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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 06, 2026

Navient Corporation

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36228
(Commission File Number)

46-4054283
(IRS Employer
Identification No.)

**13865 Sunrise Valley Drive
Herndon, Virginia**
(Address of Principal Executive Offices)

20171
(Zip Code)

Registrant's Telephone Number, Including Area Code: 302 283-8000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 6, 2026, Navient Corporation (the “Company”) issued an informational press release announcing its financial results for the quarter ended June 30, 2026 were available on the “Investor” page of its website located at <https://www.Navient.com/investors>. Additionally, on August 6, 2026, the Company posted its financial results for the quarter ended June 30, 2026 to its above-referenced web location. A copy of each press release is furnished as Exhibit 99.1 and Exhibit 99.2 hereto.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit Number	Description
99.1*	Press Release, dated August 6, 2026.
99.2*	Financial Press Release, dated August 6, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Furnished herewith.

SIGNATURES

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

NAVIENT CORPORATION

Date: August 6, 2026

By: /s/ STEVE HAUBER

Steve Hauber

Chief Financial Officer



NEWS RELEASE

For immediate release

Navient posts second quarter 2026 financial results

HERNDON, Va., August 6, 2026— Navient (Nasdaq: NAVI) today posted its 2026 second quarter financial results. Complete financial results are available on the company's website at [Navient.com/investors](https://navient.com/investors). The materials will also be available on a Form 8-K on the SEC's website at www.sec.gov.

Navient will hold a live audio webcast today, August 6, 2026, at 5 p.m. ET, hosted by Edward Bramson, CEO and chair of the board, and Steve Hauber, CFO.

The webcast will be available on [Navient.com/investors](https://navient.com/investors). Supplemental financial information and presentation slides used during the call will be available no later than the start time. A replay of the webcast will be available shortly after the event's conclusion.

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About Navient

Navient (Nasdaq: NAVI) creates long-term value for customers and investors with responsible lending, flexible refinancing, trusted servicing oversight, and decades of education finance and portfolio management expertise. Through our Earnest business, we help customers confidently achieve financial success through digital financial services. Our employees thrive in a culture of belonging, where they are supported and proud to deliver meaningful outcomes. Learn more on [Navient.com](https://navient.com).

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NAVIENT REPORTS SECOND-QUARTER 2026 FINANCIAL RESULTS

HERNDON, Va., August 6, 2026 — Navient (Nasdaq: NAVI) today released its second-quarter 2026 financial results.

OVERALL RESULTS

- GAAP net income of \$25 million (\$0.26 diluted earnings per share).
- Core Earnings⁽¹⁾ net income of \$27 million (\$0.29 diluted earnings per share).

CEO COMMENTARY – "Navient is moving forward in a position of strength, with the benefits of our strategic transformation evident in our second-quarter results," said Edward Bramson, Navient's CEO and chair of the board. "Originations grew more than 60% and operating expenses declined 18% from a year ago, reflecting the progress we made to strengthen the company and sharpen our focus."

SECOND-QUARTER HIGHLIGHTS

CONSUMER LENDING SEGMENT

- Net income of \$27 million.
- Net interest margin of 2.26%.
- Originated \$815 million of Private Education Loans, a 63% increase from a year ago.

FEDERAL EDUCATION LOANS SEGMENT

- Net income of \$26 million.
- Net interest margin of 0.68%.

CAPITAL & FUNDING

- GAAP equity-to-asset ratio of 5.1% and adjusted tangible equity ratio⁽¹⁾ of 9.0%.
- Repurchased \$2 million of common shares.
- Paid \$15 million in common stock dividends.
- Issued \$500 million of unsecured debt and \$1.3 billion of asset-backed securities.

OPERATING EXPENSES

- Incurred operating expenses of \$82 million.

⁽¹⁾ Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures" on pages 17 – 27.

SEGMENT RESULTS — CORE EARNINGS

CONSUMER LENDING

In this segment, Navient owns and manages a portfolio of Private Education Loans. Through our Earnest brand, we also refinance and originate Private Education Loans.

FINANCIAL RESULTS AND KEY PERFORMANCE METRICS

(Dollars in millions)	2Q26	1Q26	2Q25
Net interest income	\$ 93	\$ 100	\$ 95
Provision for loan losses	18	18	29
Other revenue	2	3	3
Total revenue	77	85	69
Expenses	42	39	36
Pre-tax income	35	46	33
Net income	\$ 27	\$ 35	\$ 26
Segment net interest margin	2.26%	2.48%	2.32%
Private Education Loans (including Refinance Loans):			
Private Education Loan spread	2.38%	2.60%	2.42%
Provision for loan losses	\$ 17	\$ 18	\$ 29
Net charge-offs	\$ 71	\$ 72	\$ 80
Net charge-off rate ⁽¹⁾	1.84%	1.91%	2.08%
Greater than 30-days delinquency rate ⁽¹⁾	5.4%	5.5%	6.4%
Greater than 90-days delinquency rate ⁽¹⁾	2.4%	2.5%	3.0%
Forbearance rate ⁽¹⁾	1.8%	1.5%	1.6%
Average Private Education Loans	\$ 15,985	\$ 15,958	\$ 15,992
Ending Private Education Loans, net	\$ 15,674	\$ 15,649	\$ 15,530
Private Education Refinance Loans:			
Net charge-offs	\$ 18	\$ 16	\$ 18
Greater than 90-day delinquency rate	.8%	.8%	.8%
Average Private Education Refinance Loans	\$ 9,271	\$ 9,017	\$ 8,531
Ending Private Education Refinance Loans, net	\$ 9,258	\$ 9,029	\$ 8,469
Private Education Refinance Loan originations	\$ 735	\$ 778	\$ 443

⁽¹⁾ Second-quarter 2026 excludes \$528 million of loans, and the corresponding delinquencies, forbearances and charge-offs, that were classified as held for sale as of June 30, 2026.

DISCUSSION OF RESULTS — 2Q26 vs. 2Q25

- Originated \$815 million of Private Education Loans, a 63% increase compared to \$500 million.
 - Refinance Loan originations were \$735 million compared to \$443 million.
 - In-school loan originations were \$80 million compared to \$57 million.
- Net income was \$27 million compared to \$26 million.
- Net interest income decreased \$2 million, primarily due to the changing product mix with Refinance Loans increasing as a percentage of the portfolio. The Refinance Loan portfolio earns a lower net interest margin compared to the non-refinance portfolio, due to lower expected credit losses, which reduces the overall net interest margin.
- Provision for loan losses decreased \$11 million. The provision for loan losses of \$18 million in the current quarter included \$14 million associated with loan originations and \$23 million related to a general reserve build primarily as a result of portfolio performance trends. While credit performance improved on a sequential basis during the quarter, delinquency and default levels in the Private Education Loan portfolio remain elevated. This was partially offset by a \$19 million decrease as a result of classifying \$528 million of loans as held for sale as of June 30, 2026. When loans are classified as held for sale the corresponding allowance for loan losses is reversed and such loans are carried at the lower of fair value or cost basis. These loans are carried at their cost basis as of June 30, 2026. The provision for loan losses of \$29 million in the year-ago quarter included \$7 million associated 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.
 - Net charge-offs were \$71 million, down \$9 million compared to \$80 million in the year-ago quarter.
 - Private Education Loan delinquencies greater than 90 days: \$349 million, down \$110 million from \$459 million.
 - Private Education Loan forbearances: \$271 million, up \$21 million from \$250 million.
- Expenses increased \$6 million primarily reflecting marketing and other expenses associated with the growth of our consumer lending businesses.

FEDERAL EDUCATION LOANS

In this segment, Navient owns and manages a portfolio of FFELP federally guaranteed student loans.

FINANCIAL RESULTS AND KEY PERFORMANCE METRICS

(Dollars in millions)	2Q26	1Q26	2Q25
Net interest income	\$ 48	\$ 46	\$ 55
Provision for loan losses	8	9	8
Other revenue	8	8	10
Total revenue	48	45	57
Expenses	15	16	17
Pre-tax income	33	29	40
Net income	\$ 26	\$ 22	\$ 30
Segment net interest margin	.68%	.65%	.70%
FFELP Loans:			
FFELP Loan spread	.76%	.72%	.75%
Provision for loan losses	\$ 8	\$ 9	\$ 8
Net charge-offs	\$ 10	\$ 17	\$ 8
Net charge-off rate	.18%	.29%	.14%
Greater than 30-days delinquency rate	14.7%	15.2%	19.0%
Greater than 90-days delinquency rate	8.0%	8.5%	10.1%
Forbearance rate	12.8%	13.0%	12.8%
Average FFELP Loans	\$ 27,045	\$ 27,898	\$ 30,327
Ending FFELP Loans, net	\$ 26,575	\$ 27,237	\$ 29,618

DISCUSSION OF RESULTS — 2Q26 vs. 2Q25

- Net income was \$26 million compared to \$30 million.
- Net interest income decreased \$7 million primarily due to the paydown of the loan portfolio.
- Provision for loan losses remained unchanged at \$8 million. The provision for loan losses of \$8 million in the current period was primarily the result of increased charge-offs due to prior disaster forbearance volume, as well as the continued extension of the portfolio. The \$8 million of provision for loan losses in the year-ago quarter was primarily the result of an increase in delinquency balances.
 - o Net charge-offs were \$10 million compared to \$8 million.
 - o Delinquencies greater than 90 days were \$1.8 billion compared to \$2.5 billion.
 - o Forbearances were \$3.3 billion compared to \$3.7 billion.
- Expenses were \$2 million lower primarily as a result of the outsourcing of the loan servicing of our portfolio to a third party in 2024. This created a variable cost structure resulting in a reduction in expenses as the portfolio paid down.

Definitions for capitalized terms in this release can be found in Navient's Annual Report on Form 10-K for the year ended December 31, 2025 (filed with the SEC on February 26, 2026).

Navient will hold a live audio webcast today, August 6, 2026, at 5 p.m. ET, hosted by Edward Bramson, CEO and chair of the board, and Steve Hauber, CFO.

The webcast will be available on [Navient.com/investors](https://navient.com/investors). Supplemental financial information and presentation slides used during the call will be available no later than the start time. A replay of the webcast will be available shortly after the event's conclusion.

This news release contains “forward-looking statements,” within the meaning of the federal securities law, about our business and prospectus and other information that is based on management’s current expectations as of the date of this release. 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 release 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. For Navient, these factors include, among other things: general economic conditions, including the potential impact of artificial intelligence, 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 are 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; acquisitions, new products, strategic initiatives and investments or divestitures that we pursue; shareholder activism; reputational risk and social factors; and the other factors that are described in the “Risk Factors” section of Navient’s Annual Report on Form 10-K for the year ended December 31, 2025, and in our other reports filed with the Securities and Exchange Commission. 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 release are qualified by these cautionary statements and are made only as of the date of this release. The company does not undertake any obligation to update or revise these forward-looking statements except as required by law.

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About Navient

Navient (Nasdaq: NAVI) creates long-term value for customers and investors with responsible lending, flexible refinancing, trusted servicing oversight, and decades of education finance and portfolio management expertise. Through our Earnest business, we help customers confidently achieve financial success through digital financial services. Our employees thrive in a culture of belonging, where they are supported and proud to deliver meaningful outcomes. Learn more on [Navient.com](https://navient.com).

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The logo for Navient, featuring the word "NAVIENT" in a bold, sans-serif font. The "E" is stylized with a blue horizontal bar across its middle.

SELECTED HISTORICAL FINANCIAL INFORMATION AND RATIOS

(In millions, except per share data)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
GAAP Basis					
Net income	\$ 25	\$ 17	\$ 14	\$ 42	\$ 11
Diluted earnings per common share	\$.26	\$.17	\$.13	\$.44	\$.11
Weighted average shares used to compute diluted earnings per share	95	96	101	95	102
Return on assets	.22%	.15%	.11%	.18%	.05%
Core Earnings Basis⁽¹⁾					
Net income ⁽¹⁾	\$ 27	\$ 19	\$ 21	\$ 47	\$ 47
Diluted earnings per common share ⁽¹⁾	\$.29	\$.20	\$.20	\$.49	\$.46
Weighted average shares used to compute diluted earnings per share	95	96	101	95	102
Net interest margin, Consumer Lending segment	2.26%	2.48%	2.32%	2.37%	2.54%
Net interest margin, Federal Education Loans segment	.68%	.65%	.70%	.67%	.66%
Return on assets	.24%	.17%	.17%	.21%	.19%
Education Loan Portfolios					
Ending Private Education Loans, net	\$ 15,674	\$ 15,649	\$ 15,530	15,674	15,530
Ending FFELP Loans, net	26,575	27,237	29,618	26,575	29,618
Ending total education loans, net	\$ 42,249	\$ 42,886	\$ 45,148	\$ 42,249	\$ 45,148
Average Private Education Loans	\$ 15,985	\$ 15,958	\$ 15,992	15,971	16,075
Average FFELP Loans	27,045	27,898	30,327	27,469	30,619
Average total education loans	\$ 43,030	\$ 43,856	\$ 46,319	\$ 43,440	\$ 46,694

⁽¹⁾ Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures" on pages 17 – 27.

RESULTS OF OPERATIONS

We present the results of operations below first in accordance with GAAP. Following our discussion of earnings results on a GAAP basis, we present our results on a segment basis. We have three reportable operating segments as of June 30, 2026: Consumer Lending, Federal Education Loans and Other. Prior to the divestiture of our healthcare business in third-quarter 2024 and our government services business in first-quarter 2025, we had a fourth reportable operating segment, Business Processing. Our segments operate in distinct business environments and we manage and evaluate the financial performance of our segments using non-GAAP financial measures we call Core Earnings (see “Non-GAAP Financial Measures — Core Earnings” for further discussion).

GAAP INCOME STATEMENTS (UNAUDITED)

(In millions, except per share data)	QUARTERS ENDED			June 30, 2026 vs. March 31, 2026 Increase (Decrease)		June 30, 2026 vs. June 30, 2025 Increase (Decrease)	
	June 30, 2026	March 31, 2026	June 30, 2025	\$	%	\$	%
Interest income							
Private Education Loans	\$ 273	\$ 277	\$ 273	\$ (4)	(1)%	\$ —	—%
FFELP Loans	391	401	483	(10)	(2)	(92)	(19)
Cash and investments	18	17	22	1	6	(4)	(18)
Total interest income	682	695	778	(13)	(2)	(96)	(12)
Total interest expense	560	564	650	(4)	(1)	(90)	(14)
Net interest income	122	131	128	(9)	(7)	(6)	(5)
Less: provisions for loan losses	26	27	37	(1)	(4)	(11)	(30)
Net interest income after provisions for loan losses	96	104	91	(8)	(8)	5	5
Other income (loss):							
Servicing revenue	10	11	14	(1)	(9)	(4)	(29)
Other income	17	5	19	12	240	(2)	(11)
Gains (losses) on derivative and hedging activities, net	1	5	(5)	(4)	(80)	6	120
Total other income	28	21	28	7	33	—	—
Expenses:							
Operating expenses	82	89	100	(7)	(8)	(18)	(18)
Goodwill and acquired intangible asset impairment and amortization expense	—	4	1	(4)	(100)	(1)	(100)
Restructuring/other reorganization expenses	3	—	—	3	100	3	100
Total expenses	85	93	101	(8)	(9)	(16)	(16)
Income before income tax expense	39	32	18	7	22	21	117
Income tax expense	14	15	4	(1)	(7)	10	250
Net income	\$ 25	\$ 17	\$ 14	\$ 8	47%	\$ 11	79%
Basic earnings per common share	\$.27	\$.18	\$.14	\$.09	50%	\$.13	93%
Diluted earnings per common share	\$.26	\$.17	\$.13	\$.09	53%	\$.13	100%
Dividends per common share	\$.16	\$.16	\$.16	\$ —	—%	\$ —	—%

(In millions, except per share data)	SIX MONTHS ENDED June 30,		Increase (Decrease)	
	2026	2025	\$	%
Interest income				
Private Education Loans	\$ 550	\$ 562	\$ (12)	(2)%
FFELP Loans	791	975	(184)	(19)
Cash and investments	35	43	(8)	(19)
Total interest income	1,376	1,580	(204)	(13)
Total interest expense	1,123	1,322	(199)	(15)
Net interest income	253	258	(5)	(2)
Less: provisions for loan losses	54	67	(13)	(19)
Net interest income after provisions for loan losses	199	191	8	4
Other income (loss):				
Servicing revenue	21	27	(6)	(22)
Asset recovery and business processing revenue	—	23	(23)	(100)
Other income	22	33	(11)	(33)
Gains (losses) on derivative and hedging activities, net	6	(30)	36	120
Total other income	49	53	(4)	(8)
Expenses:				
Operating expenses	171	227	(56)	(25)
Goodwill and acquired intangible assets impairment and amortization expense	4	2	2	100
Restructuring/other reorganization expenses	2	3	(1)	(33)
Total expenses	177	232	(55)	(24)
Income before income tax expense	71	12	59	492
Income tax expense	29	1	28	2,800
Net income	\$ 42	\$ 11	\$ 31	282%
Basic earnings per common share	\$.44	\$.11	\$.33	300%
Diluted earnings per common share	\$.44	\$.11	\$.33	300%
Dividends per common share	\$.32	\$.32	\$ —	—%

GAAP BALANCE SHEETS (UNAUDITED)

(In millions, except per share data)

	June 30, 2026	March 31, 2026	June 30, 2025
Assets			
Private Education Loans held for investment, at amortized cost (net of allowance for loan losses of \$263, \$314 and \$348, respectively)	\$ 15,146	\$ 15,649	\$ 15,530
Private Education Loans held for sale	528	—	—
FFELP Loans held for investment, at amortized cost (net of allowance for loan losses of \$163, \$165 and \$182, respectively)	26,575	27,237	29,618
Investments	116	148	135
Cash and cash equivalents	770	621	712
Restricted cash and cash equivalents	1,369	1,510	1,365
Goodwill and acquired intangible assets, net	430	430	436
Other assets	2,363	2,409	2,426
Total assets	\$ 47,297	\$ 48,004	\$ 50,222
Liabilities			
Short-term borrowings	\$ 4,214	\$ 5,870	\$ 4,752
Long-term borrowings	40,123	39,240	42,345
Other liabilities	562	515	561
Total liabilities	44,899	45,625	47,658
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: 468 million, 468 million and 467 million shares, respectively, issued	4	4	4
Additional paid-in capital	3,410	3,407	3,394
Accumulated other comprehensive income, net of tax	14	5	—
Retained earnings	4,562	4,552	4,674
Total stockholders' equity before treasury stock	7,990	7,968	8,072
Less: Common stock held in treasury at cost: 374 million, 374 million and 367 million shares, respectively	(5,592)	(5,589)	(5,508)
Total equity	2,398	2,379	2,564
Total liabilities and equity	\$ 47,297	\$ 48,004	\$ 50,222

Three Months Ended June 30, 2026 Compared with Three Months Ended June 30, 2025

For the three months ended June 30, 2026, net income was \$25 million, or \$0.26 diluted earnings per common share, compared with net income of \$14 million, or \$0.13 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 \$6 million primarily due to the paydown of the FFELP portfolio and the Private Education Loan portfolio's changing product mix with Refinance Loans increasing as a percentage of the portfolio. The Refinance Loan portfolio earns a lower net interest margin compared to the non-refinance portfolio, due to lower expected credit losses, which reduces the overall net interest margin.
- Provisions for loan losses decreased \$11 million from \$37 million to \$26 million.
 - The provision for Private Loan losses decreased \$11 million from \$29 million to \$18 million.
 - The provision for FFELP Loan losses remained unchanged at \$8 million.

The provision for Private Loan losses of \$18 million in the current period included \$14 million associated with loan originations and \$23 million related to a general reserve build primarily as a result of portfolio performance trends. While credit performance improved on a sequential basis during the quarter, delinquency and default levels in the Private Education Loan portfolio remain elevated. This was partially offset by a \$19 million decrease as a result of classifying \$528 million of loans as held for sale as of June 30, 2026. When loans are classified as held for sale the corresponding allowance for loan losses is reversed through provision for loan losses and such loans are carried at the lower of fair value or cost basis. These loans are carried at their cost basis as of June 30, 2026. The provision of \$29 million in the year-ago quarter included \$7 million associated 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 FFELP Loan losses of \$8 million in the current period was primarily the result of increased charge-offs due to prior disaster forbearance volume, as well as the continued extension of the portfolio. The provision of \$8 million in the year-ago quarter was primarily the result of an increase in delinquency balances.

- Other income decreased \$2 million primarily related to a \$13 million decrease in transition services revenue we had earned related to our various strategic initiatives. The transition services related to the outsourcing of loan servicing and the sale of our healthcare services business ended in May 2025. The transition services related to the sale of our government services business ended in October 2025. This \$13 million decrease was partially offset by a \$12 million gain on an investment in the current period.
- Net gains on derivative and hedging activities increased \$6 million due primarily to 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 \$18 million, \$13 million of which was due to a decline in expenses in connection with providing transition services related to our various strategic initiatives. As of October 2025 we had no further obligations to provide these transition services. There was a \$5 million increase in marketing and other expenses associated with the growth of our consumer lending businesses. The remaining \$10 million decrease primarily relates to cost saving initiatives implemented, which have reduced our operating costs mostly in connection with our shared service functions and corporate footprint.
- Restructuring and other reorganization expenses increased \$3 million primarily due to an increase in severance-related costs incurred in connection with the various strategic initiatives that have been and continue to be implemented to simplify the company, continue to reduce our expense base and enhance our flexibility.

We repurchased 0.3 million and 1.9 million shares of our common stock during the second quarters of 2026 and 2025, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 6 million common shares (or 6%) from the year-ago period.

Six Months Ended June 30, 2026 Compared with Six Months Ended June 30, 2025

For the six months ended June 30, 2026, net income was \$42 million, or \$0.44 diluted earnings per common share, compared with net income of \$11 million, or \$0.11 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 \$5 million primarily due to the paydown of the FFELP portfolio and the Private Education Loan portfolio's changing product mix with Refinance Loans increasing as a percentage of the portfolio. The Refinance Loan portfolio earns a lower net interest margin compared to the non-refinance portfolio, due to lower expected credit losses, which reduces the overall net interest margin. This was partially offset by a \$14 million increase in mark-to-market gains on fair value hedges recorded in interest expense.
- Provisions for loan losses decreased \$13 million from \$67 million to \$54 million.
 - The provision for Private Loan losses decreased \$14 million from \$51 million to \$37 million.
 - The provision for FFELP Loan losses increased \$1 million from \$16 million to \$17 million.

The provision for Private Loan losses of \$37 million in the current period included \$26 million associated with loan originations and \$30 million related to a general reserve build primarily as a result of portfolio performance trends. While credit performance improved on a sequential basis during the period, delinquency and default levels in the Private Education Loan portfolio remain elevated. This was partially offset by a \$19 million decrease as a result of classifying \$528 million of loans as held for sale as of June 30, 2026. When loans are classified as held for sale the corresponding allowance for loan losses is reversed through provision for loan losses and such loans are carried at the lower of fair value or cost basis. These loans are carried at their cost basis as of June 30, 2026. The provision of \$51 million in the year-ago quarter included \$14 million associated 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 for FFELP Loan losses of \$17 million in the current period was primarily the result of increased charge-offs due to prior disaster forbearance volume, as well as the continued extension of the portfolio. The provision of \$16 million in the year-ago quarter was primarily the result of an increase in delinquency balances.

- Asset recovery and business processing revenue decreased \$23 million as a result of the sale of our government services business in February 2025. With the sale of our government services business, Navient no longer provides business processing segment services.
- Other income decreased \$11 million primarily related to a \$24 million decrease in transition services revenue we had earned related to our various strategic initiatives. The transition services related to the outsourcing of loan servicing and the sale of our healthcare services business ended in May 2025. The transition services related to the sale of our government services business ended in October 2025. This \$24 million decrease was partially offset by a \$12 million gain on an investment in the current period.
- Net gains on derivative and hedging activities increased \$36 million due primarily to 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 \$56 million, \$23 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 (\$20 million of the reduction is in the Business Processing segment and \$3 million of the reduction is in the Other segment). In addition, there was a \$23 million decline in expenses in connection with providing transition services related to our various strategic initiatives. As of October 2025, we had no further obligations to provide these transition services. There was an \$11 million increase in marketing and other expenses associated with the growth of our consumer lending businesses. The remaining \$21 million decrease primarily relates to cost saving initiatives implemented, which have reduced our operating costs mostly in connection with our shared service functions and corporate footprint.
- Restructuring and other reorganization expenses decreased \$1 million primarily due to a decrease in severance-related costs incurred in connection with the various strategic initiatives that have been and continue to be implemented to simplify the company, continue to reduce our expense base and enhance our flexibility.
- The effective income tax rates for the current year and year-ago periods were 41% and 9%, 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 2.6 million and 4.5 million shares of our common stock during the six months ended June 30, 2026 and June 30, 2025, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 7 million common shares (or 7%) from the year-ago period.

PRIVATE EDUCATION LOANS PORTFOLIO PERFORMANCE

Private Education Loan Delinquencies and Forbearance

(Dollars in millions)	June 30, 2026		March 31, 2026		June 30, 2025	
	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment ⁽¹⁾	\$ 357		\$ 393		\$ 361	
Loans in forbearance ⁽²⁾	271		235		250	
Loans in repayment and percentage of each status:						
Loans current	13,985	94.6%	14,489	94.5%	14,296	93.6%
Loans delinquent 31-60 days ⁽³⁾	279	1.9	294	1.9	335	2.2
Loans delinquent 61-90 days ⁽³⁾	168	1.1	166	1.1	177	1.2
Loans delinquent greater than 90 days ⁽³⁾	349	2.4	386	2.5	459	3.0
Total Private Education Loans in repayment	14,781	100%	15,335	100%	15,267	100%
Total Private Education Loans, gross ⁽⁵⁾	15,409		15,963		15,878	
Private Education Loan allowance for loan losses	(263)		(314)		(348)	
Private Education Loans, net	\$ 15,146		\$ 15,649		\$ 15,530	
Percentage of Private Education Loans in repayment		95.9%		96.1%		96.2%
Delinquencies as a percentage of Private Education Loans in repayment		5.4%		5.5%		6.4%
Loans in forbearance as a percentage of loans in repayment and forbearance		1.8%		1.5%		1.6%
Percentage of Private Education Loans with a cosigner ⁽⁴⁾		29%		31%		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., 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, the cosigner rate was 66%, 67% and 66% for second-quarter 2026, first-quarter 2026 and second-quarter 2025, respectively.
- (5) June 30, 2026 excludes \$528 million of loans classified as held for sale as of June 30, 2026.

ALLOWANCE FOR LOAN LOSSES – EDUCATION LOANS

	QUARTER ENDED		
	June 30, 2026		
	Private Education Loans	FFELP Loans	Total
(Dollars in millions)			
Allowance at beginning of period	\$ 314	\$ 165	\$ 479
Total provision	17	8	25
Charge-offs:			
Gross charge-offs	(82)	(10)	(92)
Expected future recoveries on current period gross charge-offs	11	—	11
Net charge-offs ⁽¹⁾	(71)	(10)	(81)
Decrease in expected future recoveries on previously fully charged-off loans ⁽²⁾	3	—	3
Allowance at end of period (GAAP)	263	163	426
Plus: expected future recoveries on previously fully charged-off loans ⁽²⁾	163	—	163
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽³⁾	\$ 426	\$ 163	\$ 589
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	1.84%	.18%	
Allowance coverage of charge-offs (annualized) ^{(3) (4)}	1.6	4.0	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ^{(3) (4)}	2.8%	.6%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ^{(3) (4)}	2.9%	.7%	(Non-GAAP)
Ending total loans ⁽⁴⁾	\$ 15,409	\$ 26,738	
Average loans in repayment ⁽⁴⁾	\$ 14,803	\$ 22,478	
Ending loans in repayment ⁽⁴⁾	\$ 14,781	\$ 22,324	

	QUARTER ENDED		
	March 31, 2026		
	Private Education Loans	FFELP Loans	Total
(Dollars in millions)			
Allowance at beginning of period	\$ 364	\$ 173	\$ 537
Total provision	18	9	27
Charge-offs:			
Gross charge-offs	(83)	(17)	(100)
Expected future recoveries on current period gross charge-offs	11	—	11
Net charge-offs ⁽¹⁾	(72)	(17)	(89)
Decrease in expected future recoveries on previously fully charged-off loans ⁽²⁾	4	—	4
Allowance at end of period (GAAP)	314	165	479
Plus: expected future recoveries on previously fully charged-off loans ⁽²⁾	166	—	166
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽³⁾	\$ 480	\$ 165	\$ 645
Net charge-offs as a percentage of average loans in repayment (annualized)	1.91%	.29%	
Allowance coverage of charge-offs (annualized) ⁽³⁾	1.7	2.4	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ⁽³⁾	3.0%	.6%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ⁽³⁾	3.1%	.7%	(Non-GAAP)
Ending total loans	\$ 15,963	\$ 27,402	
Average loans in repayment	\$ 15,326	\$ 23,226	
Ending loans in repayment	\$ 15,335	\$ 22,786	

	QUARTER ENDED		
	June 30, 2025		
	Private Education Loans	FFELP Loans	Total
(Dollars in millions)			
Allowance at beginning of period	\$ 397	\$ 182	\$ 579
Total provision	29	8	37
Charge-offs:			
Gross charge-offs	(93)	(8)	(101)
Expected future recoveries on current period gross charge-offs	13	—	13
Net charge-offs ⁽¹⁾	(80)	(8)	(88)
Decrease in expected future recoveries on previously fully charged-off loans ⁽²⁾	2	—	2
Allowance at end of period (GAAP)	348	182	530
Plus: expected future recoveries on previously fully charged-off loans ⁽²⁾	172	—	172
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽³⁾	\$ 520	\$ 182	\$ 702
Net charge-offs as a percentage of average loans in repayment (annualized)	2.08%	.14%	
Allowance coverage of charge-offs (annualized) ⁽³⁾	1.6	5.2	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ⁽³⁾	3.3%	.6%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ⁽³⁾	3.4%	.7%	(Non-GAAP)
Ending total loans	\$ 15,878	\$ 29,800	
Average loans in repayment	\$ 15,375	\$ 25,133	
Ending loans in repayment	\$ 15,267	\$ 24,867	

	SIX MONTHS ENDED		
	June 30, 2026		
	Private Education Loans	FFELP Loans	Total
(Dollars in millions)			
Allowance at beginning of period	\$ 364	\$ 173	\$ 537
Total provision	35	17	52
Charge-offs:			
Gross charge-offs	(165)	(27)	(192)
Expected future recoveries on current period gross charge-offs	22	—	22
Net charge-offs ⁽¹⁾	(143)	(27)	(170)
Decrease in expected future recoveries on previously fully charged-off loans ⁽²⁾	7	—	7
Allowance at end of period (GAAP)	263	163	426
Plus: expected future recoveries on previously fully charged-off loans ⁽²⁾	163	—	163
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽³⁾	\$ 426	\$ 163	\$ 589
Net charge-offs as a percentage of average loans in repayment (annualized) ⁽⁴⁾	1.87%	.24%	
Allowance coverage of charge-offs (annualized) ^{(3) (4)}	1.5	3.0	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ^{(3) (4)}	2.8%	.6%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ^{(3) (4)}	2.9%	.7%	(Non-GAAP)
Ending total loans ⁽⁴⁾	\$ 15,409	\$ 26,738	
Average loans in repayment ⁽⁴⁾	\$ 14,792	\$ 22,850	
Ending loans in repayment ⁽⁴⁾	\$ 14,781	\$ 22,324	

	SIX MONTHS ENDED		
	June 30, 2025		
	Private Education Loans	FFELP Loans	Total
(Dollars in millions)			
Allowance at beginning of period	\$ 441	\$ 180	\$ 621
Total provision	51	16	67
Charge-offs:			
Gross charge-offs	(175)	(14)	(189)
Expected future recoveries on current period gross charge-offs	23	—	23
Net charge-offs ⁽¹⁾	(152)	(14)	(166)
Decrease in expected future recoveries on previously fully charged-off loans ⁽²⁾	8	—	8
Allowance at end of period (GAAP)	348	182	530
Plus: expected future recoveries on previously fully charged-off loans ⁽²⁾	172	—	172
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure) ⁽³⁾	\$ 520	\$ 182	\$ 702
Net charge-offs as a percentage of average loans in repayment (annualized)	1.98%	.12%	
Allowance coverage of charge-offs ⁽³⁾	1.7	6.1	(Non-GAAP)
Allowance as a percentage of the ending total loan balance ⁽³⁾	3.3%	.6%	(Non-GAAP)
Allowance as a percentage of the ending loans in repayment ⁽³⁾	3.4%	.7%	(Non-GAAP)
Ending total loans	\$ 15,878	\$ 29,800	
Average loans in repayment	\$ 15,423	\$ 25,295	
Ending loans in repayment	\$ 15,267	\$ 24,867	

⁽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⁾ At the end of each month, for Private Education Loans that are 212 or more 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)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Beginning of period expected future recoveries on previously fully charged-off loans	\$ 166	\$ 170	\$ 174	\$ 170	\$ 179
Expected future recoveries of current period defaults	11	11	13	22	23
Recoveries (cash collected)	(10)	(11)	(11)	(20)	(21)
Charge-offs (as a result of lower recovery expectations)	(4)	(4)	(4)	(9)	(10)
End of period expected future recoveries on previously fully charged-off loans	\$ 163	\$ 166	\$ 172	\$ 163	\$ 172
Change in balance during period	\$ (3)	\$ (4)	\$ (2)	\$ (7)	\$ (8)

⁽³⁾ For Private Education Loans, the item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures."

⁽⁴⁾ Quarter and six months ended June 30, 2026 excludes \$528 million of loans, and the corresponding charge-offs, that were classified as held for sale as of June 30, 2026.

LIQUIDITY AND CAPITAL RESOURCES

We expect to fund our ongoing liquidity needs, including the repayment of \$0.7 billion of senior unsecured notes that mature in the short term (i.e., over the next 12 months) and the remaining \$4.6 billion of senior unsecured notes that mature in the long term (from 2027 to 2043 with 79% maturing by 2032), 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 asset-backed securities (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 repurchased 0.3 million shares of common stock for \$2 million in the second quarter of 2026.

SOURCES OF LIQUIDITY

Sources of Primary Liquidity

(Dollars in millions)	June 30, 2026	March 31, 2026	June 30, 2025
Ending Balances:			
Unrestricted cash	\$ 770	\$ 621	\$ 712
Unencumbered Private Education Refinance Loans	314	442	510
Unencumbered FFELP Loans	42	44	51
Total	\$ 1,126	\$ 1,107	\$ 1,273

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Average Balances:					
Unrestricted cash	\$ 686	\$ 553	\$ 743	\$ 620	\$ 658
Unencumbered Private Education Refinance Loans	665	689	629	677	517
Unencumbered FFELP Loans	56	55	73	55	123
Total	\$ 1,407	\$ 1,297	\$ 1,445	\$ 1,352	\$ 1,298

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 2026 to April 2029.

(Dollars in millions)	June 30, 2026	March 31, 2026	June 30, 2025
Ending Balances:			
Private Education Loan ABCP facilities	\$ 1,841	\$ 1,461	\$ 1,754
FFELP Loan ABCP facilities	—	143	190
Total	<u>\$ 1,841</u>	<u>\$ 1,604</u>	<u>\$ 1,944</u>

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Average Balances:					
Private Education Loan ABCP facilities	\$ 1,678	\$ 1,661	\$ 1,613	\$ 1,669	\$ 1,530
FFELP Loan ABCP facilities	134	163	219	149	284
Total	<u>\$ 1,812</u>	<u>\$ 1,824</u>	<u>\$ 1,832</u>	<u>\$ 1,818</u>	<u>\$ 1,814</u>

At June 30, 2026, we had a total of \$2.7 billion of unencumbered tangible assets inclusive of those listed in the table above as sources of primary liquidity. Total unencumbered education loans comprised \$1.0 billion of our unencumbered tangible assets of which \$1.0 billion and \$42 million related to Private Education Loans and FFELP Loans, respectively. In addition, as of June 30, 2026, we had \$4.9 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, 2026, \$0.5 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, 2026	March 31, 2026	June 30, 2025
Net assets of consolidated variable interest entities			
(encumbered assets) — Private Education Loans	\$ 2.3	\$ 2.2	\$ 2.0
Net assets of consolidated variable interest entities			
(encumbered assets) — FFELP Loans	2.6	2.6	2.8
Tangible unencumbered assets ⁽¹⁾	2.7	2.8	2.9
Senior unsecured debt	(5.3)	(5.3)	(5.3)
Mark-to-market on unsecured hedged debt ⁽²⁾	—	—	—
Other liabilities, net	(.3)	(.4)	(.3)
Total Tangible Equity ⁽³⁾	<u>\$ 2.0</u>	<u>\$ 1.9</u>	<u>\$ 2.1</u>

⁽¹⁾ Excludes goodwill and acquired intangible assets.

⁽²⁾ At June 30, 2026, March 31, 2026, and June 30, 2025, there were \$(78) million, \$(60) million and \$(72) 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."

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) and (3) 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/expense items to reconcile the consolidated GAAP results to the Core Earnings results as required by GAAP.

(Dollars in millions)	QUARTER ENDED JUNE 30, 2026					Reportable Segments			
	Total GAAP	Adjustments			Total Core Earnings	Consumer Lending	Federal Education Loans	Business Processing	Other
		Reclassifications	Additions/ (Subtractions)	Total Adjustments ⁽¹⁾					
Interest income:									
Education loans	\$ 664					\$ 273	\$ 391	\$ —	\$ —
Cash and investments	18					5	8	—	5
Total interest income	682					278	399	—	5
Total interest expense	560					185	351	—	26
Net interest income (loss)	122	\$ 1	\$ (3)	\$ (2)	\$ 120	93	48	—	(21)
Less: provisions for loan losses	26				26	18	8	—	—
Net interest income (loss) after provisions for loan losses	96					75	40	—	(21)
Other income (loss):									
Servicing revenue	10					2	8	—	—
Asset recovery and business processing revenue	—					—	—	—	—
Other revenue	18					—	—	—	17
Total other income	28	(1)	—	(1)	27	2	8	—	17
Expenses:									
Direct operating expenses	57					42	15	—	—
Unallocated shared services expenses	25					—	—	—	25
Operating expenses	82	—	—	—	82	42	15	—	25
Goodwill and acquired intangible asset impairment and amortization	—	—	—	—	—	—	—	—	—
Restructuring/other reorganization expenses	3	—	—	—	3	—	—	—	3
Total expenses	85	—	—	—	85	42	15	—	28
Income (loss) before income tax expense (benefit)	39	—	(3)	(3)	36	35	33	—	(32)
Income tax expense (benefit) ⁽²⁾	14	—	(5)	(5)	9	8	7	—	(6)
Net income (loss)	<u>\$ 25</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 26</u>	<u>\$ —</u>	<u>\$ (26)</u>

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	QUARTER ENDED JUNE 30, 2026		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ (2)	\$ —	\$ (2)
Total other income	(1)	—	(1)
Goodwill and acquired intangible asset impairment and amortization	—	—	—
Total Core Earnings adjustments to GAAP	<u>\$ (3)</u>	<u>\$ —</u>	<u>(3)</u>
Income tax expense (benefit)			(5)
Net income (loss)			<u>\$ 2</u>

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

(Dollars in millions)	QUARTER ENDED MARCH 31, 2026					Reportable Segments			
	Total GAAP	Adjustments			Total Core Earnings	Consumer Lending	Federal Education Loans	Business Processing	Other
		Reclassifications	Additions/ (Subtractions)	Total Adjustments ⁽¹⁾					
Interest income:									
Education loans	\$ 678					\$ 277	\$ 401	\$ —	\$ —
Cash and investments	17					4	8	—	5
Total interest income	695					281	409	—	5
Total interest expense	564					181	363	—	25
Net interest income (loss)	131	\$ 2	\$ (7)	\$ (5)	\$ 126	100	46	—	(20)
Less: provisions for loan losses	27				27	18	9	—	—
Net interest income (loss) after provisions for loan losses	104					82	37	—	(20)
Other income (loss):									
Servicing revenue	11					3	8	—	—
Asset recovery and business processing revenue	—					—	—	—	—
Other revenue	10					—	—	—	5
Total other income	21	(2)	(3)	(5)	16	3	8	—	5
Expenses:									
Direct operating expenses	55					39	16	—	—
Unallocated shared services expenses	34					—	—	—	34
Operating expenses	89	—	—	—	89	39	16	—	34
Goodwill and acquired intangible asset impairment and amortization	4	—	(4)	(4)	—	—	—	—	—
Restructuring/other reorganization expenses	—	—	—	—	—	—	—	—	—
Total expenses	93	—	(4)	(4)	89	39	16	—	34
Income (loss) before income tax expense (benefit)	32	—	(6)	(6)	26	46	29	—	(49)
Income tax expense (benefit) ⁽²⁾	15	—	(8)	(8)	7	11	7	—	(11)
Net income (loss)	\$ 17	\$ —	\$ 2	\$ 2	\$ 19	\$ 35	\$ 22	\$ —	\$ (38)

⁽¹⁾ Core Earnings adjustments to GAAP:

(Dollars in millions)	QUARTER ENDED MARCH 31, 2026		
	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ (5)	\$ —	\$ (5)
Total other income	(5)	—	(5)
Goodwill and acquired intangible asset impairment and amortization	—	(4)	(4)
Total Core Earnings adjustments to GAAP	\$ (10)	\$ 4	(6)
Income tax expense (benefit)			(8)
Net income (loss)			\$ 2

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

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

⁽¹⁾ Core Earnings adjustments to GAAP:

QUARTER ENDED JUNE 30, 2025			
(Dollars in millions)	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	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.

SIX MONTHS ENDED JUNE 30, 2026									
(Dollars in millions)	Adjustments					Reportable Segments			
	Total GAAP	Reclassifications	Additions/(Subtractions)	Total Adjustments ⁽¹⁾	Total Core Earnings	Consumer Lending	Federal Education Loans	Business Processing	Other
Interest income:									
Education loans	\$ 1,341					\$ 550	\$ 791	\$ —	\$ —
Cash and investments	35					9	17	—	9
Total interest income	1,376					559	808	—	9
Total interest expense	1,123					365	714	—	51
Net interest income (loss)	253	\$ 3	\$ (10)	\$ (7)	\$ 246	194	94	—	(42)
Less: provisions for loan losses	54				54	37	17	—	—
Net interest income (loss) after provisions for loan losses	199					157	77	—	(42)
Other income (loss):									
Servicing revenue	21					4	17	—	—
Asset recovery and business processing revenue	—					—	—	—	—
Other revenue	28					—	—	—	22
Total other income	49	(3)	(3)	(6)	43	4	17	—	22
Expenses:									
Direct operating expenses	112					81	31	—	—
Unallocated shared services expenses	59					—	—	—	59
Operating expenses	171	—	—	—	171	81	31	—	59
Goodwill and acquired intangible asset impairment and amortization	4	—	(4)	(4)	—	—	—	—	—
Restructuring/other reorganization expenses	2	—	—	—	2	—	—	—	2
Total expenses	177	—	(4)	(4)	173	81	31	—	61
Income (loss) before income tax expense (benefit)	71		(9)	(9)	62	80	63	—	(81)
Income tax expense (benefit) ⁽²⁾	29	—	(14)	(14)	15	18	15	—	(18)
Net income (loss)	\$ 42	\$ —	\$ 5	\$ 5	\$ 47	\$ 62	\$ 48	\$ —	\$ (63)

⁽¹⁾ Core Earnings adjustments to GAAP:

SIX MONTHS ENDED JUNE 30, 2026			
(Dollars in millions)	Net Impact of Derivative Accounting	Net Impact of Goodwill and Acquired Intangibles	Total
Net interest income (loss) after provisions for loan losses	\$ (7)	\$ —	\$ (7)
Total other income	(6)	—	(6)
Goodwill and acquired intangible asset impairment and amortization	—	(4)	(4)
Total Core Earnings adjustments to GAAP	<u>\$ (13)</u>	<u>\$ 4</u>	<u>(9)</u>
Income tax expense (benefit)			<u>(14)</u>
Net income (loss)			<u>\$ 5</u>

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

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

⁽¹⁾ Core Earnings adjustments to GAAP:

SIX MONTHS ENDED JUNE 30, 2025			
(Dollars in millions)	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	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.

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

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
GAAP net income	\$ 25	\$ 17	\$ 14	\$ 42	\$ 11
Core Earnings adjustments to GAAP:					
Net impact of derivative accounting	(3)	(10)	8	(13)	47
Net impact of goodwill and acquired intangible assets	—	4	1	4	2
Net tax effect	5	8	(2)	14	(13)
Total Core Earnings adjustments to GAAP	2	2	7	5	36
Core Earnings net income	<u>\$ 27</u>	<u>\$ 19</u>	<u>\$ 21</u>	<u>\$ 47</u>	<u>\$ 47</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 table below quantifies the adjustments for derivative accounting between GAAP and Core Earnings net income.

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Core Earnings derivative adjustments:					
(Gains) losses on derivative and hedging activities, net, included in other income	\$ (1)	\$ (5)	\$ 5	\$ (6)	\$ 30
Plus: (Gains) losses on fair value hedging activity included in interest expense	(4)	(8)	(4)	(12)	2
Total (gains) losses in GAAP net income	(5)	(13)	1	(18)	32
Plus: Reclassification of settlement income (expense) on derivative and hedging activities, net ⁽¹⁾	1	2	5	3	11
Mark-to-market (gains) losses on derivative and hedging activities, net ⁽²⁾	(4)	(11)	6	(15)	43
Other derivative accounting adjustments ⁽³⁾	1	1	2	2	4
Total net impact of derivative accounting	<u>\$ (3)</u>	<u>\$ (10)</u>	<u>\$ 8</u>	<u>\$ (13)</u>	<u>\$ 47</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)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Reclassification of settlements on derivative and hedging activities:					
Net settlement income (expense) on interest rate swaps reclassified to net interest income	\$ 1	\$ 2	\$ 5	\$ 3	\$ 11
Total reclassifications of settlement income (expense) on derivative and hedging activities	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 11</u>

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

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Fair value hedges	\$ (1)	\$ (2)	\$ 4	\$ (3)	\$ 7
Foreign currency hedges	(3)	(6)	(8)	(9)	(5)
Other ^(a)	—	(3)	10	(3)	41
Total mark-to-market (gains) losses on derivative and hedging activities, net	<u>\$ (4)</u>	<u>\$ (11)</u>	<u>\$ 6</u>	<u>\$ (15)</u>	<u>\$ 43</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, 2026, derivative accounting has decreased GAAP equity by approximately \$17 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)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Beginning impact of derivative accounting on GAAP equity	\$ (28)	\$ (39)	\$ (22)	\$ (39)	\$ 8
Net impact of net mark-to-market gains (losses) under derivative accounting ⁽¹⁾	11	11	(8)	22	(38)
Ending impact of derivative accounting on GAAP equity	<u>\$ (17)</u>	<u>\$ (28)</u>	<u>\$ (30)</u>	<u>\$ (17)</u>	<u>\$ (30)</u>

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

(Dollars in millions)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Total pre-tax net impact of derivative accounting recognized in net income ⁽²⁾	\$ 3	\$ 10	\$ (8)	\$ 13	\$ (47)
Tax and other impacts of derivative accounting adjustments	(1)	(2)	2	(3)	12
Change in mark-to-market gains (losses) on derivatives, net of tax recognized in other comprehensive income	9	3	(2)	12	(3)
Net impact of net mark-to-market gains (losses) under derivative accounting	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ (8)</u>	<u>\$ 22</u>	<u>\$ (38)</u>

^(a) 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, 2026	March 31, 2026	June 30, 2025
Total hedged Floor Income, net of tax ⁽¹⁾⁽²⁾	\$ 20	\$ 23	\$ 35

⁽¹⁾ \$26 million, \$31 million and \$46 million on a pre-tax basis as of June 30, 2026, March 31, 2026, and June 30, 2025, respectively.

⁽²⁾ Of the \$20 million as of June 30, 2026, approximately \$7 million, \$7 million and \$6 million will be recognized as part of Core Earnings net income in the remainder of 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)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Core Earnings goodwill and acquired intangible asset adjustments	\$ —	\$ 4	\$ 1	\$ 4	\$ 2

2. Tangible Equity and Adjusted Tangible Equity Ratio

Adjusted Tangible Equity 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, 2026	March 31, 2026	June 30, 2025
Navient Corporation's stockholders' equity	\$ 2,398	\$ 2,379	\$ 2,564
Less: Goodwill and acquired intangible assets	430	430	436
Tangible Equity	1,968	1,949	2,128
Less: Equity held for FFELP Loans	133	136	148
Adjusted Tangible Equity	\$ 1,835	\$ 1,813	\$ 1,980
Divided by:			
Total assets	\$ 47,297	\$ 48,004	\$ 50,222
Less:			
Goodwill and acquired intangible assets	430	430	436
FFELP Loans	26,575	27,237	29,618
Adjusted tangible assets	\$ 20,292	\$ 20,337	\$ 20,168
Adjusted Tangible Equity Ratio	9.0%	8.9%	9.8%

3. 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. As of June 30, 2026, the \$426 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 \$15,409 million Private Education Loan portfolio. The \$163 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 \$15,409 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)	QUARTERS ENDED			SIX MONTHS ENDED	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Allowance at end of period (GAAP)	\$ 263	\$ 314	\$ 348	\$ 263	\$ 348
Plus: expected future recoveries on previously fully charged-off loans	163	166	172	163	172
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure)	\$ 426	\$ 480	\$ 520	\$ 426	\$ 520
Ending total loans ⁽¹⁾	\$ 15,409	\$ 15,963	\$ 15,878	\$ 15,409	\$ 15,878
Ending loans in repayment ⁽¹⁾	\$ 14,781	\$ 15,335	\$ 15,267	\$ 14,781	\$ 15,267
Net charge-offs	\$ 71	\$ 72	\$ 80	\$ 143	\$ 152
Allowance coverage of charge-offs (annualized) ⁽¹⁾ :					
GAAP	1.0	1.1	1.1	.9	1.1
Adjustment ⁽²⁾	.6	.6	.5	.6	.6
Non-GAAP Financial Measure ⁽²⁾	1.6	1.7	1.6	1.5	1.7
Allowance as a percentage of the ending total loan balance ⁽¹⁾ :					
GAAP	1.7%	2.0%	2.2%	1.7%	2.2%
Adjustment ⁽²⁾	1.1	1.0	1.1	1.1	1.1
Non-GAAP Financial Measure ⁽²⁾	2.8%	3.0%	3.3%	2.8%	3.3%
Allowance as a percentage of the ending loans in repayment ⁽¹⁾ :					
GAAP	1.8%	2.0%	2.3%	1.8%	2.3%
Adjustment ⁽²⁾	1.1	1.1	1.1	1.1	1.1
Non-GAAP Financial Measure ⁽²⁾	2.9%	3.1%	3.4%	2.9%	3.4%

⁽¹⁾ Second-quarter 2026 excludes \$528 million of loans, and the corresponding charge-offs, that were classified as held for sale as of June 30, 2026.

⁽²⁾ The allowance used for these credit metrics excludes the expected future recoveries on previously fully charged-off loans. See discussion above.

