing revenue decreased \$135 million as a result of the sale of our healthcare services business in the third quarter of 2024 (\$61 million of the decrease), and our government services business in February 2025 (\$74 million of the decrease). With the sale of our government services business, Navient no longer provides business processing segment services.
- Other income increased \$20 million primarily related to the transition services we provide related to our various strategic initiatives. The transition services related to the outsourcing of servicing and the sale of our healthcare services business ended in May 2025. We expect the transition services related to the sale of our government services business to be mostly completed by the end of 2025.
- Net gains on derivative and hedging activities decreased \$76 million. The primary factor affecting the change was interest rate fluctuations. Valuations of derivative instruments fluctuate based upon many factors including changes in interest rates and other market factors. As a result, net gains and losses on derivative and hedging activities may vary significantly in future periods.
- Operating expenses decreased \$123 million, \$132 million of which was due to a decline in business processing expenses as a result of the sale of our government services business in February 2025 and our healthcare services business in the third quarter of 2024 (\$111 million of the reduction is in the Business Processing segment and \$21 million of the reduction is in the Other segment). In addition, regulatory-related expenses decreased \$23 million due to a \$32 million contingency loss accrual recorded in the year-ago period related to the September 2024 CFPB settlement agreement. Current period expense includes \$23 million incurred in connection with providing transition services related to our various strategic initiatives. We expect these services to be mostly completed by the end of 2025. There is \$25 million of revenue recognized in Other revenue related to these services.
- Restructuring and other reorganization expenses decreased \$14 million primarily due to a decrease in severance-related costs in connection with the various strategic initiatives being implemented to simplify the company, reduce our expense base and enhance our flexibility.
- The effective income tax rates for the current and year-ago periods were 9% and 20%, respectively. The movement in the effective income tax rate was primarily driven by state tax expense in connection with uncertain tax positions as well as changes in the valuation allowance attributed to disallowed interest expense carryovers.

We repurchased 4.5 million and 5.0 million shares of our common stock during the six months ended of June 30, 2025 and 2024, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 11 million common shares (or 10%) from the year-ago period.

Segment Results

Federal Education Loans Segment

The following table presents Core Earnings results for our Federal Education Loans segment.

(Dollars in millions)	Three Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024	Six Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024
	2025	2024		2025	2024	
Interest income:						
FFELP Loans	\$ 483	\$ 608	(21)%	\$ 975	\$ 1,269	(23)%
Cash and investments	10	28	(64)	20	51	(61)
Total interest income	493	636	(22)	995	1,320	(25)
Total interest expense	438	603	(27) ¹	892	1,233	(28) ¹
Net interest income	55	33	67	103	87	18
Less: provision for loan losses	8	(2)	500	16	(1)	1,700
Net interest income after provision for loan losses	47	35	34	87	88	(1)
Total other income	10	17	(41)	20	33	(39)
Direct operating expenses	17	16	6	37	33	12
Income before income tax expense	40	36	11	70	88	(20)
Income tax expense	10	8	25	16	20	(20)
Net income	\$ 30	\$ 28	7%	\$ 54	\$ 68	(21)%

Comparison of Second-Quarter 2025 Results with Second-Quarter 2024

- Net income was \$30 million compared to \$28 million.
- Net interest income increased \$22 million primarily due to a decrease in premium amortization as a result of the significant decline in prepayments from \$2.5 billion in the year-ago quarter to \$228 million in the current quarter.
- Provision for loan losses increased \$10 million. The \$8 million of provision for loan losses in second-quarter 2025 was primarily the result of an increase in delinquency balances. The \$(2) million of provision for loan losses in second-quarter 2024 was the result of relatively stable credit trends.
 - Net charge-offs were \$8 million compared to \$10 million.
 - Delinquencies greater than 90 days were \$2.5 billion compared to \$1.9 billion.
 - Forbearances were \$3.7 billion compared to \$5.3 billion.
- Other income decreased \$7 million primarily as a result of lower late fees and third-party servicing fees.
- Expenses were \$1 million higher primarily as a result of transitioning the servicing of our portfolio to a third party on July 1, 2024. As expected, for consolidated Navient (across the Federal Education Loans, Consumer Lending and Other segments), costs were neutral (net of transition services revenue earned) in the current quarter compared to costs we would have incurred if the servicing function remained in-house. Over the remaining life of the portfolio, we expect a significant overall cost savings to be realized.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Segment net interest margin	.70%	.36%	.66%	.46%
FFELP Loans:				
FFELP Loan spread	.75%	.49%	.71%	.58%
Provision for loan losses	\$ 8	\$ (2)	\$ 16	\$ (1)
Net charge-offs	\$ 8	\$ 10	\$ 14	\$ 20
Net charge-off rate	.14%	.14%	.12%	.14%
Greater than 30-days delinquency rate	19.0%	13.5%	19.0%	13.5%
Greater than 90-days delinquency rate	10.1%	7.0%	10.1%	7.0%
Forbearance rate	12.8%	16.8%	12.8%	16.8%
Average FFELP Loans	\$ 30,327	\$ 34,741	\$ 30,619	\$ 35,950
Ending FFELP Loans, net	\$ 29,618	\$ 32,940	\$ 29,618	\$ 32,940

Net Interest Margin

The following table details the net interest margin.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
FFELP Loan yield	6.13%	6.83%	6.17%	6.87%
Floor Income	.25	.21	.25	.23
FFELP Loan net yield	6.38	7.04	6.42	7.10
FFELP Loan cost of funds	(5.63)	(6.55)	(5.71)	(6.52)
FFELP Loan spread	.75	.49	.71	.58
Other interest-earning asset spread impact	(.05)	(.13)	(.05)	(.12)
Net interest margin ⁽¹⁾	.70%	.36%	.66%	.46%

⁽¹⁾The average balances of the interest-earning assets for the respective periods are:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
FFELP Loans	\$ 30,327	\$ 34,741	\$ 30,619	\$ 35,950
Other interest-earning assets	861	2,192	875	2,026
Total FFELP Loan interest-earning assets	\$ 31,188	\$ 36,933	\$ 31,494	\$ 37,976

The 34 basis point increase in the net interest margin in second-quarter 2025 is primarily the result of premium amortization being \$22 million higher in the year-ago period (25 basis points) due to prepayments being significantly higher at \$2.5 billion in the year-ago period versus \$228 million in the current period.

As of June 30, 2025, our FFELP Loan portfolio totaled \$29.6 billion, comprised of \$10.8 billion of FFELP Stafford Loans and \$18.8 billion of FFELP Consolidation Loans. The weighted-average life of these portfolios as of June 30, 2025 was 8 years and 8 years, respectively, assuming a Constant Prepayment Rate (CPR) of 7% and 5%, respectively.

Floor Income

The following table analyzes, on a Core Earnings basis, the ability of the FFELP Loans in our portfolio to earn Floor Income after June 30, 2025 and 2024, based on interest rates as of those dates.

(Dollars in billions)	June 30, 2025		June 30, 2024	
Education loans eligible to earn Floor Income	\$	29.4	\$	32.7
Less: post-March 31, 2006 disbursed loans required to rebate Floor Income		(14.2)		(15.7)
Less: economically hedged Floor Income		(.7)		(1.8)
Education loans eligible to earn Floor Income after rebates and economically hedged	\$	14.5	\$	15.2
Education loans earning Floor Income	\$	4.9	\$.9

The following table presents a projection of the average balance of FFELP Consolidation Loans for which Fixed Rate Floor Income has been economically hedged with derivatives for the period July 1, 2025 to December 31, 2028.

(Dollars in billions)	July 1, 2025 to December 31, 2025	2026	2027	2028
Average balance of FFELP Consolidation Loans whose Floor Income is economically hedged	\$.7	\$.6	\$.3	\$.2

Provision for Loan Losses

Provision for loan losses increased \$10 million. The \$8 million of provision for loan losses in the current quarter was primarily the result of an increase in delinquency balances. The \$(2) million of provision for loan losses in the year-ago quarter was the result of relatively stable credit trends.

Other Income

Other income decreased \$7 million primarily as a result of lower late fees and third-party servicing fees.

Operating Expenses

Operating expenses for the Federal Education Loans segment primarily include costs incurred to perform servicing on our FFELP Loan portfolio and federal education loans held by other institutions. Expenses were \$1 million higher primarily as a result of transitioning the servicing of our portfolio to a third party on July 1, 2024. As expected, for consolidated Navient (across the Federal Education Loan, Consumer Lending and Other segments), costs were neutral (net of transition services revenue earned) in second-quarter 2025 compared to costs we would have incurred if the servicing function remained in-house. Over the remaining life of the portfolio, we expect a significant overall cost savings to be realized. This increase in servicing expense was partially offset by the decline in the size of the portfolio.

Consumer Lending Segment

The following table presents Core Earnings results for our Consumer Lending segment.

(Dollars in millions)	Three Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024	Six Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024
	2025	2024		2025	2024	
Interest income:						
Private Education Loans	\$ 273	\$ 317	(14)%	\$ 562	\$ 645	(13)%
Cash and investments	5	7	(29)	10	14	(29)
Interest income	278	324	(14)	572	659	(13)
Interest expense	183	198	(8)	364	400	(9)
Net interest income	95	126	(25)	208	259	(20)
Less: provision for loan losses	29	16	81	51	27	89
Net interest income after provision for loan losses	66	110	(40)	157	232	(32)
Total other income	3	3	—	6	8	(25)
Direct operating expenses	36	34	6	70	67	4
Income before income tax expense	33	79	(58)	93	173	(46)
Income tax expense	7	19	(63)	21	40	(48)
Net income	<u>\$ 26</u>	<u>\$ 60</u>	<u>(57)%</u>	<u>\$ 72</u>	<u>\$ 133</u>	<u>(46)%</u>

Comparison of Second-Quarter 2025 Results with Second-Quarter 2024

- Originated \$500 million of Private Education Loans compared to \$278 million.
 - Refinance Loan originations were \$443 million compared to \$222 million.
 - In-school loan originations were \$57 million compared to \$56 million.
- Net income was \$26 million compared to \$60 million.
- Net interest income decreased \$31 million, of which \$20 million was due to the paydown of the loan portfolio and \$11 million was due to reserving for the increase in accrued interest receivable on loans greater than 90-days delinquent.
- Provision for loan losses increased \$13 million. The provision for loan losses of \$29 million in the current period included \$7 million in connection with loan originations and \$22 million related to a general reserve build (primarily as a result of an increase in delinquency balances as well as a weakening in the forecasted macroeconomic metrics used to estimate expected losses). The provision for loan losses of \$16 million in the year-ago period included \$6 million in connection with loan originations and \$10 million related to a general reserve build.
 - Excluding \$1 million related to the change in the net charge-off rate on defaulted loans in second-quarter 2025, net charge-offs were \$79 million, up \$12 million from \$67 million.
 - Private Education Loan delinquencies greater than 90 days: \$459 million, up \$108 million from \$351 million.
 - Private Education Loan forbearances: \$250 million, down \$44 million from \$294 million.
- Expenses increased \$2 million primarily as a result of higher marketing spend associated with higher loan origination volume.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Segment net interest margin	2.32%	2.89%	2.54%	2.94%
Private Education Loans (including Refinance Loans):				
Private Education Loan spread	2.42%	3.01%	2.64%	3.06%
Provision for loan losses	\$ 29	\$ 16	\$ 51	\$ 27
Net charge-offs ⁽¹⁾	\$ 79	\$ 67	\$ 150	\$ 166
Net charge-off rate ⁽¹⁾	2.06%	1.65%	1.96%	2.03%
Greater than 30-days delinquency rate	6.4%	5.2%	6.4%	5.2%
Greater than 90-days delinquency rate	3.0%	2.2%	3.0%	2.2%
Forbearance rate	1.6%	1.8%	1.6%	1.8%
Average Private Education Loans	\$ 15,992	\$ 16,936	\$ 16,075	\$ 17,160
Ending Private Education Loans, net	\$ 15,530	\$ 16,238	\$ 15,530	\$ 16,238
Private Education Refinance Loans:				
Net charge-offs	\$ 18	\$ 12	\$ 33	\$ 24
Greater than 90-days delinquency rate	.8%	.5%	.8%	.5%
Average balance of Private Education Refinance Loans	\$ 8,531	\$ 8,662	\$ 8,497	\$ 8,729
Ending balance of Private Education Refinance Loans	\$ 8,469	\$ 8,494	\$ 8,469	\$ 8,494
Private Education Refinance Loan originations	\$ 443	\$ 222	\$ 914	\$ 450

⁽¹⁾ Excludes \$1 million and \$2 million of charge-offs on the expected future recoveries of previously fully charged-off loans in the three and six months ended June 30, 2025, respectively, as a result of increasing the net charge-off rate on defaulted loans.

Net Interest Margin

The following table details the net interest margin.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Private Education Loan yield	6.85%	7.53%	7.05%	7.56%
Private Education Loan cost of funds	(4.43)	(4.52)	(4.41)	(4.50)
Private Education Loan spread	2.42	3.01	2.64	3.06
Other interest-earning asset spread impact	(.10)	(.12)	(.10)	(.12)
Net interest margin ⁽¹⁾	2.32%	2.89%	2.54%	2.94%

⁽¹⁾ The average balances of the interest-earning assets for the respective periods are:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Private Education Loans	\$ 15,992	\$ 16,936	\$ 16,075	\$ 17,160
Other interest-earning assets	482	572	485	558
Total Private Education Loan interest-earning assets	\$ 16,474	\$ 17,508	\$ 16,560	\$ 17,718

The 57 basis point decrease in the net interest margin in second-quarter 2025 is primarily the result of an \$11 million increase (30 basis points) in reserving in connection with the increase in accrued interest receivable on loans greater than 90-days delinquent. In addition, the continued shift of the Refinance Loan portfolio becoming a higher percentage of the overall Private Education Loan portfolio and the Refinance Loan portfolio earning a lower net interest margin compared to the legacy portfolio reduces the overall net interest margin.

As of June 30, 2025, our Private Education Loan portfolio totaled \$15.5 billion, comprised of \$8.5 billion of refinance loans and \$7.0 billion of non-refinance loans. The weighted-average life of these portfolios as of June 30, 2025 was 5 years and 5 years, respectively, assuming a CPR of 10% and 10%, respectively.

Provision for Loan Losses

The provision for Private Education Loan losses increased \$13 million. The provision for loan losses of \$29 million in second quarter 2025 included \$7 million in connection with loan originations and \$22 million related to a general reserve build (primarily as a result of an increase in delinquency balances as well as a weakening in the forecasted macroeconomic metrics used to estimate expected losses). The provision for loan losses of \$16 million in the year-ago period included \$6 million in connection with loan originations and \$10 million related to a general reserve build.

Operating Expenses

Operating expenses for our consumer lending segment include costs to originate, acquire, service and collect on our consumer loan portfolio. Operating expenses increased \$2 million primarily as a result of higher marketing spend associated with higher loan origination volume.

Business Processing Segment

The following table presents Core Earnings results for our Business Processing segment.

(Dollars in millions)	Three Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024	Six Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024
	2025	2024		2025	2024	
Business processing revenue	\$ —	\$ 81	(100)%	\$ 23	\$ 158	(85)%
Direct operating expenses	—	62	(100)	20	131	(85)
Income before income tax expense	—	19	(100)	3	27	(89)
Income tax expense	—	4	(100)	1	6	(83)
Net income	\$ —	\$ 15	(100)%	\$ 2	\$ 21	(90)%

Comparison of Second-Quarter 2025 Results with Second-Quarter 2024

•With the sale of our government services business in February 2025, Navient no longer provides business processing segment services. Navient is providing certain transition services (reflected in the Other segment) in connection with the sale of our business processing businesses. The transition services in connection with the sale of our healthcare business ended May 2025 and we expect the transition services in connection with the sale of our government services business to be mostly completed by the end of 2025.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue from government services	\$ —	\$ 49	\$ 23	\$ 97
Revenue from healthcare services	—	32	—	61
Total fee revenue	\$ —	\$ 81	\$ 23	\$ 158
EBITDA ⁽¹⁾	\$ —	\$ 20	\$ 3	\$ 29
EBITDA margin ⁽¹⁾	—%	25%	13%	18%

⁽¹⁾Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures."

Other Segment

The following table presents Core Earnings results for our Other segment.

(Dollars in millions)	Three Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024	Six Months Ended June 30,		% Increase (Decrease) 2025 vs. 2024
	2025	2024		2025	2024	
Net interest loss after provision for						
loan losses	\$ (19)	\$ (23)	(17)%	\$ (36)	\$ (47)	(23)%
Other revenue (loss)	20	2	900	34	7	386
Expenses:						
Unallocated shared services operating expenses:						
Unallocated information technology costs	20	20	—	41	42	(2)
Unallocated corporate costs	27	34	(21)	59	77	(23)
Total unallocated shared services operating expenses	47	54	(13)	100	119	(16)
Restructuring/other reorganization expenses	—	16	(100)	3	17	(82)
Total expenses	47	70	(33)	103	136	(24)
Loss before income tax benefit	(46)	(91)	(49)	(105)	(176)	(40)
Income tax benefit	(11)	(21)	(48)	(24)	(40)	(40)
Net income (loss)	<u>\$ (35)</u>	<u>\$ (70)</u>	<u>(50)%</u>	<u>\$ (81)</u>	<u>\$ (136)</u>	<u>(40)%</u>

Net Interest Loss after Provision for Loan Losses

Net interest loss after provision for loan losses is due to the negative carrying cost of our corporate liquidity portfolio. The amount of the net interest loss is primarily a result of the size of the liquidity portfolio as well as the cost of funds of the debt funding the corporate liquidity portfolio.

Other Revenue (Loss)

All revenue and expense in connection with the transition services we are performing related to the outsourcing of servicing and divestiture of our Business Processing segment are included in the Other segment. The increase from the year-ago quarter relates to these services.

Unallocated Shared Services Operating Expenses

Unallocated shared services operating expenses are costs primarily related to information technology costs related to infrastructure and operations, stock-based compensation expense, accounting, finance, legal, compliance and risk management, regulatory-related expenses, human resources, certain executive management, the Board of Directors, and transition services discussed above under "Other Revenue." Regulatory-related expenses include actual settlement amounts as well as third-party professional fees we incur in connection with such regulatory matters and are presented net of any insurance reimbursements for covered costs related to such matters. Expenses decreased \$7 million from second-quarter 2024, primarily as a result of an \$11 million decrease in regulatory-related expenses. Regulatory-related expenses were \$1 million and \$12 million in second quarters 2025 and 2024, respectively, with second-quarter 2024 including a contingency loss accrual of \$20 million related to the \$120 million settlement agreement entered into with the CFPB in September 2024. There was also a decrease in expenses related to cost reduction efforts in connection with the various strategic initiatives being implemented to simplify the Company, reduce our expense base and enhance our flexibility, which was mostly offset by \$13 million of costs incurred providing temporary transition services in connection with the various strategic initiatives.

See "Note 10 – Commitments, Contingencies and Guarantees" for a discussion of legal and regulatory matters where it is reasonably possible that a loss contingency exists. The Company is unable to anticipate the timing of a resolution or the impact that certain matters may have on the Company's consolidated financial position, liquidity, results of operation or cash flows. As a result, it is not possible at this time to estimate a range of potential exposure, if any, for amounts that may be payable in connection with certain matters and reserves have not been established. It is possible that an adverse ruling or rulings may have a material adverse impact on the Company.

Restructuring/Other Reorganization Expenses

These expenses decreased \$16 million primarily due to a decrease in severance-related costs in connection with the various strategic initiatives being implemented to simplify the Company, reduce our expense base and enhance our flexibility.

Financial Condition

This section provides information regarding the balances, activity and credit performance metrics of our education loan portfolio.

Summary of Our Education Loan Portfolio

Ending Education Loan Balances, net

	June 30, 2025				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Total education loan portfolio:					
In-school ⁽¹⁾	\$ 8	\$ —	\$ 8	\$ 88	\$ 96
Grace, repayment and other ⁽²⁾	10,933	18,859	29,792	15,790	45,582
Total	10,941	18,859	29,800	15,878	45,678
Allowance for loan losses	(144)	(38)	(182)	(348)	(530)
Total education loan portfolio	<u>\$ 10,797</u>	<u>\$ 18,821</u>	<u>\$ 29,618</u>	<u>\$ 15,530</u>	<u>\$ 45,148</u>
% of total FFELP	36%	64%	100%		
% of total	24%	42%	66%	34%	100%

	December 31, 2024				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Total education loan portfolio:					
In-school ⁽¹⁾	\$ 9	\$ —	\$ 9	\$ 95	\$ 104
Grace, repayment and other ⁽²⁾	11,233	19,790	31,023	16,062	47,085
Total	11,242	19,790	31,032	16,157	47,189
Allowance for loan losses	(139)	(41)	(180)	(441)	(621)
Total education loan portfolio	<u>\$ 11,103</u>	<u>\$ 19,749</u>	<u>\$ 30,852</u>	<u>\$ 15,716</u>	<u>\$ 46,568</u>
% of total FFELP	36%	64%	100%		
% of total	24%	42%	66%	34%	100%

	June 30, 2024				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Total education loan portfolio:					
In-school ⁽¹⁾	\$ 11	\$ —	\$ 11	\$ 70	\$ 81
Grace, repayment and other ⁽²⁾	11,931	21,192	33,123	16,661	49,784
Total	11,942	21,192	33,134	16,731	49,865
Allowance for loan losses	(146)	(48)	(194)	(493)	(687)
Total education loan portfolio	<u>\$ 11,796</u>	<u>\$ 21,144</u>	<u>\$ 32,940</u>	<u>\$ 16,238</u>	<u>\$ 49,178</u>
% of total FFELP	36%	64%	100%		
% of total	24%	43%	67%	33%	100%

⁽¹⁾ Loans for customers still attending school and are not yet required to make payments on the loan.

⁽²⁾ Includes loans in deferment or forbearance.

Education Loan Activity

	Three Months Ended June 30, 2025				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Beginning balance	\$ 10,975	\$ 19,269	\$ 30,244	\$ 15,690	\$ 45,934
Acquisitions (originations and purchases) ⁽¹⁾	—	—	—	472	472
Capitalized interest and premium/discount amortization	130	129	259	42	301
Refinancings and consolidations to third parties	(103)	(119)	(222)	(54)	(276)
Repayments and other	(205)	(458)	(663)	(620)	(1,283)
Ending balance	<u>\$ 10,797</u>	<u>\$ 18,821</u>	<u>\$ 29,618</u>	<u>\$ 15,530</u>	<u>\$ 45,148</u>

	Three Months Ended June 30, 2024				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Beginning balance	\$ 12,677	\$ 23,202	\$ 35,879	\$ 16,608	\$ 52,487
Acquisitions (originations and purchases) ⁽¹⁾	—	—	—	247	247
Capitalized interest and premium/discount amortization	120	127	247	47	294
Refinancings and consolidations to third parties	(749)	(1,636)	(2,385)	(49)	(2,434)
Repayments and other	(252)	(549)	(801)	(615)	(1,416)
Ending balance	<u>\$ 11,796</u>	<u>\$ 21,144</u>	<u>\$ 32,940</u>	<u>\$ 16,238</u>	<u>\$ 49,178</u>

	Six Months Ended June 30, 2025				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Beginning balance	\$ 11,103	\$ 19,749	\$ 30,852	\$ 15,716	\$ 46,568
Acquisitions (originations and purchases) ⁽¹⁾	—	—	—	1,103	1,103
Capitalized interest and premium/discount amortization	267	252	519	91	610
Refinancings and consolidations to third parties	(186)	(238)	(424)	(109)	(533)
Repayments and other	(387)	(942)	(1,329)	(1,271)	(2,600)
Ending balance	<u>\$ 10,797</u>	<u>\$ 18,821</u>	<u>\$ 29,618</u>	<u>\$ 15,530</u>	<u>\$ 45,148</u>

	Six Months Ended June 30, 2024				
(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
Beginning balance	\$ 13,564	\$ 24,361	\$ 37,925	\$ 16,902	\$ 54,827
Acquisitions (originations and purchases) ⁽¹⁾	—	—	—	610	610
Capitalized interest and premium/discount amortization	254	267	521	106	627
Refinancings and consolidations to third parties	(1,231)	(2,424)	(3,655)	(99)	(3,754)
Repayments and other	(791)	(1,060)	(1,851)	(1,281)	(3,132)
Ending balance	<u>\$ 11,796</u>	<u>\$ 21,144</u>	<u>\$ 32,940</u>	<u>\$ 16,238</u>	<u>\$ 49,178</u>

⁽¹⁾Includes the origination of \$73 million and \$44 million of Private Education Refinance Loans in the second-quarters of 2025 and 2024, respectively, and \$146 million and \$91 million in the six months ended June 30, 2025 and 2024, respectively, that refinanced FFELP and Private Education Loans that were on our balance sheet

FFELP Loan Portfolio Performance

(Dollars in millions)	June 30, 2025		December 31, 2024		June 30, 2024	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 1,280		\$ 1,262		\$ 1,403	
Loans in forbearance ⁽²⁾	3,653		4,365		5,320	
Loans in repayment and percentage of each status:						
Loans current	20,145	81.0%	20,675	81.4%	22,833	86.5%
Loans delinquent 31-60 days ⁽³⁾	1,333	5.4	1,479	5.8	1,041	3.9
Loans delinquent 61-90 days ⁽³⁾	863	3.5	1,043	4.1	680	2.6
Loans delinquent greater than 90 days ⁽³⁾	2,526	10.1	2,208	8.7	1,857	7.0
Total FFELP Loans in repayment	24,867	100%	25,405	100%	26,411	100%
Total FFELP Loans	29,800		31,032		33,134	
FFELP Loan allowance for losses	(182)		(180)		(194)	
FFELP Loans, net	\$ 29,618		\$ 30,852		\$ 32,940	
Percentage of FFELP Loans in repayment		83.4%		81.9%		79.7%
Delinquencies as a percentage of FFELP Loans in repayment		19.0%		18.6%		13.5%
FFELP Loans in forbearance as a percentage of loans in repayment and forbearance		12.8%		14.7%		16.8%

⁽¹⁾Loans for customers who may still be attending school or engaging in other permitted educational activities and are not yet required to make payments on their loans, e.g., residency periods for medical students or a grace period for bar exam preparation, as well as loans for customers who have requested and qualify for other permitted program deferments such as military, unemployment, or economic hardships.

⁽²⁾Loans for customers who have used their allowable deferment time or do not qualify for deferment, that need additional time to obtain employment or who have temporarily ceased making payments due to hardship or other factors such as disaster relief.

⁽³⁾The period of delinquency is based on the number of days scheduled payments are contractually past due.

Private Education Loan Portfolio Performance

(Dollars in millions)	June 30, 2025		December 31, 2024		June 30, 2024	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 361		\$ 372		\$ 350	
Loans in forbearance ⁽²⁾	250		422		294	
Loans in repayment and percentage of each status:						
Loans current	14,296	93.6%	14,419	93.9%	15,250	94.8%
Loans delinquent 31-60 days ⁽³⁾	335	2.2	319	2.1	311	1.9
Loans delinquent 61-90 days ⁽³⁾	177	1.2	206	1.3	175	1.1
Loans delinquent greater than 90 days ⁽³⁾	459	3.0	419	2.7	351	2.2
Total Private Education Loans in repayment	15,267	100%	15,363	100%	16,087	100%
Total Private Education Loans	15,878		16,157		16,731	
Private Education Loan allowance for losses	(348)		(441)		(493)	
Private Education Loans, net	\$ 15,530		\$ 15,716		\$ 16,238	
Percentage of Private Education Loans in repayment		96.2%		95.1%		96.2%
Delinquencies as a percentage of Private Education Loans in repayment		6.4%		6.1%		5.2%
Loans in forbearance as a percentage of loans in repayment and forbearance		1.6%		2.7%		1.8%
Percentage of Private Education Loans with a cosigner ⁽⁴⁾		32%		32%		32%

⁽¹⁾Loans for customers who are attending school or are in other permitted educational activities and are not yet required to make payments on their loans, e.g., internship periods, as well as loans for customers who have requested and qualify for other permitted program deferments such as various military eligible deferments.

⁽²⁾Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors such as disaster relief consistent with established loan program servicing policies and procedures.

⁽³⁾The period of delinquency is based on the number of days scheduled payments are contractually past due.

⁽⁴⁾Excluding Private Education Refinance Loans, which do not have a cosigner, the cosigner rate was 66% for all periods presented.

Allowance for Loan Losses

(Dollars in millions)	Three Months Ended June 30,					
	2025			2024		
	FFELP Loans	Private Education Loans	Total	FFELP Loans	Private Education Loans	Total
Allowance at beginning of period	\$ 182	\$ 397	\$ 579	\$ 206	\$ 538	\$ 744
Total provision	8	29	37	(2)	16	14
Charge-offs:						
Gross charge-offs	(8)	(92)	(100)	(10)	(77)	(87)
Expected future recoveries on current period gross charge-offs	—	13	13	—	10	10
Total ⁽¹⁾	(8)	(79)	(87)	(10)	(67)	(77)
Adjustment resulting from the change in charge-off rate ⁽²⁾	—	(1)	(1)	—	—	—
Net charge-offs	(8)	(80)	(88)	(10)	(67)	(77)
Decrease in expected future recoveries on previously fully charged-off loans ⁽³⁾	—	2	2	—	6	6
Allowance at end of period (GAAP)	182	348	530	194	493	687
Plus: expected future recoveries on previously fully charged-off loans ⁽³⁾	—	172	172	—	211	211
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽⁴⁾	\$ 182	\$ 520	\$ 702	\$ 194	\$ 704	\$ 898
Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) ⁽²⁾	.14%	2.06%		.14%	1.65%	
Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) ⁽²⁾	—%	.02%		—%	—%	
Net charge-offs as a percentage of average loans in repayment (annualized)	.14%	2.08%		.14%	1.65%	
Allowance coverage of charge-offs (annualized) ⁽⁴⁾	5.2	1.6	(Non-GAAP)	5.0	2.6	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ⁽⁴⁾	.6%	3.3%	(Non-GAAP)	.6%	4.2%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ⁽⁴⁾	.7%	3.4%	(Non-GAAP)	.7%	4.4%	(Non-GAAP)
Ending total loans	\$ 29,800	\$ 15,878		\$ 33,134	\$ 16,731	
Average loans in repayment	\$ 25,133	\$ 15,375		\$ 27,509	\$ 16,271	
Ending loans in repayment	\$ 24,867	\$ 15,267		\$ 26,411	\$ 16,087	

(1) Charge-offs are reported net of expected recoveries. For Private Education Loans, we charge off the estimated loss of a defaulted loan balance by charging off the entire defaulted loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." For FFELP Loans, the recovery is received at the time of charge-off.

(2) Related to increasing the net charge-off rate on defaulted Private Education Loans and the resulting reduction in the balance of expected future recoveries on previously fully charged-off loans.

(3) At the end of each month, for Private Education Loans that are 212 days past due, we charge off the estimated loss of a defaulted loan balance by charging off the entire loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." If actual periodic recoveries are less than expected, the difference is immediately reflected as a reduction to expected future recoveries on previously fully charged-off loans. If actual periodic recoveries are greater than expected, they will be reflected as a recovery through the allowance for Private Education Loan losses once the cumulative recovery amount exceeds the cumulative amount originally expected to be recovered. The following table summarizes the activity in the expected future recoveries on previously fully charged-off loans

(Dollars in millions)	Three Months Ended June 30,	
	2025	2024
Beginning of period expected future recoveries on previously fully charged-off loans	\$ 174	\$ 217
Expected future recoveries of current period defaults	13	10
Recoveries (cash collected)	(11)	(10)
Charge-offs (as a result of lower recovery expectations)	(4)	(6)
End of period expected future recoveries on previously fully charged-off loans	\$ 172	\$ 211
Change in balance during period	\$ (2)	\$ (6)

(4) The allowance used for these metrics excludes the expected future recoveries on previously fully charged-off loans to better reflect the current expected credit losses remaining in the portfolio.

(Dollars in millions)	Six Months Ended June 30,					
	2025 Private Education Loans		Total	2024 Private Education Loans		Total
	FFELP Loans			FFELP Loans		
Beginning balance	\$ 180	\$ 441	\$ 621	\$ 215	\$ 617	\$ 832
Total provision	16	51	67	(1)	27	26
Charge-offs:						
Gross charge-offs	(14)	(173)	(187)	(20)	(187)	(207)
Expected future recoveries on current period gross charge-offs	—	23	23	—	21	21
Total ⁽¹⁾	(14)	(150)	(164)	(20)	(166)	(186)
Adjustment resulting from the change in charge-off rate ⁽²⁾	—	(2)	(2)	—	—	—
Net charge-offs	(14)	(152)	(166)	(20)	(166)	(186)
Decrease in expected future recoveries on previously fully charged-off loans ⁽³⁾	—	8	8	—	15	15
Allowance at end of period (GAAP)	182	348	530	194	493	687
Plus: expected future recoveries on previously fully charged-off loans ⁽³⁾	—	172	172	—	211	211
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽⁴⁾	\$ 182	\$ 520	\$ 702	\$ 194	\$ 704	\$ 898
Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in the charge-off rate (annualized) ⁽²⁾	.12%	1.96%		.14%	2.03%	
Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) ⁽²⁾	—%	.02%		—%	—%	
Net charge-offs as a percentage of average loans in repayment (annualized)	.12%	1.98%		.14%	2.03%	
Allowance coverage of charge-offs (annualized) ⁽⁴⁾	6.1	1.7 (Non-GAAP)		4.9	2.1 (Non-GAAP)	
Allowance as a percentage of the ending total loan balance ⁽⁴⁾	.6%	3.3% (Non-GAAP)		.6%	4.2% (Non-GAAP)	
Allowance as a percentage of the ending loans in repayment ⁽⁴⁾	.7%	3.4% (Non-GAAP)		.7%	4.4% (Non-GAAP)	
Ending total loans	\$ 29,800	\$ 15,878		\$ 33,134	\$ 16,731	
Average loans in repayment	\$ 25,295	\$ 15,423		\$ 28,622	\$ 16,471	
Ending loans in repayment	\$ 24,867	\$ 15,267		\$ 26,411	\$ 16,087	

(1) Charge-offs are reported net of expected recoveries. For Private Education Loans, we charge off the estimated loss of a defaulted loan balance by charging off the entire defaulted loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." For FFELP Loans, the recovery is received at the time of charge-off.

(2) Related to increasing the net charge-off rate on defaulted Private Education Loans and the resulting reduction in the balance of expected future recoveries on previously fully charged-off loans.

(3) At the end of each month, for Private Education Loans that are 212 days past due, we charge off the estimated loss of a defaulted loan balance by charging off the entire loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." If actual periodic recoveries are less than expected, the difference is immediately reflected as a reduction to expected future recoveries on previously fully charged-off loans. If actual periodic recoveries are greater than expected, they will be reflected as a recovery through the allowance for Private Education Loan losses once the cumulative recovery amount exceeds the cumulative amount originally expected to be recovered. The following table summarizes the activity in the expected future recoveries on previously fully charged-off loans

(Dollars in millions)	Six Months Ended June 30,	
	2025	2024
Beginning of period expected future recoveries on previously fully charged-off loans	\$ 179	\$ 226
Expected future recoveries of current period defaults	23	21
Recoveries (cash collected)	(21)	(21)
Charge-offs (as a result of lower recovery expectations)	(10)	(15)
End of period expected future recoveries on previously fully charged-off loans	\$ 172	\$ 211
Change in balance during period	\$ (8)	\$ (15)

(4) The allowance used for these metrics excludes the expected future recoveries on previously fully charged-off loans to better reflect the current expected credit losses remaining in the portfolio.

Liquidity and Capital Resources

Funding and Liquidity Risk Management

The following "Liquidity and Capital Resources" discussion concentrates primarily on our Federal Education Loans and Consumer Lending segments. Our Business Processing segment required minimal liquidity and funding.

We define liquidity as cash and high-quality liquid assets that we can use to meet our cash requirements. Our two primary liquidity needs are: (1) servicing our debt and (2) our ongoing ability to meet our cash needs for running the operations of our businesses (including derivative collateral requirements) throughout market cycles, including during periods of financial stress. Secondary liquidity needs, which can be adjusted as needed, include the origination of Private Education Loans, acquisitions of Private Education Loan portfolios, acquisitions of companies, the payment of common stock dividends and the repurchase of our common stock. To achieve these objectives, we analyze and monitor our liquidity needs and maintain excess liquidity and access to diverse funding sources including the issuance of unsecured debt and the issuance of secured debt primarily through asset-backed securitizations and/or other financing facilities.

We define our liquidity risk as the potential inability to meet our obligations when they become due without incurring unacceptable losses or to invest in future asset growth and business operations at reasonable market rates. Our primary liquidity risk relates to our ability to service our debt, meet our other business obligations and to continue to grow our business. The ability to access the capital markets is impacted by general market and economic conditions, our credit ratings, as well as the overall availability of funding sources in the marketplace. In addition, credit ratings may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions.

Credit ratings and outlooks are opinions subject to ongoing review by the rating agencies and may change, from time to time, based on our financial performance, industry and market dynamics and other factors. Other factors that influence our credit ratings include the rating agencies' assessment of the general operating environment, our relative positions in the markets in which we compete, reputation, liquidity position, the level and volatility of earnings, corporate governance and risk management policies, capital position and capital management practices. A negative change in our credit rating could have a negative effect on our liquidity because it might raise the cost and availability of funding and potentially require additional cash collateral or restrict cash currently held as collateral on existing borrowings or derivative collateral arrangements. It is our objective to improve our credit ratings so that we can continue to efficiently access the capital markets even in difficult economic and market conditions. We have unsecured debt totaling \$5.3 billion at June 30, 2025. Three credit rating agencies currently rate our long-term unsecured debt at below investment grade.

We expect to fund our ongoing liquidity needs, including the repayment of \$0.5 billion of senior unsecured notes that mature in the short term (i.e., over the next 12 months) and the remaining \$4.8 billion of senior unsecured notes that mature in the long term (from 2026 to 2043 with 69% maturing by 2031), through a number of sources. These sources include our cash on hand, unencumbered FFELP Loan and Private Education Refinance Loan portfolios (see "Sources of Primary Liquidity" below), the predictable operating cash flows provided by operating activities, the repayment of principal on unencumbered education loan assets, and the distribution of overcollateralization from our securitization trusts. We may also, depending on market conditions and availability, draw down on our secured FFELP Loan and Private Education Loan asset-backed commercial paper (ABCP) facilities, issue term ABS, enter into additional Private Education Loan and FFELP Loan ABS repurchase facilities, or issue additional unsecured debt.

We originate Private Education Loans (a portion of which is obtained through a forward purchase agreement). We also have purchased and may purchase, in future periods, Private Education Loan portfolios from third parties. Those originations and purchases are part of our ongoing liquidity needs. We purchased 1.9 million shares of common stock for \$24 million in the first quarter of 2025 and have \$52 million of unused share repurchase authority as of June 30, 2025.

Sources of Primary Liquidity

(Dollars in millions)	June 30, 2025	December 31, 2024	June 30, 2024
Ending Balances:			
Unrestricted cash	\$ 712	\$ 722	\$ 1,088
Unencumbered FFELP Loans	51	232	160
Unencumbered Private Education Refinance Loans	510	242	326
Total	\$ 1,273	\$ 1,196	\$ 1,574

(Dollars in millions)	June 30, 2025	Three Months Ended December 31, 2024	June 30, 2024	June 30, 2025	June 30, 2024
Average Balances:					
Unrestricted cash	\$ 743	\$ 737	\$ 1,116	\$ 658	\$ 941
Unencumbered FFELP Loans	73	316	148	123	132
Unencumbered Private Education Refinance Loans	629	433	224	517	221
Total	\$ 1,445	\$ 1,486	\$ 1,488	\$ 1,298	\$ 1,294

Sources of Additional Liquidity

Liquidity may also be available under our secured credit facilities. Maximum borrowing capacity under the FFELP Loan and Private Education Loan ABCP facilities will vary and be subject to each agreement's borrowing conditions, including, among others, facility size, current usage and availability of qualifying collateral from unencumbered loans. The following tables detail the additional borrowing capacity of these facilities with maturity dates ranging from October 2025 to April 2027.

(Dollars in millions)	June 30, 2025	December 31, 2024	June 30, 2024
Ending Balances:			
FFELP Loan ABCP facilities	\$ 190	\$ 424	\$ 416
Private Education Loan ABCP facilities	1,754	1,490	2,088
Total	\$ 1,944	\$ 1,914	\$ 2,504

(Dollars in millions)	June 30, 2025	Three Months Ended December 31, 2024	June 30, 2024	June 30, 2025	June 30, 2024
Average Balances:					
FFELP Loan ABCP facilities	\$ 219	\$ 423	\$ 409	\$ 284	\$ 409
Private Education Loan ABCP facilities	1,613	1,799	1,664	1,530	1,613
Total	\$ 1,832	\$ 2,222	\$ 2,073	\$ 1,814	\$ 2,022

At June 30, 2025, we had a total of \$2.9 billion of unencumbered tangible assets inclusive of those listed in the table above as sources of primary liquidity. Total unencumbered education loans comprised \$1.3 billion of our unencumbered tangible assets of which \$1.3 billion and \$51 million related to Private Education Loans and FFELP Loans, respectively. In addition, as of June 30, 2025, we had \$4.8 billion of encumbered net assets (i.e., overcollateralization) in our various financing facilities (consolidated variable interest entities). We enter into repurchase facilities at times to borrow against the encumbered net assets of these financing vehicles. As of June 30, 2025, \$0.7 billion of repurchase facility borrowings were outstanding.

The following table reconciles encumbered and unencumbered assets and their net impact on total Tangible Equity.

(Dollars in billions)	June 30, 2025		December 31, 2024	
Net assets of consolidated variable interest entities (encumbered assets) — FFELP Loans	\$	2.8	\$	2.8
Net assets of consolidated variable interest entities (encumbered assets) — Private Education Loans		2.0		2.0
Tangible unencumbered assets ⁽¹⁾		2.9		2.9
Senior unsecured debt		(5.3)		(5.4)
Mark-to-market on unsecured hedged debt ⁽²⁾		—		.2
Other liabilities, net		(.3)		(.3)
Total Tangible Equity ⁽³⁾	\$	2.1	\$	2.2

⁽¹⁾Excludes goodwill and acquired intangible assets.

⁽²⁾At June 30, 2025 and December 31, 2024, there were \$(72) million and \$(181) million, respectively, of net gains (losses) on derivatives hedging this debt in unencumbered assets, which partially offset these gains (losses).

⁽³⁾Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures."

Borrowings

Ending Balances

(Dollars in millions)	June 30, 2025			December 31, 2024		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Unsecured borrowings:						
Senior unsecured debt	\$ 505	\$ 4,798	\$ 5,303	\$ 553	\$ 4,806	\$ 5,359
Total unsecured borrowings	505	4,798	5,303	553	4,806	5,359
Secured borrowings:						
FFELP Loan securitizations	117	26,948	27,065	41	28,268	28,309
Private Education Loan securitizations	562	10,322	10,884	631	10,338	10,969
FFELP Loan ABCP facilities	1,531	301	1,832	1,586	74	1,660
Private Education Loan ABCP facilities	1,943	—	1,943	2,274	—	2,274
Other	97	39	136	54	40	94
Total secured borrowings	4,250	37,610	41,860	4,586	38,720	43,306
Core Earnings basis borrowings ⁽¹⁾	4,755	42,408	47,163	5,139	43,526	48,665
Adjustment for GAAP accounting treatment	(3)	(63)	(66)	(5)	(342)	(347)
GAAP basis borrowings	\$ 4,752	\$ 42,345	\$ 47,097	\$ 5,134	\$ 43,184	\$ 48,318

Average Balances

(Dollars in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Unsecured borrowings:								
Senior unsecured debt	\$ 5,512	8.48%	\$ 5,859	9.26%	\$ 5,419	8.50%	\$ 5,858	9.25%
Total unsecured borrowings	5,512	8.48	5,859	9.26	5,419	8.50	5,858	9.25
Secured borrowings:								
FFELP Loan securitizations	27,372	5.46	32,938	6.42	27,691	5.55	33,899	6.38
Private Education Loan securitizations	10,690	3.68	11,777	3.67	10,714	3.65	11,842	3.61
FFELP Loan ABCP facilities	1,820	5.76	1,761	6.94	1,772	5.82	1,827	6.96
Private Education Loan ABCP facilities	2,105	6.34	2,156	7.36	2,204	6.33	2,199	7.31
Other	105	1.57	96	(3.45)	98	.91	104	(2.50)
Total secured borrowings	42,092	5.06	48,728	5.79	42,479	5.11	49,871	5.77
Core Earnings basis borrowings ⁽¹⁾	47,604	5.45	54,587	6.17	47,898	5.50	55,729	6.14
Adjustment for GAAP accounting treatment	—	.03	—	.04	—	.07	—	.06
GAAP basis borrowings	\$ 47,604	5.48%	\$ 54,587	6.21%	\$ 47,898	5.57%	\$ 55,729	6.20%

⁽¹⁾Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures." The differences in derivative accounting give rise to the difference above.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). A discussion of our critical accounting policies, which includes the allowance for loan losses, goodwill impairment assessment, premium and discount amortization, and the impact of the SDR Plan on our accounting policies and estimates, can be found in our 2024 Form 10-K.

Non-GAAP Financial Measures

In addition to financial results reported on a GAAP basis, Navient also provides certain performance measures which are non-GAAP financial measures. We present the following non-GAAP financial measures: (1) Core Earnings, (2) Tangible Equity (as well as the Adjusted Tangible Equity Ratio), (3) EBITDA for the Business Processing segment, and (4) Allowance for Loan Losses Excluding Expected Future Recoveries on Previously Fully Charged-off Loans. Definitions for the non-GAAP financial measures and reconciliations are provided below, except that reconciliations of forward-looking non-GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including, but not limited to, the impact of any mark-to-market gains/losses resulting from our use of derivative instruments to hedge our economic risks.

1. Core Earnings

We prepare financial statements and present financial results in accordance with GAAP. However, we also evaluate our business segments and present financial results on a basis that differs from GAAP. We refer to this different basis of presentation as Core Earnings. We provide this Core Earnings basis of presentation on a consolidated basis and for each business segment because this is what we review internally when making management decisions regarding our performance and how we allocate resources. We also refer to this information in our presentations with credit rating agencies, lenders and investors. Because our Core Earnings basis of presentation corresponds to our segment financial presentations, we are required by GAAP to provide certain Core Earnings disclosures in the notes to our consolidated financial statements for our business segments.

Core Earnings are not a substitute for reported results under GAAP. We use Core Earnings to manage our business segments because Core Earnings reflect adjustments to GAAP financial results for two items, discussed below, that can create significant volatility mostly due to timing factors generally beyond the control of management. Accordingly, we believe that Core Earnings provide management with a useful basis from which to better evaluate results from ongoing operations against the business plan or against results from prior periods. Consequently, we disclose this information because we believe it provides investors with additional information regarding the operational and performance indicators that are most closely assessed by management. When compared to GAAP results, the two items we remove to result in our Core Earnings presentations are:

- (1) Mark-to-market gains/losses resulting from our use of derivative instruments to hedge our economic risks that do not qualify for hedge accounting treatment or do qualify for hedge accounting treatment but result in ineffectiveness; and
- (2) The accounting for goodwill and acquired intangible assets.

While GAAP provides a uniform, comprehensive basis of accounting, for the reasons described above, our Core Earnings basis of presentation does not. Core Earnings are subject to certain general and specific limitations that investors should carefully consider. For example, there is no comprehensive, authoritative guidance for management reporting. Our Core Earnings are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. Accordingly, our Core Earnings presentation does not represent a comprehensive basis of accounting. Investors, therefore, may not be able to compare our performance with that of other financial services companies based upon Core Earnings. Core Earnings results are only meant to supplement GAAP results by providing additional information regarding the operational and performance indicators that are most closely used by management, our Board of Directors, credit rating agencies, lenders and investors to assess performance.

The following tables show our consolidated GAAP results, Core Earnings results (including for each reportable segment) along with the adjustments made to the income/expenditure items to reconcile the consolidated GAAP results to the Core Earnings results as required by GAAP and reported in "Note 11 — Segment Reporting."

(Dollars in millions)	Three Months Ended June 30, 2025					Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	\$ 756					\$ 483	\$ 273	\$ —	\$ —
Cash and investments	22					10	5	—	7
Total interest income	778					493	278	—	7
Total interest expense	650					438	183	—	26
Net interest income (loss)	128	\$ 5	\$ (2)	\$ 3	\$ 131	55	95	—	(19)
Less: provisions for loan losses	37				37	8	29	—	—
Net interest income (loss) after provisions for loan losses	91				91	47	66	—	(19)
Other income (loss):									
Servicing revenue	14				14	11	3	—	—
Asset recovery and business processing revenue	—				—	—	—	—	—
Other revenue (loss)	14				14	(1)	—	—	20
Total other income	28	(5)	10	5	33	10	3	—	20
Expenses:									
Direct operating expenses	53				53	17	36	—	—
Unallocated shared services expenses	47				47	—	—	—	47
Operating expenses	100	—	—	—	100	17	36	—	47
Goodwill and acquired intangible asset impairment and amortization	1	—	(1)	(1)	—	—	—	—	—
Restructuring/other reorganization expenses	—	—	—	—	—	—	—	—	—
Total expenses	101	—	(1)	(1)	100	17	36	—	47
Income (loss) before income tax expense (benefit)	18	—	9	9	27	40	33	—	(46)
Income tax expense (benefit) ⁽²⁾	4	—	2	2	6	10	7	—	(11)
Net income (loss)	\$ 14	\$ —	\$ 7	\$ 7	\$ 21	\$ 30	\$ 26	\$ —	\$ (35)

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Three Months Ended June 30, 2025		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 3	\$ —	\$ 3
Total other income (loss)	5	—	5
Goodwill and acquired intangible asset impairment and amortization	—	(1)	(1)
Total Core Earnings adjustments to GAAP	\$ 8	\$ 1	9
Income tax expense (benefit)			2
Net income (loss)			\$ 7

⁽²⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment.

(Dollars in millions)	Three Months Ended June 30, 2024						Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other	
Interest income:										
Education loans	\$ 925					\$ 608	\$ 317	\$ —	\$ —	
Cash and investments	48					28	7	—	13	
Total interest income	973					636	324	—	13	
Total interest expense	843					603	198	—	36	
Net interest income (loss)	130	\$ 9	\$ (3)	\$ 6	\$ 136	33	126	—	(23)	
Less: provisions for loan losses	14				14	(2)	16	—	—	
Net interest income (loss) after provisions for loan losses	116					35	110	—	(23)	
Other income (loss):										
Servicing revenue	18					15	3	—	—	
Asset recovery and business processing revenue	81					—	—	81	—	
Other revenue	18					2	—	—	2	
Total other income	117	(9)	(5)	(14)	103	17	3	81	2	
Expenses:										
Direct operating expenses	112					16	34	62	—	
Unallocated shared services expenses	54					—	—	—	54	
Operating expenses	166	—	—	—	166	16	34	62	54	
Goodwill and acquired intangible asset impairment and amortization	3	—	(3)	(3)	—	—	—	—	—	
Restructuring/other reorganization expenses	16	—	—	—	16	—	—	—	16	
Total expenses	185	—	(3)	(3)	182	16	34	62	70	
Income (loss) before income tax expense (benefit)	48	—	(5)	(5)	43	36	79	19	(91)	
Income tax expense (benefit) ⁽²⁾	12	—	(2)	(2)	10	8	19	4	(21)	
Net income (loss)	\$ 36	\$ —	\$ (3)	\$ (3)	\$ 33	\$ 28	\$ 60	\$ 15	\$ (70)	

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Three Months Ended June 30, 2024		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 6	\$ —	\$ 6
Total other income (loss)	(14)	—	(14)
Goodwill and acquired intangible asset impairment and amortization	—	(3)	(3)
Total Core Earnings adjustments to GAAP	\$ (8)	\$ 3	(5)
Income tax expense (benefit)	—	—	(2)
Net income (loss)	—	—	\$ (3)

⁽²⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment.

(Dollars in millions)	Six Months Ended June 30, 2025						Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other	
Interest income:										
Education loans	\$ 1,537					\$ 975	\$ 562	\$ —	\$ —	
Cash and investments	43					20	10	—	13	
Total interest income	1,580					995	572	—	13	
Total interest expense	1,322					892	364	—	49	
Net interest income (loss)	258	\$ 11	\$ 6	\$ 17	\$ 275	103	208	—	(36)	
Less: provisions for loan losses	67				67	16	51	—	—	
Net interest income (loss) after provisions for loan losses	191					87	157	—	(36)	
Other income (loss):										
Servicing revenue	27					21	6	—	—	
Asset recovery and business processing revenue	23					—	—	23	—	
Other revenue (loss)	3					(1)	—	—	34	
Total other income	53	(11)	41	30	83	20	6	23	34	
Expenses:										
Direct operating expenses	127					37	70	20	—	
Unallocated shared services expenses	100					—	—	—	100	
Operating expenses	227	—	—	—	227	37	70	20	100	
Goodwill and acquired intangible asset impairment and amortization	2	—	(2)	(2)	—	—	—	—	—	
Restructuring/other reorganization expenses	3	—	—	—	3	—	—	—	3	
Total expenses	232	—	(2)	(2)	230	37	70	20	103	
Income (loss) before income tax expense (benefit)	12	—	49	49	61	70	93	3	(105)	
Income tax expense (benefit) ⁽²⁾	1	—	13	13	14	16	21	1	(24)	
Net income (loss)	\$ 11	\$ —	\$ 36	\$ 36	\$ 47	\$ 54	\$ 72	\$ 2	\$ (81)	

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Six Months Ended June 30, 2025		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 17	\$ —	\$ 17
Total other income (loss)	30	—	30
Goodwill and acquired intangible asset impairment and amortization	—	(2)	(2)
Total Core Earnings adjustments to GAAP	\$ 47	\$ 2	49
Income tax expense (benefit)			13
Net income (loss)			\$ 36

⁽²⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment.

(Dollars in millions)	Six Months Ended June 30, 2024						Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other	
Interest income:										
Education loans	\$ 1,914					\$ 1,269	\$ 645	\$ —	\$ —	
Cash and investments	86					51	14	—	21	
Total interest income	2,000					1,320	659	—	21	
Total interest expense	1,718					1,233	400	—	68	
Net interest income										
(loss)	282	\$ 19	\$ (2)	\$ 17	\$ 299	87	259	—	(47)	
Less: provisions for loan losses	26				26	(1)	27	—	—	
Net interest income (loss) after provisions for loan losses	256					88	232	—	(47)	
Other income (loss):										
Servicing revenue	35					28	7	—	—	
Asset recovery and business processing revenue	158					—	—	158	—	
Other revenue	59					5	1	—	7	
Total other income	252	(19)	(27)	(46)	206	33	8	158	7	
Expenses:										
Direct operating expenses	231					33	67	131	—	
Unallocated shared services expenses	119					—	—	—	119	
Operating expenses	350	—	—	—	350	33	67	131	119	
Goodwill and acquired intangible asset impairment and amortization	5	—	(5)	(5)	—	—	—	—	—	
Restructuring/other reorganization expenses	17	—	—	—	17	—	—	—	17	
Total expenses	372	—	(5)	(5)	367	33	67	131	136	
Income (loss) before income tax expense (benefit)	136	—	(24)	(24)	112	88	173	27	(176)	
Income tax expense (benefit) ⁽²⁾	27	—	(1)	(1)	26	20	40	6	(40)	
Net income (loss)	\$ 109	\$ —	\$ (23)	\$ (23)	\$ 86	\$ 68	\$ 133	\$ 21	\$ (136)	

(1) Core Earnings adjustments to GAAP:

(Dollars in millions)	Six Months Ended June 30, 2024		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 17	\$ —	\$ 17
Total other income (loss)	(46)	—	(46)
Goodwill and acquired intangible asset impairment and amortization	—	(5)	(5)
Total Core Earnings adjustments to GAAP	\$ (29)	\$ 5	(24)
Income tax expense (benefit)	—	—	(1)
Net income (loss)	—	—	\$ (23)

(2) Income taxes are based on a percentage of net income before tax for the individual reportable segment.

The following discussion summarizes the differences between Core Earnings and GAAP net income and details each specific adjustment required to reconcile our Core Earnings segment presentation to our GAAP earnings.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
GAAP net income (loss)	\$ 14	\$ 36	\$ 11	\$ 109
Core Earnings adjustments to GAAP:				
Net impact of derivative accounting	8	(8)	47	(29)
Net impact of goodwill and acquired intangible assets	1	3	2	5
Net income tax effect	(2)	2	(13)	1
Total Core Earnings adjustments to GAAP	7	(3)	36	(23)
Core Earnings net income	<u>\$ 21</u>	<u>\$ 33</u>	<u>\$ 47</u>	<u>\$ 86</u>

(1) **Derivative Accounting:** Core Earnings exclude periodic gains and losses that are caused by the mark-to-market valuations on derivatives that do not qualify for hedge accounting treatment under GAAP, as well as the periodic mark-to-market gains and losses that are a result of ineffectiveness recognized related to effective hedges under GAAP. Under GAAP, for our derivatives that are held to maturity, the mark-to-market gain or loss over the life of the contract will equal \$0. In our Core Earnings presentation, we recognize the economic effect of these hedges, which generally results in any net settlement cash paid or received being recognized ratably as an interest expense or revenue over the hedged item's life.

The accounting for derivatives requires that changes in the fair value of derivative instruments be recognized currently in earnings, with no fair value adjustment of the hedged item, unless specific hedge accounting criteria are met. The gains and losses recorded in "Gains (losses) on derivative and hedging activities, net" and interest expense (for qualifying fair value hedges) are primarily caused by interest rate and foreign currency exchange rate volatility and changing credit spreads during the period as well as the volume and term of derivatives not receiving hedge accounting treatment. We believe that our derivatives are effective economic hedges, and as such, are a critical element of our interest rate and foreign currency risk management strategy. However, some of our derivatives do not qualify for hedge accounting treatment and the stand-alone derivative is adjusted to fair value in the income statement with no consideration for the corresponding change in fair value of the hedged item. See our 2024 Form 10-K for further discussion.

The table below quantifies the adjustments for derivative accounting between GAAP and Core Earnings net income.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Core Earnings derivative adjustments:				
(Gains) losses on derivative and hedging activities, net, included in other income	\$ 5	\$ (14)	\$ 30	\$ (46)
Plus: (Gains) losses on fair value hedging activity included in interest expense	(4)	(5)	2	(5)
Total (gains) losses in GAAP net income	1	(19)	32	(51)
Plus: Reclassification of settlement income (expense) on derivative and hedging activities, net ⁽¹⁾	5	9	11	19
Mark-to-market (gains) losses on derivative and hedging activities, net ⁽²⁾	6	(10)	43	(32)
Other derivative accounting adjustments ⁽³⁾	2	2	4	3
Total net impact of derivative accounting	<u>\$ 8</u>	<u>\$ (8)</u>	<u>\$ 47</u>	<u>\$ (29)</u>

⁽¹⁾ Derivative accounting requires net settlement income/expense on derivatives that do not qualify as hedges to be recorded in a separate income statement line item below net interest income. Under our Core Earnings presentation, these settlements are reclassified to the income statement line item of the economically hedged item. For our Core Earnings net interest income, this would primarily include reclassifying the net settlement amounts related to certain of our interest rate swaps to debt interest expense. The table below summarizes these net settlements on derivative and hedging activities and the associated reclassification on a Core Earnings basis.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Reclassification of settlements on derivative and hedging activities:				
Net settlement income (expense) on interest rate swaps reclassified to net interest income	\$ 5	\$ 9	\$ 11	\$ 19
Total reclassifications of settlement income (expense) on derivative and hedging activities	<u>\$ 5</u>	<u>\$ 9</u>	<u>\$ 11</u>	<u>\$ 19</u>

⁽²⁾ Mark-to-market (gains) losses on derivative and hedging activities, net⁽²⁾ is comprised of the following:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fair value hedges	\$ 4	\$ 2	\$ 7	\$ (2)
Foreign currency hedges	(8)	(7)	(5)	(3)
Other ^(a)	10	(5)	41	(27)
Total mark-to-market (gains) losses on derivative and hedging activities, net	<u>\$ 6</u>	<u>\$ (10)</u>	<u>\$ 43</u>	<u>\$ (32)</u>

^(a) Primarily derivatives that are used to economically hedge the origination of fixed rate Private Education Loans that don't qualify for hedge accounting. We believe that these derivatives are effective economic hedges, and as such, are a critical element of our interest rate risk management strategy.

⁽³⁾ Other derivative accounting adjustments consist of adjustments related to certain terminated derivatives that did not receive hedge accounting treatment under GAAP but were economic hedges under Core Earnings and, as a result, such gains or losses are amortized into Core Earnings over the life of the hedged item.

Cumulative Impact of Derivative Accounting under GAAP compared to Core Earnings

As of June 30, 2025, derivative accounting has decreased GAAP equity by approximately \$30 million as a result of cumulative net mark-to-market losses (after tax) recognized under GAAP, but not in Core Earnings. The following table rolls forward the cumulative impact to GAAP equity due to these after-tax mark-to-market net gains and losses related to derivative accounting.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning impact of derivative accounting on GAAP equity	\$ (22)	\$ 11	\$ 8	\$ (1)
Net impact of net mark-to-market gains (losses) under derivative accounting ⁽¹⁾	(8)	1	(38)	13
Ending impact of derivative accounting on GAAP equity	<u>\$ (30)</u>	<u>\$ 12</u>	<u>\$ (30)</u>	<u>\$ 12</u>

⁽¹⁾Net impact of net mark-to-market gains (losses) under derivative accounting is composed of the following:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total pre-tax net impact of derivative accounting recognized in net income ⁽²⁾	\$ (8)	\$ 8	\$ (47)	\$ 29
Tax and other impacts of derivative accounting adjustments	2	(2)	12	(7)
Change in mark-to-market gains (losses) on derivatives, net of tax recognized in other comprehensive income	(2)	(5)	(3)	(9)
Net impact of net mark-to-market gains (losses) under derivative accounting	<u>\$ (8)</u>	<u>\$ 1</u>	<u>\$ (38)</u>	<u>\$ 13</u>

⁽²⁾See "Core Earnings derivative adjustments" table above.

Hedging Embedded Floor Income

We use pay-fixed swaps and fixed rate debt to economically hedge embedded Floor Income in our FFELP Loans. Historically, we have used these instruments on a periodic basis and depending upon market conditions and pricing, we may enter into additional hedges in the future. Under GAAP, the pay-fixed swaps are accounted for as cash flow hedges. The table below shows the amount of hedged Floor Income that will be recognized in Core Earnings in future periods based on these hedge strategies.

(Dollars in millions)	June 30, 2025		June 30, 2024	
Total hedged Floor Income, net of tax ⁽¹⁾⁽²⁾	\$	35	\$	69

⁽¹⁾\$46 million and \$90 million on a pre-tax basis as of June 30, 2025 and June 30, 2024, respectively.

⁽²⁾Of the \$35 million as of June 30, 2025, approximately \$8 million, \$14 million, \$7 million and \$6 million will be recognized as part of Core Earnings net income in the remainder of 2025, 2026, 2027 and 2028, respectively.

(2) Goodwill and Acquired Intangible Assets: Our Core Earnings exclude goodwill and intangible asset impairment and the amortization of acquired intangible assets. The following table summarizes the goodwill and acquired intangible asset adjustments.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Core Earnings goodwill and acquired intangible asset adjustments	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 5</u>

2. Tangible Equity and Adjusted Tangible Equity Ratio

Adjusted Tangible Equity Ratio measures the ratio of Navient's Tangible Equity to its tangible assets. We adjust this ratio to exclude the assets and equity associated with our FFELP Loan portfolio because FFELP Loans are no longer originated and the FFELP Loan portfolio bears a 3% maximum loss exposure under the terms of the federal guaranty. Management believes that excluding this portfolio from the ratio enhances its usefulness to investors. Management uses this ratio, in addition to other metrics, for analysis and decision making related to capital allocation decisions. The Adjusted Tangible Equity Ratio is calculated as:

(Dollars in millions)	June 30, 2025	June 30, 2024
Navient Corporation's stockholders' equity	\$ 2,564	\$ 2,748
Less: Goodwill and acquired intangible assets	436	690
Tangible Equity	2,128	2,058
Less: Equity held for FFELP Loans	148	165
Adjusted Tangible Equity	<u>\$ 1,980</u>	<u>\$ 1,893</u>
Divided by:		
Total assets	\$ 50,222	\$ 56,622
Less:		
Goodwill and acquired intangible assets	436	690
FFELP Loans	29,618	32,940
Adjusted tangible assets	\$ 20,168	\$ 22,992
Adjusted Tangible Equity Ratio	<u>9.8%</u>	<u>8.2%</u>

3. Earnings before Interest, Taxes, Depreciation and Amortization Expense (EBITDA)

This measures the operating performance of the Business Processing segment and is used by management and equity investors to monitor operating performance and determine the value of those businesses. EBITDA for the Business Processing segment is calculated as:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Pre-tax income	\$ —	\$ 19	\$ 3	\$ 27
Plus:				
Depreciation and amortization expense ⁽¹⁾	—	1	—	2
EBITDA	<u>\$ —</u>	<u>\$ 20</u>	<u>\$ 3</u>	<u>\$ 29</u>
Divided by:				
Total revenue	\$ —	\$ 81	\$ 23	\$ 158
EBITDA margin	<u>—%</u>	<u>25%</u>	<u>13%</u>	<u>18%</u>

⁽¹⁾ There is no interest expense in this segment.

4. Allowance for Loan Losses Excluding Expected Future Recoveries on Previously Fully Charged-off Loans

The allowance for loan losses on the Private Education Loan portfolio used for the three credit metrics below excludes the expected future recoveries on previously fully charged-off loans to better reflect the current expected credit losses remaining in connection with the loans on balance sheet that have not charged off. That is, as of June 30, 2025, the \$520 million Private Education Loan allowance for loan losses excluding expected future recoveries on previously fully charged-off loans represents the current expected credit losses that remain in connection with the \$15,878 million Private Education Loan portfolio. The \$172 million of expected future recoveries on previously fully charged-off loans, which is collected over an average 15-year period, mechanically is a reduction to the overall allowance for loan losses. However, it is not related to the \$15,878 million Private Education Loan portfolio on our balance sheet and, as a result, management excludes this impact to the allowance to better evaluate and assess our overall credit loss coverage on the Private Education Loan portfolio. We believe this provides a more meaningful and holistic view of the available credit loss coverage on our non-charged-off Private Education Loan portfolio. We believe this information is useful to our investors, lenders and rating agencies.

Allowance for Loan Losses Metrics – Private Education Loans

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Allowance at end of period (GAAP)	\$ 348	\$ 493	\$ 348	\$ 493
Plus: expected future recoveries on previously fully charged-off loans	172	211	172	211
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure)	\$ 520	\$ 704	\$ 520	\$ 704
Ending total loans	\$ 15,878	\$ 16,731	\$ 15,878	\$ 16,731
Ending loans in repayment	\$ 15,267	\$ 16,087	\$ 15,267	\$ 16,087
Net charge-offs	\$ 80	\$ 67	\$ 152	\$ 166
Allowance coverage of charge-offs (annualized):				
GAAP	1.1	1.8	1.1	1.5
Adjustment ⁽¹⁾	.5	.8	.6	.6
Non-GAAP Financial Measure ⁽¹⁾	<u>1.6</u>	<u>2.6</u>	<u>1.7</u>	<u>2.1</u>
Allowance as a percentage of the ending total loan balance:				
GAAP	2.2%	2.9%	2.2%	2.9%
Adjustment ⁽¹⁾	1.1	1.3	1.1	1.3
Non-GAAP Financial Measure ⁽¹⁾	<u>3.3%</u>	<u>4.2%</u>	<u>3.3%</u>	<u>4.2%</u>
Allowance as a percentage of the ending loans in repayment:				
GAAP	2.3%	3.1%	2.3%	3.1%
Adjustment ⁽¹⁾	1.1	1.3	1.1	1.3
Non-GAAP Financial Measure ⁽¹⁾	<u>3.4%</u>	<u>4.4%</u>	<u>3.4%</u>	<u>4.4%</u>

⁽¹⁾The allowance used for these credit metrics excludes the expected future recoveries on previously fully charged-off loans. See discussion above.

Legal Proceedings

For a discussion of legal matters as of June 30, 2025, please refer to “Note 10 – Commitments, Contingencies and Guarantees” to our consolidated financial statements included in this report, which is incorporated into this item by reference.

Risk Factors

The risk factors disclosed in our 2024 Form 10-K should be considered together with information included in this Form 10-Q. We believe there have been no material changes to the risk factors previously disclosed in our 2024 Form 10-K.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity Analysis

Our interest rate risk management seeks to limit the impact of movements in interest rates on our results of operations and financial position. The following tables summarize the potential effect on earnings over the next 12 months and the potential effect on fair values of balance sheet assets and liabilities at June 30, 2025 and 2024, based upon a sensitivity analysis performed by management assuming a hypothetical increase and decrease in market interest rates of 100 basis points. The earnings sensitivities assume an immediate increase and decrease in market interest rates of 100 basis points and are applied only to financial assets and liabilities, including hedging instruments, that existed at the balance sheet date and do not take into account any new assets, liabilities or hedging instruments that may arise over the next 12 months.

	As of June 30, 2025		As of June 30, 2024	
	Impact on Annual Earnings If:		Impact on Annual Earnings If:	
	Increase 100 Basis Points	Decrease 100 Basis Points	Increase 100 Basis Points	Decrease 100 Basis Points
(Dollars in millions, except per share amounts)				
Effect on Earnings:				
Change in pre-tax net income before mark-to-market gains (losses) on derivative and hedging activities	\$ (13)	\$ 39	\$ 14	\$ 23
Mark-to-market gains (losses) on derivative and hedging activities	51	(54)	48	(49)
Increase (decrease) in income before taxes	\$ 38	\$ (15)	\$ 62	\$ (26)
Increase (decrease) in net income after taxes	\$ 29	\$ (12)	\$ 48	\$ (20)
Increase (decrease) in diluted earnings per common share	\$.29	\$ (.12)	\$.43	\$ (.18)

(Dollars in millions)	At June 30, 2025						
	Fair Value	Interest Rates:				Change from Decrease of 100 Basis Points	%
		\$	Change from Increase of 100 Basis Points	%	\$		
Effect on Fair Values:							
Assets							
Education Loans	\$ 44,477	\$ (75)	—%	\$ 103	—%		
Other earning assets	2,212	—	—	—	—		
Other assets	2,862	3	—	93	3		
Total assets gain/(loss)	\$ 49,551	\$ (72)	—%	\$ 196	—%		
Liabilities							
Interest-bearing liabilities	\$ 46,436	\$ (237)	(1)%	\$ 252	1%		
Other liabilities	561	81	14	11	2		
Total liabilities (gain)/loss	\$ 46,997	\$ (156)	—%	\$ 263	1%		

(Dollars in millions)	At December 31, 2024						
	Fair Value	Interest Rates:				Change from Decrease of 100 Basis Points	%
		\$	Change from Increase of 100 Basis Points	%	\$		
Effect on Fair Values:							
Assets							
Education Loans	\$ 46,133	\$ (63)	—%	\$ 90	—%		
Other earning assets	2,246	—	—	—	—		
Other assets	2,975	52	(2)	20	1		
Total assets gain/(loss)	\$ 51,354	\$ (11)	—%	\$ 110	—%		
Liabilities							
Interest-bearing liabilities	\$ 47,505	\$ (226)	—%	\$ 241	1%		
Other liabilities	830	105	13	(35)	(4)		
Total liabilities (gain)/loss	\$ 48,335	\$ (121)	—%	\$ 206	—%		

A primary objective in our funding is to minimize our sensitivity to changing interest rates by generally funding our floating rate education loan portfolio with floating rate debt and our fixed rate education loan portfolio with fixed rate debt although we can have a mismatch at times. In addition, we can have a mismatch in the index (including the frequency of reset) of floating rate debt versus floating rate assets. In addition, due to the ability of some FFELP Loans to earn Floor Income, we can have a fixed versus floating mismatch in funding if the education loan earns at the fixed borrower rate and the funding remains floating. We use pay-fixed swaps and fixed rate debt to economically hedge embedded Floor Income in our FFELP Loans. Historically, we have used these instruments on a periodic basis and depending upon market conditions and pricing, we may enter into additional hedges in the future. The result of these hedging transactions is to fix the relative spread between the education loan asset rate and the funding instrument rate.

In the preceding tables, under the scenario where interest rates increase or decrease by 100 basis points, the change in pre-tax net income before the mark-to-market gains (losses) on derivative and hedging activities is primarily due to the impact of (i) a portion of our unhedged FFELP Loans being in a fixed-rate mode due to Floor Income, while being funded with variable rate debt; (ii) certain FFELP fixed rate loans becoming variable interest rate loans when variable interest rates rise above a certain level (Special Allowance Payment or "SAP"). When these loans are funded with fixed rate debt (as we do for a portion of the portfolio to economically hedge Floor Income) we earn additional interest income when earning the higher variable rate that is in effect; and (iii) a portion of our variable rate assets being funded with fixed rate liabilities. Item (i) will generally cause income to decrease when interest rates increase and income to increase when interest rates decrease. Item (ii) and (iii) have the opposite effect. The change due to the interest rate scenario where interest rates increase by 100 basis points in the current period is primarily a result of item (i) having a more significant impact than item (ii) and (iii) as a result of interest rates being lower compared to the prior period. The change due to the interest scenario where interest rates decrease by 100 basis points in the current period is primarily a result of item (i) having a more significant impact than item (ii) and (iii) as a result of interest rates being lower compared to the prior period. The relative changes from the prior period are primarily the result of interest rates being lower in the current period.

In the preceding tables, under the scenario where interest rates increase or decrease by 100 basis points, the change in mark-to-market gains (losses) on derivative and hedging activities in both periods is primarily due to (i) the notional amount and remaining term of our derivative portfolio and related hedged debt and (ii) the interest rate environment. In both periods, the mark-to-market gains (losses) are primarily related to derivatives that don't qualify for hedge accounting that are used to economically hedge the origination of fixed rate Private Education Loans. As a result of not qualifying for hedge accounting, there is not an offsetting mark-to-market of the hedged item in this analysis.

In addition to interest rate risk addressed in the preceding tables, we are also exposed to risks related to foreign currency exchange rates. Foreign currency exchange risk is primarily the result of foreign currency denominated debt issued by us. When we issue foreign denominated corporate unsecured and securitization debt, our policy is to use cross-currency interest rate swaps to swap all foreign currency denominated debt payments (fixed and floating) to USD SOFR using a fixed exchange rate. In the tables above, there would be an immaterial impact on earnings if exchange rates were to decrease or increase, due to the terms of the hedging instrument and hedged items matching. The balance sheet interest-bearing liabilities would be affected by a change in exchange rates; however, the change would be materially offset by the cross-currency interest rate swaps in other assets or other liabilities. In certain economic environments, volatility in the spread between spot and forward foreign exchange rates has resulted in mark-to-market impacts to current period earnings which have not been factored into the above analysis. The earnings impact is noncash, and at maturity of the instruments the cumulative mark-to-market impact will be zero. Navient has not issued foreign currency denominated debt since 2008.

Asset and Liability Funding Gap

The table below presents our assets and liabilities (funding) arranged by underlying indices as of June 30, 2025. Management analyzes interest rate risk and in doing so includes all derivatives that are economically hedging our debt whether they qualify as effective hedges or not (Core Earnings basis). Accordingly, we present the asset and liability funding gap on a Core Earnings basis. The difference between the asset and the funding is the funding gap for the specified index. This represents our exposure to interest rate risk in the form of basis risk and repricing risk, which is the risk that the different indices may reset at different frequencies or may not move in the same direction or at the same magnitude.

Index (Dollars in billions)	Frequency of Variable Resets	Funding Gap		
		Assets	Funding	Funding Gap
3 month Treasury bill	weekly	\$ 1.6	\$ —	\$ 1.6
3 month Treasury bill	annual	.1	—	.1
Prime	annual	.1	—	.1
Prime	quarterly	.8	—	.8
Prime	monthly	2.8	—	2.8
3 month Term SOFR	quarterly	.2	1.0	(.8)
3 month Term SOFR ⁽¹⁾	monthly	—	.6	(.6)
1 month Term SOFR	monthly	1.8	.7	1.1
Overnight SOFR ⁽²⁾	daily	27.9	28.6	(.7)
Non Discrete reset ⁽¹⁾	monthly	—	4.1	(4.1)
Non Discrete reset ⁽³⁾	daily/weekly	2.2	—	2.2
Fixed Rate ⁽⁴⁾		12.7	15.2	(2.5)
Total		\$ 50.2	\$ 50.2	\$ —

⁽¹⁾ Funding includes debt related to Repurchase Facilities.

⁽²⁾ The assets are indexed to 30-day average overnight SOFR. A portion of the funding uses the daily average of overnight SOFR from a period preceding the accrual period of the asset ("lookback debt"). Funding includes \$13.3 billion of 30-day average SOFR lookback debt and \$13.3 billion of 90-day average SOFR lookback debt.

⁽³⁾ Assets include restricted and unrestricted cash equivalents and other overnight type instruments. Funding includes the obligation to return cash collateral held related to derivatives exposures.

⁽⁴⁾ Assets include receivables and other assets (including goodwill and acquired intangibles). Funding includes other liabilities and stockholders' equity.

We use interest rate swaps and other derivatives to achieve our risk management objectives. Our asset liability management strategy is to match assets with debt (in combination with derivatives) that have the same underlying index and reset frequency or, when economical, have interest rate characteristics that we believe are highly correlated. Interest earned on our FFELP Loans is primarily indexed to 30-day average overnight SOFR, which is reset daily, and our cost of funds is primarily indexed to overnight SOFR but resetting at different times than the asset. A source of variability in FFELP net interest income could also be Floor Income we earn on certain FFELP Loans. Pursuant to the terms of the FFELP, certain FFELP Loans can earn interest at the stated fixed rate of interest as underlying debt interest rate expense remains variable. We refer to this additional spread income as "Floor Income." Floor Income can be volatile since it is dependent on interest rate levels. We frequently hedge this volatility to lock in the value of the Floor Income over the term of the contract. Interest earned on our Private Education Refinance Loans is generally fixed rate with the related cost of funds generally fixed rate as well. Interest earned on the remaining Private Education Loans is generally indexed to either one-month Prime or term SOFR rates and our cost of funds is primarily indexed to one-month or three-month term SOFR. The use of funding with index types and reset frequencies that are different from our assets exposes us to interest rate risk in the form of basis and repricing risk. This could result in our cost of funds not moving in the same direction or with the same magnitude as the yield on our assets. While we believe this risk is low, as all of these indices are short-term with rate movements that are highly correlated over a long period of time, market disruptions (which have occurred in prior years) can lead to a temporary divergence between indices resulting in a negative impact to our earnings.

Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information relating to our purchases of shares of our common stock in the three months ended June 30, 2025.

(In millions, except per share data) Period:	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾⁽²⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs ⁽¹⁾
April 1 — April 30, 2025	.7	\$ 11.24	.7	\$ 68
May 1 — May 31, 2025	.6	13.00	.6	\$ 60
June 1 — June 30, 2025	.6	13.71	.6	\$ 52
Total second-quarter 2025	1.9	\$ 12.56	1.9	

⁽¹⁾ On December 10, 2021, our Board of Directors approved a \$1 billion multi-year share repurchase program (the Share Repurchase Program). The Share Repurchase Program does not have an expiration date.

⁽²⁾ On March 17, 2025, the Company entered into a "Rule 10b5-1 trading arrangement" intended to satisfy the affirmative defense conditions of Rule 10b5-1, pursuant to which the Company will purchase the applicable shares during second-quarter 2025 from April 1, 2025 to April 30, 2025. This plan terminated by its terms on May 1, 2025. On June 16, 2025, the Company entered into a "Rule 10b5-1 trading arrangement" intended to satisfy the affirmative defense conditions of Rule 10b5-1, pursuant to which the Company will purchase the applicable shares during second-quarter 2025 from June 17, 2025 to June 30, 2025. This plan terminates by its terms on July 31, 2025.

Other Information

Director and Officer Trading Arrangements

During the quarter ended June 30, 2025, none of the Company's directors or officers who are subject to the filing requirements of Section 16 of the Securities and Exchange Act adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K, Item 408).

Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive and Principal Financial Officers, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of June 30, 2025. Based on this evaluation, our Principal Executive and Principal Financial Officers concluded that, as of June 30, 2025, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to our management, including our Principal Executive and Principal Financial Officers as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Exhibits

- 31.1* [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1** [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2** [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith
** Furnished herewith

Financial Statements

NAVIENT CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)
(Unaudited)

	June 30, 2025	December 31, 2024
Assets		
FFELP Loans (net of allowance for losses of \$182 and \$180, respectively)	\$ 29,618	\$ 30,852
Private Education Loans (net of allowance for losses of \$348 and \$441, respectively)	15,530	15,716
Investments	135	143
Cash and cash equivalents	712	722
Restricted cash and cash equivalents	1,365	1,381
Goodwill and acquired intangible assets, net	436	437
Other assets	2,426	2,538
Total assets	\$ 50,222	\$ 51,789
Liabilities		
Short-term borrowings	\$ 4,752	\$ 5,134
Long-term borrowings	42,345	43,184
Other liabilities	561	830
Total liabilities	47,658	49,148
Commitments and contingencies		
Equity		
Series A Junior Participating Preferred Stock, par value \$0.20 per share; 2 million shares authorized at December 31, 2021; no shares issued or outstanding	—	—
Common stock, par value \$0.01 per share, 1.125 billion shares authorized: 467 million and 465 million shares issued, respectively	4	4
Additional paid-in capital	3,394	3,380
Accumulated other comprehensive income (net of tax expense of \$0 and \$1, respectively)	—	3
Retained earnings	4,674	4,697
Total stockholders' equity before treasury stock	8,072	8,084
Less: Common stock held in treasury at cost: 367 million and 362 million shares, respectively	(5,508)	(5,443)
Total equity	2,564	2,641
Total liabilities and equity	\$ 50,222	\$ 51,789

Supplemental information — assets and liabilities of consolidated variable interest entities:

	June 30, 2025	December 31, 2024
FFELP Loans	\$ 29,565	\$ 30,620
Private Education Loans	14,221	14,638
Restricted cash	1,363	1,364
Other assets, net	1,366	1,224
Short-term borrowings	4,153	4,532
Long-term borrowings	37,552	38,497
Net assets of consolidated variable interest entities	\$ 4,810	\$ 4,817

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest income:				
FFELP Loans	\$ 483	\$ 608	\$ 975	\$ 1,269
Private Education Loans	273	317	562	645
Cash and investments	22	48	43	86
Total interest income	778	973	1,580	2,000
Total interest expense	650	843	1,322	1,718
Net interest income	128	130	258	282
Less: provisions for loan losses	37	14	67	26
Net interest income after provisions for loan losses	91	116	191	256
Other income (loss):				
Servicing revenue	14	18	27	35
Asset recovery and business processing revenue	—	81	23	158
Other income	19	4	33	13
Gains (losses) on derivative and hedging activities, net	(5)	14	(30)	46
Total other income	28	117	53	252
Expenses:				
Salaries and benefits	35	87	84	188
Other operating expenses	65	79	143	162
Total operating expenses	100	166	227	350
Goodwill and acquired intangible asset impairment and amortization expense	1	3	2	5
Restructuring/other reorganization expenses	—	16	3	17
Total expenses	101	185	232	372
Income before income tax expense	18	48	12	136
Income tax expense	4	12	1	27
Net income	\$ 14	\$ 36	\$ 11	\$ 109
Basic earnings per common share	\$.14	\$.32	\$.11	\$.98
Average common shares outstanding	100	111	101	112
Diluted earnings per common share	\$.13	\$.32	\$.11	\$.97
Average common and common equivalent shares outstanding	101	112	102	113
Dividends per common share	\$.16	\$.16	\$.32	\$.32

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 14	\$ 36	\$ 11	\$ 109
Net changes in cash flow hedges, net of tax ⁽¹⁾	(2)	(5)	(3)	(9)
Total comprehensive income	<u>\$ 12</u>	<u>\$ 31</u>	<u>\$ 8</u>	<u>\$ 100</u>

⁽¹⁾See "Note 5 – Derivative Financial Instruments."

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share amounts)
(Unaudited)

	Common Stock Shares			Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
	Issued	Treasury	Outstanding						
Balance at March 31, 2024	465,031,305	(353,206,556)	111,824,749	\$ 4	\$ 3,360	\$ 15	\$ 4,691	\$ (5,304)	\$ 2,766
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	—	36	—	36
Other comprehensive income (loss), net of tax	—	—	—	—	—	(5)	—	—	(5)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	31
Cash dividends:									
Common stock (\$.16 per share)	—	—	—	—	—	—	(17)	—	(17)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	—	—	—
Issuance of common shares	76,826	—	76,826	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	7	—	—	—	7
Common stock repurchased	—	(2,466,060)	(2,466,060)	—	—	—	—	(38)	(38)
Shares repurchased related to employee stock-based compensation plans	—	(25,421)	(25,421)	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2024	<u>465,108,131</u>	<u>(355,698,037)</u>	<u>109,410,094</u>	<u>\$ 4</u>	<u>\$ 3,367</u>	<u>\$ 10</u>	<u>\$ 4,710</u>	<u>\$ (5,343)</u>	<u>\$ 2,748</u>
Balance at March 31, 2025	466,581,434	(365,246,956)	101,334,478	\$ 4	\$ 3,390	\$ 2	\$ 4,677	\$ (5,484)	\$ 2,589
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	—	14	—	14
Other comprehensive income (loss), net of tax	—	—	—	—	—	(2)	—	—	(2)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	12
Cash dividends:									
Common stock (\$.16 per share)	—	—	—	—	—	—	(16)	—	(16)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	(1)	—	(1)
Issuance of common shares	14,995	—	14,995	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	4	—	—	—	4
Common stock repurchased	—	(1,910,892)	(1,910,892)	—	—	—	—	(24)	(24)
Shares repurchased related to employee stock-based compensation plans	—	(7,543)	(7,543)	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Balance at June 30, 2025	<u>466,596,429</u>	<u>(367,165,391)</u>	<u>99,431,038</u>	<u>\$ 4</u>	<u>\$ 3,394</u>	<u>—</u>	<u>\$ 4,674</u>	<u>\$ (5,508)</u>	<u>\$ 2,564</u>

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share amounts)
(Unaudited)

	Common Stock Shares			Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
	Issued	Treasury	Outstanding						
Balance at December 31, 2023	463,715,048	(350,210,737)	113,504,311	\$ 4	\$ 3,353	\$ 19	\$ 4,638	\$ (5,254)	\$ 2,760
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	—	109	—	109
Other comprehensive income (loss), net of tax	—	—	—	—	—	(9)	—	—	(9)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	100
Cash dividends:									
Common stock (\$0.32 per share)	—	—	—	—	—	—	(35)	—	(35)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	(2)	—	(2)
Issuance of common shares	1,393,083	—	1,393,083	—	2	—	—	—	2
Stock-based compensation expense	—	—	—	—	12	—	—	—	12
Common stock repurchased	—	(5,017,909)	(5,017,909)	—	—	—	—	(81)	(81)
Shares repurchased related to employee stock-based compensation plans	—	(469,391)	(469,391)	—	—	—	—	(7)	(7)
Other	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2024	<u>465,108,131</u>	<u>(355,698,037)</u>	<u>109,410,094</u>	<u>\$ 4</u>	<u>\$ 3,367</u>	<u>\$ 10</u>	<u>\$ 4,710</u>	<u>\$ (5,343)</u>	<u>\$ 2,748</u>
Balance at December 31, 2024	465,308,901	(362,283,344)	103,025,557	\$ 4	\$ 3,380	\$ 3	\$ 4,697	\$ (5,443)	\$ 2,641
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	—	11	—	11
Other comprehensive income (loss), net of tax	—	—	—	—	—	(3)	—	—	(3)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	8
Cash dividends:									
Common stock (\$0.32 per share)	—	—	—	—	—	—	(32)	—	(32)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	(2)	—	(2)
Issuance of common shares	1,287,528	—	1,287,528	—	2	—	—	—	2
Stock-based compensation expense	—	—	—	—	12	—	—	—	12
Common stock repurchased	—	(4,463,392)	(4,463,392)	—	—	—	—	(59)	(59)
Shares repurchased related to employee stock-based compensation plans	—	(418,655)	(418,655)	—	—	—	—	(6)	(6)
Other	—	—	—	—	—	—	—	—	—
Balance at June 30, 2025	<u>466,596,429</u>	<u>(367,165,391)</u>	<u>99,431,038</u>	<u>\$ 4</u>	<u>\$ 3,394</u>	<u>—</u>	<u>\$ 4,674</u>	<u>\$ (5,508)</u>	<u>\$ 2,564</u>

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 11	\$ 109
Adjustments to reconcile net income to net cash provided by operating activities:		
Goodwill and acquired intangible asset impairment and amortization expense	2	5
Stock-based compensation expense	12	12
Mark-to-market (gains) losses on derivative and hedging activities, net	93	(30)
Provisions for loan losses	67	26
Decrease in accrued interest receivable	72	276
Increase (decrease) in accrued interest payable	(4)	12
(Increase) decrease in other assets	(3)	79
(Decrease) in other liabilities	(53)	(28)
Total adjustments	186	352
Net cash provided by operating activities	197	461
Cash flows from investing activities		
Education loans originated and acquired	(1,103)	(610)
Proceeds from payments on education loans	2,460	6,200
Other investing activities, net	24	8
Disposal of subsidiaries, net of cash and restricted cash disposed of	25	—
Net cash provided by investing activities	1,406	5,598
Cash flows from financing activities		
Borrowings collateralized by loans in trust - issued	1,081	1,106
Borrowings collateralized by loans in trust - repaid	(2,430)	(5,154)
Asset-backed commercial paper conduits, net	(160)	(622)
Long-term unsecured notes issued	495	—
Long-term unsecured notes repaid	(554)	(7)
Other financing activities, net	30	(53)
Common stock repurchased	(59)	(81)
Common dividends paid	(32)	(35)
Net cash used in financing activities	(1,629)	(4,846)
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	(26)	1,213
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	2,103	2,793
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 2,077	\$ 4,006
Supplemental disclosure of cash flow information:		
Cash disbursements made (refunds received) for:		
Interest paid	\$ 1,314	\$ 1,680
Income taxes paid	\$ 1	\$ 30
Income taxes refunds received	\$ —	\$ (1)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:		
Cash and cash equivalents	\$ 712	\$ 1,088
Restricted cash and restricted cash equivalents	1,365	2,918
Total cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 2,077	\$ 4,006

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of Navient have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of Navient and its majority-owned and controlled subsidiaries and those Variable Interest Entities (VIEs) for which we are the primary beneficiary, after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of the results for the year ending December 31, 2025 or for any other period. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes included in our 2024 Form 10-K. Definitions for certain capitalized terms used but not otherwise defined in this Form 10-Q can be found in our 2024 Form 10-K.

Recently Issued Accounting Pronouncements

Income Taxes

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes – Improvements to Income Tax Disclosures," which requires companies to disclose additional information in specified categories regarding reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. The ASU also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The guidance is effective for fiscal years beginning after January 1, 2025. Early adoption is permitted; however, we will implement the guidance in our 2025 annual Form 10-K filing.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses

Allowance for Loan Losses Roll Forward

(Dollars in millions)	Three Months Ended June 30,					
	FFELP Loans	2025 Private Education Loans	Total	FFELP Loans	2024 Private Education Loans	Total
Allowance at beginning of period	\$ 182	\$ 397	\$ 579	\$ 206	\$ 538	\$ 744
Total provision	8	29	37	(2)	16	14
Charge-offs:						
Gross charge-offs	(8)	(92)	(100)	(10)	(77)	(87)
Expected future recoveries on current period gross charge-offs	—	13	13	—	10	10
Total ⁽¹⁾	(8)	(79)	(87)	(10)	(67)	(77)
Adjustment resulting from the change in charge-off rate ⁽²⁾	—	(1)	(1)	—	—	—
Net charge-offs	(8)	(80)	(88)	(10)	(67)	(77)
Decrease in expected future recoveries on previously fully charged-off loans ⁽³⁾	—	2	2	—	6	6
Allowance at end of period	<u>\$ 182</u>	<u>\$ 348</u>	<u>\$ 530</u>	<u>\$ 194</u>	<u>\$ 493</u>	<u>\$ 687</u>
Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) ⁽²⁾	.14%	2.06%		.14%	1.65%	
Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) ⁽²⁾	—%	.02%		—%	—%	
Net charge-offs as a percentage of average loans in repayment (annualized)	.14%	2.08%		.14%	1.65%	
Ending total loans	\$ 29,800	\$ 15,878		\$ 33,134	\$ 16,731	
Average loans in repayment	\$ 25,133	\$ 15,375		\$ 27,509	\$ 16,271	
Ending loans in repayment	\$ 24,867	\$ 15,267		\$ 26,411	\$ 16,087	

⁽¹⁾ Charge-offs are reported net of expected recoveries. For Private Education Loans, we charge off the estimated loss of a defaulted loan balance by charging off the entire defaulted loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." For FFELP Loans, the recovery is received at the time of charge-off.

⁽²⁾ Related to increasing the net charge-off rate on defaulted Private Education Loans and the resulting reduction in the balance of expected future recoveries on previously fully charged-off loans.

⁽³⁾ At the end of each month, for Private Education Loans that are 212 days past due, we charge off the estimated loss of a defaulted loan balance by charging off the entire loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." If actual periodic recoveries are less than expected, the difference is immediately reflected as a reduction to expected future recoveries on previously fully charged-off loans. If actual periodic recoveries are greater than expected, they will be reflected as a recovery through the allowance for Private Education Loan losses once the cumulative recovery amount exceeds the cumulative amount originally expected to be recovered. The following table summarizes the activity in the expected future recoveries on previously fully charged-off loans

(Dollars in millions)	Three Months Ended June 30,	
	2025	2024
Beginning of period expected future recoveries on previously fully charged-off loans	\$ 174	\$ 217
Expected future recoveries of current period defaults	13	10
Recoveries (cash collected)	(11)	(10)
Charge-offs (as a result of lower recovery expectations)	(4)	(6)
End of period expected future recoveries on previously fully charged-off loans	<u>\$ 172</u>	<u>\$ 211</u>
Change in balance during period	(2)	(6)

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

Allowance for Loan Losses Roll Forward

(Dollars in millions)	Six Months Ended June 30,					
	FFELP Loans	2025 Private Education Loans	Total	FFELP Loans	2024 Private Education Loans	Total
Allowance at beginning of period	\$ 180	\$ 441	\$ 621	\$ 215	\$ 617	\$ 832
Total provision	16	51	67	(1)	27	26
Charge-offs:						
Gross charge-offs	(14)	(173)	(187)	(20)	(187)	(207)
Expected future recoveries on current period gross charge-offs	—	23	23	—	21	21
Total ⁽¹⁾	(14)	(150)	(164)	(20)	(166)	(186)
Adjustment resulting from the change in charge-off rate ⁽²⁾	—	(2)	(2)	—	—	—
Net charge-offs	(14)	(152)	(166)	(20)	(166)	(186)
Decrease in expected future recoveries on previously fully charged-off loans ⁽³⁾	—	8	8	—	15	15
Allowance at end of period	<u>\$ 182</u>	<u>\$ 348</u>	<u>\$ 530</u>	<u>\$ 194</u>	<u>\$ 493</u>	<u>\$ 687</u>
Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) ⁽²⁾	.12%	1.96%		.14%	2.03%	
Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) ⁽²⁾	—%	.02%		—%	—%	
Net charge-offs as a percentage of average loans in repayment (annualized)	.12%	1.98%		.14%	2.03%	
Ending total loans	\$ 29,800	\$ 15,878		\$ 33,134	\$ 16,731	
Average loans in repayment	\$ 25,295	\$ 15,423		\$ 28,622	\$ 16,471	
Ending loans in repayment	\$ 24,867	\$ 15,267		\$ 26,411	\$ 16,087	

⁽¹⁾ Charge-offs are reported net of expected recoveries. For Private Education Loans, we charge off the estimated loss of a defaulted loan balance by charging off the entire defaulted loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." For FFELP Loans, the recovery is received at the time of charge-off.

⁽²⁾ Related to increasing the net charge-off rate on defaulted Private Education Loans and the resulting reduction in the balance of expected future recoveries on previously fully charged-off loans.

⁽³⁾ At the end of each month, for Private Education Loans that are 212 days past due, we charge off the estimated loss of a defaulted loan balance by charging off the entire loan balance and estimating recoveries on a pool basis. These estimated recoveries are referred to as "expected future recoveries on previously fully charged-off loans." If actual periodic recoveries are less than expected, the difference is immediately reflected as a reduction to expected future recoveries on previously fully charged-off loans. If actual periodic recoveries are greater than expected, they will be reflected as a recovery through the allowance for Private Education Loan losses once the cumulative recovery amount exceeds the cumulative amount originally expected to be recovered. The following table summarizes the activity in the expected future recoveries on previously fully charged-off loans

(Dollars in millions)	Six Months Ended June 30,	
	2025	2024
Beginning of period expected future recoveries on previously fully charged-off loans	\$ 179	\$ 226
Expected future recoveries of current period defaults	23	21
Recoveries (cash collected)	(21)	(21)
Charge-offs (as a result of lower recovery expectations)	(10)	(15)
End of period expected future recoveries on previously fully charged-off loans	<u>\$ 172</u>	<u>\$ 211</u>
Change in balance during period	\$ (8)	\$ (15)

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

Key Credit Quality Indicators

We assess and determine the collectability of our education loan portfolios by evaluating certain risk characteristics we refer to as key credit quality indicators. Key credit quality indicators are incorporated into the allowance for loan losses calculation.

FFELP Loans

FFELP Loans are substantially insured and guaranteed as to their principal and accrued interest in the event of default. The key credit quality indicators are loan status and loan type.

(Dollars in millions)	June 30, 2025		FFELP Loan Delinquencies December 31, 2024		June 30, 2024	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 1,280		\$ 1,262		\$ 1,403	
Loans in forbearance ⁽²⁾	3,653		4,365		5,320	
Loans in repayment and percentage of each status:						
Loans current	20,145	81.0%	20,675	81.4%	22,833	86.5%
Loans delinquent 31-60 days ⁽³⁾	1,333	5.4	1,479	5.8	1,041	3.9
Loans delinquent 61-90 days ⁽³⁾	863	3.5	1,043	4.1	680	2.6
Loans delinquent greater than 90 days ⁽³⁾	2,526	10.1	2,208	8.7	1,857	7.0
Total FFELP Loans in repayment	24,867	100%	25,405	100%	26,411	100%
Total FFELP Loans	29,800		31,032		33,134	
FFELP Loan allowance for losses	(182)		(180)		(194)	
FFELP Loans, net	\$ 29,618		\$ 30,852		\$ 32,940	
Percentage of FFELP Loans in repayment		83.4%		81.9%		79.7%
Delinquencies as a percentage of FFELP Loans in repayment		19.0%		18.6%		13.5%
FFELP Loans in forbearance as a percentage of loans in repayment and forbearance		12.8%		14.7%		16.8%

⁽¹⁾Loans for customers who may still be attending school or engaging in other permitted educational activities and are not yet required to make payments on their loans, e.g., residency periods for medical students or a grace period for bar exam preparation, as well as loans for customers who have requested and qualify for other permitted program deferments such as military, unemployment, or economic hardships.

⁽²⁾Loans for customers who have used their allowable deferment time or do not qualify for deferment, that need additional time to obtain employment or who have temporarily ceased making full payments due to hardship or other factors such as disaster relief consistent with established loan program servicing policies and procedures.

⁽³⁾The period of delinquency is based on the number of days scheduled payments are contractually past due.

Loan type:

(Dollars in millions)	June 30, 2025		June 30, 2024		Change
Stafford Loans	\$ 9,703	\$ 10,589	\$	\$	(886)
Consolidation Loans	17,077	19,273			(2,196)
Rehab Loans	3,020	3,272			(252)
Total loans, gross	\$ 29,800	\$ 33,134	\$	\$	(3,334)

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

Private Education Loans

The key credit quality indicators are credit scores (FICO scores), loan status, loan seasoning, certain loan modifications, the existence of a cosigner and school type. The FICO score is the higher of the borrower or co-borrower score and is updated at least every six months while school type is assessed at origination. The other Private Education Loan key quality indicators are updated quarterly.

Private Education Loan Credit Quality Indicators by Origination Year
June 30, 2025

(Dollars in millions)	2025	2024	2023	2022	2021	Prior	Total	% of Total
Credit Quality Indicators								
FICO Scores:								
640 and above	\$ 940	\$ 1,146	\$ 635	\$ 1,167	\$ 2,991	\$ 7,020	\$ 13,899	88%
Below 640	14	48	46	102	166	1,603	1,979	12
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
Loan Status:								
In-school/grace/deferment/forbearance	\$ 29	\$ 91	\$ 55	\$ 51	\$ 73	\$ 312	\$ 611	4%
Current/90 days or less delinquent	924	1,097	618	1,201	3,063	7,905	14,808	93
Greater than 90 days delinquent	1	6	8	17	21	406	459	3
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
Seasoning⁽¹⁾:								
1-12 payments	\$ 932	\$ 879	\$ 28	\$ 22	\$ 11	\$ 30	\$ 1,902	12%
13-24 payments	—	238	484	48	37	41	848	6
25-36 payments	—	—	125	524	107	85	841	5
37-48 payments	—	—	—	645	2,182	160	2,987	19
More than 48 payments	—	—	—	—	784	8,155	8,939	56
Loans in-school/grace/deferment	22	77	44	30	36	152	361	2
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
Certain Loan Modifications⁽²⁾:								
Modified	\$ —	\$ 6	\$ 27	\$ 98	\$ 203	\$ 5,077	\$ 5,411	34%
Non-Modified	954	1,188	654	1,171	2,954	3,546	10,467	66
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
Cosigners:								
With cosigner ⁽³⁾	\$ 152	\$ 342	\$ 225	\$ 136	\$ 70	\$ 4,179	\$ 5,104	32%
Without cosigner	802	852	456	1,133	3,087	4,444	10,774	68
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
School Type:								
Not-for-profit	\$ 893	\$ 1,127	\$ 643	\$ 1,201	\$ 2,971	\$ 7,489	\$ 14,324	90%
For-profit	61	67	38	68	186	1,134	1,554	10
Total	\$ 954	\$ 1,194	\$ 681	\$ 1,269	\$ 3,157	\$ 8,623	\$ 15,878	100%
Allowance for loan losses								(348)
Total loans, net							\$ 15,530	
Charge-Offs	\$ —	\$ (2)	\$ (3)	\$ (6)	\$ (12)	\$ (129)	\$ (152)	

(1) Number of months in active repayment for which a scheduled payment was received.

(2) Loan Modifications represents the historical definition of a troubled debt restructuring (TDR) prior to the implementation of ASU No. 2022-02 on January 1, 2023. Any loan that meets the historical definition of a TDR retains that classification for the life of the loan (including loans that met that definition after January 1, 2023). This includes loans given rate modifications, term extensions or forbearance greater than 3 months in the prior 24-month period. This classification is not intended to reconcile in any way to the modification disclosures required under ASU No. 2022-02.

(3) Excluding Private Education Refinance Loans, which do not have a cosigner, the cosigner rate was 66% for total loans at June 30, 2025.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

Private Education Loan Credit Quality Indicators by Origination Year
June 30, 2024

(Dollars in millions)	2024	2023	2022	2021	2020	Prior	Total	% of Total
Credit Quality Indicators								
FICO Scores:								
640 and above	\$ 490	\$ 841	\$ 1,453	\$ 3,591	\$ 1,119	\$ 7,513	\$ 15,007	90%
Below 640	8	20	75	137	31	1,453	1,724	10
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
Loan Status:								
In-school/grace/deferment/forbearance	\$ 22	\$ 69	\$ 64	\$ 80	\$ 19	\$ 390	\$ 644	4%
Current/90 days or less delinquent	476	789	1,454	3,634	1,127	8,256	15,736	94
Greater than 90 days delinquent	—	3	10	14	4	320	351	2
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
Seasoning⁽¹⁾:								
1-12 payments	\$ 479	\$ 632	\$ 36	\$ 24	\$ 3	\$ 45	\$ 1,219	7%
13-24 payments	—	172	656	82	11	61	982	6
25-36 payments	—	—	791	2,602	28	111	3,532	21
37-48 payments	—	—	—	976	683	206	1,865	11
More than 48 payments	—	—	—	—	416	8,367	8,783	53
Loans in-school/grace/deferment	19	57	45	44	9	176	350	2
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
Certain Loan Modifications⁽²⁾:								
Modified	\$ —	\$ 3	\$ 64	\$ 161	\$ 53	\$ 5,538	\$ 5,819	35%
Non-Modified	498	858	1,464	3,567	1,097	3,428	10,912	65
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
Cosigners:								
With cosigner ⁽³⁾	\$ 76	\$ 264	\$ 168	\$ 87	\$ 21	\$ 4,808	\$ 5,424	32%
Without cosigner	422	597	1,360	3,641	1,129	4,158	11,307	68
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
School Type:								
Not-for-profit	\$ 335	\$ 814	\$ 1,447	\$ 3,511	\$ 1,099	\$ 7,674	\$ 14,880	89%
For-profit	163	47	81	217	51	1,292	1,851	11
Total	\$ 498	\$ 861	\$ 1,528	\$ 3,728	\$ 1,150	\$ 8,966	\$ 16,731	100%
Allowance for loan losses							(493)	
Total loans, net							\$ 16,238	
Charge-Offs	\$ —	\$ (1)	\$ (5)	\$ (9)	\$ (2)	\$ (149)	\$ (166)	

⁽¹⁾ Number of months in active repayment for which a scheduled payment was received.

⁽²⁾ Loan Modifications represents the historical definition of a troubled debt restructuring (TDR) prior to the implementation of ASU 2022-02 on January 1, 2023. Any loan that meets the historical definition of a TDR retains that classification for the life of the loan (including loans that met that definition after January 1, 2023). This includes loans given rate modifications, term extensions or forbearance greater than 3 months in the prior 24-month period. This classification is not intended to reconcile in any way to the new modification disclosures required under ASU 2022-02.

⁽³⁾ Excluding Private Education Refinance Loans, which do not have a cosigner, the cosigner rate was 66% for total loans at June 30, 2024.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

(Dollars in millions)	June 30, 2025		Private Education Loan Delinquencies December 31, 2024		June 30, 2024	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 361		\$ 372		\$ 350	
Loans in forbearance ⁽²⁾	250		422		294	
Loans in repayment and percentage of each status:						
Loans current	14,296	93.6%	14,419	93.9%	15,250	94.8%
Loans delinquent 31-60 days ⁽³⁾	335	2.2	319	2.1	311	1.9
Loans delinquent 61-90 days ⁽³⁾	177	1.2	206	1.3	175	1.1
Loans delinquent greater than 90 days ⁽³⁾	459	3.0	419	2.7	351	2.2
Total loans in repayment	15,267	100%	15,363	100%	16,087	100%
Total loans	15,878		16,157		16,731	
Allowance for losses	(348)		(441)		(493)	
Loans, net	\$ 15,530		\$ 15,716		\$ 16,238	
Percentage of loans in repayment		96.2%		95.1%		96.2%
Delinquencies as a percentage of loans in repayment		6.4%		6.1%		5.2%
Loans in forbearance as a percentage of loans in repayment and forbearance		1.6%		2.7%		1.8%

⁽¹⁾Loans for customers who are attending school or are in other permitted educational activities and are not yet required to make payments on their loans, e.g., internship periods, as well as loans for customers who have requested and qualify for other permitted program deferments such as various military eligible deferments.

⁽²⁾Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors such as disaster relief consistent with established loan program servicing policies and procedures.

⁽³⁾The period of delinquency is based on the number of days scheduled payments are contractually past due.

Loan Modifications to Borrowers Experiencing Financial Difficulty

We adjust the terms of Private Education Loans for certain borrowers when we believe such changes will help our customers better manage their student loan obligations, achieve better outcomes and increase the collectability of the loans. These changes generally take the form of a temporary interest rate reduction, a temporary forbearance of payments, a temporary interest-only payment, and a temporary interest rate reduction with a permanent extension of the loan term. The effect of modifications of loans made to borrowers who are experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance. The model design predicts borrowers that will have financial difficulty in the future and require loan modification and increased life of loan default risk.

Under our current forbearance practices, temporary hardship forbearance of payments generally cannot exceed 12 months over the life of the loan. However, exceptions can be made in cases where borrowers have shown the ability to make a substantial number of monthly principal and interest payments and in those cases borrowers can be granted up to 24 months of hardship forbearance over the life of the loan. We offer other administrative forbearances (e.g., death and disability, bankruptcy, military service, and disaster forbearance) that are either required by law (such as the Servicemembers Civil Relief Act) or are considered separate from our active loss mitigation programs and therefore are not considered to be loan modifications requiring disclosure under ASU No. 2022-02.

FFELP Loans are at least 97 percent guaranteed as to their principal and accrued interest by the federal government in the event of default and, therefore, we do not deem FFELP Loans as nonperforming from a credit risk perspective at any point in their life cycle prior to claim payment and continue to accrue interest on those loans through the date of claim. Further, FFELP loan modification events are either legal entitlements subject to regulatory-driven eligibility criteria or addressed in the promissory note terms, so we do not consider these events as a component of our loan modification programs.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

The following tables show the amortized cost basis as of June 30, 2025 and 2024 of the loans to borrowers experiencing financial difficulty that were modified during the respective period.

(Dollars in millions) Loan Type	Three Months Ended June 30, 2025						
	Interest Rate Reductions ⁽¹⁾			Loan Modifications Made to Borrowers Experiencing Financial Difficulty More Than an Insignificant Payment Delay ⁽²⁾		Combination Rate Reduction and Term Extension	
	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	
Private Education Loans	\$ 568	3.6%	\$ 295	1.9%	\$ 35	.2%	

(Dollars in millions) Loan Type	Three Months Ended June 30, 2024						
	Interest Rate Reductions ⁽¹⁾			Loan Modifications Made to Borrowers Experiencing Financial Difficulty More Than an Insignificant Payment Delay ⁽²⁾		Combination Rate Reduction and Term Extension	
	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	
Private Education Loans	\$ 601	3.6%	\$ 314	1.9%	\$ 39	.2%	

(Dollars in millions) Loan Type	Six Months Ended June 30, 2025						
	Interest Rate Reductions ⁽¹⁾			Loan Modifications Made to Borrowers Experiencing Financial Difficulty More Than an Insignificant Payment Delay ⁽²⁾		Combination Rate Reduction and Term Extension	
	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	
Private Education Loans	\$ 1,171	7.4%	\$ 548	3.5%	\$ 75	.5%	

(Dollars in millions) Loan Type	Six Months Ended June 30, 2024						
	Interest Rate Reductions ⁽¹⁾			Loan Modifications Made to Borrowers Experiencing Financial Difficulty More Than an Insignificant Payment Delay ⁽²⁾		Combination Rate Reduction and Term Extension	
	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	Amortized Cost	% of Loan Type	
Private Education Loans	\$ 1,143	6.8%	\$ 597	3.6%	\$ 78	.5%	

⁽¹⁾As of June 30, 2025 and 2024, there was \$1.0 billion and \$1.1 billion, respectively, of loans in the interest rate reduction program.

⁽²⁾More Than an Insignificant Payment Delay includes loans granted more than 3 months of short-term interest only payments or hardship forbearance.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

For those loans modified in the three and six months ended June 30, 2025 and 2024, the following tables show the impact of such modification.

Three Months Ended June 30, 2025

Loan Type	Interest Rate Reductions	More Than an Insignificant Payment Delay	Combination Rate Reduction and Term Extension
Private Education Loans	Reduced the weighted average contractual rate from 12.3% to 5.3%	Added an average 5 months to the remaining life of the loans	Added an average 7 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.1% to 5.4%.

Three Months Ended June 30, 2024

Loan Type	Interest Rate Reductions	More Than an Insignificant Payment Delay	Combination Rate Reduction and Term Extension
Private Education Loans	Reduced the weighted average contractual rate from 13.3% to 5.5%	Added an average 5 months to the remaining life of the loans	Added an average 7 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.7% to 5.3%.

Six Months Ended June 30, 2025

Loan Type	Interest Rate Reductions	More Than an Insignificant Payment Delay	Combination Rate Reduction and Term Extension
Private Education Loans	Reduced the weighted average contractual rate from 12.4% to 5.4%	Added an average 7 months to the remaining life of the loans	Added an average 7 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.0% to 5.4%.

Six Months Ended June 30, 2024

Loan Type	Interest Rate Reductions	More Than an Insignificant Payment Delay	Combination Rate Reduction and Term Extension
Private Education Loans	Reduced the weighted average contractual rate from 13.3% to 5.5%	Added an average 6 months to the remaining life of the loans	Added an average 7 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.8% to 5.3%.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

2. Allowance for Loan Losses (Continued)

The following table provides the amount of loan modifications for which a charge-off or payment default occurred in the respective period and within 12 months of the loan receiving a loan modification. We define payment default as 60 days or more past due for purposes of this disclosure. We closely monitor performance of the loans to borrowers experiencing financial difficulty that are modified to understand the effectiveness of the modification efforts.

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Modified loans (amortized cost) ⁽¹⁾	\$ 109	\$ 128	\$ 179	\$ 163
Payment default (par)	\$ 111	\$ 131	\$ 183	\$ 167
Charge-offs (par)	\$ 15	\$ 10	\$ 25	\$ 12

⁽¹⁾For the three months ended June 30, 2025 and 2024, the modified loans include \$71 million and \$101 million, respectively, of Interest Rate Reduction, \$5 million and \$5 million, respectively, of Combination Rate Reduction and Term Extension, and \$33 million and \$22 million, respectively, of More Than Insignificant Payment Delay. For the six months ended June 30, 2025 and 2024, the modified loans include \$119 million and \$121 million, respectively, of Interest Rate Reduction, \$8 million and \$7 million, respectively, of Combination Rate Reduction and Term Extension, and \$52 million and \$35 million, respectively, of More Than Insignificant Payment Delay.

The following table provides the performance and related loan status of Private Education Loans that have been modified within the 12 months prior to June 30, 2025 and the 12 months prior to December 31, 2024, respectively.

(Dollars in millions)	Payment Status (Amortized Cost)	
	Twelve Months Ended	Twelve Months Ended
Loan Status	June 30, 2025	December 31, 2024
Loans in school/deferment	\$ 20	\$ 21
Loans in forbearance	78	162
Loans current	2,111	2,037
Loans delinquent 31 - 60 days	181	172
Loans delinquent 61 - 90 days	100	117
Loans delinquent greater than 90 days	164	186
Total modified loans	\$ 2,654	\$ 2,695

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

3. Borrowings

The following table summarizes our borrowings.

(Dollars in millions)	June 30, 2025			December 31, 2024		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Unsecured borrowings:						
Senior unsecured debt	\$ 505	\$ 4,798	\$ 5,303	\$ 553	\$ 4,806	\$ 5,359
Total unsecured borrowings	505	4,798	5,303	553	4,806	5,359
Secured borrowings:						
FFELP Loan securitizations ⁽¹⁾⁽²⁾	117	26,948	27,065	41	28,268	28,309
Private Education Loan securitizations ⁽³⁾	562	10,322	10,884	631	10,338	10,969
FFELP Loan ABCP facilities ⁽⁴⁾	1,531	301	1,832	1,586	74	1,660
Private Education Loan ABCP facilities ⁽⁴⁾	1,943	—	1,943	2,274	—	2,274
Other ⁽⁵⁾	97	39	136	54	40	94
Total secured borrowings	4,250	37,610	41,860	4,586	38,720	43,306
Total before hedge accounting adjustments	4,755	42,408	47,163	5,139	43,526	48,665
Hedge accounting adjustments	(3)	(63)	(66)	(5)	(342)	(347)
Total	\$ 4,752	\$ 42,345	\$ 47,097	\$ 5,134	\$ 43,184	\$ 48,318

⁽¹⁾Includes \$117 million and \$41 million of short-term debt and \$0 million and \$87 million of long-term debt related to the FFELP Loan ABS repurchase facilities (FFELP Loan Repurchase Facilities) as of June 30, 2025 and December 31, 2024, respectively.

⁽²⁾Includes defaulted FFELP secured debt tranches with a remaining principal amount of \$1.2 billion as of June 30, 2025 as a result of not maturing by their respective contractual maturity dates. Notices were delivered to the trustee, rating agencies and bondholders alerting them to these maturity date defaults. At this time, it is expected the bonds will be paid in full between 2028 and 2038. There is no impact to the principal amount owed or the coupon at which the bonds accrue, and there is no revised contractual maturity date.

⁽³⁾Includes \$562 million and \$631 million of short-term debt related to the Private Education Loan ABS repurchase facilities (Private Education Loan Repurchase Facilities) as of June 30, 2025 and December 31, 2024, respectively.

⁽⁴⁾ABCP facilities include \$432 million and \$121 million of gross issuances in the three months ended June 30, 2025 and 2024, respectively, and \$587 million and \$944 million of gross paydowns in the three months ended June 30, 2025 and 2024, respectively. ABCP facilities include \$964 million and \$522 million of gross issuances in the six months ended June 30, 2025 and 2024, respectively, and \$1.1 billion and \$1.1 billion of gross paydowns in the six months ended June 30, 2025 and 2024, respectively.

⁽⁵⁾“Other” primarily includes the obligation to return cash collateral held related to derivative exposure.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

3. Borrowings (Continued)

Variable Interest Entities

We consolidated the following financing VIEs as of June 30, 2025 and December 31, 2024, as we are the primary beneficiary. As a result, these VIEs are accounted for as secured borrowings.

(Dollars in millions)	June 30, 2025						
	Short Term	Debt Outstanding Long Term	Total	Loans	Cash	Carrying Amount of Assets Securing Debt Outstanding Other Assets	Total
Secured Borrowings — VIEs:							
FFELP Loan securitizations	\$ 117	\$ 26,948	\$ 27,065	\$ 27,749	\$ 871	\$ 1,187	\$ 29,807
Private Education Loan securitizations	562	10,322	10,884	12,103	342	130	12,575
FFELP Loan ABCP facilities	1,531	301	1,832	1,816	65	86	1,967
Private Education Loan ABCP facilities	1,943	—	1,943	2,118	85	38	2,241
Total before hedge accounting adjustments	4,153	37,571	41,724	43,786	1,363	1,441	46,590
Hedge accounting adjustments	—	(19)	(19)	—	—	(75)	(75)
Total	\$ 4,153	\$ 37,552	\$ 41,705	\$ 43,786	\$ 1,363	\$ 1,366	\$ 46,515

(Dollars in millions)	December 31, 2024						
	Short Term	Debt Outstanding Long Term	Total	Loans	Cash	Carrying Amount of Assets Securing Debt Outstanding Other Assets	Total
Secured Borrowings — VIEs:							
FFELP Loan securitizations	\$ 41	\$ 28,268	\$ 28,309	\$ 28,983	\$ 901	\$ 1,211	\$ 31,095
Private Education Loan securitizations	631	10,338	10,969	12,054	335	113	12,502
FFELP Loan ABCP facilities	1,586	74	1,660	1,637	53	78	1,768
Private Education Loan ABCP facilities	2,274	—	2,274	2,584	75	66	2,725
Total before hedge accounting adjustments	4,532	38,680	43,212	45,258	1,364	1,468	48,090
Hedge accounting adjustments	—	(183)	(183)	—	—	(244)	(244)
Total	\$ 4,532	\$ 38,497	\$ 43,029	\$ 45,258	\$ 1,364	\$ 1,224	\$ 47,846

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

4. Divestitures

As it relates to our Business Processing Healthcare Services reporting unit, on September 19, 2024, Navient completed the sale of its membership interest in Xtend, LLC, which comprised the Company's healthcare services business, resulting in a \$219 million gain on sale. As a result, \$112 million of goodwill and acquired intangible assets were a part of our basis in this entity, and these assets were therefore removed from our balance sheet upon the sale.

On December 19, 2024, Navient entered into an agreement to sell its government services businesses. During the fourth quarter of 2024, our government services businesses met the criteria for held for sale classification. The basis of these subsidiaries was written down to their estimated sales price or fair value less cost to sell, which was equal to the estimated net sales price resulting in a \$28 million loss, which is presented in the "Gain on sale of subsidiaries, net" line in the statement of income. In February 2025, Navient completed the sale of its government services businesses for net consideration of \$44 million, which constitutes the remainder of the Business Processing segment.

There was no revenue in the Business Processing segment in the second quarter of 2025. The \$81 million of revenue in the Business Processing segment in the second quarter of 2024 included \$32 million related to healthcare services and \$49 million related to government services, of which \$14 million, \$18 million and \$17 million related to federal government, state and local government, and tolling authorities clients, respectively.

The \$23 million of revenue in the Business Processing segment in the six months ended June 30, 2025 was related to government services, of which \$4 million, \$8 million and \$11 million related to federal government, state and local government, and tolling authorities clients, respectively. The \$158 million of revenue in the Business Processing segment in the six months ended June 30, 2024 included \$61 million related to healthcare services and \$97 million related to government services of which \$29 million, \$35 million and \$33 million related to federal government, state and local government, and tolling authorities clients, respectively.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

5. Derivative Financial Instruments

Summary of Derivative Financial Statement Impact

The following tables summarize the fair values and notional amounts of all derivative instruments and their impact on net income and other comprehensive income.

Impact of Derivatives on Balance Sheet

(Dollars in millions)	Hedged Risk Exposure	Cash Flow		Fair Value ⁽³⁾		Trading		Total	
		Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024
Fair Values ⁽¹⁾									
<i>Derivative Assets:</i>									
Interest rate swaps	Interest rate	\$ —	\$ —	\$ 43	\$ 25	\$ —	\$ —	\$ 43	\$ 25
Cross-currency interest rate swaps		—	—	4	—	—	—	4	—
Total derivative assets⁽²⁾		—	—	47	25	—	—	47	25
<i>Derivative Liabilities:</i>									
Interest rate swaps	Interest rate	—	—	—	—	—	—	—	—
Cross-currency interest rate swaps	Foreign currency and interest rate	—	—	(79)	(244)	—	—	(79)	(244)
Total derivative liabilities⁽²⁾		—	—	(79)	(244)	—	—	(79)	(244)
Net total derivatives		\$ —	\$ —	\$ (32)	\$ (219)	\$ —	\$ —	\$ (32)	\$ (219)

⁽¹⁾ Fair values reported are exclusive of collateral held and pledged and accrued interest. Assets and liabilities are presented without consideration of master netting agreements. Derivatives are carried on the balance sheet based on net position by counterparty under master netting agreements and classified in other assets or other liabilities depending on whether in a net positive or negative position.

⁽²⁾ The following table reconciles gross positions without the impact of master netting agreements to the balance sheet classification:

(Dollar in millions)	Other Assets		Other Liabilities	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Gross position	\$ 47	\$ 25	\$ (79)	\$ (244)
Impact of master netting agreements	—	—	—	—
Derivative values with impact of master netting agreements (as carried on balance sheet)	47	25	(79)	(244)
Cash collateral (held) pledged	(46)	(26)	39	30
Net position	\$ 1	\$ (1)	\$ (40)	\$ (214)

⁽³⁾ The following table shows the carrying value of liabilities in fair value hedges and the related fair value hedging adjustments to these liabilities:

(Dollar in millions)	As of June 30, 2025		As of December 31, 2024	
	Carrying Value	Hedge Basis Adjustments	Carrying Value	Hedge Basis Adjustments
Short-term borrowings	\$ 496	\$ (3)	\$ 495	\$ (5)
Long-term borrowings	\$ 4,720	\$ (66)	\$ 4,517	\$ (345)

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

5. Derivative Financial Instruments (Continued)

The above fair values include adjustments when necessary for counterparty credit risk.

(Dollars in billions)	Cash Flow		Fair Value		Trading		Total	
	Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024	Jun 30, 2025	Dec 31, 2024
Notional Values:								
Interest rate swaps	\$.4	\$.1	\$ 4.1	\$ 4.1	\$ 1.7	\$ 2.2	\$ 6.2	\$ 6.4
Cross-currency interest rate swaps	—	—	1.3	1.3	—	—	1.3	1.3
Total derivatives	\$.4	\$.1	\$ 5.4	\$ 5.4	\$ 1.7	\$ 2.2	\$ 7.5	\$ 7.7

Mark-to-Market Impact of Derivatives on Statements of Income

(Dollars in millions)	Total Gains (Losses)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fair Value Hedges:				
Interest Rate Swaps				
Gains (losses) recognized in net income on derivatives	\$ 51	\$ 6	\$ 109	\$ (48)
Gains (losses) recognized in net income on hedged items	(55)	(8)	(116)	50
Net fair value hedge ineffectiveness gains (losses)	(4)	(2)	(7)	2
Cross-currency interest rate swaps				
Gains (losses) recognized in net income on derivatives	115	1	169	(33)
Gains (losses) recognized in net income on hedged items	(107)	6	(164)	36
Net fair value hedge ineffectiveness gains (losses)	8	7	5	3
Total fair value hedges ⁽¹⁾⁽²⁾	4	5	(2)	5
Cash Flow Hedges:				
Total cash flow hedges ⁽²⁾	—	—	—	—
Trading:				
Interest rate swaps	(5)	14	(30)	46
Total trading derivatives ⁽³⁾	(5)	14	(30)	46
Mark-to-market gains (losses) recognized	<u>\$ (1)</u>	<u>\$ 19</u>	<u>\$ (32)</u>	<u>\$ 51</u>

⁽¹⁾Recorded in interest expense in the consolidated statements of income.

⁽²⁾The accrued interest income (expense) on fair value hedges and cash flow hedges is recorded in interest expense and is excluded from this table.

⁽³⁾Recorded in "gains (losses) on derivative and hedging activities, net" in the consolidated statements of income.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

5. Derivative Financial Instruments (Continued)

Impact of Derivatives on Other Comprehensive Income (Equity)

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total gains (losses) on cash flow hedges	\$ (2)	\$ 1	\$ (2)	\$ 4
Reclassification adjustments for derivative (gains) losses included in net income (interest expense) ⁽¹⁾	—	(6)	(1)	(13)
Net changes in cash flow hedges, net of tax	<u>\$ (2)</u>	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ (9)</u>

⁽¹⁾Includes net settlement income/expense.

Collateral

The following table details collateral held and pledged related to derivative exposure between us and our derivative counterparties:

(Dollars in millions)	June 30, 2025	December 31, 2024
Collateral held:		
Cash (obligation to return cash collateral is recorded in short-term borrowings)	\$ 46	\$ 26
Securities at fair value — corporate derivatives (not recorded in financial statements) ⁽¹⁾	—	—
Securities at fair value — on-balance sheet securitization derivatives (not recorded in financial statements) ⁽²⁾	—	—
Total collateral held	<u>\$ 46</u>	<u>\$ 26</u>
Derivative asset at fair value including accrued interest	<u>\$ 55</u>	<u>\$ 33</u>
Collateral pledged to others:		
Cash (right to receive return of cash collateral is recorded in investments)	\$ 39	\$ 30
Total collateral pledged	<u>\$ 39</u>	<u>\$ 30</u>
Derivative liability at fair value including accrued interest and premium receivable	<u>\$ 85</u>	<u>\$ 250</u>

⁽¹⁾The Company has the ability to sell or re-pledge securities it holds as collateral.

⁽²⁾The trusts do not have the ability to sell or re-pledge securities they hold as collateral.

Our corporate derivatives contain credit contingent features. At our current unsecured credit rating, we have fully collateralized our corporate derivative liability position (including accrued interest and net of premiums receivable) of \$0 with our counterparties. Downgrades in our unsecured credit rating would not result in any additional collateral requirements. Trust related derivatives do not contain credit contingent features related to our or the trusts' credit ratings. At June 30, 2025 and December 31, 2024, we had a net positive exposure (derivative gain positions to us less collateral which has been posted by counterparties to us) related to Navient Corporation derivatives of \$6 million and \$9 million, respectively. The trusts are not required to post collateral to the counterparties. At June 30, 2025 and December 31, 2024, the net positive exposure on swaps in securitization trusts was \$4 million and \$0 million, respectively.

6. Other Assets

The following table provides the detail of our other assets.

(Dollars in millions)	June 30, 2025	December 31, 2024
Accrued interest receivable	\$ 1,661	\$ 1,733
Benefit and insurance-related investments	460	459
Income tax asset, net	100	120
Derivatives at fair value	47	25
Accounts receivable	19	49
Fixed assets	28	52
Other	111	100
Total	<u>\$ 2,426</u>	<u>\$ 2,538</u>

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

7. Stockholders' Equity

The following table summarizes common share repurchases, issuances and dividends paid.

(Dollars and shares in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Common stock repurchased ⁽¹⁾	1.9	2.5	4.5	5.0
Common stock repurchased (in dollars) ⁽¹⁾	\$ 24	\$ 38	\$ 59	\$ 81
Average purchase price per share ⁽¹⁾	\$ 12.56	\$ 15.41	\$ 13.22	\$ 16.14
Remaining common stock repurchase authority ⁽¹⁾	\$ 52	\$ 209	\$ 52	\$ 209
Shares repurchased related to employee stock-based compensation plans ⁽²⁾	—	—	.4	.5
Average purchase price per share ⁽²⁾	\$ —	\$ —	\$ 13.74	\$ 16.04
Common shares issued ⁽³⁾	—	.1	1.3	1.4
Dividends paid	\$ 16	\$ 17	\$ 32	\$ 35
Dividends per share	\$.16	\$.16	\$.32	\$.32

⁽¹⁾Common shares purchased under our share repurchase program. Our Board of Directors authorized a \$1 billion multi-year share repurchase program in December 2021.

⁽²⁾Comprises shares withheld from the vesting of restricted stock for employees' tax withholding obligations.

⁽³⁾Common shares issued under our various compensation and benefit plans.

The closing price of our common stock on June 30, 2025 was \$14.10.

8. Earnings (Loss) per Common Share

Basic earnings (loss) per common share (EPS) are calculated using the weighted average number of shares of common stock outstanding during each period. A reconciliation of the numerators and denominators of the basic and diluted EPS calculations on a GAAP basis follows.

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss)	\$ 14	\$ 36	\$ 11	\$ 109
Denominator:				
Weighted average shares used to compute basic EPS	100	111	101	112
Effect of dilutive securities:				
Dilutive effect of restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan (ESPP) ⁽¹⁾	1	1	1	1
Dilutive potential common shares ⁽²⁾	1	1	1	1
Weighted average shares used to compute diluted EPS	101	112	102	113
Basic earnings (loss) per common share	\$.14	\$.32	\$.11	\$.98
Diluted earnings (loss) per common share	\$.13	\$.32	\$.11	\$.97

⁽¹⁾Includes the potential dilutive effect of additional common shares that are issuable upon the vesting of restricted stock, restricted stock units and performance stock units and the outstanding commitment to issue shares under applicable ESPPs, determined by the treasury stock method.

⁽²⁾For the three months ended March 31, 2025 and 2024, approximately 0 million and 0 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive. For the six months ended June 30, 2025 and 2024, securities covering approximately 0 million and 0 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

9. Fair Value Measurements

We use estimates of fair value in applying various accounting standards in our financial statements. We categorize our fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. The fair value of the items discussed below are separately disclosed in this footnote.

During the three and six months ended June 30, 2025, there were no significant transfers of financial instruments between levels, or changes in our methodology used to value our financial instruments.

The following table summarizes the valuation of our financial instruments that are marked-to-market on a recurring basis. During the second-quarters of 2025 and 2024, there were no significant transfers of financial instruments between levels.

(Dollars in millions)	Fair Value Measurements on a Recurring Basis							
	June 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivative instruments: ⁽¹⁾								
Interest rate swaps	\$ —	\$ 43	\$ —	\$ 43	\$ —	\$ 25	\$ —	\$ 25
Cross currency interest rate swaps	—	—	4	4	—	—	—	—
Total derivative assets ⁽²⁾	—	43	4	47	—	25	—	25
Total	<u>\$ —</u>	<u>\$ 43</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ —</u>	<u>\$ 25</u>	<u>\$ —</u>	<u>\$ 25</u>
Liabilities⁽³⁾								
Derivative instruments: ⁽¹⁾								
Interest rate swaps	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cross-currency interest rate swaps	—	—	(79)	(79)	—	—	(244)	(244)
Total derivative liabilities ⁽²⁾	—	—	(79)	(79)	—	—	(244)	(244)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (79)</u>	<u>\$ (79)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (244)</u>	<u>\$ (244)</u>

⁽¹⁾Fair value of derivative instruments excludes accrued interest and the value of collateral.

⁽²⁾See "Note 5 – Derivative Financial Instruments" for a reconciliation of gross positions without the impact of master netting agreements to the balance sheet classification.

⁽³⁾Borrowings which are the hedged item in a fair value hedge relationship and which are adjusted for changes in value due to benchmark interest rates only are not carried at full fair value and not reflected in this table.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

9. Fair Value Measurements (Continued)

The following tables summarize the change in balance sheet carrying value associated with level 3 financial instruments carried at fair value on a recurring basis.

(Dollars in millions)	Three Months Ended June 30,								
	2025			2024			2024		
	Interest Rate Swaps	Derivative instruments Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	Interest Rate Swaps	Derivative instruments Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	
Balance, beginning of period	\$ —	\$ (190)	\$ —	\$ (190)	\$ (1)	\$ (223)	\$ —	\$ (224)	
Total gains/(losses):									
Included in earnings ⁽¹⁾	—	107	—	107	—	(9)	—	(9)	
Included in other comprehensive income	—	—	—	—	—	—	—	—	
Settlements	—	8	—	8	—	10	—	10	
Transfers in and/or out of level 3	—	—	—	—	—	—	—	—	
Balance, end of period	<u>\$ —</u>	<u>\$ (75)</u>	<u>\$ —</u>	<u>\$ (75)</u>	<u>\$ (1)</u>	<u>\$ (222)</u>	<u>\$ —</u>	<u>\$ (223)</u>	
Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date ⁽²⁾	<u>\$ —</u>	<u>\$ 115</u>	<u>\$ —</u>	<u>\$ 115</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	

(Dollars in millions)	Six Months Ended June 30,								
	2025			2024			2024		
	Interest Rate Swaps	Derivative instruments Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	Interest Rate Swaps	Derivative instruments Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	
Balance, beginning of period	\$ —	\$ (244)	\$ —	\$ (244)	\$ (1)	\$ (189)	\$ —	\$ (190)	
Total gains/(losses):									
Included in earnings ⁽¹⁾	—	152	—	152	—	(53)	—	(53)	
Included in other comprehensive income	—	—	—	—	—	—	—	—	
Settlements	—	17	—	17	—	20	—	20	
Transfers in and/or out of level 3	—	—	—	—	—	—	—	—	
Balance, end of period	<u>\$ —</u>	<u>\$ (75)</u>	<u>\$ —</u>	<u>\$ (75)</u>	<u>\$ (1)</u>	<u>\$ (222)</u>	<u>\$ —</u>	<u>\$ (223)</u>	
Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date ⁽²⁾	<u>\$ —</u>	<u>\$ 169</u>	<u>\$ —</u>	<u>\$ 169</u>	<u>\$ —</u>	<u>\$ (33)</u>	<u>\$ —</u>	<u>\$ (33)</u>	

⁽¹⁾ "Included in earnings" is comprised of the following amounts recorded in the specified line item in the consolidated statements of income:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gains (losses) on derivative and hedging activities, net	\$ —	\$ —	\$ —	\$ —
Interest expense	107	(9)	152	(53)
Total	<u>\$ 107</u>	<u>\$ (9)</u>	<u>\$ 152</u>	<u>\$ (53)</u>

⁽²⁾ Recorded in "gains (losses) on derivative and hedging activities, net" in the consolidated statements of income for interest rate swaps. Recorded in interest expense for cross-currency interest rate swaps in fair value hedges.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

9. Fair Value Measurements (Continued)

The following table presents the significant inputs that are unobservable or from inactive markets used in the recurring valuations of the level 3 financial instruments detailed above.

(Dollars in millions)	Fair Value at June 30, 2025	Valuation Technique	Input	Range and Weighted Average
Derivatives				
Cross-currency interest rate swaps	\$ (75)	Discounted cash flow	Constant Prepayment Rate	5%
Total	<u>(75)</u>			

The following table summarizes the fair values of our financial assets and liabilities, including derivative financial instruments.

(Dollars in millions)	Fair Value	June 30, 2025 Carrying Value	Difference	Fair Value	December 31, 2024 Carrying Value	Difference
Earning assets						
FFELP Loans	\$ 29,261	\$ 29,618	\$ (357)	\$ 30,766	\$ 30,852	\$ (86)
Private Education Loans	15,216	15,530	(314)	15,367	15,716	(349)
Cash and investments	2,212	2,212	—	2,246	2,246	—
Total earning assets	46,689	47,360	(671)	48,379	48,814	(435)
Interest-bearing liabilities						
Short-term borrowings	4,764	4,752	(12)	5,144	5,134	(10)
Long-term borrowings	41,672	42,345	673	42,361	43,184	823
Total interest-bearing liabilities	46,436	47,097	661	47,505	48,318	813
Derivative financial instruments						
Interest rate swaps	43	43	—	25	25	—
Cross-currency interest rate swaps	(75)	(75)	—	(244)	(244)	—
Excess of net asset fair value over carrying value			<u>\$ (10)</u>			<u>\$ 378</u>

10. Commitments, Contingencies and Guarantees

Legal Proceedings

We and our subsidiaries and affiliates are subject to various claims, lawsuits and other actions that arise in the normal course of business. We believe that these claims, lawsuits and other actions will not, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations, except as otherwise disclosed. Most of these matters are claims including individual and class action lawsuits relating to loan servicing or business processing and which allege violations of state or federal laws in connection with servicing or collection activities on education loans and other debts.

In the ordinary course of our business, the Company and our subsidiaries and affiliates receive information and document requests and investigative demands from various entities including State Attorneys General, U.S. Attorneys, legislative committees, individual members of Congress and administrative agencies. These requests may be informational, regulatory or enforcement in nature and may relate to our business practices, the industries in which we operate, or companies with whom we conduct business. Generally, our practice has been and continues to be to cooperate with these bodies and to be responsive to any such requests.

The number of these inquiries and the volume of related information demands have normalized at elevated levels and therefore the Company must continue to expend time and resources to timely respond to these requests which may, depending on their outcome, result in payments of restitution, fines and penalties.

Contingencies

In the ordinary course of business, we and our subsidiaries are defendants in or parties to pending and threatened legal actions and proceedings including actions brought on behalf of various classes of claimants. These actions and proceedings may be based on alleged violations of consumer protection, securities, employment and other laws. In certain of these actions and proceedings, claims for substantial monetary damage are asserted against us and our subsidiaries. We and our subsidiaries are also subject to potential unasserted claims by third parties.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

10. Commitments, Contingencies and Guarantees (Continued)

In the ordinary course of business, we and our subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations. In connection with formal and informal inquiries in these cases, we and our subsidiaries receive requests, subpoenas and orders for documents, testimony and information in connection with various aspects of our regulated activities.

In view of the inherent difficulty of predicting the outcome of litigation and regulatory matters, we may not be able to predict what the eventual outcome of the pending matters will be, what the timing or the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties, if any, related to each pending matter may be.

The Company accrues a liability for litigation, regulatory matters, and unasserted contract claims when those matters present loss contingencies that are both probable and reasonably estimable. When loss contingencies are not both probable and reasonably estimable, we do not accrue a liability. Based on current knowledge, management does not believe that loss contingencies, if any, arising from pending investigations, litigation or regulatory matters will have a material adverse effect on our consolidated financial position, liquidity, results of operations or cash flows, except as otherwise disclosed.

The Company evaluates its outstanding legal and regulatory matters each reporting period, and makes adjustments to the accrued liabilities for such matters, upward or downward, as appropriate, based on the relevant facts and circumstances. The Company's accrued liabilities and estimated range of possible losses pertaining to certain matters can involve significant judgment given factors such as: the varying stages of the proceedings; the existence of numerous yet to be resolved issues; the breadth of the claims (often spanning multiple years and wide ranges of business activities); unspecified damages, civil money penalties or fines and/or the novelty of the legal issues presented; and the attendant uncertainty of the various potential outcomes of such proceedings, including where the Company has made assumptions concerning future rulings by the court or other adjudicator, or about the behavior or incentives of adverse parties or regulatory authorities. Various aspects of the legal proceedings underlying these estimates will change from time to time. Actual losses therefore may vary significantly from any estimates.

Regulatory Matters

The Company has been named as defendant in a number of putative class action and other cases alleging violations of various state and federal consumer protection laws including the Telephone Consumer Protection Act (TCPA), the Consumer Financial Protection Act of 2010 (CFPA), the Fair Credit Reporting Act (FCRA), the Fair Debt Collection Practices Act (FDCPA), in adversarial proceedings under the U.S. Bankruptcy Code, and various state consumer protection laws. At this point in time, the Company is unable to anticipate the timing of a resolution or the impact that these legal proceedings may have on the Company's consolidated financial position, liquidity, results of operation or cash flows. As a result, it is not possible at this time to estimate a range of potential exposure, if any, for amounts that may be payable in connection with these matters and loss contingency accruals have not been established. It is possible that an adverse ruling or rulings may have a material adverse impact on the Company.

In addition, Navient and its subsidiaries are subject to examination or regulation by various federal regulatory, state licensing or other regulatory agencies as part of its ordinary course of business including the SEC, CFPB, FFIEC and ED. Items or matters similar to or different from those described above may arise during the course of those examinations. We also routinely receive inquiries or requests from various regulatory entities or bodies or government agencies concerning our business or our assets. Generally, the Company endeavors to cooperate with each such inquiry or request.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting

We monitor and assess our ongoing operations and results based on the following three reportable operating segments: Federal Education Loans, Consumer Lending, and Other. As of February 2025, we had divested our Business Processing segment.

These segments meet the quantitative thresholds for reportable operating segments. Accordingly, the results of operations of these reportable operating segments are presented separately. The underlying operating segments are used by the Company's chief operating decision maker, our chief executive officer, to manage the business, review operating performance and allocate resources, and qualify to be aggregated as part of the primary reportable operating segments. As discussed further below, we measure the profitability of our operating segments based on Core Earnings net income. Accordingly, information regarding our reportable operating segments' net income is provided on a Core Earnings basis.

Federal Education Loans Segment

Navient owns and manages FFELP Loans and is the master servicer on this portfolio. We generate revenue primarily through net interest income on our FFELP Loans.

The following table includes asset information for our Federal Education Loans segment.

(Dollars in millions)	June 30, 2025	December 31, 2024
FFELP Loans, net	\$ 29,618	\$ 30,852
Cash and investments ⁽¹⁾	938	955
Other	1,832	1,818
Total assets	<u>\$ 32,388</u>	<u>\$ 33,625</u>

⁽¹⁾Includes restricted cash and investments.

Consumer Lending Segment

Navient owns and manages Private Education Loans and is the master servicer for these portfolios. Through our Earnest brand, we also refinance and originate in-school Private Education Loans. "Refinance" Private Education Loans are loans where a borrower has refinanced their education loans, and "In-school" Private Education Loans are loans originally made to borrowers while they are attending school. We generate revenue primarily through net interest income on our Private Education Loan portfolio.

The following table includes asset information for our Consumer Lending segment.

(Dollars in millions)	June 30, 2025	December 31, 2024
Private Education Loans, net	\$ 15,530	\$ 15,716
Cash and investments ⁽¹⁾	532	524
Other	540	569
Total assets	<u>\$ 16,602</u>	<u>\$ 16,809</u>

⁽¹⁾Includes restricted cash and investments.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

Business Processing Segment

In September 2024, Navient completed the sale of Xtend, which comprised the Company's healthcare services business in its Business Processing segment. In February 2025, Navient completed the sale of its government services businesses, which constituted the remainder of the Business Processing segment.

Prior to the sale of its healthcare and government services businesses, Navient provided business processing solutions such as omnichannel contact center services, workflow processing, and revenue cycle optimization. We leveraged the same expertise and intelligent tools we use to deliver successful results for portfolios we own. Our support enabled our clients to ensure better constituent outcomes, meet rapidly changing needs, improve technology, reduce operating expenses, manage risk and optimize revenue opportunities. Our clients included:

•**Government:** We offered our solutions to federal agencies, state governments, tolling and parking authorities, and other public sector clients.

•**Healthcare:** Our clients included hospitals, hospital systems, medical centers, large physician groups, other healthcare providers and public health departments.

At June 30, 2025 and December 31, 2024, the Business Processing segment had total assets of \$0 and \$103 million, respectively.

Other Segment

This segment consists of our corporate liquidity portfolio, gains and losses incurred on the repurchase of debt, unallocated expenses of shared services (which includes regulatory expenses) and restructuring/other reorganization expenses. Additionally, the segment contains the revenue and expenses in connection with the transition services we are performing related to the outsourcing of servicing and divestiture of our Business Processing segment.

Unallocated shared services expenses are comprised of costs primarily related to information technology costs related to infrastructure and operations, stock-based compensation expense, accounting, finance, legal, compliance and risk management, regulatory-related expenses, human resources, certain executive management and the Board of Directors. Regulatory-related expenses include actual settlement amounts as well as third-party professional fees we incur in connection with such regulatory matters and are presented net of any insurance reimbursements for covered costs related to such matters.

At June 30, 2025 and December 31, 2024, the Other segment had total assets of \$1.2 billion and \$1.3 billion, respectively.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

Measure of Profitability

We prepare financial statements and present financial results in accordance with GAAP. However, we also evaluate our business segments and present financial results on a basis that differs from GAAP. We refer to this different basis of presentation as Core Earnings. We provide this Core Earnings basis of presentation on a consolidated basis and for each business segment because this is what we review internally when making management decisions regarding our performance and how we allocate resources. We also refer to this information in our presentations with credit rating agencies, lenders and investors. Because our Core Earnings basis of presentation corresponds to our segment financial presentations, we are required by GAAP to provide Core Earnings disclosure in the notes to our consolidated financial statements for our business segments.

Core Earnings are not a substitute for reported results under GAAP. We use Core Earnings to manage our business segments because Core Earnings reflect adjustments to GAAP financial results for two items, discussed below, that can create significant volatility mostly due to timing factors generally beyond the control of management. Accordingly, we believe that Core Earnings provide management with a useful basis from which to better evaluate results from ongoing operations against the business plan or against results from prior periods. Consequently, we disclose this information because we believe it provides investors with additional information regarding the operational and performance indicators that are most closely assessed by management. When compared to GAAP results, the two items we remove to result in our Core Earnings presentations are:

1. Mark-to-market gains/losses resulting from our use of derivative instruments to hedge our economic risks that do not qualify for hedge accounting treatment or do qualify for hedge accounting treatment but result in ineffectiveness; and
2. The accounting for goodwill and acquired intangible assets.

While GAAP provides a uniform, comprehensive basis of accounting, for the reasons described above, our Core Earnings basis of presentation does not. Core Earnings are subject to certain general and specific limitations that investors should carefully consider. For example, there is no comprehensive, authoritative guidance for management reporting. Our Core Earnings are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. Accordingly, our Core Earnings presentation does not represent a comprehensive basis of accounting. Investors, therefore, may not be able to compare our performance with that of other financial services companies based upon Core Earnings. Core Earnings results are only meant to supplement GAAP results by providing additional information regarding the operational and performance indicators that are most closely used by management, our Board of Directors, credit rating agencies, lenders and investors to assess performance.

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

Segment Results and Reconciliations to GAAP

(Dollars in millions)	Three Months Ended June 30, 2025					Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	\$ 756					\$ 483	\$ 273	\$ —	\$ —
Cash and investments	22					10	5	—	7
Total interest income	778					493	278	—	7
Total interest expense	650					438	183	—	26
Net interest income (loss)	128	\$ 5	\$ (2)	\$ 3	\$ 131	55	95	—	(19)
Less: provisions for loan losses	37				37	8	29	—	—
Net interest income (loss) after provisions for loan losses	91				91	47	66	—	(19)
Other income (loss):									
Servicing revenue	14				14	11	3	—	—
Asset recovery and business processing revenue	—				—	—	—	—	—
Other revenue (loss)	14				14	(1)	—	—	20
Total other income	28	(5)	10	5	33	10	3	—	20
Expenses:									
Direct operating expenses	53				53	17	36	—	—
Unallocated shared services expenses	47				47	—	—	—	47
Operating expenses ⁽²⁾	100	—	—	—	100	17	36	—	47
Goodwill and acquired intangible asset impairment and amortization	1	—	(1)	(1)	—	—	—	—	—
Restructuring/other reorganization expenses	—	—	—	—	—	—	—	—	—
Total expenses	101	—	(1)	(1)	100	17	36	—	47
Income (loss) before income tax expense (benefit)	18	—	9	9	27	40	33	—	(46)
Income tax expense (benefit) ⁽³⁾	4	—	2	2	6	10	7	—	(11)
Net income (loss)	\$ 14	\$ —	\$ 7	\$ 7	\$ 21	\$ 30	\$ 26	\$ —	\$ (35)

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Three Months Ended June 30, 2025		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 3	\$ —	\$ 3
Total other income (loss)	5	—	5
Goodwill and acquired intangible asset impairment and amortization	—	(1)	(1)
Total Core Earnings adjustments to GAAP	\$ 8	\$ 1	\$ 9
Income tax expense (benefit)	—	—	2
Net income (loss)	—	—	\$ 7

⁽²⁾ Reportable segment significant operating expenses are comprised of:

(Dollars in millions)	Three Months Ended June 30, 2025				Total
	Federal Education Loans	Consumer Lending	Business Processing	Other	
Servicing expenses	\$ 16	\$ 14	\$ —	\$ 2	\$ 32
Information technology expenses	—	8	—	20	28
Corporate expenses	—	1	—	19	20
Other/remaining expenses	1	13	—	6	20
Operating expenses	\$ 17	\$ 36	\$ —	\$ 47	\$ 100

⁽³⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

(Dollars in millions)	Three Months Ended June 30, 2024						Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other	
Interest income:										
Education loans	\$ 925					\$ 608	\$ 317	\$ —	\$ —	
Cash and investments	48					28	7	—	13	
Total interest income	973					636	324	—	13	
Total interest expense	843					603	198	—	36	
Net interest income										
(loss)	130	\$ 9	\$ (3)	\$ 6	\$ 136	33	126	—	(23)	
Less: provisions for loan losses	14				14	(2)	16	—	—	
Net interest income (loss) after provisions for loan losses	116					35	110	—	(23)	
Other income (loss):										
Servicing revenue	18					15	3	—	—	
Asset recovery and business processing revenue	81					—	—	81	—	
Other revenue	18					2	—	—	2	
Total other income	117	(9)	(5)	(14)	103	17	3	81	2	
Expenses:										
Direct operating expenses	112					16	34	62	—	
Unallocated shared services expenses	54					—	—	—	54	
Operating expenses ⁽²⁾	166	—	—	—	166	16	34	62	54	
Goodwill and acquired intangible asset impairment and amortization	3	—	(3)	(3)	—	—	—	—	—	
Restructuring/other reorganization expenses	16	—	—	—	16	—	—	—	16	
Total expenses	185	—	(3)	(3)	182	16	34	62	70	
Income (loss) before income tax expense (benefit)	48	—	(5)	(5)	43	36	79	19	(91)	
Income tax expense (benefit) ⁽³⁾	12	—	(2)	(2)	10	8	19	4	(21)	
Net income (loss)	\$ 36	\$ —	\$ (3)	\$ (3)	\$ 33	\$ 28	\$ 60	\$ 15	\$ (70)	

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Three Months Ended June 30, 2024		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 6	\$ —	\$ 6
Total other income (loss)	(14)	—	(14)
Goodwill and acquired intangible asset impairment and amortization	—	(3)	(3)
Total Core Earnings adjustments to GAAP	\$ (8)	\$ 3	\$ (5)
Income tax expense (benefit)	—	—	(2)
Net income (loss)	—	—	\$ (3)

⁽²⁾ Reportable segment significant operating expenses are comprised of:

(Dollars in millions)	Three Months Ended June 30, 2024				Total
	Federal Education Loans	Consumer Lending	Business Processing	Other	
Servicing expenses	\$ 10	\$ 13	\$ —	\$ —	\$ 23
Information technology expenses	3	7	4	20	34
Corporate expenses	1	1	1	21	24
Other/remaining expenses	2	13	57	13	85
Operating expenses	\$ 16	\$ 34	\$ 62	\$ 54	\$ 166

⁽³⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

(Dollars in millions)	Six Months Ended June 30, 2025					Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	\$ 1,537					\$ 975	\$ 562	\$ —	\$ —
Cash and investments	43					20	10	—	13
Total interest income	1,580					995	572	—	13
Total interest expense	1,322					892	364	—	49
Net interest income (loss)	258	\$ 11	\$ 6	\$ 17	\$ 275	103	208	—	(36)
Less: provisions for loan losses	67				67	16	51	—	—
Net interest income (loss) after provisions for loan losses	191					87	157	—	(36)
Other income (loss):									
Servicing revenue	27					21	6	—	—
Asset recovery and business processing revenue	23					—	—	23	—
Other revenue	3					(1)	—	—	34
Total other income (loss)	53	(11)	41	30	83	20	6	23	34
Expenses:									
Direct operating expenses	127					37	70	20	—
Unallocated shared services expenses	100					—	—	—	100
Operating expenses ⁽²⁾	227				227	37	70	20	100
Goodwill and acquired intangible asset impairment and amortization	2	—	(2)	(2)	—	—	—	—	—
Restructuring/other reorganization expenses	3	—	—	—	3	—	—	—	3
Total expenses	232	—	(2)	(2)	230	37	70	20	103
Income (loss) before income tax expense (benefit)	12	—	49	49	61	70	93	3	(105)
Income tax expense (benefit) ⁽³⁾	1	—	13	13	14	16	21	1	(24)
Net income (loss)	\$ 11	\$ —	\$ 36	\$ 36	\$ 47	\$ 54	\$ 72	\$ 2	\$ (81)

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	Six Months Ended June 30, 2025		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 17	\$ —	\$ 17
Total other income (loss)	30	—	30
Goodwill and acquired intangible asset impairment and amortization	—	(2)	(2)
Total Core Earnings adjustments to GAAP	\$ 47	\$ 2	49
Income tax expense (benefit)			13
Net income (loss)			\$ 36

⁽²⁾ Reportable segment significant operating expenses are comprised of:

(Dollars in millions)	Six Months Ended June 30, 2025				Total
	Federal Education Loans	Consumer Lending	Business Processing	Other	
Servicing expenses	\$ 34	\$ 28	\$ —	\$ 5	\$ 67
Information technology expenses	—	17	1	41	59
Corporate expenses	1	1	—	43	45
Other/remaining expenses	2	24	19	11	56
Operating expenses	\$ 37	\$ 70	\$ 20	\$ 100	\$ 227

⁽³⁾ Income taxes are based on a percentage of net income before tax for the individual reportable segment

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

(Dollars in millions)	Six Months Ended June 30, 2024						Reportable Segments			
	Total GAAP	Reclassifications	Adjustments Additions/ (Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other	
Interest income:										
Education loans	\$ 1,914					\$ 1,269	\$ 645	\$ —	\$ —	
Cash and investments	86					51	14	—	21	
Total interest income	2,000					1,320	659	—	21	
Total interest expense	1,718					1,233	400	—	68	
Net interest income (loss)	282	\$ 19	\$ (2)	\$ 17	\$ 299	87	259	—	(47)	
Less: provisions for loan losses	26				26	(1)	27	—	—	
Net interest income (loss) after provisions for loan losses	256					88	232	—	(47)	
Other income (loss):										
Servicing revenue	35					28	7	—	—	
Asset recovery and business processing revenue	158					—	—	158	—	
Other revenue	59					5	1	—	7	
Total other income (loss)	252	(19)	(27)	(46)	206	33	8	158	7	
Expenses:										
Direct operating expenses	231					33	67	131	—	
Unallocated shared services expenses	119					—	—	—	119	
Operating expenses ⁽²⁾	350	—	—	—	350	33	67	131	119	
Goodwill and acquired intangible asset impairment and amortization	5	—	(5)	(5)	—	—	—	—	—	
Restructuring/other reorganization expenses	17	—	—	—	17	—	—	—	17	
Total expenses	372	—	(5)	(5)	367	33	67	131	136	
Income (loss) before income tax expense (benefit)	136	—	(24)	(24)	112	88	173	27	(176)	
Income tax expense (benefit) ⁽³⁾	27	—	(1)	(1)	26	20	40	6	(40)	
Net income (loss)	\$ 109	\$ —	\$ (23)	\$ (23)	\$ 86	\$ 68	\$ 133	\$ 21	\$ (136)	

⁽¹⁾Core Earnings adjustments to GAAP:

(Dollars in millions)	Six Months Ended June 30, 2024		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ 17	\$ —	\$ 17
Total other income (loss)	(46)	—	(46)
Goodwill and acquired intangible asset impairment and amortization	—	(5)	(5)
Total Core Earnings adjustments to GAAP	\$ (29)	\$ 5	(24)
Income tax expense (benefit)			(1)
Net income (loss)			\$ (23)

⁽²⁾Reportable segment significant operating expenses are comprised of:

(Dollars in millions)	Six Months Ended June 30, 2024				Total
	Federal Education Loans	Consumer Lending	Business Processing	Other	
Servicing expenses	\$ 22	\$ 26	\$ —	\$ —	\$ 48
Information technology expenses	6	14	9	42	71
Corporate expenses	2	2	2	49	55
Other/remaining expenses	3	25	120	28	176
Operating expenses	\$ 33	\$ 67	\$ 131	\$ 119	\$ 350

⁽³⁾Income taxes are based on a percentage of net income before tax for the individual reportable segment

NAVIENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2025 and for the three and six months ended
June 30, 2025 and 2024 is unaudited)

11. Segment Reporting (Continued)

Summary of Core Earnings Adjustments to GAAP

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
GAAP net income (loss)	\$ 14	\$ 36	\$ 11	\$ 109
Core Earnings adjustments to GAAP:				
Net impact of derivative accounting ⁽¹⁾	8	(8)	47	(29)
Net impact of goodwill and acquired intangible assets ⁽²⁾	1	3	2	5
Net tax effect ⁽³⁾	(2)	2	(13)	1
Total Core Earnings adjustments to GAAP	7	(3)	36	(23)
Core Earnings net income	<u>\$ 21</u>	<u>\$ 33</u>	<u>\$ 47</u>	<u>\$ 86</u>

⁽¹⁾**Derivative accounting:** Core Earnings exclude periodic gains and losses that are caused by the mark-to-market valuations on derivatives that do not qualify for hedge accounting treatment under GAAP as well as the periodic mark-to-market gains and losses that are a result of ineffectiveness recognized related to effective hedges under GAAP. Under GAAP, for our derivatives that are held to maturity, the mark-to-market gain or loss over the life of the contract will equal \$0. In our Core Earnings presentation, we recognize the economic effect of these hedges, which generally results in any net settlement cash paid or received being recognized ratably as an interest expense or revenue over the hedged item's life.

⁽²⁾**Goodwill and acquired intangible assets:** Our Core Earnings exclude goodwill and intangible asset impairment and amortization of acquired intangible assets.

⁽³⁾**Net tax effect:** Such tax effect is based upon our Core Earnings effective tax rate for the year.

SIGNATURES

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

NAVIENT CORPORATION
(Registrant)

By: /s/ JOE FISHER
Joe Fisher
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: July 30, 2025

APPENDIX A
FORM 10-Q CROSS-REFERENCE INDEX

	Page Number
Part I. Financial Information	
Item 1. Financial Statements	44-78
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7-36
Item 3. Quantitative and Qualitative Disclosures about Market Risk	38-41
Item 4. Controls and Procedures	42
Part II. Other Information	
Item 1. Legal Proceedings	37, 69
Item 1A. Risk Factors	37
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 3. Defaults Upon Senior Securities	Not Applicable
Item 4. Mine Safety Disclosures	Not Applicable
Item 5. Other Information	42
Item 6. Exhibits	43
Signatures	79

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Yowan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Navient Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID YOWAN

David Yowan
Chief Executive Officer
(Principal Executive Officer)
July 30, 2025

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joe Fisher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Navient Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOE FISHER

Joe Fisher
Chief Financial Officer
(Principal Financial and Accounting Officer)
July 30, 2025

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Navient Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Yowan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ DAVID YOWAN

David Yowan
Chief Executive Officer
(Principal Executive Officer)
July 30, 2025

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Navient Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe Fisher, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JOE FISHER

Joe Fisher
Chief Financial Officer
(Principal Financial and Accounting Officer)
July 30, 2025
