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, 2024

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	**46-4054283**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
13865 Sunrise Valley Drive, Herndon, Virginia 20171	**(703) 810-3000**
(Address of principal executive offices)	*(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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

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, 2024, there were 109,410,094 shares of common stock outstanding.

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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.

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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,” “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 or extensions of previously announced deadlines 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 and expanded 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 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.

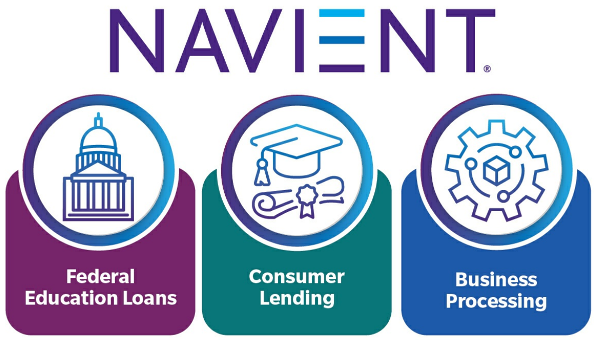
In addition to Core Earnings, we present the following other non-GAAP financial measures: Tangible Equity, Adjusted Tangible Equity Ratio, Earnings before Interest, Taxes, Depreciation and Amortization Expense (EBITDA) (for the Business Processing segment), and Allowance for Loan Losses Excluding Expected 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) provides technology-enabled education finance and business processing solutions that simplify complex programs and help millions of people achieve success. Our customer-focused, data-driven services deliver exceptional results for clients in education, healthcare and government. Learn more at 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 $32.9 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 $16.2 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 second quarter of 2024, we originated approximately $278 million of Private Education Loans.

- **Business Processing**

  We leverage our loan servicing expertise to provide business processing solutions for approximately 500 public sector and healthcare organizations, and their tens of millions of clients, patients, and constituents. Our suite of omnichannel customer experience, digital processing and revenue cycle solutions enables our clients to deliver better results for the people they serve.

Superior Performance with Deep Experience in Customer Service and Compliance Commitment

We help our customers — both individuals and institutions — navigate the path to financial success through proactive, data-driven, simplified service and innovative solutions.

- **Delivering superior performance.** Whether supporting student loan borrowers in successfully managing their loans, designing and implementing omnichannel contact center solutions for public sector agencies, generating additional revenue for hospitals and medical systems, or helping a state manage communications or recover revenue that funds essential services, Navient delivers value for our clients and customers.

- **Scalable, data-driven solutions*.*** Annually, we support tens of millions of people in conducting hundreds of millions of transactions and interactions. Our systems are built for scale and rapid implementation. We harness the power of data to build tailored programs with analytics that optimize our clients' results.

- **Simplify complex processes*.*** On our clients' behalf, we help individuals successfully navigate a broad spectrum of complex transactions. Our people and platforms simplify complex programs to help customers and constituents achieve their goals.

•**Commitment to 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.

•**Corporate social responsibility**. We are committed to contributing to the social and economic well being of our communities; fostering the success of our customers; supporting a culture of integrity, inclusion and equality in our workforce; and embracing sustainable business practices. Navient has earned recognition from a variety of leading organizations for our continued commitment to fostering diversity. 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 (CO_2) and CO_2 equivalents are among the many factors considered in our real estate decisions.

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

Our second-quarter 2024 results continue to demonstrate the strength of our balance sheet, credit risk management and underwriting of high-quality private education loans with attractive economics.

Our business generates significant capital which allows for a strong capital return to our investors. Navient expects to continue to return excess capital to shareholders through dividends and share repurchases in accordance with our capital allocation policy.

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, 2024, $209 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 4.9% and our Adjusted Tangible Equity Ratio(1) was 8.2% as of June 30, 2024.

(Dollars and shares in millions)	Q2-24	Q2-23
Shares repurchased	2.5	4.9
Reduction in shares outstanding	2 %	4 %
Total repurchases in dollars	$ 38	$ 80
Dividends paid	$ 17	$ 20
Total Capital Returned(2)	$ 55	$ 100
GAAP equity-to-asset ratio	4.9 %	4.5 %
Adjusted Tangible Equity Ratio(1)	8.2 %	8.4 %

(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 as follows:

•**Adopt a variable, outsourced servicing model.** Navient entered into an outsourcing agreement in May 2024 that transitions our student loan servicing to MOHELA, a leading provider of student loan servicing for government and commercial enterprises. This transaction is intended to create a variable cost structure for the servicing of our student loan portfolios and provides attractive unit economics across a wide range of servicing volume scenarios. As part of the agreement, nearly 900 employees have transferred to MOHELA. We are now preparing for the borrower transition, which is expected to take place in October 2024 after a multi-stage communication strategy designed to educate borrowers in advance of the transition. Borrowers will continue to use the same account numbers, phone numbers, payment plans, and other details. Navient and MOHELA use the same third-party loan servicing technology platform, so a loan system conversion is not required. Navient will oversee the high service level standards contained in the servicing agreement.

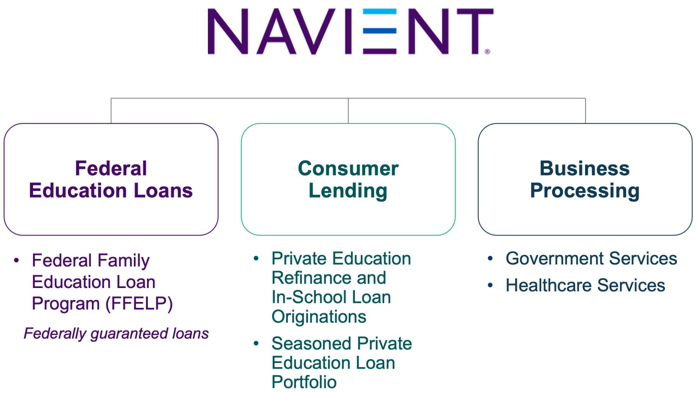
•**Explore strategic options for the business processing segment, including potential divestment.** Navient has launched a process to explore divesting our business processing segment. Through various subsidiary brands, this segment provides high-quality business processing services to a variety of government and healthcare clients, including hospitals, toll-road authorities, state revenue divisions, and federal agencies. In conjunction with the decision to outsource student loan servicing, exploring options for the business processing segment increases the opportunities for shared cost reduction. Navient is working with financial and legal advisors to assist the Company in exploring a sale of the segment in whole or in part. We are encouraged by the interest shown by potential buyers and are continuing with the divestment process.

•**Streamline shared services infrastructure and corporate footprint.** As we implement 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.

We continue to expect to be largely complete with these strategic actions by mid to end of 2025.

How We Organize Our Business

We operate our business in three primary segments: Federal Education Loans, Consumer Lending and Business Processing.



Federal Education Loans Segment

Navient owns and manages FFELP Loans and is the master servicer on this portfolio. Our long history of servicing quality, data-driven strategies and omnichannel education about federal repayment options translate into positive results for the millions of borrowers we serve. 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 on 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.

Business Processing Segment

Navient provides business processing solutions such as omnichannel contact center services, workflow processing, and revenue cycle optimization. We leverage the same expertise and intelligent tools we use to deliver successful results for portfolios we own. Our support enables our clients to ensure better constituent outcomes, meet rapidly changing needs, improve technology, reduce operating expenses, manage risk and optimize revenue opportunities. Our clients include:

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

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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
GAAP Basis				
Net income	$ 36	$ 66	$ 109	$ 177
Diluted earnings per common share	$ .32	$ .52	$ .97	$ 1.39
Weighted average shares used to compute diluted earnings per share	112	125	113	128
Return on assets	.26 %	.41 %	.39 %	.55 %
Core Earnings Basis[1]				
Net income[1]	$ 33	$ 88	$ 86	$ 221
Diluted earnings per common share[1]	$ .29	$ .70	$ .77	$ 1.73
Weighted average shares used to compute diluted earnings per share	112	125	113	128
Net interest margin, Federal Education Loans segment	.36 %	.97 %	.46 %	1.05 %
Net interest margin, Consumer Lending segment	2.89 %	2.97 %	2.94 %	3.05 %
Return on assets	.24 %	.55 %	.31 %	.69 %
Education Loan Portfolios				
Ending FFELP Loans, net	$ 32,940	$ 40,851	$ 32,940	$ 40,851
Ending Private Education Loans, net	16,238	17,732	16,238	17,732
Ending total education loans, net	$ 49,178	$ 58,583	$ 49,178	$ 58,583
Average FFELP Loans	$ 34,741	$ 41,869	$ 35,950	$ 42,562
Average Private Education Loans	16,936	18,690	17,160	18,988
Average total education loans	$ 51,677	$ 60,559	$ 53,110	$ 61,550

(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 2024 GAAP net income was $36 million ($0.32 diluted earnings per share), compared with $66 million ($0.52 diluted earnings per share) for the year-ago quarter. See “Results of Operations – GAAP Comparison of Second-Quarter 2024 Results with Second-Quarter 2023" for a discussion of the primary contributors to the change in GAAP earnings between periods.

Second-quarter 2024 Core Earnings net income was $33 million ($0.29 diluted Core Earnings per share), compared with $88 million ($0.70 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 a net reduction to pre-tax income of $35 million ($0.24 diluted loss per share) comprised of the following items:

- $16 million ($0.11 diluted loss per share) of restructuring expenses and $12 million ($0.08 diluted loss per share) of regulatory-related expenses.
- FFELP Loan prepayments of $2.5 billion (compared to $1.6 billion in first-quarter 2024), resulting in the write-off of an additional $7 million ($0.05 diluted loss per share) of loan premium, a non-cash reduction to net interest income, compared to the prior quarter.

Financial highlights of second-quarter 2024 include:

Federal Education Loans segment:

•Net income of $28 million.

•Net interest margin of 0.36%.

•Successfully finalized servicing outsourcing agreement with MOHELA, a leading provider of student loan servicing for government and commercial enterprises.

Consumer Lending segment:

•Net income of $60 million.

•Net interest margin of 2.89%.

•Originated $278 million of Private Education Loans.

•Successfully finalized servicing outsourcing agreement, as noted above. The Earnest team continues to provide customer service for Earnest and NaviRefi clients.

Business Processing segment:

•Revenue of $81 million.

•Net income of $15 million and EBITDA(1) of $20 million.

•EBITDA margin of 25%.

•Launched process to identify options to divest the Business Processing division to further simplify our business.

Capital, funding and liquidity:

•GAAP equity-to-asset ratio of 4.9% and adjusted tangible equity ratio(1) of 8.2%.

•Repurchased $38 million of common shares. $209 million common share repurchase authority remains outstanding.

•Paid $17 million in common stock dividends.

•Issued $728 million of asset-backed securities.

Operating Expenses:

•Operating expenses of $154 million, excluding $12 million of regulatory-related expenses.

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

Results of Operations

GAAP Income Statements (Unaudited)

(In millions, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Increase (Decrease) $	Increase (Decrease) %	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Increase (Decrease) $	Increase (Decrease) %
Interest income								
FFELP Loans	$ 608	$ 720	$ (112)	(16)%	$ 1,269	$ 1,413	$ (144)	(10)%
Private Education Loans	317	341	(24)	(7)	645	686	(41)	(6)
Cash and investments	48	36	12	33	86	70	16	23
Total interest income	973	1,097	(124)	(11)	2,000	2,169	(169)	(8)
Total interest expense	843	919	(76)	(8)	1,718	1,756	(38)	(2)
Net interest income	130	178	(48)	(27)	282	413	(131)	(32)
Less: provisions for loan losses	14	11	3	27	26	(3)	29	967
Net interest income after provisions for loan losses	116	167	(51)	(31)	256	416	(160)	(38)
Other income (loss):								
Servicing revenue	18	16	2	13	35	33	2	6
Asset recovery and business processing revenue	81	83	(2)	(2)	158	155	3	2
Other income	4	4	—	-	13	11	2	18
Gains (losses) on derivative and hedging activities, net	14	26	(12)	(46)	46	17	29	171
Total other income	117	129	(12)	(9)	252	216	36	17
Expenses:								
Operating expenses	166	182	(16)	(9)	350	368	(18)	(5)
Goodwill and acquired intangible assets impairment and amortization expense	3	3	—	—	5	5	—	—
Restructuring/other reorganization expenses	16	15	1	7	17	19	(2)	(11)
Total expenses	185	200	(15)	(8)	372	392	(20)	(5)
Income before income tax expense	48	96	(48)	(50)	136	240	(104)	(43)
Income tax expense	12	30	(18)	(60)	27	63	(36)	(57)
Net income	$ 36	$ 66	$ (30)	(45)%	$ 109	$ 177	$ (68)	(38)%
Basic earnings per common share	$ .32	$ .53	$ (.21)	(40)%	$ .98	$ 1.40	$ (.42)	(30)%
Diluted earnings per common share	$ .32	$ .52	$ (.20)	(38)%	$ .97	$ 1.39	$ (.42)	(30)%
Dividends per common share	$ .16	$ .16	$ —	—	$ .32	$ .32	$ —	—

GAAP Comparison of Second-Quarter 2024 Results with Second-Quarter 2023

For the three months ended June 30, 2024, net income was $36 million, or $0.32 diluted earnings per common share, compared with net income of $66 million, or $0.52 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 $48 million primarily as a result of the paydown of the FFELP and Private Education Loan portfolios. The FFELP portfolio experienced a $1.9 billion increase in prepayments ($2.5 billion in the current quarter compared with $600 million in the year-ago quarter). This increase in prepayments resulted in the write-off of an additional $20 million of loan premium in the current quarter compared to the year-ago quarter. There was also a decrease in net interest income due to the impact of increasing interest rates on the different index resets for the FFELP loan assets and debt. These decreases were partially offset by a $42 million decrease in mark-to-market losses on fair value hedges recorded in interest expense.
- Provisions for loan losses increased $3 million from $11 million to $14 million:
    - The provision for FFELP Loan losses decreased $7 million from $5 million to $(2) million.
    - The provision for Private Education Loan losses increased $10 million from $6 million to $16 million.

  The provision for FFELP Loan losses of $(2) million in the current period was the result of stable credit trends.

  The provision for Private Education Loan losses of $16 million in the current period included $6 million in connection with loan originations and $10 million related to a general reserve build. The provision of $6 million in the year-ago quarter included $4 million in connection with loan originations, and $2 million related to a general reserve build.
- Net gains on derivative and hedging activities decreased $12 million, primarily due 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 $16 million, primarily due to a decline in the business processing segment expenses as a result of several efficiency initiatives recently implemented as well as the year-ago period having elevated upfront start-up costs on new contracts. Additionally, there was a decline in overall servicing costs as well as lower in-school loan marketing spend as a result of improved marketing efficiencies. This decrease was partially offset by a $20 million contingency loss accrual (regulatory-related expense) recorded in the current period related to recent developments in connection with CFPB matters.
- Restructuring expenses increased $1 million due to an increase in severance-related costs. The current quarter’s restructuring expense of $16 million included $13 million of 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 2.5 million and 4.9 million shares of our common stock during the second quarters of 2024 and 2023, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 13 million common shares (or 10%) from the year-ago period.

GAAP Comparison of Six Months Ended June 30, 2024 Results with Six Months Ended June 30, 2023

For the six months ended June 30, 2024, net income was $109 million, or $0.97 diluted earnings per common share, compared with net income of $177 million, or $1.39 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 $131 million primarily as a result of the paydown of the FFELP and Private Education Loan portfolios. The FFELP portfolio experienced a $2.8 billion increase in prepayments ($4.1 billion in the current period compared with $1.3 billion in the year-ago period). This increase in prepayments resulted in the write-off of an additional $28 million of loan premium in the current period compared to the year-ago period. There was also a decrease in net interest income due to the impact of increasing interest rates on the different index resets for the FFELP loan assets and debt. These decreases were partially offset by a $47 million decrease in mark-to-market losses on fair value hedges recorded in interest expense.

- Provisions for loan losses increased $29 million from $(3) million to $26 million:

    - The provision for FFELP Loan losses decreased $16 million from $15 million to $(1) million.

    - The provision for Private Education Loan losses increased $45 million from $(18) million to $27 million.

  The provision for FFELP Loan losses of $(1) million in the current period was the result of stable credit trends.

  The provision for Private Education Loan losses of $27 million in the current period included $11 million in connection with loan originations and $16 million related to a general reserve build. The provision of $(18) million in the year-ago period included $(60) million in connection with the adoption of ASU No. 2022-02, $9 million in connection with loan originations, $23 million in connection with the resolution of certain private legacy loans in bankruptcy and $10 million related to a general reserve build. See our 2023 Form 10-K for further discussion on the adoption of ASU No. 2022-02 as well as the resolution of certain private legacy loans in bankruptcy.

- Net gains on derivative and hedging activities increased $29 million, primarily due 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, primarily due to lower in-school loan marketing spend as a result of improved marketing efficiencies. There was a decrease in the business processing segment expenses as a result of several efficiency initiatives recently implemented as well as the year-ago period having elevated upfront start-up costs on new contracts. Additionally, there was a decline in overall servicing costs. This decrease was partially offset by a $32 million contingency loss accrual (regulatory-related expense) recorded in the current period related to recent developments in connection with CFPB matters.

We repurchased 5.0 million and 9.8 million shares of our common stock during the six months ended June 30, 2024 and June 30, 2023, respectively. As a result of repurchases, our average outstanding diluted shares decreased by 15 million common shares (or 12%) 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, 2024	Three Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023
Interest income:						
FFELP Loans	$ 608	$ 721	(16)%	$ 1,269	$ 1,416	(10)%
Cash and investments	28	18	56	51	38	34
Total interest income	636	739	(14)	1,320	1,454	(9)
Total interest expense	603	633	(5)	1,233	1,223	1
Net interest income	33	106	(69)	87	231	(62)
Less: provision for loan losses	(2)	5	(140)	(1)	15	(107)
Net interest income after provision for loan losses	35	101	(65)	88	216	(59)
Other income (loss):						
Servicing revenue	15	13	15	28	27	4
Other revenue	2	2	—	5	7	(29)
Total other income	17	15	13	33	34	(3)
Direct operating expenses	16	18	(11)	33	38	(13)
Income before income tax expense	36	98	(63)	88	212	(58)
Income tax expense	8	22	(64)	20	50	(60)
Net income	$ 28	$ 76	(63)%	$ 68	$ 162	(58)%

Comparison of Second-Quarter 2024 Results with Second-Quarter 2023

- Net income was $28 million compared to $76 million.
- Net interest income decreased $73 million primarily due to the paydown of the loan portfolio which included an increase in prepayments. The increase in prepayments of $1.9 billion ($2.5 billion in the current quarter compared with $600 million in the year-ago quarter) resulted in the write-off of an additional $20 million in the current quarter compared with the year-ago quarter. This reduced the net interest margin by 22 basis points. There was also a decrease in net interest income due to the impact of increased interest rates on the different index resets for the segment's assets and debt.
- Provision for loan losses decreased $7 million. The $(2) million of provision for loan losses in second-quarter 2024 was the result of stable credit trends.
  - Net charge-offs were $10 million compared to $19 million.
  - Delinquencies greater than 90 days were $1.9 billion compared to $2.7 billion.
  - Forbearances were $5.3 billion compared to $6.3 billion.
- Other income increased $2 million.
- Expenses were $2 million lower primarily as a result of the paydown of the loan portfolio.
- Our servicing outsourcing agreement with MOHELA took effect on July 1. Borrower transition is planned for this fall after comprehensive communications. Borrowers will continue to use the same account numbers, phone numbers, payment plans, and other details.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Segment net interest margin	.36 %	.97 %	.46 %	1.05 %
FFELP Loans:				
FFELP Loan spread	.49 %	1.07 %	.58 %	1.16 %
Provision for loan losses	$ (2)	$ 5	$ (1)	$ 15
Net charge-offs	$ 10	$ 19	$ 20	$ 37
Net charge-off rate	.14 %	.22 %	.14 %	.22 %
Greater than 30-days delinquency rate	13.5 %	16.1 %	13.5 %	16.1 %
Greater than 90-days delinquency rate	7.0 %	8.2 %	7.0 %	8.2 %
Forbearance rate	16.8 %	16.0 %	16.8 %	16.0 %
Average FFELP Loans	$ 34,741	$ 41,869	$ 35,950	$ 42,562
Ending FFELP Loans, net	$ 32,940	$ 40,851	$ 32,940	$ 40,851
(Dollars in billions)				
Total federal loans serviced	$ 38	$ 47	$ 38	$ 47

Net Interest Margin

The following table details the net interest margin.

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
FFELP Loan yield	6.83 %	6.46 %	6.87 %	6.27 %
Floor Income	.21	.45	.23	.44
FFELP Loan net yield	7.04	6.91	7.10	6.71
FFELP Loan cost of funds	(6.55)	(5.84)	(6.52)	(5.55)
FFELP Loan spread	.49	1.07	.58	1.16
Other interest-earning asset spread impact	(.13)	(.10)	(.12)	(.11)
Net interest margin(1)	.36 %	.97 %	.46 %	1.05 %

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

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
FFELP Loans	$ 34,741	$ 41,869	$ 35,950	$ 42,562
Other interest-earning assets	2,192	1,621	2,026	1,796
Total FFELP Loan interest-earning assets	$ 36,933	$ 43,490	$ 37,976	$ 44,358

The 61 basis point decrease in the net interest margin is primarily due to the impact of increased interest rates on the different index resets for the segment's assets and debt which resulted in a decrease of floor income (24 basis points) and an increased cost of funds (9 basis points). In addition, there was a $20 million increase in prepayments which contributed to an increase in the amortization of loan premium (22 basis points), a non-cash reduction to interest margin.

As of June 30, 2024, our FFELP Loan portfolio totaled $32.9 billion, comprised of $11.8 billion of FFELP Stafford Loans and $21.1 billion of FFELP Consolidation Loans. The weighted-average life of these portfolios as of June 30, 2024 was 8 years and 7 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, 2024 and 2023, based on interest rates as of those dates.

(Dollars in billions)	June 30, 2024	June 30, 2023
Education loans eligible to earn Floor Income	$ 32.7	$ 40.5
Less: post-March 31, 2006 disbursed loans required to rebate Floor Income	(15.7)	(19.3)
Less: economically hedged Floor Income	(1.8)	(5.9)
Education loans eligible to earn Floor Income after rebates and economically hedged	$ 15.2	$ 15.3
Education loans earning Floor Income	$ .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, 2024 to December 31, 2028.

(Dollars in billions)	July 1, 2024 to December 31, 2024	2025	2026	2027	2028
Average balance of FFELP Consolidation Loans whose Floor Income is economically hedged	$ 1.5	$ .8	$ .7	$ .3	$ .3

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 $2 million lower as a result of the paydown of the loan portfolio.

Various Federal Loan Forgiveness Plans

On August 24, 2022, the Biden-Harris Administration announced its Student Debt Relief (SDR) Plan. The SDR Plan would have provided up to $20,000 in one-time debt relief to income-qualified recipients with ED held student loans and a repayment pause on ED held loans. Privately held FFELP Loans, like ours, were not eligible for debt forgiveness.

A number of states and private organizations initiated legal challenges to the SDR Plan in various courts throughout the country. On June 30, 2023, the Supreme Court ruled that ED was prohibited from implementing the SDR Plan, and student loan payments on ED held loans resumed in October 2023. After the invalidation of the SDR Plan, ED announced that it had begun a new rulemaking process to consider other ways to provide debt relief to borrowers, which could include borrowers with privately held FFELP Loans. ED held several public meeting sessions with a negotiated rulemaking committee in the fourth quarter of 2023 and the first quarter of 2024, and in April 2024, ED published its first set of proposed rules with public comments that were due before May 17, 2024.

In addition, on July 10, 2023, ED issued final regulations on income-driven repayment plans for Direct loans, which are student loans held by ED. Eligible FFELP borrowers can access the new changes by consolidating their loans into the Direct Loan Program. The new regulations (the Saving on a Valuable Education (SAVE) Program) are effective July 1, 2024; however, ED elected early implementation for some features starting July 30, 2023. The regulations provide a lower monthly loan payment on a Direct loan by decreasing discretionary income (i.e., taxable income over 225% of the federal poverty guideline), decreasing the percentage of discretionary income that must be paid toward a Direct loan to 5% (for undergraduates), and providing the option for married borrowers to exclude their spouse's income from being factored by filing a separate tax return. Other changes provide for the elimination of accrued interest that is not covered by the monthly payment amount, provide credit towards loan forgiveness that counts certain periods of deferment and forbearance, a shorter loan forgiveness period (10-years) for borrowers with an original principal balance less than or equal to $12,000, and credit toward loan forgiveness for eligible payments on a Direct or FFELP loan that is repaid by a Direct Consolidation loan.

Several lawsuits have been filed or announced (which Navient is not party to) looking to overturn these regulations, which could impact borrower consolidation activity. On July 18, 2024, a federal appeals court granted a motion for an administrative stay filed by the attorneys general of six states, preventing ED from implementing the SAVE program in its entirety. ED announced that it will place all borrowers enrolled in the SAVE program in an interest-free forbearance. We cannot predict how long the stay will remain in place or how long borrowers will remain in forbearance, the final outcome of this litigation or whether or not borrower consolidation activity will slow down as a result.

The proposed borrower debt relief regulations as well as the new income-driven repayment plan have increased, and may continue to increase, consolidation activity in the future as FFELP borrowers consolidate their loans into the Direct Loan Program in order to be eligible for potential debt relief and the new income-driven repayment plan. This consolidation activity could have a material impact on the Company's results.

Consumer Lending Segment

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

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023
Interest income:						
Private Education Loans	$ 317	$ 341	(7)%	$ 645	$ 686	(6)%
Cash and investments	7	7	—	14	13	8
Interest income	324	348	(7)	659	699	(6)
Interest expense	198	205	(3)	400	402	—
Net interest income	126	143	(12)	259	297	(13)
Less: provision for loan losses	16	6	167	27	(18)	250
Net interest income after provision for loan losses	110	137	(20)	232	315	(26)
Other income (loss):						
Servicing revenue	3	3	—	7	6	17
Other revenue	—	2	(100)	1	1	—
Total other income	3	5	(40)	8	7	14
Direct operating expenses	34	42	(19)	67	79	(15)
Income before income tax expense	79	100	(21)	173	243	(29)
Income tax expense	19	25	(24)	40	58	(31)
Net income	$ 60	$ 75	(20)%	$ 133	$ 185	(28)%

Comparison of Second-Quarter 2024 Results with Second-Quarter 2023

- Originated $278 million of Private Education Loans compared to $197 million.
    - Refinance Loan originations were $222 million compared to $142 billion.
    - In-school loan originations were $56 million compared to $55 million.
- Net income was $60 million compared to $75 million.
- Net interest income decreased $17 million primarily due to the paydown of the loan portfolio.
- Provision for loan losses increased $10 million. The provision for loan losses of $16 million in second quarter 2024 included $6 million in connection with loan originations and $10 million related to a general reserve build. The provision for loan losses of $6 million in the year-ago period included $4 million in connection with loan originations and $2 million related to a reserve build.
    - Net charge-offs were $67 million, up $5 million from $62 million.
    - Private Education Loan delinquencies greater than 90 days: $351 million, unchanged from $351 million.
    - Private Education Loan forbearances: $294 million, down $34 million from $328 million.
- Other income decreased $2 million.
- Expenses decreased $8 million due to improved marketing efficiencies.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Segment net interest margin	2.89 %	2.97 %	2.94 %	3.05 %
Private Education Loans (including Refinance Loans):				
Private Education Loan spread	3.01 %	3.12 %	3.06 %	3.20 %
Provision for loan losses	$ 16	$ 6	$ 27	$ (18)
Net charge-offs	$ 67	$ 62	$ 166	$ 137
Net charge-off rate	1.65 %	1.39 %	2.03 %	1.51 %
Greater than 30-days delinquency rate	5.2 %	4.4 %	5.2 %	4.4 %
Greater than 90-days delinquency rate	2.2 %	2.0 %	2.2 %	2.0 %
Forbearance rate	1.8 %	1.8 %	1.8 %	1.8 %
Average Private Education Loans	$ 16,936	$ 18,690	$ 17,160	$ 18,988
Ending Private Education Loans, net	$ 16,238	$ 17,732	$ 16,238	$ 17,732
Private Education Refinance Loans:				
Net charge-offs	$ 12	$ 8	$ 24	$ 16
Greater than 90-day delinquency rate	.5 %	.3 %	.5 %	.3 %
Average balance of Private Education Refinance Loans	$ 8,662	$ 9,293	$ 8,729	$ 9,406
Ending balance of Private Education Refinance Loans	$ 8,494	$ 9,059	$ 8,494	$ 9,059
Private Education Refinance Loan originations	$ 222	$ 142	$ 450	$ 277

Net Interest Margin

The following table details the net interest margin.

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Private Education Loan yield	7.53 %	7.33 %	7.56 %	7.28 %
Private Education Loan cost of funds	(4.52)	(4.21)	(4.50)	(4.08)
Private Education Loan spread	3.01	3.12	3.06	3.20
Other interest-earning asset spread impact	(.12)	(.15)	(.12)	(.15)
Net interest margin[1]	2.89 %	2.97 %	2.94 %	3.05 %

[1] The average balances of the interest-earning assets for the respective periods are:

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Private Education Loans	$ 16,936	$ 18,690	$ 17,160	$ 18,988
Other interest-earning assets	572	618	558	622
Total Private Education Loan interest-earning assets	$ 17,508	$ 19,308	$ 17,718	$ 19,610

As of June 30, 2024, our Private Education Loan portfolio totaled $16.2 billion, comprised of $8.5 billion of refinance loans and $7.7 billion of non-refinance loans. The weighted-average life of these portfolios as of June 30, 2024 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 $10 million. The provision for loan losses of $16 million in the current quarter included $6 million in connection with loan originations and $10 million related to a general reserve build. The provision for loan losses of $6 million in the year-ago period quarter included $4 million in connection with loan originations and $2 million related to a 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 decreased $8 million primarily due to lower in-school loan marketing spend.

Business Processing Segment

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

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023
Business processing revenue	$ 81	$ 83	(2)%	$ 158	$ 155	2 %
Direct operating expenses	62	75	(17)	131	142	(8)
Income before income tax expense	19	8	138	27	13	108
Income tax expense	4	2	100	6	3	100
Net income	$ 15	$ 6	150 %	$ 21	$ 10	110 %

Comparison of Second-Quarter 2024 Results with Second-Quarter 2023

•Revenue was $81 million, $2 million lower.

•Net income was $15 million compared to $6 million.

•EBITDA(1) was $20 million, up $12 million, primarily as a result of several efficiency initiatives recently implemented as well as the year-ago period having elevated upfront start-up costs on new contracts.

•EBITDA margin was 25%, up from 10%.

Key performance metrics are as follows:

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue from government services	$ 49	$ 52	$ 97	$ 92
Revenue from healthcare services	32	31	61	63
Total fee revenue	$ 81	$ 83	$ 158	$ 155
EBITDA(1)	$ 20	$ 8	$ 29	$ 14
EBITDA margin(1)	25 %	10 %	18 %	9 %

(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, 2024	Three Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	% Increase (Decrease) 2024 vs. 2023
Net interest loss after provision for loan losses	$ (23)	$ (28)	(18)%	$ (47)	$ (54)	(13)%
Other revenue (loss)	2	—	100	7	3	133
Expenses:						
Unallocated shared services operating expenses:						
Unallocated information technology costs	20	19	5	42	39	8
Unallocated corporate costs	34	28	21	77	70	10
Total unallocated shared services operating expenses	54	47	15	119	109	9
Restructuring/other reorganization expenses	16	15	7	17	19	(11)
Total expenses	70	62	13	136	128	6
Loss before income tax benefit	(91)	(90)	1	(176)	(179)	(2)
Income tax benefit	(21)	(21)	—	(40)	(43)	(7)
Net income (loss)	$ (70)	$ (69)	1 %	$ (136)	$ (136)	— %

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.

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 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. Expenses increased $7 million from the year-ago quarter. Regulatory-related expenses were $12 million and $2 million in second-quarter 2024 and second-quarter 2023, respectively, with second quarter 2024 including a $20 million contingency loss accrual related to recent developments in connection to CFPB matters. The remaining $3 million decrease in expenses was primarily the result of ongoing initiatives to reduce costs and improve operating efficiency.

See “Note 9 – Commitments and Contingencies” 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 increased $1 million. The current quarter’s restructuring expense of $16 million included $13 million of severance-related costs in connection with the various strategic initiatives being implemented to simplify the Company, reduce our expense base and enhance our flexibility, and primarily related to severance and facility exit costs. The year-ago quarter's restructuring expenses were primarily due to severance costs in connection with the CEO transition.

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, 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	$ 11,796	$ 21,144	$ 32,940	$ 16,238	$ 49,178
% of total FFELP	36 %	64 %	100 %		
% of total	24 %	43 %	67 %	33 %	100 %

	December 31, 2023				
(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]	$ 12	$ —	$ 12	$ 70	$ 82
Grace, repayment and other[2]	13,708	24,420	38,128	17,449	55,577
Total	13,720	24,420	38,140	17,519	55,659
Allowance for loan losses	(156)	(59)	(215)	(617)	(832)
Total education loan portfolio	$ 13,564	$ 24,361	$ 37,925	$ 16,902	$ 54,827
% of total FFELP	36 %	64 %	100 %		
% of total	25 %	44 %	69 %	31 %	100 %

	June 30, 2023				
(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]	$ 13	$ —	$ 13	$ 53	$ 66
Grace, repayment and other[2]	14,829	26,209	41,038	18,336	59,374
Total	14,842	26,209	41,051	18,389	59,440
Allowance for loan losses	(147)	(53)	(200)	(657)	(857)
Total education loan portfolio	$ 14,695	$ 26,156	$ 40,851	$ 17,732	$ 58,583
% of total FFELP	36 %	64 %	100 %		
% of total	25 %	45 %	70 %	30 %	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

(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
	Three Months Ended June 30, 2024				
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	$ 11,796	$ 21,144	$ 32,940	$ 16,238	$ 49,178

(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Private Education Loans	Total Portfolio
	Three Months Ended June 30, 2023				
Beginning balance	$ 15,199	$ 26,949	$ 42,148	$ 18,275	$ 60,423
Acquisitions (originations and purchases)[1]	—	—	—	164	164
Capitalized interest and premium/discount amortization	119	149	268	42	310
Refinancings and consolidations to third parties	(163)	(345)	(508)	(59)	(567)
Repayments and other	(460)	(597)	(1,057)	(690)	(1,747)
Ending balance	$ 14,695	$ 26,156	$ 40,851	$ 17,732	$ 58,583

(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Total Private Education Loans	Total Portfolio
	Six Months Ended June 30, 2024				
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	$ 11,796	$ 21,144	$ 32,940	$ 16,238	$ 49,178

(Dollars in millions)	FFELP Stafford and Other	FFELP Consolidation Loans	Total FFELP Loans	Total Private Education Loans	Total Portfolio
	Six Months Ended June 30, 2023				
Beginning balance	$ 15,691	$ 27,834	$ 43,525	$ 18,725	$ 62,250
Acquisitions (originations and purchases)[1]	—	—	—	438	438
Capitalized interest and premium/discount amortization	266	313	579	91	670
Refinancings and consolidations to third parties	(416)	(781)	(1,197)	(132)	(1,329)
Repayments and other	(846)	(1,210)	(2,056)	(1,390)	(3,446)
Ending balance	$ 14,695	$ 26,156	$ 40,851	$ 17,732	$ 58,583

(1) Includes the origination of $44 million and $52 million of Private Education Refinance Loans in the second-quarters of 2024 and 2023, respectively, and $91 million and $102 million in the six months ended June 30, 2024 and 2023, respectively, that refinanced FFELP and Private Education Loans that were on our balance sheet.

FFELP Loan Portfolio Performance

(Dollars in millions)	June 30, 2024 Balance	%	December 31, 2023 Balance	%	June 30, 2023 Balance	%
Loans in-school/grace/deferment[1]	$ 1,403		$ 1,557		$ 1,659	
Loans in forbearance[2]	5,320		6,147		6,316	
Loans in repayment and percentage of each status:						
Loans current	22,833	86.5 %	26,204	86.1 %	27,756	83.9 %
Loans delinquent 31-60 days[3]	1,041	3.9	1,193	3.9	1,596	4.8
Loans delinquent 61-90 days[3]	680	2.6	746	2.5	1,013	3.1
Loans delinquent greater than 90 days[3]	1,857	7.0	2,293	7.5	2,711	8.2
Total FFELP Loans in repayment	26,411	100 %	30,436	100 %	33,076	100 %
Total FFELP Loans	33,134		38,140		41,051	
FFELP Loan allowance for losses	(194)		(215)		(200)	
FFELP Loans, net	$ 32,940		$ 37,925		$ 40,851	
Percentage of FFELP Loans in repayment		79.7 %		79.8 %		80.6 %
Delinquencies as a percentage of FFELP Loans in repayment		13.5 %		13.9 %		16.1 %
FFELP Loans in forbearance as a percentage of loans in repayment and forbearance		16.8 %		16.8 %		16.0 %

(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, including COVID-19 relief programs.

(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, 2024 Balance	%	December 31, 2023 Balance	%	June 30, 2023 Balance	%
Loans in-school/grace/deferment[1]	$ 350		$ 360		$ 341	
Loans in forbearance[2]	294		363		328	
Loans in repayment and percentage of each status:						
Loans current	15,250	94.8 %	15,935	94.9 %	16,942	95.6 %
Loans delinquent 31-60 days[3]	311	1.9	308	1.8	276	1.6
Loans delinquent 61-90 days[3]	175	1.1	173	1.0	151	.8
Loans delinquent greater than 90 days[3]	351	2.2	380	2.3	351	2.0
Total Private Education Loans in repayment	16,087	100 %	16,796	100 %	17,720	100 %
Total Private Education Loans	16,731		17,519		18,389	
Private Education Loan allowance for losses	(493)		(617)		(657)	
Private Education Loans, net	$ 16,238		$ 16,902		$ 17,732	
Percentage of Private Education Loans in repayment		96.2 %		95.9 %		96.4 %
Delinquencies as a percentage of Private Education Loans in repayment		5.2 %		5.1 %		4.4 %
Loans in forbearance as a percentage of loans in repayment and forbearance		1.8 %		2.1 %		1.8 %
Percentage of Private Education Loans with a cosigner[4]		32 %		33 %		33 %

(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, including COVID-19 relief programs, 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%, 65% and 65% for second-quarter 2024, fourth-quarter 2023 and second-quarter 2023, respectively.

Allowance for Loan Losses

	Three Months Ended June 30,					
	2024			2023		
(Dollars in millions)	FFELP Loans	Private Education Loans	Total	FFELP Loans	Private Education Loans	Total
Allowance at beginning of period	$ 206	$ 538	$ 744	$ 214	$ 706	$ 920
Total provision	(2)	16	14	5	6	11
Charge-offs:						
Gross charge-offs	(10)	(77)	(87)	(19)	(73)	(92)
Expected future recoveries on current period gross charge-offs	—	10	10	—	11	11
Net charge-offs(1)	(10)	(67)	(77)	(19)	(62)	(81)
Decrease in expected future recoveries on previously fully charged-off loans(2)	—	6	6	—	7	7
Allowance at end of period (GAAP)	194	493	687	200	657	857
Plus: expected future recoveries on previously fully charged-off loans(2)	—	211	211	—	262	262
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure)(3)	$ 194	$ 704	$ 898	$ 200	$ 919	$ 1,119
Net charge-offs as a percentage of average loans in repayment (annualized)	.14 %	1.65 %		.22 %	1.39 %	
Allowance coverage of charge-offs (annualized)(3)	5.0	2.6	(Non-GAAP)	2.7	3.7	(Non-GAAP)
Allowance as a percentage of the ending total loan balance(3)	.6 %	4.2 %	(Non-GAAP)	.5 %	5.0 %	(Non-GAAP)
Allowance as a percentage of ending loans in repayment(3)	.7 %	4.4 %	(Non-GAAP)	.6 %	5.2 %	(Non-GAAP)
Ending total loans	$ 33,134	$ 16,731		$ 41,051	$ 18,389	
Average loans in repayment	$ 27,509	$ 16,271		$ 33,790	$ 17,990	
Ending loans in repayment	$ 26,411	$ 16,087		$ 33,076	$ 17,720	

(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:

	Three Months Ended June 30,	
(Dollars in millions)	2024	2023
Beginning of period expected future recoveries on previously fully charged-off loans	$ 217	$ 268
Expected future recoveries of current period defaults	10	11
Recoveries (cash collected)	(10)	(11)
Charge-offs (as a result of lower recovery expectations)	(6)	(6)
End of period expected future recoveries on previously fully charged-off loans	$ 211	$ 262
Change in balance during period	$ (6)	$ (7)

(3)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)	2024 FFELP Loans	2024 Private Education Loans	2024 Total	2023 FFELP Loans	2023 Private Education Loans	2023 Total
	Six Months Ended June 30,					
Beginning balance	$ 215	$ 617	$ 832	$ 222	$ 800	$ 1,022
Total provision	(1)	27	26	15	(18)	(3)
Charge-offs:						
Gross charge-offs	(20)	(187)	(207)	(37)	(161)	(198)
Expected future recoveries on current period gross charge-offs	—	21	21	—	24	24
Net charge-offs[(1)(2)]	(20)	(166)	(186)	(37)	(137)	(174)
Decrease in expected future recoveries on previously fully charged-off loans[(3)]	—	15	15	—	12	12
Allowance at end of period (GAAP)	194	493	687	200	657	857
Plus: expected future recoveries on previously fully charged-off loans[(3)]	—	211	211	—	262	262
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure)[(4)]	$ 194	$ 704	$ 898	$ 200	$ 919	$ 1,119
Net charge-offs as a percentage of average loans in repayment (annualized)	.14 %	2.03 %		.22 %	1.51 %	
Allowance coverage of charge-offs (annualized)[(4)]	4.9	2.1	(Non-GAAP)	2.7	3.3	(Non-GAAP)
Allowance as a percentage of the ending total loan balance[(4)]	.6 %	4.2 %	(Non-GAAP)	.5 %	5.0 %	(Non-GAAP)
Allowance as a percentage of ending loans in repayment[(4)]	.7 %	4.4 %	(Non-GAAP)	.6 %	5.2 %	(Non-GAAP)
Ending total loans	$ 33,134	$ 16,731		$ 41,051	$ 18,389	
Average loans in repayment	$ 28,622	$ 16,471		$ 34,046	$ 18,270	
Ending loans in repayment	$ 26,411	$ 16,087		$ 33,076	$ 17,720	

(1) $28 million of first-quarter 2024 Private Education Loan net charge-offs was in connection with the resolution of certain private legacy loans in bankruptcy. This was previously reserved for in 2023.

(2) 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.

(3) 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)	Six Months Ended June 30, 2024	2023
Beginning of period expected future recoveries on previously fully charged-off loans	$ 226	$ 274
Expected future recoveries of current period defaults	21	24
Recoveries (cash collected)	(21)	(24)
Charge-offs (as a result of lower recovery expectations)	(15)	(12)
End of period expected future recoveries on previously fully charged-off loans	$ 211	$ 262
Change in balance during period	$ (15)	$ (12)

(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 requires 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 and FFELP 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, including over-the-counter derivatives.

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 $5.9 billion at June 30, 2024. 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 $1.1 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 2025 to 2043 with 56% maturing by 2029), 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 and FFELP Loan portfolios from third parties. Loan originations and purchases are part of our ongoing liquidity needs. We purchased 2.5 million shares of common stock for $38 million in the second quarter of 2024 and have $209 million of unused share repurchase authority as of June 30, 2024.

Sources of Primary Liquidity

(Dollars in millions)	June 30, 2024	December 31, 2023	June 30, 2023
Ending Balances:			
Total unrestricted cash and liquid investments	$ 1,088	$ 839	$ 1,317
Unencumbered FFELP Loans	160	92	69
Unencumbered Private Education Refinance Loans	326	236	45
Total	$ 1,574	$ 1,167	$ 1,431

	Three Months Ended			Six Months Ended	
(Dollars in millions)	June 30, 2024	December 31, 2023	June 30, 2023	June 30, 2024	June 30, 2023
Average Balances:					
Total unrestricted cash and liquid investments	$ 1,116	$ 1,167	$ 963	$ 941	$ 894
Unencumbered FFELP Loans	148	92	94	$ 132	90
Unencumbered Private Education Refinance Loans	224	137	100	$ 221	83
Total	$ 1,488	$ 1,396	$ 1,157	$ 1,294	$ 1,067

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 July 2024 to April 2026.

(Dollars in millions)	June 30, 2024	December 31, 2023	June 30, 2023
Ending Balances:			
FFELP Loan ABCP facilities	$ 416	$ 408	$ 28
Private Education Loan ABCP facilities	2,088	1,719	1,983
Total	$ 2,504	$ 2,127	$ 2,011

	Three Months Ended			Six Months Ended	
(Dollars in millions)	June 30, 2024	December 31, 2023	June 30, 2023	June 30, 2024	June 30, 2023
Average Balances:					
FFELP Loan ABCP facilities	$ 409	$ 203	$ 68	$ 409	$ 87
Private Education Loan ABCP facilities	1,664	1,693	1,888	1,613	1,681
Total	$ 2,073	$ 1,896	$ 1,956	$ 2,022	$ 1,768

At June 30, 2024, we had a total of $3.4 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 principal of our unencumbered tangible assets of which $1.2 billion and $160 million related to Private Education Loans and FFELP Loans, respectively. In addition, as of June 30, 2024, 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, 2024, $0.9 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, 2024	December 31, 2023
Net assets of consolidated variable interest entities (encumbered assets) — FFELP Loans	$ 3.2	3.4
Net assets of consolidated variable interest entities (encumbered assets) — Private Education Loans	1.7	2.1
Tangible unencumbered assets[1]	3.4	3.0
Senior unsecured debt	(5.9)	(5.9)
Mark-to-market on unsecured hedged debt[2]	.2	.2
Other liabilities, net	(.5)	(.7)
Total Tangible Equity [3]	$ 2.1	$ 2.1

[1]Excludes goodwill and acquired intangible assets.

[2]At June 30, 2024 and December 31, 2023, there were $(230) 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

	June 30, 2024			December 31, 2023		
(Dollars in millions)	Short Term	Long Term	Total	Short Term	Long Term	Total
Unsecured borrowings:						
Senior unsecured debt	$ 1,052	$ 4,802	$ 5,854	$ 506	$ 5,351	$ 5,857
Total unsecured borrowings	1,052	4,802	5,854	506	5,351	5,857
Secured borrowings:						
FFELP Loan securitizations	159	31,596	31,755	59	35,626	35,685
Private Education Loan securitizations	719	11,382	12,101	435	11,754	12,189
FFELP Loan ABCP facilities	1,600	81	1,681	1,854	89	1,943
Private Education Loan ABCP facilities	1,747	—	1,747	1,286	821	2,107
Other	67	39	106	95	39	134
Total secured borrowings	4,292	43,098	47,390	3,729	48,329	52,058
Core Earnings basis borrowings[1]	5,344	47,900	53,244	4,235	53,680	57,915
Adjustment for GAAP accounting treatment	(18)	(355)	(373)	(9)	(278)	(287)
GAAP basis borrowings	$ 5,326	$ 47,545	$ 52,871	$ 4,226	$ 53,402	$ 57,628

Average Balances

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
(Dollars in millions)	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Unsecured borrowings:								
Senior unsecured debt	$ 5,859	9.26 %	$ 6,329	8.67 %	$ 5,858	9.25 %	$ 6,304	8.41 %
Total unsecured borrowings	5,859	9.26	6,329	8.67	5,858	9.25	6,304	8.41
Secured borrowings:								
FFELP Loan securitizations	32,938	6.42	39,131	5.71	33,899	6.38	40,248	5.42
Private Education Loan securitizations	11,777	3.67	13,035	3.46	11,842	3.61	13,103	3.35
FFELP Loan ABCP facilities	1,761	6.94	1,843	6.19	1,827	6.96	1,567	6.07
Private Education Loan ABCP facilities	2,156	7.36	2,438	6.81	2,199	7.31	2,632	6,51
Other	96	(3.45)	107	5.54	104	(2.50)	108	5.28
Total secured borrowings	48,728	5.79	56,554	5.25	49,871	5.77	57,658	5.02
Core Earnings basis borrowings[1]	54,587	6.17	62,883	5.60	55,729	6.14	63,962	5.35
Adjustment for GAAP accounting treatment	—	.04	—	.26	—	.06	—	.19
GAAP basis borrowings	$ 54,587	6.21 %	$ 62,883	5.86 %	$ 55,729	6.20 %	$ 63,962	5.54 %

[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 2023 Form 10-K. See "Segment Results —Federal Education Loans Segment — Various Federal Loan Forgiveness Plans" for an update on the SDR Plan.

Related to goodwill, we last performed a quantitative goodwill impairment test by engaging an independent appraiser to estimate the fair values of these reporting units as of October 1, 2022. During second quarter 2024, we assessed relevant qualitative factors to determine whether it is "more-likely-than-not" that the fair value of an individual reporting unit is less than its carrying value.

For the FFELP Loans reporting unit, due to the runoff nature of portfolio, goodwill at some point will be impaired. The only uncertainty is when goodwill will be impaired. Due to the elevated prepayments experienced in the first half of 2024, the runoff nature of the portfolio and the passage of time, our current projections of future cash flows would result in goodwill being partially impaired at an earlier point in 2025 than previously estimated (as previously disclosed in our 2023 Form 10-K) and may be accelerated into 2024 if elevated prepayment rates continue. This is based on estimated cash flows and, as a result, this future impairment date may change.

For the Business Processing reporting units, the outlook and long-term cash flow projections for these reporting units remain favorable and have not changed significantly since our 2022 quantitative impairment assessment. However, expected multiples used for valuation purposes for the Government Services reporting unit have decreased and as a result the amount of cushion (the difference between the fair value and carrying value) has declined. If this decline in multiples continues, goodwill could potentially be impaired in the future.

No goodwill was deemed impaired in the second quarter of 2024 for these, or any, reporting units after assessing these relevant qualitative factors.

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/expense items to reconcile the consolidated GAAP results to the Core Earnings results as required by GAAP and reported in “Note 11 — Segment Reporting.”

	Three Months Ended June 30, 2024								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	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 (loss)	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:

	Three Months Ended June 30, 2024		
(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	$ 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.

		Three Months Ended June 30, 2023							
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	Additions/ (Subtractions)	Total Adjustments [1]	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	$ 1,061					$ 721	$ 341	$ —	$ —
Cash and investments	36					18	7	—	11
Total interest income	1,097					739	348	—	11
Total interest expense	919					633	205	—	39
Net interest income (loss)	178	$ 4	$ 39	$ 43	$ 221	106	143	—	(28)
Less: provisions for loan losses	11				11	5	6	—	—
Net interest income (loss) after provisions for loan losses	167					101	137	—	(28)
Other income (loss):									
Servicing revenue	16					13	3	—	—
Asset recovery and business processing revenue	83					—	—	83	—
Other revenue	30					2	2	—	—
Total other income (loss)	129	(4)	(22)	(26)	103	15	5	83	—
Expenses:									
Direct operating expenses	135					18	42	75	—
Unallocated shared services expenses	47					—	—	—	47
Operating expenses	182	—	—	—	182	18	42	75	47
Goodwill and acquired intangible asset impairment and amortization	3	—	(3)	(3)	—	—	—	—	—
Restructuring/other reorganization expenses	15	—	—	—	15	—	—	—	15
Total expenses	200	—	(3)	(3)	197	18	42	75	62
Income (loss) before income tax expense (benefit)	96	—	20	20	116	98	100	8	(90)
Income tax expense (benefit)[2]	30	—	(2)	(2)	28	22	25	2	(21)
Net income (loss)	$ 66	$ —	$ 22	$ 22	$ 88	$ 76	$ 75	$ 6	$ (69)

[1] Core Earnings adjustments to GAAP:

	Three Months Ended June 30, 2023		
(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	$ 43	$ —	$ 43
Total other income (loss)	(26)	—	(26)
Goodwill and acquired intangible asset impairment and amortization	—	(3)	(3)
Total Core Earnings adjustments to GAAP	$ 17	$ 3	20
Income tax expense (benefit)			(2)
Net income (loss)			$ 22

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

	Six Months Ended June 30, 2024								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	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	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:

	Six Months Ended June 30, 2024		
(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 (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.

	Six Months Ended June 30, 2023								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	Additions/ (Subtractions)	Total Adjustments [1]	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	$ 2,099					$ 1,416	$ 686	$ —	$ —
Cash and investments	70					38	13	—	19
Total interest income	2,169					1,454	699	—	19
Total interest expense	1,756					1,223	402	—	73
Net interest income (loss)	413	$ 16	$ 45	$ 61	$ 474	231	297	—	(54)
Less: provisions for loan losses	(3)				(3)	15	(18)	—	—
Net interest income (loss) after provisions for loan losses	416					216	315	—	(54)
Other income (loss):									
Servicing revenue	33					27	6	—	—
Asset recovery and business processing revenue	155					—	—	155	—
Other revenue	28					7	1	—	3
Total other income (loss)	216	(16)	(1)	(17)	199	34	7	155	3
Expenses:									
Direct operating expenses	259					38	79	142	—
Unallocated shared services expenses	109					—	—	—	109
Operating expenses	368	—	—	—	368	38	79	142	109
Goodwill and acquired intangible asset impairment and amortization	5	—	(5)	(5)	—	—	—	—	—
Restructuring/other reorganization expenses	19	—	—	—	19	—	—	—	19
Total expenses	392	—	(5)	(5)	387	38	79	142	128
Income (loss) before income tax expense (benefit)	240	—	49	49	289	212	243	13	(179)
Income tax expense (benefit)[2]	63	—	5	5	68	50	58	3	(43)
Net income (loss)	$ 177	$ —	$ 44	$ 44	$ 221	$ 162	$ 185	$ 10	$ (136)

(1)Core Earnings adjustments to GAAP:

	Six Months Ended June 30, 2023		
(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	$ 61	$ —	$ 61
Total other income (loss)	(17)	—	(17)
Goodwill and acquired intangible asset impairment and amortization	—	(5)	(5)
Total Core Earnings adjustments to GAAP	$ 44	$ 5	49
Income tax expense (benefit)			5
Net income (loss)			$ 44

(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	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
GAAP net income	$ 36	$ 66	$ 109	$ 177
Core Earnings adjustments to GAAP:				
Net impact of derivative accounting	(8)	17	(29)	44
Net impact of goodwill and acquired intangible assets	3	3	5	5
Net income tax effect	2	2	1	(5)
Total Core Earnings adjustments to GAAP	(3)	22	(23)	44
Core Earnings net income	$ 33	$ 88	$ 86	$ 221

(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 except for Floor Income Contracts, where the mark-to-market gain will equal the amount for which we originally sold the contract. 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, primarily Floor Income Contracts, basis swaps and at times, certain other interest rate swaps 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 2023 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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Core Earnings derivative adjustments:				
(Gains) losses on derivative and hedging activities, net, included in other income	$ (14)	$ (26)	$ (46)	$ (17)
Plus: (Gains) losses on fair value hedging activity included in interest expense	(5)	37	(5)	42
Total (gains) losses in GAAP net income	(19)	11	(51)	25
Plus: Reclassification of settlement income (expense) on derivative and hedging activities, net[1]	9	4	19	16
Mark-to-market (gains) losses on derivative and hedging activities, net[2]	(10)	15	(32)	41
Amortization of net premiums on Floor Income Contracts in net interest income for Core Earnings	—	1	—	3
Other derivative accounting adjustments[3]	2	1	3	—
Total net impact of derivative accounting	$ (8)	$ 17	$ (29)	$ 44

[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 (a) reclassifying the net settlement amounts related to our Floor Income Contracts to education loan interest income and (b) 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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Reclassification of settlements on derivative and hedging activities:				
Net settlement expense on Floor Income Contracts reclassified to net interest income	$ —	$ —	$ —	$ —
Net settlement income (expense) on interest rate swaps reclassified to net interest income	9	4	19	16
Total reclassifications of settlement income (expense) on derivative and hedging activities	$ 9	$ 4	$ 19	$ 16

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

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Fair value hedges	$ 2	$ 13	$ (2)	$ 16
Foreign currency hedges	(7)	24	(3)	26
Floor Income Contracts	—	—	—	—
Basis swaps	—	(3)	—	—
Other	(5)	(19)	(27)	(1)
Total mark-to-market (gains) losses on derivative and hedging activities, net	$ (10)	$ 15	$ (32)	$ 41

[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, 2024, derivative accounting increased GAAP equity by approximately $12 million as a result of cumulative net mark-to-market gains (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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Beginning impact of derivative accounting on GAAP equity	$ 11	$ 81	$ (1)	$ 122
Net impact of net mark-to-market gains (losses) under derivative accounting[1]	1	(14)	13	(55)
Ending impact of derivative accounting on GAAP equity	$ 12	$ 67	$ 12	$ 67

[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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Total pre-tax net impact of derivative accounting recognized in net income[2]	$ 8	$ (17)	$ 29	$ (44)
Tax and other impacts of derivative accounting adjustments	(2)	4	(7)	11
Change in mark-to-market gains (losses) on derivatives, net of tax recognized in other comprehensive income	(5)	(1)	(9)	(22)
Net impact of net mark-to-market gains (losses) under derivative accounting	$ 1	$ (14)	$ 13	$ (55)

[2]See "Core Earnings derivative adjustments" table above.

Hedging Embedded Floor Income

We use Floor Income Contracts, 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 Floor Income Contracts do not qualify for hedge accounting and 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, 2024	June 30, 2023
Total hedged Floor Income, net of tax[1][2]	$ 69	$ 142

[1]$90 million and $186 million on a pre-tax basis as of June 30, 2024 and June 30, 2023, respectively.

[2]Of the $69 million as of June 30, 2024, approximately $16 million, $19 million, $16 million and $10 million will be recognized as part of Core Earnings net income in the remainder of 2024, 2025, 2026 and 2027, 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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Core Earnings goodwill and acquired intangible asset adjustments	$ 3	$ 3	$ 5	$ 5

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, 2024	June 30, 2023
Navient Corporation's stockholders' equity	$ 2,748	$ 2,930
Less: Goodwill and acquired intangible assets	690	700
Tangible Equity	2,058	2,230
Less: Equity held for FFELP Loans	165	204
Adjusted Tangible Equity	$ 1,893	$ 2,026
Divided by:		
Total assets	$ 56,622	$ 65,598
Less:		
Goodwill and acquired intangible assets	690	700
FFELP Loans	32,940	40,851
Adjusted tangible assets	$ 22,992	$ 24,047
Adjusted Tangible Equity Ratio	8.2 %	8.4 %

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2024	2023	2024	2023
Pre-tax income	$ 19	$ 8	$ 27	$ 13
Plus:				
Depreciation and amortization expense[(1)]	1	—	2	1
EBITDA	$ 20	$ 8	$ 29	$ 14
Divided by:				
Total revenue	$ 81	$ 83	$ 158	$ 155
EBITDA margin	25 %	10 %	18 %	9 %

[(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, 2024, the $704 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 $16,731 million Private Education Loan portfolio. The $211 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 $16,731 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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2024**	**2023**	**2024**	**2023**
Allowance at end of period (GAAP)	$ 493	$ 657	$ 493	$ 657
Plus: expected future recoveries on previously fully charged-off loans	211	262	211	262
Allowance at end of period excluding expected future recoveries on previously fully charged-off loans (Non-GAAP Financial Measure)	$ 704	$ 919	$ 704	$ 919
Ending total loans	$ 16,731	$ 18,389	$ 16,731	$ 18,389
Ending loans in repayment	$ 16,087	$ 17,720	$ 16,087	$ 17,720
Net charge-offs	$ 67	$ 62	$ 166	$ 137
Allowance coverage of charge-offs (annualized):				
GAAP	1.8	2.6	1.5	2.4
Adjustment[(1)]	.8	1.1	.6	.9
Non-GAAP Financial Measure[(1)]	2.6	3.7	2.1	3.3
Allowance as a percentage of the ending total loan balance:				
GAAP	2.9 %	3.6 %	2.9 %	3.6 %
Adjustment[(1)]	1.3	1.4	1.3	1.4
Non-GAAP Financial Measure[(1)]	4.2 %	5.0 %	4.2 %	5.0 %
Allowance as a percentage of the ending loans in repayment:				
GAAP	3.1 %	3.7 %	3.1 %	3.7 %
Adjustment[(1)]	1.3	1.5	1.3	1.5
Non-GAAP Financial Measure[(1)]	4.4 %	5.2 %	4.4 %	5.2 %

[(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, 2024, please refer to “Note 9 – Commitments and Contingencies” 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 2023 Form 10-K should be considered together with information included in this Form 10-Q. For a discussion of our risk factors, please see the section titled "Risk Factors" in our 2023 Form 10-K, as updated by the section titled "Risk Factors" in our Form 10-Q for the quarter ended March 31, 2024.

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, 2024 and 2023, 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, 2024 Impact on Annual Earnings If: Interest Rates		As of June 30, 2023 Impact on Annual Earnings If: Interest Rates	
(Dollars in millions, except per share amounts)	Increase 100 Basis Points	Decrease 100 Basis Points	Increase 100 Basis Points	Decrease 100 Basis Points
Effect on Earnings:				
Change in pre-tax net income before mark-to -market gains (losses) on derivative and hedging activities	$ 14	$ 23	$ 40	$ 10
Mark-to-market gains (losses) on derivative and hedging activities	48	(49)	24	(25)
Increase (decrease) in income before taxes	$ 62	$ (26)	$ 64	$ (15)
Increase (decrease) in net income after taxes	$ 48	$ (20)	$ 49	$ (12)
Increase (decrease) in diluted earnings per common share	$ .43	$ (.18)	$ .40	$ (.09)

(Dollars in millions)	Fair Value	At June 30, 2024 Interest Rates: Change from Increase of 100 Basis Points $	%	Change from Decrease of 100 Basis Points $	%
Effect on Fair Values:					
Assets					
Education Loans	$ 48,256	$ (64)	— %	$ 93	— %
Other earning assets	4,138	—	—	—	—
Other assets	3,306	23	1	33	1
Total assets gain/(loss)	$ 55,700	$ (41)	— %	$ 126	— %
Liabilities					
Interest-bearing liabilities	$ 51,622	$ (246)	— %	$ 264	1 %
Other liabilities	1,003	115	11	(67)	(7)
Total liabilities (gain)/loss	$ 52,625	$ (131)	— %	$ 197	— %

(Dollars in millions)	Fair Value	At December 31, 2023 Interest Rates: Change from Increase of 100 Basis Points $	%	Change from Decrease of 100 Basis Points $	%
Effect on Fair Values:					
Assets					
Education Loans	$ 52,877	$ (88)	— %	$ 130	— %
Other earning assets	2,939	—	—	—	—
Other assets	3,609	7	—	50	1
Total assets gain/(loss)	$ 59,425	$ (81)	— %	$ 180	— %
Liabilities					
Interest-bearing liabilities	$ 55,803	$ (274)	— %	$ 295	1 %
Other liabilities	987	113	11	(67)	(7)
Total liabilities (gain)/loss	$ 56,790	$ (161)	— %	$ 228	— %

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 Floor Income Contracts, 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 (iii) as well as item (ii) having a more significant impact than item (i) as a result of interest rates being higher 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 (iii) as well as item (i) having a more significant impact (including annual reset floors in connection with a portion of the Stafford FFELP loan portfolio) than item (ii) as a result of interest rates being higher compared to the prior period. The relative changes from the prior period are primarily the result of the prior period having a larger portfolio related to item (ii) as well as interest rates being higher 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 Refinance 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, 2024. 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	Assets	Funding	Funding Gap
3 month Treasury bill	weekly	$ 1.7	$ —	$ 1.7
3 month Treasury bill	annual	.1	—	.1
Prime	annual	.1	—	.1
Prime	quarterly	.9	—	.9
Prime	monthly	3.2	—	3.2
3 month Term SOFR	quarterly	.2	1.2	(1.0)
3 month Term SOFR [1]	monthly	—	.7	(.7)
1 month Term SOFR	monthly	2.2	.9	1.3
Overnight SOFR[2]	daily	31.0	33.2	(2.2)
Non Discrete reset [1]	monthly	—	3.9	(3.9)
Non Discrete reset [3]	daily/weekly	4.1	—	4.1
Fixed Rate [4]		13.3	16.9	(3.6)
Total		$ 56.8	$ 56.8	$ —

[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 $15.1 billion of 30-day average SOFR lookback debt and $15.1 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 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 tables provide information relating to our purchases of shares of our common stock in the three months ended June 30, 2024.

(In millions, except per share data)	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)]
Period:				
April 1 — April 30, 2024	.8	$ 16.46	.8	$ 234
May 1 — May 31, 2024	.9	15.37	.9	$ 221
June 1 — June 30, 2024	.8	14.45	.8	$ 209
Total second-quarter 2024	2.5	$ 15.41	2.5	

(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 14, 2024, 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 purchased the applicable shares during first-quarter 2024 from March 18, 2024 to March 28, 2024. This plan terminates by its terms on April 30, 2024. On June 12, 2024, 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 purchased the applicable shares during second-quarter 2024 from June 17, 2024 to June 30, 2024. This plan terminates by its terms on July 31, 2024.

Execution Date	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)]
4/1/2024	37,750	$ 17.19	37,750	$ 246,376,055
4/2/2024	35,000	$ 16.71	35,000	$ 245,791,069
4/3/2024	33,000	$ 17.22	33,000	$ 245,222,891
4/4/2024	37,500	$ 17.26	37,500	$ 244,575,510
4/5/2024	33,000	$ 16.90	33,000	$ 244,017,724
4/8/2024	33,024	$ 17.15	33,024	$ 243,451,475
4/9/2024	32,000	$ 17.07	32,000	$ 242,905,366
4/10/2024	33,000	$ 16.61	33,000	$ 242,357,203
4/11/2024	35,000	$ 16.73	35,000	$ 241,771,569
4/12/2024	35,800	$ 16.48	35,800	$ 241,181,499
4/15/2024	36,000	$ 16.20	36,000	$ 240,598,274
4/16/2024	37,000	$ 16.13	37,000	$ 240,001,305
4/17/2024	37,000	$ 16.31	37,000	$ 239,397,653
4/18/2024	37,000	$ 16.29	37,000	$ 238,794,746
4/19/2024	37,000	$ 16.35	37,000	$ 238,189,711
4/22/2024	33,000	$ 16.58	33,000	$ 237,642,412
4/23/2024	39,000	$ 16.68	39,000	$ 236,991,698
4/24/2024	40,000	$ 15.95	40,000	$ 236,353,794
4/25/2024	42,000	$ 15.64	42,000	$ 235,696,841
4/26/2024	41,000	$ 15.83	41,000	$ 235,047,870
4/29/2024	42,000	$ 15.67	42,000	$ 234,389,777
4/30/2024	23,831	$ 15.31	23,831	$ 234,024,860
5/1/2024	38,748	$ 15.25	38,748	$ 233,433,875
5/2/2024	38,241	$ 15.45	38,241	$ 232,842,887
5/3/2024	37,179	$ 15.90	37,179	$ 232,251,894
5/6/2024	37,225	$ 15.88	37,225	$ 231,660,891
5/7/2024	38,132	$ 15.50	38,132	$ 231,069,914
5/8/2024	38,225	$ 15.46	38,225	$ 230,478,928
5/9/2024	38,117	$ 15.50	38,117	$ 229,887,955
5/10/2024	38,225	$ 15.46	38,225	$ 229,296,970
5/13/2024	37,589	$ 15.72	37,589	$ 228,706,037
5/14/2024	37,470	$ 15.77	37,470	$ 228,115,056
5/15/2024	37,896	$ 15.57	37,896	$ 227,524,974
5/16/2024	38,185	$ 15.48	38,185	$ 226,934,007
5/17/2024	38,178	$ 15.48	38,178	$ 226,343,020
5/20/2024	38,658	$ 15.29	38,658	$ 225,752,028
5/21/2024	38,578	$ 15.32	38,578	$ 225,161,032
5/22/2024	38,473	$ 15.36	38,473	$ 224,570,083
5/23/2024	39,190	$ 14.93	39,190	$ 223,984,996
5/24/2024	38,305	$ 15.05	38,305	$ 223,408,670
5/28/2024	39,973	$ 14.91	39,973	$ 222,812,685
5/29/2024	39,842	$ 14.71	39,842	$ 222,226,509
5/30/2024	39,970	$ 14.92	39,970	$ 221,630,317
5/31/2024	39,492	$ 15.32	39,492	$ 221,025,319
6/3/2024	42,100	$ 15.01	42,100	$ 220,393,537
6/4/2024	42,200	$ 14.93	42,200	$ 219,763,453
6/5/2024	43,000	$ 14.66	43,000	$ 219,133,155
6/6/2024	43,000	$ 14.66	43,000	$ 218,502,770
6/7/2024	43,500	$ 14.39	43,500	$ 217,876,762
6/10/2024	44,100	$ 14.31	44,100	$ 217,245,493
6/11/2024	44,500	$ 14.17	44,500	$ 216,614,718
6/12/2024	43,800	$ 14.41	43,800	$ 215,983,464
6/13/2024	43,200	$ 14.57	43,200	$ 215,353,833
6/14/2024	44,000	$ 14.26	44,000	$ 214,726,366
6/17/2024	45,000	$ 14.15	45,000	$ 214,089,450
6/18/2024	44,136	$ 14.24	44,136	$ 213,461,146
6/20/2024	44,000	$ 14.39	44,000	$ 212,827,959
6/21/2024	43,500	$ 14.60	43,500	$ 212,192,981
6/24/2024	43,000	$ 14.74	43,000	$ 211,559,269
6/25/2024	43,500	$ 14.35	43,500	$ 210,934,966
6/26/2024	45,000	$ 14.20	45,000	$ 210,295,961
6/27/2024	41,353	$ 14.19	41,353	$ 209,709,274
6/28/2024	47,375	$ 14.41	47,375	$ 209,026,373
	2,466,060	$ 15.41	2,466,060	

[(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 14, 2024, 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 purchased the applicable shares during first-quarter 2024 from March 18, 2024 to March 28, 2024. This plan terminates by its terms on April 30, 2024. On June 12, 2024, 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 purchased the applicable shares during second-quarter 2024 from June 17, 2024 to June 30, 2024. This plan terminates by its terms on July 31, 2024.

Other Information

Director and Officer Trading Arrangements

None of our directors or officers (as defined in Rule 16a–1(f)) 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) during the second quarter of 2024.

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, 2024. Based on this evaluation, our Principal Executive and Principal Financial Officers concluded that, as of June 30, 2024, 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, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Exhibits

10.1*	Form of Navient Corporation 2024 Omnibus Incentive Plan Performance Stock Unit Agreement.
10.2*	Form of Navient Corporation 2024 Omnibus Incentive Plan Restricted Stock Unit Agreement.
10.3*	2024 Strategic Transformation Incentive Plan.
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

NAVIENT CORPORATION

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

	June 30, 2024	December 31, 2023
Assets		
FFELP Loans (net of allowance for losses of $194 and $215, respectively)	$ 32,940	$ 37,925
Private Education Loans (net of allowance for losses of $493 and $617, respectively)	16,238	16,902
Investments	132	146
Cash and cash equivalents	1,088	839
Restricted cash and cash equivalents	2,918	1,954
Goodwill and acquired intangible assets, net	690	695
Other assets	2,616	2,914
Total assets	$ 56,622	$ 61,375
Liabilities		
Short-term borrowings	$ 5,326	$ 4,226
Long-term borrowings	47,545	53,402
Other liabilities	1,003	987
Total liabilities	53,874	58,615
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: 465 million and 464 million shares issued, respectively	4	4
Additional paid-in capital	3,367	3,353
Accumulated other comprehensive income (net of tax expense of $3 and $6, respectively)	10	19
Retained earnings	4,710	4,638
Total stockholders' equity before treasury stock	8,091	8,014
Less: Common stock held in treasury at cost: 356 million and 350 million shares, respectively	(5,343)	(5,254)
Total equity	2,748	2,760
Total liabilities and equity	$ 56,622	$ 61,375

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

	June 30, 2024	December 31, 2023
FFELP Loans	$ 32,779	$ 37,832
Private Education Loans	15,019	15,759
Restricted cash	2,904	1,937
Other assets, net	1,308	1,744
Short-term borrowings	4,225	3,634
Long-term borrowings	42,903	48,169
Net assets of consolidated variable interest entities	$ 4,882	$ 5,469

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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Interest income:				
FFELP Loans	$ 608	$ 720	$ 1,269	$ 1,413
Private Education Loans	317	341	645	686
Cash and investments	48	36	86	70
Total interest income	973	1,097	2,000	2,169
Total interest expense	843	919	1,718	1,756
Net interest income	130	178	282	413
Less: provisions for loan losses	14	11	26	(3)
Net interest income after provisions for loan losses	116	167	256	416
Other income (loss):				
Servicing revenue	18	16	35	33
Asset recovery and business processing revenue	81	83	158	155
Other income	4	4	13	11
Gains (losses) on derivative and hedging activities, net	14	26	46	17
Total other income	117	129	252	216
Expenses:				
Salaries and benefits	87	98	188	203
Other operating expenses	79	84	162	165
Total operating expenses	166	182	350	368
Goodwill and acquired intangible asset impairment and amortization expense	3	3	5	5
Restructuring/other reorganization expenses	16	15	17	19
Total expenses	185	200	372	392
Income before income tax expense	48	96	136	240
Income tax expense	12	30	27	63
Net income	$ 36	$ 66	$ 109	$ 177
Basic earnings per common share	$ .32	$ .53	$ .98	$ 1.40
Average common shares outstanding	111	124	112	126
Diluted earnings per common share	$ .32	$ .52	$ .97	$ 1.39
Average common and common equivalent shares outstanding	112	125	113	128
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,	
	2024	**2023**	**2024**	**2023**
Net income	$ 36	$ 66	$ 109	$ 177
Net changes in cash flow hedges, net of tax[1]	(5)	(1)	(9)	(22)
Total comprehensive income	$ 31	$ 65	$ 100	$ 155

[1] See "Note 4 – 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					Accumulated			
	Issued	Treasury	Outstanding	Common Stock	Additional Paid-In Capital	Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
Balance at March 31, 2023	463,508,522	(337,043,677)	126,464,845	$ 4	$ 3,335	$ 66	$ 4,579	$ (5,026)	$ 2,958
Comprehensive income (loss):									
Net income	—	—	—	—	—	—	66	—	66
Other comprehensive income (loss), net of tax	—	—	—	—	—	(1)	—	—	(1)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	65
Cash dividends:									
Common stock ($.16 per share)	—	—	—	—	—	—	(20)	—	(20)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	—	—	—
Issuance of common shares	26,259	—	26,259	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	8	—	—	—	8
Common stock repurchased	—	(4,886,411)	(4,886,411)	—	—	—	—	(80)	(80)
Shares repurchased related to employee stock-based compensation plans	—	(2,829)	(2,829)	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2023	463,534,781	(341,932,917)	121,601,864	$ 4	$ 3,343	$ 65	$ 4,625	$ (5,107)	$ 2,930
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	—	—	—	—	—	—	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	465,108,131	(355,698,037)	109,410,094	$ 4	$ 3,367	$ 10	$ 4,710	$ (5,343)	$ 2,748

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					Accumulated			
	Issued	Treasury	Outstanding	Common Stock	Additional Paid-In Capital	Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2022	461,087,590	(330,878,152)	130,209,438	$ 4	$ 3,313	$ 87	$ 4,490	$ (4,917)	$ 2,977
Comprehensive income (loss):									
Net income	—	—	—	—	—	—	177	—	177
Other comprehensive income (loss), net of tax	—	—	—	—	—	(22)	—	—	(22)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	155
Cash dividends:									
Common stock ($.32 per share)	—	—	—	—	—	—	(40)	—	(40)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	(2)	—	(2)
Issuance of common shares	2,447,191	—	2,447,191	—	13	—	—	—	13
Stock-based compensation expense	—	—	—	—	17	—	—	—	17
Common stock repurchased	—	(9,775,223)	(9,775,223)	—	—	—	—	(165)	(165)
Shares repurchased related to employee stock-based compensation plans	—	(1,279,542)	(1,279,542)	—	—	—	—	(24)	(24)
Other	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2023	463,534,781	(341,932,917)	121,601,864	$ 4	$ 3,343	$ 65	$ 4,625	$ (5,107)	$ 2,930
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	—	—	—	—	—	—	109	—	109
Other comprehensive income (loss), net of tax	—	—	—	—	—	(9)	—	—	(9)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	100
Cash dividends:	—								
Common stock ($.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	465,108,131	(355,698,037)	109,410,094	$ 4	$ 3,367	$ 10	$ 4,710	$ (5,343)	$ 2,748

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION

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

	Six Months Ended June 30, 2024	2023
Cash flows from operating activities		
Net income	$ 109	$ 177
Adjustments to reconcile net income to net cash provided by operating activities:		
Goodwill and acquired intangible asset impairment and amortization expense	5	5
Stock-based compensation expense	12	17
Mark-to-market (gains) losses on derivative and hedging activities, net	(30)	41
Provisions for loan losses	26	(3)
Decrease (increase) in accrued interest receivable	276	(69)
Increase (decrease) in accrued interest payable	12	(7)
Decrease in other assets	79	81
(Decrease) increase in other liabilities	(28)	2
Total adjustments	352	67
Net cash provided by operating activities	461	244
Cash flows from investing activities		
Education loans originated and acquired	(610)	(438)
Proceeds from payments on education loans	6,200	4,111
Other investing activities, net	8	1
Net cash provided by investing activities	5,598	3,674
Cash flows from financing activities		
Borrowings collateralized by loans in trust - issued	1,106	844
Borrowings collateralized by loans in trust - repaid	(5,154)	(5,837)
Asset-backed commercial paper conduits, net	(622)	277
Long-term unsecured notes issued	—	495
Long-term unsecured notes repaid	(7)	(1,002)
Other financing activities, net	(53)	(29)
Common stock repurchased	(81)	(165)
Common dividends paid	(35)	(40)
Net cash used in financing activities	(4,846)	(5,457)
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	1,213	(1,539)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	2,793	4,807
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	$ 4,006	$ 3,268
Supplemental disclosure of cash flow information:		
Cash disbursements made (refunds received) for:		
Interest paid	$ 1,680	$ 1,688
Income taxes paid	$ 30	$ 9
Income taxes refunds received	$ (1)	$ (2)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:		
Cash and cash equivalents	$ 1,088	$ 1,317
Restricted cash and restricted cash equivalents	2,918	1,951
Total cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	$ 4,006	$ 3,268

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 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, 2024 are not necessarily indicative of the results for the year ending December 31, 2024 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 2023 Form 10-K. Definitions for certain capitalized terms used but not otherwise defined in this Form 10-Q can be found in our 2023 Form 10-K.

Recently Issued Accounting Pronouncements

Segment Reporting

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-07, "Segment Reporting – Improvements to Reportable Segment Disclosures," which requires expanded disclosures regarding significant segment expenses for each reportable segment. Significant segment expenses include expenses that are regularly provided to the chief operating decision maker (CODM) and included in each reported measure of segment profit or loss. The ASU also requires disclosure of the CODM's title and position and permits companies to disclose multiple segment profit or loss measures if the CODM uses these measures to allocate resources and assess segment performance. Companies must reconcile each measure of profit or loss quarterly to the consolidated income statement. This guidance became effective beginning after January 1, 2024, for fiscal years, and beginning after January 1, 2025, for interim periods. The Company continues to assess the impact of the reportable segment disclosure requirements.

2. Allowance for Loan Losses

Allowance for Loan Losses Roll Forward

(Dollars in millions)	Three Months Ended June 30, 2024 FFELP Loans	Private Education Loans	Total
Beginning balance	$ 206	$ 538	$ 744
Total provision	(2)	16	14
Charge-offs:			
Gross charge-offs	(10)	(77)	(87)
Expected future recoveries on current period gross charge-offs	—	10	10
Net charge-offs[1]	(10)	(67)	(77)
Decrease in expected future recoveries on previously fully charged-off loans[2]	—	6	6
Allowance at end of period	$ 194	$ 493	$ 687
Net charge-offs as a percentage of average loans in repayment (annualized)	.14 %	1.65 %	
Ending total loans	$ 33,134	$ 16,731	
Average loans in repayment	$ 27,509	$ 16,271	
Ending loans in repayment	$ 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) 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, 2024
Beginning of period expected future recoveries on previously fully charged-off loans	$ 217
Expected future recoveries of current period defaults	10
Recoveries (cash collected)	(10)
Charge-offs (as a result of lower recovery expectations)	(6)
End of period expected future recoveries on previously fully charged-off loans	$ 211
Change in balance during period	$ (6)

2. Allowance for Loan Losses (Continued)

	Three Months Ended June 30, 2023		
(Dollars in millions)	FFELP Loans	Private Education Loans	Total
Beginning balance	$ 214	$ 706	$ 920
Total provision	5	6	11
Charge-offs:			
Gross charge-offs	(19)	(73)	(92)
Expected future recoveries on current period gross charge-offs	—	11	11
Net charge-offs[1]	(19)	(62)	(81)
Decrease in expected future recoveries on previously fully charged-off loans[2]	—	7	7
Allowance at end of period	$ 200	$ 657	$ 857
Net charge-offs as a percentage of average loans in repayment (annualized)	.22%	1.39%	
Ending total loans	$ 41,051	$ 18,389	
Average loans in repayment	$ 33,790	$ 17,990	
Ending loans in repayment	$ 33,076	$ 17,720	

(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 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, 2023
Beginning of period expected future recoveries on previously fully charged-off loans	$ 268
Expected future recoveries of current period defaults	11
Recoveries (cash collected)	(11)
Charge-offs (as a result of lower recovery expectations)	(6)
End of period expected future recoveries on previously fully charged-off loans	$ 262
Change in balance during period	$ (7)

2. Allowance for Loan Losses (Continued)

	Six Months Ended June 30, 2024		
(Dollars in millions)	FFELP Loans	Private Education Loans	Total
Beginning balance	$ 215	$ 617	$ 832
Total provision	(1)	27	26
Charge-offs:			
Gross charge-offs	(20)	(187)	(207)
Expected future recoveries on current period gross charge-offs	—	21	21
Net charge-offs[(1) (2)]	(20)	(166)	(186)
Decrease in expected future recoveries on previously fully charged-off loans[(3)]	—	15	15
Allowance at end of period	$ 194	$ 493	$ 687
Net charge-offs as a percentage of average loans in repayment (annualized)	.14 %	2.03 %	
Ending total loans	$ 33,134	$ 16,731	
Average loans in repayment	$ 28,622	$ 16,471	
Ending loans in repayment	$ 26,411	$ 16,087	

(1) $28 million of Private Education Loan net charge-offs is in connection with the resolution of certain private legacy loans in bankruptcy. This was previously reserved for in 2023.

(2) 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.

(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, 2024
Beginning of period expected future recoveries on previously fully charged-off loans	$ 226
Expected future recoveries of current period defaults	21
Recoveries (cash collected)	(21)
Charge-offs (as a result of lower recovery expectations)	(15)
End of period expected future recoveries on previously fully charged-off loans	$ 211
Change in balance during period	$ (15)

2. Allowance for Loan Losses (Continued)

	Six Months Ended June 30, 2023		
(Dollars in millions)	FFELP Loans	Private Education Loans	Total
Beginning balance	$ 222	$ 800	$ 1,022
Total provision	15	(18)	(3)
Charge-offs:			
Gross charge-offs	(37)	(161)	(198)
Expected future recoveries on current period gross charge-offs	—	24	24
Net charge-offs[1]	(37)	(137)	(174)
Decrease in expected future recoveries on previously fully charged-off loans[2]	—	12	12
Allowance at end of period	$ 200	$ 657	$ 857
Net charge-offs as a percentage of average loans in repayment (annualized)	.22 %	1.51 %	
Ending total loans	$ 41,051	$ 18,389	
Average loans in repayment	$ 34,046	$ 18,270	
Ending loans in repayment	$ 33,076	$ 17,720	

[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 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, 2023
Beginning of period expected future recoveries on previously fully charged-off loans	$ 274
Expected future recoveries of current period defaults	24
Recoveries (cash collected)	(24)
Charge-offs (as a result of lower recovery expectations)	(12)
End of period expected future recoveries on previously fully charged-off loans	$ 262
Change in balance during period	$ (12)

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.

	FFELP Loan Delinquencies					
	June 30, 2024		December 31, 2023		June 30, 2023	
(Dollars in millions)	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment[1]	$ 1,403		$ 1,557		$ 1,659	
Loans in forbearance[2]	5,320		6,147		6,316	
Loans in repayment and percentage of each status:						
Loans current	22,833	86.5 %	26,204	86.1 %	27,756	83.9 %
Loans delinquent 31-60 days[3]	1,041	3.9	1,193	3.9	1,596	4.8
Loans delinquent 61-90 days[3]	680	2.6	746	2.5	1,013	3.1
Loans delinquent greater than 90 days[3]	1,857	7.0	2,293	7.5	2,711	8.2
Total FFELP Loans in repayment	26,411	100 %	30,436	100 %	33,076	100 %
Total FFELP Loans	33,134		38,140		41,051	
FFELP Loan allowance for losses	(194)		(215)		(200)	
FFELP Loans, net	$ 32,940		$ 37,925		$ 40,851	
Percentage of FFELP Loans in repayment		79.7 %		79.8 %		80.6 %
Delinquencies as a percentage of FFELP Loans in repayment		13.5 %		13.9 %		16.1 %
FFELP Loans in forbearance as a percentage of loans in repayment and forbearance		16.8 %		16.8 %		16.0 %

[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, including COVID-19 relief programs, 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, 2024	June 30, 2023	Change
Stafford Loans	$ 10,589	$ 13,151	$ (2,562)
Consolidation Loans	19,273	23,956	(4,683)
Rehab Loans	3,272	3,944	(672)
Total loans, gross	$ 33,134	$ 41,051	$ (7,917)

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, 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)	100 %

(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 meet that definition in 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, 2024.

2. Allowance for Loan Losses (Continued)

	Private Education Loan Credit Quality Indicators by Origination Year June 30, 2023							
(Dollars in millions)	2023	2022	2021	2020	2019	Prior	Total	% of Total
Credit Quality Indicators								
FICO Scores:								
640 and above	$ 322	$ 1,698	$ 4,209	$ 1,367	$ 1,287	$ 7,851	$ 16,734	91 %
Below 640	4	50	100	26	43	1,432	1,655	9
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
Loan Status:								
In-school/grace/ deferment/forbearance	$ 15	$ 69	$ 82	$ 22	$ 27	$ 454	$ 669	4 %
Current/90 days or less delinquent	311	1,673	4,218	1,367	1,297	8,503	17,369	94
Greater than 90 days delinquent	—	6	9	4	6	326	351	2
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
Seasoning[(1)]:								
1-12 payments	$ 312	$ 744	$ 49	$ 10	$ 6	$ 66	$ 1,187	6 %
13-24 payments	—	950	3,021	23	18	77	4,089	22
25-36 payments	—	—	1,188	819	58	142	2,207	12
37-48 payments	—	—	—	529	1,036	230	1,795	10
More than 48 payments	—	—	—	—	198	8,572	8,770	48
Loans in-school/ grace/deferment	14	54	51	12	14	196	341	2
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
Certain Loan Modifications[(2)]:								
Modified	$ —	$ 20	$ 102	$ 41	$ 75	$ 6,101	$ 6,339	34 %
Non-Modified	326	1,728	4,207	1,352	1,255	3,182	12,050	66
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
Cosigners:								
With cosigner[(3)]	$ 57	$ 187	$ 100	$ 25	$ 9	$ 5,647	$ 6,025	33 %
Without cosigner	269	1,561	4,209	1,368	1,321	3,636	12,364	67
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
School Type:								
Not-for-profit	$ 304	$ 1,654	$ 4,059	$ 1,331	$ 1,238	$ 7,809	$ 16,395	89 %
For-profit	22	94	250	62	92	1,474	1,994	11
Total	$ 326	$ 1,748	$ 4,309	$ 1,393	$ 1,330	$ 9,283	$ 18,389	100 %
Allowance for loan losses							(657)	
Total loans, net							$ 17,732	
Charge-Offs	$ —	$ (3)	$ (5)	$ (2)	$ (4)	$ (123)	$ (137)	100 %

(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 meet that definition in 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 65% for total loans at June 30, 2023.

2. Allowance for Loan Losses (Continued)

	Private Education Loan Delinquencies					
	June 30, 2024		December 31, 2023		June 30, 2023	
(Dollars in millions)	Balance	%	Balance	%	Balance	%
Loans in-school/grace/deferment[1]	$ 350		$ 360		$ 341	
Loans in forbearance[2]	294		363		328	
Loans in repayment and percentage of each status:						
Loans current	15,250	94.8 %	15,935	94.9 %	16,942	95.6 %
Loans delinquent 31-60 days[3]	311	1.9	308	1.8	276	1.6
Loans delinquent 61-90 days[3]	175	1.1	173	1.0	151	.8
Loans delinquent greater than 90 days[3]	351	2.2	380	2.3	351	2.0
Total loans in repayment	16,087	100 %	16,796	100 %	17,720	100 %
Total loans	16,731		17,519		18,389	
Allowance for losses	(493)		(617)		(657)	
Loans, net	$ 16,238		$ 16,902		$ 17,732	
Percentage of loans in repayment		96.2 %		95.9 %		96.4 %
Delinquencies as a percentage of loans in repayment		5.2 %		5.1 %		4.4 %
Loans in forbearance as a percentage of loans in repayment and forbearance		1.8 %		2.1 %		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, including COVID-19 relief programs, 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.

2. Allowance for Loan Losses (Continued)

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 Service members 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.

2. Allowance for Loan Losses (Continued)

The following tables show the amortized cost basis as of June 30, 2024 and 2023 of the loans to borrowers experiencing financial difficulty that were modified during the respective period.

	Three Months Ended June 30, 2024 Loan Modifications Made to Borrowers Experiencing Financial Difficulty					
(Dollars in millions)	**Interest Rate Reductions[1]**		**More Than an Insignificant Payment Delay [2]**		**Combination Rate Reduction and Term Extension**	
Loan Type	**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 %

	Three Months Ended June 30, 2023 Loan Modifications Made to Borrowers Experiencing Financial Difficulty					
(Dollars in millions)	**Interest Rate Reductions[1]**		**More Than an Insignificant Payment Delay [2]**		**Combination Rate Reduction and Term Extension**	
Loan Type	**Amortized Cost**	**% of Loan Type**	**Amortized Cost**	**% of Loan Type**	**Amortized Cost**	**% of Loan Type**
Private Education Loans	$ 548	3.0 %	$ 274	1.5 %	$ 45	.2 %

	Six Months Ended June 30, 2024					
(Dollars in millions)	**Interest Rate Reductions[1]**		**More Than an Insignificant Payment Delay [2]**		**Combination Rate Reduction and Term Extension**	
Loan Type	**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 %

	Six Months Ended June 30, 2023					
(Dollars in millions)	**Interest Rate Reductions[1]**		**More Than an Insignificant Payment Delay [2]**		**Combination Rate Reduction and Term Extension**	
Loan Type	**Amortized Cost**	**% of Loan Type**	**Amortized Cost**	**% of Loan Type**	**Amortized Cost**	**% of Loan Type**
Private Education Loans	$ 1,161	6.3 %	$ 539	2.9 %	$ 91	.5 %

(1) As of June 30, 2024 and 2023, there was $1.1 billion and $1.2 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.

2. Allowance for Loan Losses (Continued)

For those loans modified in the three and six months ended June 30, 2024 and 2023, the following tables show the impact of such modification.

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%.

Three Months Ended June 30, 2023

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 13.0% to 5.3%	Added an average 5 months to the remaining life of the loans	Added an average 8 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.4% to 5.3%.

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%.

Six Months Ended June 30, 2023

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 12.9% to 5.1%	Added an average 6 months to the remaining life of the loans	Added an average 8 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.4% to 5.2%.

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2024	2023	2024	2023
Modified loans (amortized cost) [(1)]	$ 128	$ 36	$ 163	$ 38
Payment default (par)	$ 131	$ 37	$ 167	$ 39
Charge-offs (par)	$ 10	$ —	$ 12	$ 2

[(1)] For the three months ended June 30, 2024 and 2023, the modified loans include $101 million and $22 million, respectively, of Interest Rate Reduction, $5 million and $2 million, respectively, of Combination Rate Reduction and Term Extension, and $22 million and $12 million, respectively, of More Than Insignificant Payment Delay. For the six months ended June 30, 2024 and 2023, the modified loans include $121 million and $24 million, respectively, of Interest Rate Reduction, $7 million and $2 million, respectively, of Combination Rate Reduction and Term Extension, and $35 million and $13 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 during the respective reporting periods.

(Dollars in millions)	Payment Status (Amortized Cost)		
Loan Status	June 30, 2024	December 31, 2023	June 30, 2023
Loans in school/deferment	$ 3	$ 22	$ 5
Loans in forbearance	55	93	48
Loans current	1,656	2,199	1,646
Loans delinquent 31 - 60 days	57	160	51
Loans delinquent 61 - 90 days	25	96	21
Loans delinquent greater than 90 days	22	159	20
Total modified loans	$ 1,818	$ 2,729	$ 1,791

3. Borrowings

The following table summarizes our borrowings.

(Dollars in millions)	June 30, 2024 Short Term	June 30, 2024 Long Term	June 30, 2024 Total	December 31, 2023 Short Term	December 31, 2023 Long Term	December 31, 2023 Total
Unsecured borrowings:						
Senior unsecured debt[1]	$ 1,052	$ 4,802	$ 5,854	$ 506	$ 5,351	$ 5,857
Total unsecured borrowings	1,052	4,802	5,854	506	5,351	5,857
Secured borrowings:						
FFELP Loan securitizations[2][3]	159	31,596	31,755	59	35,626	35,685
Private Education Loan securitizations[4]	719	11,382	12,101	435	11,754	12,189
FFELP Loan ABCP facilities	1,600	81	1,681	1,854	89	1,943
Private Education Loan ABCP facilities	1,747	—	1,747	1,286	821	2,107
Other[5]	67	39	106	95	39	134
Total secured borrowings	4,292	43,098	47,390	3,729	48,329	52,058
Total before hedge accounting adjustments	5,344	47,900	53,244	4,235	53,680	57,915
Hedge accounting adjustments	(18)	(355)	(373)	(9)	(278)	(287)
Total	$ 5,326	$ 47,545	$ 52,871	$ 4,226	$ 53,402	$ 57,628

(1) Includes principal amount of $1.1 billion and $506 million of short-term debt as of June 30, 2024 and December 31, 2023, respectively. Includes principal amount of $4.8 billion and $5.4 billion of long-term debt as of June 30, 2024 and December 31, 2023, respectively.

(2) Includes $159 million and $59 million of short-term debt and $0 and $122 million of long-term debt related to the FFELP Loan ABS repurchase facilities (FFELP Loan Repurchase Facilities) as of June 30, 2024 and December 31, 2023, respectively.

(3) Includes defaulted FFELP secured debt tranches with a remaining principal amount of $1.4 billion as of June 30, 2024 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 2030 and 2037. 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.

(4) Includes $719 million and $435 million of short-term debt related to the Private Education Loan ABS repurchase facilities (Private Education Loan Repurchase Facilities) as of June 30, 2024 and December 31, 2023, respectively.

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

3. Borrowings (Continued)

Variable Interest Entities

We consolidated the following financing VIEs as of June 30, 2024 and December 31, 2023, as we are the primary beneficiary. As a result, these VIEs are accounted for as secured borrowings.

	June 30, 2024						
	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
(Dollars in millions)	Short Term	Long Term	Total	Loans	Cash	Other Assets	Total
Secured Borrowings — VIEs:							
FFELP Loan securitizations	$ 159	$ 31,596	$ 31,755	$ 31,166	$ 2,414	$ 1,303	$ 34,883
Private Education Loan securitizations	719	11,382	12,101	13,084	342	108	13,534
FFELP Loan ABCP facilities	1,600	81	1,681	1,613	101	66	1,780
Private Education Loan ABCP facilities	1,747	—	1,747	1,935	47	54	2,036
Total before hedge accounting adjustments	4,225	43,059	47,284	47,798	2,904	1,531	52,233
Hedge accounting adjustments	—	(156)	(156)	—	—	(223)	(223)
Total	$ 4,225	$ 42,903	$ 47,128	$ 47,798	$ 2,904	$ 1,308	$ 52,010

	December 31, 2023						
	Debt Outstanding			Carrying Amount of Assets Securing Debt Outstanding			
(Dollars in millions)	Short Term	Long Term	Total	Loans	Cash	Other Assets	Total
Secured Borrowings — VIEs:							
FFELP Loan securitizations	$ 59	$ 35,626	$ 35,685	$ 35,935	$ 1,441	$ 1,673	$ 39,049
Private Education Loan securitizations	435	11,754	12,189	13,396	350	119	13,865
FFELP Loan ABCP facilities	1,854	89	1,943	1,897	77	92	2,066
Private Education Loan ABCP facilities	1,286	821	2,107	2,363	69	50	2,482
Total before hedge accounting adjustments	3,634	48,290	51,924	53,591	1,937	1,934	57,462
Hedge accounting adjustments	—	(121)	(121)	—	—	(190)	(190)
Total	$ 3,634	$ 48,169	$ 51,803	$ 53,591	$ 1,937	$ 1,744	$ 57,272

4. 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 Jun 30, 2024	Cash Flow Dec 31, 2023	Fair Value[3] Jun 30, 2024	Fair Value[3] Dec 31, 2023	Trading Jun 30, 2024	Trading Dec 31, 2023	Total Jun 30, 2024	Total Dec 31, 2023
Fair Values[1]									
Derivative Assets:									
Interest rate swaps	Interest rate	$ —	$ —	$ 32	$ 55	$ —	$ —	$ 32	$ 55
Cross-currency interest rate swaps	Foreign currency and interest rate	—	—	—	—	—	—	—	—
Total derivative assets[2]		—	—	32	55	—	—	32	55
Derivative Liabilities:									
Interest rate swaps	Interest rate	—	—	—	—	(1)	(1)	(1)	(1)
Floor Income Contracts	Interest rate	—	—	—	—	—	—	—	—
Cross-currency interest rate swaps	Foreign currency and interest rate	—	—	(222)	(189)	—	—	(222)	(189)
Total derivative liabilities[2]		—	—	(222)	(189)	(1)	(1)	(223)	(190)
Net total derivatives		$ —	$ —	$ (190)	$ (134)	$ (1)	$ (1)	$ (191)	$ (135)

[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 June 30, 2024	Other Assets December 31, 2023	Other Liabilities June 30, 2024	Other Liabilities December 31, 2023
Gross position	$ 32	$ 55	$ (223)	$ (190)
Impact of master netting agreements	—	—	—	—
Derivative values with impact of master netting agreements (as carried on balance sheet)	32	55	(223)	(190)
Cash collateral (held) pledged	(34)	(60)	38	46
Net position	$ (2)	$ (5)	$ (185)	$ (144)

[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, 2024 Carrying Value	As of June 30, 2024 Hedge Basis Adjustments	As of December 31, 2023 Carrying Value	As of December 31, 2023 Hedge Basis Adjustments
Short-term borrowings	$ 981	$ (18)	$ 490	$ (9)
Long-term borrowings	$ 4,659	$ (358)	$ 5,341	$ (281)

4. Derivative Financial Instruments (Continued)

The above fair values include adjustments when necessary for counterparty credit risk for both when we are exposed to the counterparty, net of collateral postings, and when the counterparty is exposed to us, net of collateral postings. The net adjustments decreased the asset position at June 30, 2024 and December 31, 2023 by $3 million and $5 million, respectively. In addition, the above fair values reflect adjustments for illiquid derivatives as indicated by a wide bid/ask spread in the interest rate indices to which the derivatives are indexed. These adjustments decreased the overall net asset position at June 30, 2024 and December 31, 2023 by $0.4 million and $1 million, respectively.

	Cash Flow		Fair Value		Trading		Total	
(Dollars in billions)	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023
Notional Values:								
Interest rate swaps	$ 1.0	$ 2.2	$ 4.6	$ 4.6	$ 1.6	$ 1.9	$ 7.2	$ 8.7
Floor Income Contracts	—	—	—	—	—	—	—	—
Cross-currency interest rate swaps	—	—	1.5	1.6	—	—	1.5	1.6
Total derivatives	$ 1.0	$ 2.2	$ 6.1	$ 6.2	$ 1.6	$ 1.9	$ 8.7	$ 10.3

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

	Total Gains (Losses)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2024	2023	2024	2023
Fair Value Hedges:				
Interest Rate Swaps				
Gains (losses) recognized in net income on derivatives	$ 6	$ (80)	$ (48)	$ (1)
Gains (losses) recognized in net income on hedged items	(8)	67	50	(15)
Net fair value hedge ineffectiveness gains (losses)	(2)	(13)	2	(16)
Cross currency interest rate swaps				
Gains (losses) recognized in net income on derivatives	1	(10)	(33)	19
Gains (losses) recognized in net income on hedged items	6	(14)	36	(45)
Net fair value hedge ineffectiveness gains (losses)	7	(24)	3	(26)
Total fair value hedges(1)(2)	5	(37)	5	(42)
Cash Flow Hedges:				
Total cash flow hedges(2)	—	—	—	—
Trading:				
Interest rate swaps	14	26	46	17
Floor income contracts	—	—	—	—
Cross currency interest rate swaps	—	—	—	—
Other	—	—	—	—
Total trading derivatives(3)	14	26	46	17
Mark-to-market gains (losses) recognized	$ 19	$ (11)	$ 51	$ (25)

(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.

4. Derivative Financial Instruments (Continued)

Impact of Derivatives on Other Comprehensive Income (Equity)

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Total gains (losses) on cash flow hedges	$ 1	$ 18	$ 4	$ 15
Reclassification adjustments for derivative (gains) losses included in net income (interest expense)[1]	(6)	(19)	(13)	(37)
Net changes in cash flow hedges, net of tax	$ (5)	$ (1)	$ (9)	$ (22)

[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, 2024	December 31, 2023
Collateral held:		
Cash (obligation to return cash collateral is recorded in short-term borrowings)	$ 34	$ 60
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	$ 34	$ 60
Derivative asset at fair value including accrued interest	$ 39	$ 62
Collateral pledged to others:		
Cash (right to receive return of cash collateral is recorded in investments)	$ 38	$ 46
Total collateral pledged	$ 38	$ 46
Derivative liability at fair value including accrued interest and premium receivable	$ 230	$ 197

[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, 2024 and December 31, 2023, 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 $7 million and $6 million, respectively. The trusts are not required to post collateral to the counterparties. At June 30, 2024 and December 31, 2023, the net positive exposure on swaps in securitization trusts was $0 million and $0 million, respectively.

5. Other Assets

The following table provides the detail of our other assets.

(Dollars in millions)	June 30, 2024	December 31, 2023
Accrued interest receivable	$ 1,805	$ 2,081
Benefit and insurance-related investments	454	460
Income tax asset, net	128	122
Derivatives at fair value	32	55
Accounts receivable	88	101
Fixed assets	59	62
Other	50	33
Total	$ 2,616	$ 2,914

6. 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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Common stock repurchased[(1)]	2.5	4.9	5.0	9.8
Common stock repurchased (in dollars)[(1)]	$ 38	$ 80	$ 81	$ 165
Average purchase price per share[(1)]	$ 15.41	$ 16.38	$ 16.14	$ 16.89
Remaining common stock repurchase authority[(1)]	$ 209	$ 435	$ 209	$ 435
Shares repurchased related to employee stock-based compensation plans[(2)]	—	—	.5	1.3
Average purchase price per share[(2)]	$ —	$ —	$ 16.04	$ 18.43
Common shares issued[(3)]	.1	—	1.4	2.4
Dividends paid	$ 17	$ 20	$ 35	$ 40
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, 2024 was $14.56.

7. 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, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Numerator:				
Net income	$ 36	$ 66	$ 109	$ 177
Denominator:				
Weighted average shares used to compute basic EPS	111	124	112	126
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	2
Dilutive potential common shares[(2)]	1	1	1	2
Weighted average shares used to compute diluted EPS	112	125	113	128
Basic earnings per common share	$ .32	$ .53	$ .98	$ 1.40
Diluted earnings per common share	$ .32	$ .52	$ .97	$ 1.39

(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 June 30, 2024 and 2023, 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. For the six months ended June 30, 2024 and 2023, 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.

8. 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, 2024, 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 2024 and 2023, there were no significant transfers of financial instruments between levels.

	Fair Value Measurements on a Recurring Basis							
	June 30, 2024				December 31, 2023			
(Dollars in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivative instruments:[1]								
Interest rate swaps	$ —	$ 32	$ —	$ 32	$ —	$ 55	$ —	$ 55
Cross-currency interest rate swaps	—	—	—	—	—	—	—	—
Total derivative assets[2]	—	32	—	32	—	55	—	55
Total	$ —	$ 32	$ —	$ 32	$ —	$ 55	$ —	$ 55
Liabilities[3]								
Derivative instruments[1]								
Interest rate swaps	$ —	$ —	$ (1)	$ (1)	$ —	$ —	$ (1)	$ (1)
Floor Income Contracts	—	—	—	—	—	—	—	—
Cross-currency interest rate swaps	—	—	(222)	(222)	—	—	(189)	(189)
Total derivative liabilities[2]	—	—	(223)	(223)	—	—	(190)	(190)
Total	$ —	$ —	$ (223)	$ (223)	$ —	$ —	$ (190)	$ (190)

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

(2) See "Note 4 – 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.

8. 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.

	Three Months Ended June 30,							
	2024				2023			
	Derivative instruments				Derivative instruments			
(Dollars in millions)	Interest Rate Swaps	Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	Interest Rate Swaps	Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments
Balance, beginning of period	$ (1)	$ (223)	$ —	$ (224)	$ (2)	$ (224)	$ —	$ (226)
Total gains/(losses):								
Included in earnings[(1)]	—	(9)	—	(9)	—	(22)	—	(22)
Included in other comprehensive income	—	—	—	—	—	—	—	—
Settlements	—	10	—	10	—	12	—	12
Transfers in and/or out of level 3	—	—	—	—	—	—	—	—
Balance, end of period	$ (1)	$ (222)	$ —	$ (223)	$ (2)	$ (234)	$ —	$ (236)
Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date[(2)]	$ —	$ 1	$ —	$ 1	$ —	$ (10)	$ —	$ (10)

	Six Months Ended June 30,							
	2024				2023			
	Derivative instruments				Derivative instruments			
(Dollars in millions)	Interest Rate Swaps	Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments	Interest Rate Swaps	Cross Currency Interest Rate Swaps	Other	Total Derivative Instruments
Balance, beginning of period	$ (1)	$ (189)	$ —	$ (190)	$ (2)	$ (253)	$ —	$ (255)
Total gains/(losses):								
Included in earnings[(1)]	—	(53)	—	(53)	—	(6)	—	(6)
Included in other comprehensive income	—	—	—	—	—	—	—	—
Settlements	—	20	—	20	—	25	—	25
Transfers in and/or out of level 3	—	—	—	—	—	—	—	—
Balance, end of period	$ (1)	$ (222)	$ —	$ (223)	$ (2)	$ (234)	$ —	$ (236)
Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date[(2)]	$ —	$ (33)	$ —	$ (33)	$ —	$ 19	$ —	$ 19

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2024	2023	2024	2023
Gains (losses) on derivative and hedging activities, net	$ —	$ —	$ —	$ —
Interest expense	(9)	(22)	(53)	(6)
Total	$ (9)	$ (22)	$ (53)	$ (6)

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

8. 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, 2024	Valuation Technique	Input	Range and Weighted Average
Derivatives				
Prime basis swaps	$ (1)	Discounted cash flow	Constant Prepayment Rate	10%
			Bid/ask adjustment to discount rate	.08%
Cross-currency interest rate swaps	(222)	Discounted cash flow	Constant Prepayment Rate	5%
Other	—			
Total	$ (223)			

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

	June 30, 2024			December 31, 2023		
(Dollars in millions)	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Earning assets						
FFELP Loans	$ 32,555	$ 32,940	$ (385)	$ 36,590	$ 37,925	$ (1,335)
Private Education Loans	15,701	16,238	(537)	16,287	16,902	(615)
Cash and investments	4,138	4,138	—	2,939	2,939	—
Total earning assets	52,394	53,316	(922)	55,816	57,766	(1,950)
Interest-bearing liabilities						
Short-term borrowings	5,348	5,326	(22)	4,237	4,226	(11)
Long-term borrowings	46,274	47,545	1,271	51,566	53,402	1,836
Total interest-bearing liabilities	51,622	52,871	1,249	55,803	57,628	1,825
Derivative financial instruments						
Floor Income Contracts	—	—	—	—	—	—
Interest rate swaps	31	31	—	54	54	—
Cross-currency interest rate swaps	(222)	(222)	—	(189)	(189)	—
Other	—	—	—	—	—	—
Excess of net asset fair value over carrying value			$ 327			$ (125)

9. 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 against our servicing or business processing subsidiaries alleging the violation 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.

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.

Due to developments in the second half of 2023 and the first half of 2024 in connection with the Company's CFPB matter, the Company concluded a loss was probable and reasonably estimable. As of December 31, 2023, March 31, 2024, and June 30, 2024, the contingency loss liability was $73 million, $85 million and $105 million, respectively. The litigation process is not predictable and can lead to unexpected results. Therefore, it is reasonably possible that the Company’s exposure to loss may exceed any amounts accrued.

9. Commitments, Contingencies and Guarantees (Continued)

The Company believes the estimate of the aggregate range of reasonably possible losses (meaning the likelihood of losses is more than remote but less than likely) in connection with this matter, is from $0 to $250 million. This estimated range of reasonably possible losses was based on currently available information for this matter. This estimate does not represent the Company's maximum potential loss exposure, and further developments could result in the matter being resolved for more or less than the amount currently accrued. It is possible that an adverse outcome may have a material impact on the Company.

Set forth below are descriptions of the Company's material legal proceedings.

Certain Cases

In January 2017, the Consumer Financial Protection Bureau (the CFPB) and Attorneys General for the State of Illinois and the State of Washington initiated civil actions naming Navient Corporation and several of its subsidiaries as defendants alleging violations of certain Federal and State consumer protection statutes, including the CFPA, FCRA, FDCPA and various state consumer protection laws. The Attorneys General for the States of Pennsylvania, California, Mississippi, and New Jersey also initiated actions against the Company and certain subsidiaries alleging violations of various state and federal consumer protection laws based upon similar alleged acts or failures to act. In addition to these matters, a number of lawsuits have been filed by nongovernmental parties or, in the future, may be filed by additional governmental or nongovernmental parties seeking damages or other remedies related to similar issues raised by the CFPB and the State Attorneys General. In January 2022, we entered into a series of Consent Judgment and Orders (the “Agreements”) with 40 State Attorneys General to resolve all matters in dispute related to the State Attorneys General cases as well as the related investigations, subpoenas, civil investigative demands and inquiries from various other state regulators. These Agreements do not resolve the litigation involving the Company and the CFPB. The Company has cancelled the loan balance of approximately 66,000 borrowers with qualifying Private Education Loans that were originated largely between 2002 and 2010 and later defaulted and charged off. The loans cancelled have aggregate outstanding balances of approximately $1.7 billion. The expense to the Company to cancel these loans was approximately $50 million which represents the amount of expected future recoveries of these charged-off loans on the balance sheet. In addition, the Company agreed to make a one-time payment of approximately $145 million to the states. In the fourth quarter of 2021 when such loss became probable, the Company recognized total regulatory expenses of approximately $205 million related to this matter.

As the Company has previously stated, we believe the allegations in the CFPB suit are false and that they improperly seek to impose penalties on Navient based on new, previously unannounced servicing standards applied retroactively against only one servicer. We therefore have denied these allegations and are vigorously defending against the allegations in that case.

9. Commitments, Contingencies and Guarantees (Continued)

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. The Company has received separate CIDs or subpoenas from multiple State Attorneys General that are similar to the CIDs or subpoenas that preceded the lawsuits referenced above. Those CIDs and subpoenas have been resolved as part of the Company's settlement with the State Attorneys General. Nevertheless, we have received and, in the future may receive, additional CIDs or subpoenas and other inquiries from these or other Attorneys General with respect to similar or different matters.

Under the terms of the Separation and Distribution Agreement between the Company and SLM BankCo, Navient agreed to indemnify SLM BankCo for claims, actions, damages, losses or expenses that may arise from the conduct of activities of pre-Spin-Off SLM BankCo occurring prior to the Spin-Off other than those specifically excluded in that agreement. Also, as part of the Separation and Distribution Agreement, SLM BankCo agreed to indemnify Navient for certain claims, actions, damages, losses or expenses subject to the terms, conditions and limitations set forth in that agreement. As a result, subject to the terms, conditions and limitations set forth in that agreement, Navient agreed to indemnify and hold harmless Sallie Mae and its subsidiaries, including Sallie Mae Bank from liabilities arising out of the regulatory matters and CFPB and State Attorneys General lawsuits mentioned above. In addition, we asserted various claims for indemnification against Sallie Mae and Sallie Mae Bank for such specifically excluded items arising out of the CFPB and the State Attorneys General lawsuits if and to the extent any indemnified liabilities exist now or in the future. Navient has no accrued liabilities related to indemnification matters with SLM BankCo as of June 30, 2024.

10. Revenue from Contracts with Customers Accounted for in Accordance with ASC 606

The following tables illustrate the disaggregation of revenue from contracts accounted for under ASC 606 with customers according to service type and client type by reportable operating segment.

Revenue by Service Type

	Three Months Ended June 30,					
	2024			2023		
(Dollars in millions)	Federal Education Loans	Business Processing	Total Revenue	Federal Education Loans	Business Processing	Total Revenue
Federal Education Loan asset recovery services	$ —	$ —	$ —	$ —	$ —	$ —
Government services	—	49	49	—	52	52
Healthcare services	—	32	32	—	31	31
Total	$ —	$ 81	$ 81	$ —	$ 83	$ 83

	Six Months Ended June 30,					
	2024			2023		
(Dollars in millions)	Federal Education Loans	Business Processing	Total Revenue	Federal Education Loans	Business Processing	Total Revenue
Federal Education Loan asset recovery services	$ —	$ —	$ —	$ —	$ —	$ —
Government services	—	97	97	—	92	92
Healthcare services	—	61	61	—	63	63
Total	$ —	$ 158	$ 158	$ —	$ 155	$ 155

Revenue by Client Type

	Three Months Ended June 30,					
	2024			2023		
(Dollars in millions)	Federal Education Loans	Business Processing	Total Revenue	Federal Education Loans	Business Processing	Total Revenue
Federal government	$ —	$ 14	$ 14	$ —	$ 17	$ 17
Guarantor agencies	—	—	—	—	—	—
State and local government	—	18	18	—	17	17
Tolling authorities	—	17	17	—	18	18
Hospitals and other healthcare providers	—	32	32	—	31	31
Total	$ —	$ 81	$ 81	$ —	$ 83	$ 83

	Six Months Ended June 30,					
	2024			2023		
(Dollars in millions)	Federal Education Loans	Business Processing	Total Revenue	Federal Education Loans	Business Processing	Total Revenue
Federal government	$ —	$ 29	$ 29	$ —	$ 23	$ 23
Guarantor agencies	—	—	—	—	—	—
State and local government	—	35	35	—	35	35
Tolling authorities	—	33	33	—	34	34
Hospitals and other healthcare providers	—	61	61	—	63	63
Total	$ —	$ 158	$ 158	$ —	$ 155	$ 155

As of June 30, 2024 and June 30, 2023, there was $82 million and $82 million, respectively, of net accounts receivable related to these contracts. Navient had no material contract assets or contract liabilities.

11. Segment Reporting

We monitor and assess our ongoing operations and results based on the following four reportable operating segments: Federal Education Loans, Consumer Lending, Business Processing and Other.

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 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. Our long history of servicing quality, data-driven strategies and omnichannel education about federal repayment options translate into positive results for the millions of borrowers we serve. 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, 2024	December 31, 2023
FFELP Loans, net	$ 32,940	$ 37,925
Cash and investments[1]	2,518	1,520
Other	1,885	2,128
Total assets	$ 37,343	$ 41,573

[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, 2024	December 31, 2023
Private Education Loans, net	$ 16,238	$ 16,902
Cash and investments[1]	458	497
Other	547	577
Total assets	$ 17,243	$ 17,976

[1] Includes restricted cash and investments.

11. Segment Reporting (Continued)

Business Processing Segment

Navient provides business processing solutions such as omnichannel contact center services, workflow processing, and revenue cycle optimization. We leverage the same expertise and intelligent tools we use to deliver successful results for portfolios we own. Our support enables our clients to ensure better constituent outcomes, meet rapidly changing needs, improve technology, reduce operating expenses, manage risk and optimize revenue opportunities. Our clients include:

- **Government:** We offer our solutions to federal agencies, state governments, tolling and parking authorities, and other public sector clients.
- **Healthcare:** Our clients include hospitals, hospital systems, medical centers, large physician groups, other healthcare providers and public health departments.

At June 30, 2024 and December 31, 2023, the Business Processing segment had total assets of $357 million and $380 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.

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, 2024 and December 31, 2023, the Other segment had total assets of $1.7 billion and $1.4 billion, respectively.

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.

11. Segment Reporting (Continued)

Segment Results and Reconciliations to GAAP

	Three Months Ended June 30, 2024								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	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 (loss)	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:

	Three Months Ended June 30, 2024		
(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	$ 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.

11. Segment Reporting (Continued)

	Three Months Ended June 30, 2023								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	Additions/ (Subtractions)	Total Adjustments [(1)]	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	$ 1,061					$ 721	$ 341	$ —	$ —
Cash and investments	36					18	7	—	11
Total interest income	1,097					739	348	—	11
Total interest expense	919					633	205	—	39
Net interest income (loss)	178	$ 4	$ 39	$ 43	$ 221	106	143	—	(28)
Less: provisions for loan losses	11				11	5	6	—	—
Net interest income (loss) after provisions for loan losses	167					101	137	—	(28)
Other income (loss):									
Servicing revenue	16					13	3	—	—
Asset recovery and business processing revenue	83					—	—	83	—
Other revenue	30					2	2	—	—
Total other income (loss)	129	(4)	(22)	(26)	103	15	5	83	—
Expenses:									
Direct operating expenses	135					18	42	75	—
Unallocated shared services expenses	47					—	—	—	47
Operating expenses	182	—	—	—	182	18	42	75	47
Goodwill and acquired intangible asset impairment and amortization	3	—	(3)	(3)	—	—	—	—	—
Restructuring/other reorganization expenses	15	—	—	—	15	—	—	—	15
Total expenses	200	—	(3)	(3)	197	18	42	75	62
Income (loss) before income tax expense (benefit)	96	—	20	20	116	98	100	8	(90)
Income tax expense (benefit)[(2)]	30	—	(2)	(2)	28	22	25	2	(21)
Net income (loss)	$ 66	$ —	$ 22	$ 22	$ 88	$ 76	$ 75	$ 6	$ (69)

[(1)] Core Earnings adjustments to GAAP:

	Three Months Ended June 30, 2023		
(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	$ 43	$ —	$ 43
Total other income (loss)	(26)	—	(26)
Goodwill and acquired intangible asset impairment and amortization	—	(3)	(3)
Total Core Earnings adjustments to GAAP	$ 17	$ 3	20
Income tax expense (benefit)			(2)
Net income (loss)			$ 22

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

11. Segment Reporting (Continued)

	Six Months Ended June 30, 2024								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	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	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:

	Six Months Ended June 30, 2024		
(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 (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.

11. Segment Reporting (Continued)

	Six Months Ended June 30, 2023								
		Adjustments				Reportable Segments			
(Dollars in millions)	Total GAAP	Reclassi-fications	Additions/ (Subtractions)	Total Adjustments [1]	Total Core Earnings	Federal Education Loans	Consumer Lending	Business Processing	Other
Interest income:									
Education loans	$ 2,099					$ 1,416	$ 686	$ —	$ —
Cash and investments	70					38	13	—	19
Total interest income	2,169					1,454	699	—	19
Total interest expense	1,756					1,223	402	—	73
Net interest income (loss)	413	$ 16	$ 45	$ 61	$ 474	231	297	—	(54)
Less: provisions for loan losses	(3)				(3)	15	(18)	—	—
Net interest income (loss) after provisions for loan losses	416					216	315	—	(54)
Other income (loss):									
Servicing revenue	33					27	6	—	—
Asset recovery and business processing revenue	155					—	—	155	—
Other revenue	28					7	1	—	3
Total other income (loss)	216	(16)	(1)	(17)	199	34	7	155	3
Expenses:									
Direct operating expenses	259					38	79	142	—
Unallocated shared services expenses	109					—	—	—	109
Operating expenses	368	—	—	—	368	38	79	142	109
Goodwill and acquired intangible asset impairment and amortization	5	—	(5)	(5)	—	—	—	—	—
Restructuring/other reorganization expenses	19	—	—	—	19	—	—	—	19
Total expenses	392	—	(5)	(5)	387	38	79	142	128
Income (loss) before income tax expense (benefit)	240	—	49	49	289	212	243	13	(179)
Income tax expense (benefit)[2]	63	—	5	5	68	50	58	3	(43)
Net income (loss)	$ 177	$ —	$ 44	$ 44	$ 221	$ 162	$ 185	$ 10	$ (136)

[1] Core Earnings adjustments to GAAP:

	Six Months Ended June 30, 2023		
(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	$ 61	$ —	$ 61
Total other income (loss)	(17)	—	(17)
Goodwill and acquired intangible asset impairment and amortization	—	(5)	(5)
Total Core Earnings adjustments to GAAP	$ 44	$ 5	49
Income tax expense (benefit)			5
Net income (loss)			$ 44

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

11. Segment Reporting (Continued)

Summary of Core Earnings Adjustments to GAAP

(Dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
GAAP net income	$ 36	$ 66	$ 109	$ 177
Core Earnings adjustments to GAAP:				
Net impact of derivative accounting[(1)]	(8)	17	(29)	44
Net impact of goodwill and acquired intangible assets[(2)]	3	3	5	5
Net tax effect[(3)]	2	2	1	(5)
Total Core Earnings adjustments to GAAP	(3)	22	(23)	44
Core Earnings net income	$ 33	$ 88	$ 86	$ 221

[(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 except for Floor Income Contracts where the mark-to-market gain will equal the amount for which we sold the contract. 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 24, 2024

APPENDIX A

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Exhibit 10.1

Navient Corporation 2024 Omnibus Incentive Plan
Performance Stock Unit Agreement

Pursuant to the terms and conditions of the Navient Corporation 2024 Omnibus Incentive Plan, (the "Plan"), the Compensation and Human Resources Committee (the "Committee") of the Navient Corporation Board of Directors ("Board") hereby grants to ________________ (the "Grantee") on _____________, 2024 (the "Grant Date") an award (the "Award") of __________ shares of Performance Stock Units ("PSUs"), which represent the right to acquire shares of common stock of Navient Corporation (the "Corporation") subject to the following terms and conditions of this Performance Stock Unit Agreement (the "Agreement"):

1.Vesting Schedule. Unless vested earlier as set forth below, the PSUs will vest, and will be settled in shares of the Corporation's common stock, based on the following vesting terms:

Subject to the other provisions of this Section 1, a specified percentage of the total PSUs granted shall vest based on the Corporation's performance for fiscal years 2024, 2025 and 2026 in the aggregate, based on the Corporation's Relative Total Shareholder Return (rTSR).

•The vesting percentage shall be determined by how the Corporation's total shareholder return ("TSR"), as that term is defined below, for the period commencing with the start of fiscal year 2024 and ending with the end of fiscal year 2026 (the "Performance Period"), ranks as a percentile compared to the TSRs for the companies in the Comparator Group (as defined below) for the Performance Period, as shown in the following performance chart:

Corporation's Relative TSR Percentile Rank*	Payout Factor
75th or higher	150%
70th	140%
65th	130%
60th	120%
55th	110%
50th	100%
45th	90%
40th	80%
35th	70%
30th	60%
25th	50%
25th or lower	0%

* For points between each performance level, the vesting modifier will be interpolated.

"Total shareholder return" or "TSR" shall equal the quotient of ((X – Y) + Z) / Y, where X equals the average closing price of a share of stock during December 2026, including any dividends paid on a share of stock in the underlying entity reinvested on the ex-dividend date, Y equals the average closing price of a share of stock during December 2023, including any dividends paid on a share of stock in the underlying entity reinvested on the ex-dividend date, and Z equals the total value of dividends paid on a share of stock during the period from the start of the beginning average period through the end of the Performance Period as if reinvested on the ex-dividend date, subject to adjustments for stock splits and other similar events.

The Corporation’s “Comparator Group” shall mean all companies in the S&P 600 Financials Index as of the first day of the Performance Period (“Peer Companies”), modified to take into account mergers, acquisitions, spin-offs and other similar events as follows:

1)In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company;

2)In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another company that is not a Peer Company, but where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company;

3)In the event of a merger, acquisition or business combination transaction of a Peer Company by or with another company that is not a Peer Company, or in the event of a “going private transaction” involving the Peer Company, in each case where the Peer Company will not be the surviving entity or will otherwise no longer be publicly traded, the company shall cease to be a Peer Company;

4)In the event of a stock distribution from a Peer Company consisting of the shares of a new publicly-traded company (a “spin-off”), the Peer Company shall remain a Peer Company and the stock distribution shall be treated as a dividend from the Peer Company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR; and

5)In the event of a bankruptcy, liquidation or delisting of a Peer Company, such company shall remain a Peer Company.

•Each vested PSU will be settled in shares of the Corporation’s common stock. PSUs shall vest on the second business day after the Corporation’s annual report on Form 10-K for the fiscal year 2026 is filed, and in no event later than March 15, 2027. Except as provided below in cases of death or Disability, shares of the Corporation’s common stock issued in settlement of vested PSUs shall be subject to a mandatory holding period of one year from the date of issuance, during which period the Grantee may not sell, transfer, or otherwise dispose of the shares, other than to cover required withholding taxes due upon the settlement of the vested PSUs.

•The Committee may adjust performance results for certain extraordinary items identified by the Committee, including such items as potential loss of revenue or transition/transaction related costs that may result from actions stemming from the in-depth review, a resolution of CFPB matters beyond accruals or actions taken through 2023, changes in accounting or the regulatory environment or impacts of federal student loan debt forgiveness.

2.Employment Termination; Death; Disability. Except as provided below, if the Grantee ceases to be an employee of the Corporation (or a Subsidiary) for any reason, he/she shall forfeit any portion of the Award that has not vested as of the date of such termination of employment.

If not previously vested, the Award will continue to vest, and will be settled in shares of the Corporation's common stock, subject to the original performance goals and Performance Period set forth above, and on the original vesting terms and vesting dates set forth above, in the event that the Grantee's employment is terminated by the Corporation (or a Subsidiary) for any reason other than for Cause.

If not previously vested, a portion of the Award (as determined below) will continue to vest, and will be settled in shares of the Corporation's common stock, subject to the original performance goals and Performance Period set forth above, and on the original vesting terms and vesting dates set forth above, in the event that the Grantee voluntarily ceases to be an employee of the Corporation (or a Subsidiary) due to Retirement. For purposes of the immediately preceding sentence: (i) the entire Award will continue to vest if the Grantee ceases employment on or after the third anniversary of the Grant Date; (ii) two-thirds of the Award will continue to vest if the Grantee ceases employment on or after the second anniversary (but before the third anniversary) of the Grant Date; (iii) one-third of the Award will continue to vest if the Grantee ceases employment on or after the first anniversary (but before the second anniversary) of the Grant Date; and (iv) no portion of the Award will vest if the Grantee ceases employment before the first anniversary of the Grant Date.

If not previously vested, the Award will vest, and will be settled in shares of the Corporation's common stock, at the target levels set forth above, upon death or Disability (provided that such Disability qualifies as a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4)). Shares of the Corporation's common stock issued in settlement of PSUs that vest upon death or Disability will not be subject to the mandatory one-year holding period described above.

The Award shall be forfeited upon termination of employment due to Cause.

3.Change in Control. Notwithstanding anything to the contrary in this Agreement:

- In the event of a Change in Control described in clause (b) of the definition thereof in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall vest based on the level of achievement of the performance goals in Section 1 through the end of the month immediately preceding or coinciding with the date of the Change in Control, and shall be converted into shares of common stock as of immediately prior to the consummation of the Change in Control.

•In the event of either (x) a Change in Control described in clause (a) of the definition thereof, or (y) a Change in Control described in clause (b) of the definition thereof in which the acquiring or surviving company in the transaction assumes or continues outstanding Awards, no acceleration of vesting shall occur upon such Change in Control, and the Award shall continue to vest in accordance with Section 1 hereof; provided, however, that if Grantee's employment shall terminate within twenty-four months following such a Change in Control for any reason other than (i) by the Corporation (or a Subsidiary), or the surviving or acquiring entity in the transaction (as the case may be), for Cause, or (ii) by Grantee's voluntary termination of employment that is not a Retirement or a termination of employment for Good Reason, any portion of the Award not previously vested shall immediately become vested at the 100% target level set forth in the vesting schedules herein, and shall be settled in shares of the Corporation's common stock, upon such employment termination. Upon any termination of employment during such twenty-four month period described in clause (i) or (ii) of the preceding sentence, any unvested portion of the Award shall be forfeited. Upon any termination of employment occurring after the end of such twenty-four month period, vesting and settlement of any remaining unvested portion of the Award shall be governed by Section 2 hereof.

•Notwithstanding anything stated herein, the Plan or in the Navient Corporation Change in Control Severance Plan for Senior Officers, this Award shall not be subject to the terms set forth in the Navient Corporation Change in Control Severance Plan for Senior Officers.

4.Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Committee hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). Dividends declared on an unvested Award will not be paid currently. Instead, amounts equal to such dividends will be credited to an account established on behalf of the Grantee and such amounts will be deemed to be invested in additional shares of the Corporation's common stock ("Dividend Equivalents"). Such Dividend Equivalents will be subject to the same vesting schedule to which the Award is subject. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest and will be converted into shares of the Corporation's common stock (provided that any fractional share amount shall be paid in cash).

5.Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all PSUs provided under this Agreement and shares issuable hereunder comply with the requirements of

Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the PSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated PSUs will not be settled by virtue of such acceleration until and unless the Grantee has a "separation from service" within the meaning of Section Treasury Regulation 1-409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of the PSUs to be provided in connection with the Grantee's separation from service do not qualify for any reason to be exempt from Section 409A, (y) the Grantee is, at the time of such separation from service, a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) and (z) the settlement of such PSUs would result in the imposition of additional tax under Section 409A if such settlement occurs on or within the six (6) month period following the Grantee's separation from service, then, to the extent necessary to avoid the imposition of such additional taxation, the settlement of any such PSUs during such six (6) month period will accrue and will not be settled until the date six (6) months and one (1) day following the date of the Grantee's separation from service and on such date (or, if earlier, the date of the Grantee's death), such PSUs will be settled.

6.Clawback Provision. Notwithstanding anything to the contrary herein, the Award shall be subject to any recoupment or clawback policy that is adopted by the Corporation, including any policy that is adopted after the Grant Date, or any recoupment or clawback policy that becomes applicable to the Corporation pursuant to any requirement of law or any exchange listing requirement, in either case to the extent provided therein.

7.Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation's common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation's common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.

8.Data Privacy. As an essential term of this award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan. By accepting this award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title, any shares of stock held in the Corporation, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding, for the purpose of implementing, administering and managing the Plan ("Data"). Grantee acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in jurisdictions that may have different data privacy laws and protections, and Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee or the Corporation may elect to deposit any shares of the Corporation's common stock. Grantee acknowledges that Data may be held to implement, administer and manage the Grantee's participation in the Plan as determined by the Corporation, and that Grantee may request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, provided however, that refusing or withdrawing Grantee's consent may adversely affect Grantee's ability to participate in the Plan.

9.Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any awards granted under the Plan by electronic means or to request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and such consent shall remain in effect throughout Grantee's term of service with the Corporation (or one of its subsidiaries) and thereafter until withdrawn in writing by Grantee.

10.Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.

11.No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.

12.Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.

13.Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

14.Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, telefaxed or telecopied to, or, if mailed, when received by, the other party at the following addresses:

If to the Corporation to:

Navient Corporation
Attn: Human Resources, Equity Plan Administration
13865 Sunrise Valley Drive
Herndon, VA 20171

If to the Grantee, to (i) the last address maintained in the Corporation's Human Resources files for the Grantee or (ii) the Grantee's mail delivery code or place of work at the Corporation (or its subsidiaries).

15.Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature. Capitalized terms not defined herein shall have the meanings as described in the Plan.

16.Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to Grantee, including federal and state securities reporting laws.

NAVIENT CORPORATION

By: ___

David L. Yowan
President and Chief Executive Officer

Accepted by:

___

___
Date

Exhibit 10.2

Navient Corporation 2024 Omnibus Incentive Plan
Restricted Stock Unit Agreement
(3-Year Ratable Vesting)

Pursuant to the terms and conditions of the Navient Corporation 2024 Omnibus Incentive Plan, the Compensation and Human Resources Committee (the "Committee") of the Navient Corporation Board of Directors (the "Board") hereby grants to ___________________ (the "Grantee") on _______________, 2024 (the "Grant Date") an award (the "Award") of __________ Restricted Stock Units ("RSUs"), which represent the right to acquire shares of common stock of Navient Corporation (the "Corporation") subject to the following terms and conditions of this Restricted Stock Unit Agreement (the "Agreement"):

1. Vesting Schedule. Unless vested earlier as set forth below, the Award will vest, and will be converted into shares of common stock, in one-third increments on the first, second, and third anniversary of the Grant Date.

2. Employment Termination; Death; Disability. Except as provided below, if the Grantee ceases to be an employee of the Corporation (or a Subsidiary) for any reason, he/she shall forfeit any portion of the Award that has not vested as of the date of such termination of employment.

If not previously vested, the Award will continue to vest, and will be converted into shares of common stock, on the original vesting terms and vesting dates set forth above in the event that (i) the Grantee's employment is terminated by the Corporation (or a Subsidiary) for any reason other than for Cause, or (ii) the Grantee voluntarily ceases to be an employee of the Corporation (or a Subsidiary) due to Retirement.

If not previously vested, the Award will vest, and will be converted into shares of common stock, upon death or Disability (provided that such Disability qualifies as a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4)).

The Award shall be forfeited upon termination of employment due to Cause.

3. Change in Control. Notwithstanding anything to the contrary in this Agreement:

(a)In the event of a Change in Control described in clause (b) of the definition thereof in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, then any portion of the Award that is not vested shall become 100 percent vested, and shall be converted into shares of common stock as of immediately prior to the consummation of the Change in Control.

(b)In the event of either (x) a Change in Control described in clause (a) of the definition thereof, or (y) a Change in Control described in clause (b) of the definition thereof in which the acquiring or surviving company in the transaction assumes or continues outstanding Awards, then no acceleration of vesting shall occur upon such Change in Control, and the Award shall continue to vest in accordance with Section 1 hereof; provided, however, that if Grantee's employment shall terminate within twenty-four months following such Change in Control for any reason other than (i) by the Corporation (or a Subsidiary), or the surviving or acquiring entity in the transaction (as the case may be), for Cause, or (ii) by Grantee's voluntary termination of employment that is not a Retirement or a termination of employment for Good Reason, any portion of the Award not previously vested shall immediately become vested, and shall be converted into shares of common stock, upon such employment termination. Upon any termination of employment during such twenty-four month period described in clause (i) or (ii) of the preceding sentence, any unvested portion of the Award shall be forfeited. Upon any termination of employment occurring after the end of such twenty-four month period, vesting and settlement of any remaining unvested portion of the Award shall be governed by Section 2 hereof.

(c)Notwithstanding anything stated herein, the Plan or in the Navient Corporation Change in Control Severance Plan for Senior Officers, this Award shall not be subject to the terms set forth in the Navient Corporation Change in Control Severance Plan for Senior Officers.

4. Taxes; Dividends. The Grantee of the Award shall make such arrangements as may reasonably be required by the Corporation, including transferring a sufficient number of shares of the Corporation's stock, to satisfy the income and employment tax withholding requirements that accrue upon the Award becoming vested or, if applicable, settled in shares of the Corporation's common stock (by approving this Agreement, the Committee hereby approves the transfer of such shares to the Corporation for purposes of SEC Rule 16b-3). Dividends declared on an unvested Award will not be paid currently. Instead, amounts equal to such dividends will be credited to an account established on behalf of the Grantee and such amounts will be deemed to be invested in additional shares of the Corporation's common stock ("Dividend Equivalents"). Such Dividend Equivalents will be subject to the same vesting schedule to which the Award is subject. Upon vesting of any portion of the Award, the amount of Dividend Equivalents allocable to such Award (and any fractional share amount) will also vest and will be converted into shares of the Corporation's common stock (provided that any fractional share amount shall be paid in cash).

5. Section 409A. For purposes of Section 409A of the Internal Revenue Code, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment and benefit payable under this Agreement is hereby designated as a separate payment. The parties intend that all RSUs provided under this Agreement and shares issuable hereunder comply with or be exempt from the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the RSUs is to be accelerated in connection with the Grantee's termination of service, such accelerated RSUs

will not be settled by virtue of such acceleration until and unless the Grantee has a “separation from service” within the meaning of Section Treasury Regulation 1-409A-1(h), as determined by the Corporation, in its sole discretion. Further, and notwithstanding anything in the Plan or this Agreement to the contrary, if (x) any of the RSUs to be provided in connection with the Grantee’s separation from service do not qualify for any reason to be exempt from Section 409A, (y) the Grantee is, at the time of such separation from service, a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and (z) the settlement of such RSUs would result in the imposition of additional tax under Section 409A if such settlement occurs on or within the six (6) month period following the Grantee’s separation from service, then, to the extent necessary to avoid the imposition of such additional taxation, the settlement of any such RSUs during such six (6) month period will accrue and will not be settled until the date six (6) months and one (1) day following the date of the Grantee’s separation from service and on such date (or, if earlier, the date of the Grantee’s death), such RSUs will be settled.

6. Clawback Provision. Notwithstanding anything to the contrary herein, the Award shall be subject to any recoupment or clawback policy that is adopted by the Corporation, including any policy that is adopted after the Grant Date, or any recoupment or clawback policy that becomes applicable to the Corporation pursuant to any requirement of law or any exchange listing requirement, in either case to the extent provided therein.

7. Securities Law Compliance. The Corporation may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any transfer or sale by the Grantee of any shares of the Corporation’s common stock, including without limitation (a) restrictions under an insider trading policy and (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the shares of the Corporation’s common stock. The sale of the shares must also comply with other applicable laws and regulations governing the sale of such shares.

8. Data Privacy. As an essential term of this award, the Grantee consents to the collection, use and transfer, in electronic or other form, of personal data as described herein for the exclusive purpose of implementing, administering and managing Grantee’s participation in the Plan. By accepting this award, the Grantee acknowledges that the Corporation holds certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, tax rates and amounts, nationality, job title, any shares of stock held in the Corporation, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding, for the purpose of implementing, administering and managing the Plan (“Data”). Grantee acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in jurisdictions that may have different data privacy laws and protections, and Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee or the Corporation may elect to deposit any shares of the Corporation’s common

stock. Grantee acknowledges that Data may be held to implement, administer and manage the Grantee's participation in the Plan as determined by the Corporation, and that Grantee may request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, provided however, that refusing or withdrawing Grantee's consent may adversely affect Grantee's ability to participate in the Plan.

9. Electronic Delivery. The Corporation may, in its sole discretion, decide to deliver any documents related to any awards granted under the Plan by electronic means or to request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation, and such consent shall remain in effect throughout Grantee's term of service with the Corporation (or its subsidiaries) and thereafter until withdrawn in writing by Grantee.

10. Board Interpretation. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee concerning any questions arising under this Agreement or the Plan.

11. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon the Grantee any right to continued employment with the Corporation or any of its subsidiaries or affiliates.

12. Amendments for Accounting Charges. The Committee reserves the right to unilaterally amend this Agreement to reflect any changes in applicable law or financial accounting standards.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

14. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, telefaxed or telecopied to, or, if mailed, when received by, the other party at the following addresses:

If to the Corporation to:

Navient Corporation
Attn: Human Resources, Equity Plan Administration
13865 Sunrise Valley Drive
Herndon, VA 20171

If to the Grantee, to (i) the last address maintained in the Corporation's Human Resources files for the Grantee or (ii) the Grantee's mail delivery code or place of work at the Corporation (or its subsidiaries).

15. Plan Controls; Entire Agreement; Capitalized Terms. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan control, except as expressly stated otherwise herein. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature. Capitalized terms not defined herein shall have the meanings as described in the Plan.

16. Miscellaneous. In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of this Agreement shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision. The headings in this Agreement are solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. The Grantee shall cooperate and take such actions as may be reasonably requested by the Corporation in order to carry out the provisions and purposes of the Agreement. The Grantee is responsible for complying with all laws applicable to Grantee, including federal and state securities reporting laws.

NAVIENT CORPORATION

By:

David L. Yowan
President and Chief Executive Officer

Accepted by:

Date

Exhibit 10.3

Strategic Transformation Incentive Plan (STIP)
Summary Plan Document

Purpose

Navient Corporation (the "Corporation"), through the Compensation and Human Resources Committee of its Board of Directors (the "Compensation Committee"), adopts the Strategic Transformation Incentive Plan, pursuant to the Navient Corporation 2024 Omnibus Incentive Plan. The purpose of the Strategic Transformation Incentive Plan ("STIP") is to support the company's performance-based environment by rewarding performance relative to the three strategic initiatives requiring a significant portion of management resources and attention during the second half of the 2024 performance year within a framework of balanced and controlled risk. These strategic initiatives, which are being pursued to create and preserve value for shareholders, were announced publicly in January 2024 with subsequent goals established mid-year as each initiative was further explored and pursued. The STIP is intended to align the interests of individual participants with the company's critical transformation objectives.

Eligible Participants

Each employee of Navient Corporation (or an affiliated company) ("Navient") designated by the President and Chief Executive Officer shall be eligible to participate in the STIP. Participation in the STIP for the 2024 performance year does not guarantee participation in future incentive plans.

Participants' Incentive Targets

Target incentives are set as a percentage of base pay determined as of the last day of the performance period (December 31, 2024). These individual incentive targets will serve as the basis for incentive awards to be paid following the end of the fiscal year, as noted below.

STIP Award Pool Funding

Following the close of the fiscal year, the Compensation Committee will determine the overall size of the award pool based on the STIP performance score for the Plan, effective July 1, 2024 – December 31, 2024, as determined by the Compensation Committee in its sole discretion. The Compensation Committee will determine and certify the STIP performance score based on a review of the STIP Performance Measures for the performance period. The certification of performance will take into consideration accomplishments during the performance period, and may consider how performance on the STIP goals has built on the accomplishments of strategic actions during the first half of the year.

STIP Performance Goals

Prior to the commencement of the STIP performance period, the Compensation Committee approved STIP performance goals that reflect the importance of the strategic actions to the Company's future performance (Exhibit A). The Corporation's actual performance, when measured against these performance goals, will result in a STIP performance score.

Incentive Award Calculation

The STIP performance score is applied against each STIP participant's individual incentive target amount to determine their STIP incentive award.

Incentive Award Approval

The Compensation Committee determines the incentive award for each named executive officer. Incentive awards for all other participants are subject to review and approval by the President and Chief Executive Officer (or his/her duly authorized delegate). Final Incentive Awards must range from a low of 0% to a maximum of 150% of target and will be paid as a lump sum cash payment. All decisions made by the Compensation Committee or the President and Chief Executive Officer of Navient (or a duly authorized delegate of either, as applicable) will be final and binding on all participants.

Payment of Incentive Awards

Except as otherwise provided in this document, a participant must be employed by Navient on the incentive award payment date to be eligible to receive the STIP portion of the incentive award. A participant who voluntarily or involuntarily (subject to the discretion noted below) leaves Navient before the payment date shall forfeit his or her right to receive the STIP portion of the incentive award.

Incentive awards will be paid as soon as practicable following the close of the fiscal year, typically in February of the following year, but in no event later than March 15. Incentive awards are subject to withholding for all applicable taxes.

Proration Events

A participant who begins employment with Navient after July 1st of the performance period shall have his or her incentive award pro-rated (on a 6-month performance period basis) according to his or her date of employment. A participant who is transferred or promoted into (or out of) an eligible position during the performance period shall have his or her incentive award pro-rated (on a 6-month performance period basis) according to his or her date of eligibility or ineligibility, as the case may be.

Disability or Death

If a participant become totally and permanently disabled during the performance period, they will be entitled to receive an incentive award that otherwise would be payable but pro-rated (on a 6-month performance period basis) through the disability date. A participant will be considered totally and permanently disabled if they suffer from a Disability, as that term is defined in the Navient Corporation 2024 Omnibus Incentive Plan. Payment of the pro-rated incentive award shall be paid on the regularly scheduled award payment date.

If employee participant passes away before an approved incentive award is paid, the participant’s estate will be entitled to receive an incentive award that otherwise would be payable but for the participant’s death. Such payment shall be made on the regularly scheduled award payment date, or as soon thereafter as the administrator of the estate may reasonably be identified.

Termination of Employment

For participants other than named executive officers, the President and Chief Executive Officer of Navient (or his duly authorized delegate) retains the discretion, but no obligation, to make a pro-rata (on a 6-month performance period basis) incentive award to any participant who is involuntarily terminated or whose position is abolished prior to the last day of the performance period, other than when the company determines in its sole discretion that the participant has been discharged for willful, deliberate or gross misconduct.

Leave of Absence

If a participant is in a leave of absence status for more than 60 consecutive days during the performance period, the Corporation reserves the right to pro-rate (on a 6-month performance period basis) the incentive award otherwise payable to the participant based on the length of time the participant is in an active status. Any change to the incentive award payment must be approved by the division head and the Chief Human Resources Officer of Navient.

Clawback

Any bonus otherwise earned under the STIP shall be subject to clawback as set forth in the Navient Corporation Executive Compensation Clawback Policy, as adopted by the Board on March 8, 2018, and the Navient Corporation Executive Officers' Executive Compensation Clawback Policy, as adopted by the Board on November 13, 2023, as applicable, each and as amended by the Board from time to time.

No Contract of Employment, Right, Title, or Interest in Company Assets

Nothing contained in the STIP shall alter the at-will status of employees nor shall give any employee the right to be retained in the employment of Navient or affect the right of Navient to dismiss any employee.

The STIP is unfunded. Nothing contained herein shall be deemed to create a trust of any kind or create any fiduciary relationship. Any liability or obligation of the Corporation to any participant with respect to an incentive award shall be based solely upon any contractual obligations that may be created by STIP, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. To the extent that any person acquires a right to receive payments from the Corporation under the STIP, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

Amendment, Termination and Interpretation of Plan

The Compensation Committee reserves the right to terminate, amend, change or modify the STIP and/or any incentive awards payable thereunder at any time, including retroactively, provided that such termination or amendment shall not be made in a manner that would cause a participant to include STIP compensation in gross income pursuant to IRS Code section 409A.

To the extent this summary document conflicts with the terms and conditions of the STIP approved by the Compensation Committee (and to the extent specifically delegated to the President and Chief Executive Officer of Navient), those terms and conditions shall prevail. Additionally, the Compensation Committee retains the discretionary authority to interpret the terms and conditions of the STIP.

Governing Law and Other Provisions

If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of the STIP shall continue in effect. Captions and headings are given to the sections and subsections of this STIP solely as a convenience to facilitate reference. Such headings shall not be deemed in anyway material or relevant to the construction or interpretation of the STIP or any provision thereof. All rights under the STIP shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to its principles of conflicts of law.

Exhibit A

2024 Strategic Transformation Incentive Plan (“STIP”) Performance Measures

Three strategic action categories to be achieved in the second half of 2024 include both quantitative and qualitative measures. The three categories are roughly equally strategically important and the progress against them will be interrelated.

Category	Measure
Outsource Servicing	Execute key agreement provisions: •Transfer via outsourcing approximately 80% of segment level expenses associated with the business by year-end 2024[1] •Complete employee transfer successfully •Design and implement oversight process to ensure service levels are maintained or failures are appropriately detected and remediated •Establish and execute transition services agreements (TSA) as needed •Successfully execute rebranding and borrower transition prior to year-end 2024
BPS divestment	•Identify and execute transaction(s) that satisfy the following criteria: oSale proceeds, net of any remaining committed costs, are financially superior to holding business with 5-year time horizon and exceeds the carrying value of the business oCloses prior to year-end 2024 •Transfers via sale approximately 80% of Direct + Overhead[2] costs associated with the business by year-end 2024 •Develop clear plans for transition services agreements as needed prior to year-end 2024
Reducing shared service expenses and corporate footprint	Develop and begin to execute Post-Transformation Navient Transition Plan •Achieve a year-over-year reduction of approximately 20% ($11m) or more in corporate shared services expenses in Q4 2024[3] •Develop a clear multi-year plan to identify and eliminate additional substantial shared service expenses •Establish organizational structure and make appointments consistent with a streamlined, simpler and more flexible company •Develop a transition plan that positions Post-Transformation Navient for financial, compliance, employee, and shareholder success

STIP Performance. In measuring actual performance relative to pre-established performance goals under the 2024 STIP, any restructuring charges and regulatory expenses in excess of the amount set forth in the 2024 Business Plan approved by the Board in January 2024 will be excluded from actual results.

Servicing segment level expenses total approximately $103 million. Excludes TSA-related expenses and post-default expense (portfolio management, 1st party, 3rd party) which was not outsourced.

[2] Direct + Overhead costs defined in the Quality of Earnings reports dated 5-14-2024, which totals approximately $260 million. Excludes TSA-related expenses.

[3] Excluding restructuring, regulatory, and any TSA-related expenses within the corporate segment. Assumes BPS sale occurs by 9/30/24. Metric compares Q4 2024 to Q4 2023. The $11 million reduction target is a quarterly value (~$45 million on an annualized basis going forward).

Exhibit 31.1

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 24, 2024

Exhibit 31.2

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 24, 2024

Exhibit 32.1

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, 2024 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 24, 2024

Exhibit 32.2

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, 2024 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 24, 2024