

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

**Form 10-K/A**  
Amendment No. 1

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

**TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-36228

**Navient Corporation**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

46-4054283

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

13865 Sunrise Valley Drive, Herndon, Virginia 20171  
(Address of Principal Executive Offices) (Zip Code)

(703) 810-3000  
(Telephone Number)

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

| Title of each class                     | Trading<br>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           |

**Securities registered pursuant to Section 12(g) of the Act:**

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2024 was \$1.1 billion (based on closing sale price of \$14.56 per share as reported for the NASDAQ Global Select Market).

As of January 31, 2025, there were 102,276,303 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the proxy statement (the "2025 Proxy Statement") relating to the Registrant's 2025 Annual Meeting of Shareholders, to be filed no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Auditor Firm ID: 185

Auditor Name: KPMG LLP

Auditor Location: McLean, VA

## EXPLANATORY NOTE

Navient Corporation (the "Company") is filing this Amendment No. 1 on Form 10-K/A (this "Amendment No. 1") to amend the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Original Form 10-K"), which was initially filed with the U.S. Securities and Exchange Commission (the "SEC") on February 27, 2025. The purpose of this Amendment No.1 is to amend and restate the attestation reports on the Company's financial statements and internal control over financial reporting of KPMG LLP, which have been amended to reference the correct date of the reports of the independent registered accounting firm on the consolidated financial statements of the Company included in the Original Form 10-K.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), currently dated certifications from the Company's principal executive officer and principal financial officer are filed herewith as exhibits to this Amendment No. 1 pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act and pursuant to Section 906 of the Sarbanes-Oxley Act.

Except as described above, this Amendment No. 1 does not amend, modify, or otherwise update any other information in the Original Form 10-K and does not reflect events occurring after the filing of the Original Form 10-K. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-K and the Company's other filings with the SEC.

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## Exhibits and Financial Statement Schedules

(a)

### 1. Financial Statements

The following consolidated financial statements of Navient Corporation and the Report of the Independent Registered Public Accounting Firm thereon are included:

|   |      |
|---|------|
| <a href="#">Report of Independent Registered Public Accounting Firm</a>   | F-2  |
| <a href="#">Report of Independent Registered Public Accounting Firm</a>   | F-3  |
| <a href="#">Consolidated Balance Sheets as of December 31, 2024 and 2023</a>  | F-5  |
| <a href="#">Consolidated Statements of Income for the years ended December 31, 2024, 2023 and 2022</a>                          | F-6  |
| <a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022</a>            | F-7  |
| <a href="#">Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2022, 2023 and 2024</a> | F-8  |
| <a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022</a>                      | F-11 |
| <a href="#">Notes to Consolidated Financial Statements</a>  | F-12 |

### 2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

### 3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Form 10-K.

We will furnish at cost a copy of any exhibit filed with or incorporated by reference into this Form 10-K. Oral or written requests for copies of any exhibits should be directed to the Secretary.

### 4. Appendices

Appendix A — Federal Family Education Loan Program

Appendix B — Form 10-K Cross-Reference Index

(b) Exhibits

|     |   |
|-----|---|
| 2.1 | <a href="#">The Agreement and Plan of Merger, dated as of October 16, 2014, between Navient Corporation and Navient, LLC (incorporated by reference to Exhibit 2.1 to Navient Corporation's Current Report on Form 8-K filed on October 17, 2014).</a>  |
| 2.2 | <a href="#">Sale and Purchase Agreement, dated August 7, 2024, between Navient Corporation and Coding Solutions Acquisition, Inc. (incorporated by reference to Exhibit 2.1 to Navient Corporation's Current Report on Form 8-K filed August 13, 2024).</a>   |
| 3.1 | <a href="#">Amended and Restated Certificate of Incorporation of Navient Corporation (incorporated by reference to Exhibit 3.1 of Amendment No. 3 to Navient Corporation's Registration Statement on Form 10 (File No. 001-36228) filed on March 27, 2014).</a>   |
| 3.2 | <a href="#">Second Amended and Restated By-Laws of Navient Corporation adopted April 4, 2018 (incorporated by reference to Exhibit 3.1 to Navient Corporation's Current Report on Form 8-K filed on April 9, 2018).</a>   |
| 3.3 | <a href="#">Certificate of Designations of Series A Junior Participating Preferred Stock of Navient Corporation (incorporated by reference to Exhibit 3.1 to Navient Corporation's Current Report on Form 8-K filing on December 20, 2021).</a>   |
| 4.1 | <a href="#">Description of Registrant's Securities registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.1 to Navient Corporation's Annual Report on Form 10-K filed on February 24, 2023).</a>   |
| 4.2 | <a href="#">Indenture, dated as of July 18, 2014, between Navient Corporation and Bank of New York Mellon, as trustee, (incorporated by reference to Exhibit 4.1 to Form S-3ASR filed on July 18, 2014).</a>  |
| 4.3 | <a href="#">First Supplemental Indenture (including the Form of Note contained herein), dated as of November 6, 2014, between Navient Corporation and Bank of New York Mellon, as trustee, (incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on November 11, 2006).</a> |

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- 4.4 [Second Supplemental Indenture \(including the Form of Note contained herein\), dated as of March 27, 2015 between Navient Corporation and Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on March 27, 2015\).](#)
- 4.5 [The Third Supplemental Indenture \(including the Form of Note contained herein\), dated as of July 29, 2016, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on July 29, 2016\).](#)
- 4.6 [The Fourth Supplemental Indenture \(including the Form of Note contained herein\), dated as of September 16, 2016, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on September 16, 2016\).](#)
- 4.7 [The Fifth Supplemental Indenture \(including the Form of Note contained herein\), dated as of March 7, 2017 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on March 7, 2017\).](#)
- 4.8 [The Sixth Supplemental Indenture \(including the Form of Note contained herein\), dated as of March 17, 2017 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.3 to Navient Corporation's Current Report on Form 8-K filed on March 7, 2017\).](#)
- 4.9 [The Seventh Supplemental Indenture \(including the Form of Note contained herein\), dated as of May 26, 2017 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on May 26, 2017\).](#)
- 4.10 [The Eighth Supplemental Indenture \(including the Form of Note contained herein\), dated as of June 9, 2017 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.4 to Navient Corporation's Current Report on Form 8-K filed on June 9, 2017\).](#)
- 4.11 [The Ninth Supplemental Indenture \(including the Form of Note contained herein\), dated as of December 4, 2017 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.3 to Navient Corporation's Current Report on Form 8-K filed on December 4, 2017\).](#)
- 4.12 [The Tenth Supplemental Indenture \(including the Form of Note contained herein\), dated as of June 11, 2018 to the Indenture dated as of July 18, 2014 between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on June 11, 2018\).](#)
- 4.13 [The Eleventh Supplemental Indenture \(including the Form of Note contained herein\), dated as of January 27, 2020 \(this "Supplemental Indenture"\), between Navient Corporation, a Delaware corporation \(the "Company"\), and The Bank of New York Mellon, a New York banking corporation, as trustee \(the "Trustee"\) \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on January 27, 2020\).](#)
- 4.14 [The Twelfth Supplemental Indenture \(including the Form of Note contained herein\), dated as of February 2, 2021, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on February 2, 2021\).](#)
- 4.15 [The Thirteenth Supplemental Indenture \(including the Form of Note contained herein\), dated as of November 4, 2021, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on November 5, 2021\).](#)
- 4.16 [The Fourteenth Supplemental Indenture \(including the Form of Note contained herein\), dated as of May 4, 2023, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on May 4, 2023\).](#)
- 4.17 [The Fifteenth Supplemental Indenture \(including the Form of Note contained herein\), dated as of November 3, 2023, between Navient Corporation and The Bank of New York Mellon as trustee \(incorporated by reference to Exhibit 4.2 to Navient Corporation's Current Report on Form 8-K filed on November 3, 2023\).](#)
- 4.18 [Rights Agreement dated as of December 20, 2021 between Navient Corporation and Computershare Trust Company, N.A., which includes the form of Certificate of Designations as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Shares as Exhibit C \(incorporated by reference to Exhibit 4.1 to Navient Corporation's Current Report on Form 8-K filed on December 20, 2021\).](#)
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- 10.1† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Stock Option Agreement, Net Settled Options — 2011 \(incorporated by reference to Exhibit 10.22 of the Company's Quarterly Report on Form 10-Q filed on August 1, 2014\).](#)
- 10.2† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Stock Option Agreement, Net Settled Options — 2010 \(incorporated by reference to Exhibit 10.23 of the Company's Quarterly Report on Form 10-Q filed on August 1, 2014\).](#)
- 10.3† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Independent Director Stock Option Agreement — 2011 \(incorporated by reference to Exhibit 10.31 of the Company's Quarterly Report on Form 10-Q filed on August 1, 2014\).](#)
- 10.4† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Independent Director Stock Option Agreement — 2010 \(incorporated by reference to Exhibit 10.32 of the Company's Quarterly Report on Form 10-Q filed on August 1, 2014\).](#)
- 10.5† [Form of Navient Corporation 2014 Omnibus Incentive Plan Stock Option Agreement — Net Settled Options \(incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q filed on April 28, 2016\).](#)
- 10.6† [Form of Navient Corporation 2014 Omnibus Incentive Plan Stock Option Agreement \(incorporated by reference to Exhibit 10.3 to Navient Corporation's Quarterly Report on Form 10-Q filed on April 27, 2017\).](#)
- 10.7† [Form of Navient Corporation 2014 Omnibus Incentive Plan Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2018\).](#)
- 10.8† [Form of Navient Corporation 2014 Omnibus Incentive Plan Restricted Stock Unit Agreement \(incorporated by reference to Exhibit 10.2 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2018\).](#)
- 10.9† [Form of Navient Corporation 2014 Omnibus Incentive Plan Stock Option Agreement \(incorporated by reference to Exhibit 10.3 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2018\).](#)
- 10.10† [Navient Corporation 2014 Omnibus Incentive Plan, Amended and Restated as of May 24, 2018 incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report filed on Form 10-Q filed on August 3, 2018.](#)
- 10.11† [Navient Deferred Compensation Plan for Directors, as amended and restated effective October 1, 2015 \(incorporated by reference to Exhibit 10.1 of Navient Corporation's Annual Report on Form 10-K filed on October 30, 2015\).](#)
- 10.12† [Navient Corporation Change in Control Severance Plan for Senior Officers, Amended and Restated as of May 24, 2018 incorporated by reference to Exhibit 10.3 to Navient Corporation's Quarterly Report filed on Form 10-Q filed on August 3, 2018.](#)
- 10.13† [Navient Corporation Executive Severance Plan for Senior Officers, Amended and Restated as of May 24, 2018 incorporated by reference to Exhibit 10.4 to Navient Corporation's Quarterly Report filed on Form 10-Q filed on August 3, 2018.](#)
- 10.14† [Navient Corporation Deferred Compensation Plan, Amended and Restated as of May 24, 2018 incorporated by reference to Exhibit 10.2 to Navient Corporation's Quarterly Report filed on Form 10-Q filed on August 3, 2018.](#)
- 10.15† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2019\).](#)
- 10.16† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Restricted Stock Unit Agreement \(incorporated by reference to Exhibit 10.2 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2019\).](#)
- 10.17† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Independent Director Restricted Stock Agreement \(incorporated by reference to Exhibit 10.3 to Navient Corporation's Quarterly Report on Form 10-Q filed on May 3, 2019\).](#)
- 10.18† [Amended and Restated Navient Corporation Employee Stock Purchase Plan \(incorporated by reference to Appendix A to Navient Corporation's Definitive Proxy Statement filed on April 30, 2019\).](#)
- 10.19 [Underwriting Agreement dated January 28, 2021 among Navient Corporation and J.P. Morgan Securities LLC, Barclays Capital Inc. and RBC Capital Markets, LLC, as representatives of the](#)
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- [underwriters named therein \(incorporated by reference to Exhibit 1.1 to Navient Corporation's Current Report on Form 8-K filed on February 2, 2021\).](#)
- 10.20† [Form of Navient Corporation 2014 Omnibus Incentive Plan Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 on Navient Corporation's Quarterly Report on Form 10-Q filed on May 1, 2020\).](#)
- 10.21† [Form of Navient Corporation 2014 Omnibus Incentive Plan Restricted Stock Unit Agreement \(incorporated by reference to Exhibit 10.2 on Navient Corporation's Quarterly Report on Form 10-Q filed on May 1, 2020\).](#)
- 10.22† [Form of Navient Corporation 2014 Omnibus Incentive Plan Independent Director Stock Agreement \(incorporated by reference to Exhibit 10.3 on Navient Corporation's Quarterly Report on Form 10-Q filed on May 1, 2020\).](#)
- 10.23 [Underwriting Agreement dated November 1, 2021 among Navient Corporation and J.P. Morgan Securities LLC, Barclays Capital Inc. and RBC Capital Markets, LLC, as representatives of the underwriters named therein \(incorporated by reference to Exhibit 1.1 to Navient Corporation's Current Report on Form 8-K filed on November 5, 2021\).](#)
- 10.24 [Consent Judgment and Orders dated January 13, 2022 between Navient Corporation, Navient Solutions, LLC and Pioneer Credit Recovery, Inc. and the Attorney General for the State of Washington as a representative example of the Agreement between the Navient Parties and the State Attorneys General for the States \(incorporated by reference to Exhibit 10.24 and the list of States and Localities that are a party to the Consent Judgment and Orders included on Exhibit 10.24.1, both exhibits of which are included on Navient Corporation's Annual Report on Form 10-K filed on February 25, 2022\).](#)
- 10.25† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report on Form 10-Q filed on April 28, 2021\).](#)
- 10.26 [Nomination and Cooperation Agreement, dated April 14, 2022 by and among Navient Corporation, Mr. Edward J. Bramson, Sherborne Investors Management LP and Newbury Investors LLC \(together with Sherborne Investors Management LP and the Sherborne Designee \(incorporated by reference to Exhibit 99.1 to Navient Corporation's Current Report on Form 8-K filed on April 18, 2022\).](#)
- 10.27† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report on Form 10-Q filed on April 27, 2022\).](#)
- 10.28† [Form of Navient Corporation 2014 Omnibus Incentive Plan, Performance Stock Unit Agreement \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Quarterly Report on Form 10-Q filed on April 26, 2023\).](#)
- 10.29† [Letter Agreement, dated as of May 15, 2023, by and between Navient Corporation and David L. Yowan \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed May 16, 2023\).](#)
- 10.30† [Agreement and Release, dated as of June 8, 2023, by and between Navient Corporation and its affiliates and John \(Jack\) F. Remondi \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed June 9, 2023\).](#)
- 10.30 [Amendment No. 1 to Nomination and Cooperation Agreement, dated December 14, 2023, by and among Sherborne Investors Management LP, Newbury Investors LLC, Edward J. Bramson and Navient Corporation \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed December 15, 2023\).](#)
- 10.32 [Master Terms Agreement, dated as of May 7, 2025, by and between Navient Solutions, LLC and Higher Education Loan Authority of the State of Missouri \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed May 13, 2024\).](#)
- 10.33† [2024 Strategic Transformation Incentive Plan \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed July 5, 2024\).](#)
- 10.34† [Letter Agreement, dated as of July 3, 2024, by and between Navient Corporation and David L. Yowan \(incorporated by reference to Exhibit 10.2 to Navient Corporation's Current Report on Form 8-K filed July 5, 2024\).](#)
- 10.35 [Amendment No. 2 to Nomination and Cooperation Agreement, dated December 20, 2024, by and among Sherborne Investors Management LP, Newbury Investors LLC, Sherborne Strategic Fund F, LLC, Edward J. Bramson and Navient Corporation \(incorporated by reference to Exhibit 10.1 to Navient Corporation's Current Report on Form 8-K filed December 26, 2024\).](#)
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|----------|--|
| 19.1     | <a href="#">Navient Securities Trading Policy (incorporated by reference to Exhibit 19.1 to Navient Corporation's Annual Report on Form 10-K filed on February 27, 2025).</a>  |
| 21.1     | <a href="#">List of Subsidiaries (incorporated by reference to Exhibit 21.1 to Navient Corporation's Annual Report on Form 10-K filed on February 27, 2025).</a>   |
| 23.1*    | <a href="#">Consent of KPMG LLP.</a>   |
| 31.1*    | <a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |
| 31.2*    | <a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |
| 32.1**   | <a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>   |
| 32.2**   | <a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>   |
| 97       | <a href="#">Navient Corporation Executive Officers' Executive Compensation Clawback Policy (incorporated by reference to Exhibit 97 to Navient Corporation's Annual Report on Form 10-K filed on February 26, 2024).</a> |
| 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).  |

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\* Management Contract or Compensatory Plan or Arrangement

\* Filed herewith

\*\* Furnished herewith



## CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Navient Corporation:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Navient Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated February 27, 2025 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

McLean, Virginia  
February 27, 2025

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Navient Corporation:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Navient Corporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Assessment of the allowance for loan losses on private education loans**

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company's total allowance for loan losses for private education loans was \$441 million as of December 31, 2024, which included allowance for loan losses related to the private education legacy in-school loans (private legacy ALL). For the private legacy ALL, the expected credit losses are the product of a transition rate model determining the Company's estimates of probability of default and prepayment as well as loss given default on an undiscounted basis. The Company makes estimates regarding transition rates including prepayments and recoveries on defaults, including expected future recoveries on previously fully charged off loans (expected recoveries). The model used to project losses, utilizes key credit quality indicators of the loan portfolio and predicts how those attributes are expected to perform at the loan level in connection with the forecasted economic conditions over the contractual term of the loans, including any prepayments and extension options within the control of the borrower. The private legacy ALL incorporates reasonable and supportable forecasts of various macro-economic variables, and several forecast scenarios over the remaining life of the loans. The development of the reasonable and supportable forecasts incorporates an assumption that each macro-economic variable will revert to a long-term expectation. Qualitative adjustments are based on factors not reflected in the quantitative model.

We identified the assessment of the private legacy ALL as a critical audit matter. A high degree of audit effort, including skills and knowledge, and subjective and complex auditor judgment was involved in the assessment. Specifically, the assessment encompassed an evaluation of the private legacy ALL methodology including the

method and model used to estimate the projected losses and certain assumptions. Such assumptions included (1) the forecasted economic scenarios, including related weightings, (2) the reasonable and supportable forecast periods, (3) the transition rates including estimated prepayments, and (4) certain of the qualitative adjustments. The assessment also included an evaluation of the conceptual soundness and performance of the model. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the private legacy ALL estimate including controls over:

- evaluation of the private legacy ALL methodology
- continued use and appropriateness of changes made to the model
- identification and determination of certain assumptions used in the model to estimate credit losses
- development of certain qualitative adjustments
- performance monitoring of the model
- analysis of private legacy ALL results, trends, and ratios

We evaluated the Company's process to develop the private legacy ALL estimate by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized industry, knowledge, and experience who assisted in:

- evaluating the Company's private legacy ALL methodology for compliance with U.S. generally accepted accounting principles
- evaluating the judgments made by the Company relative to the assessment and performance testing of the model, including transition rates used by the Company by comparing them to relevant Company specific metrics and trends and the applicable industry and regulatory practices.
- assessing the conceptual soundness and performance testing of the model including transition rates by inspecting the model documentation to determine whether the model is suitable for their intended use
- evaluating the selection of the forecasted economic scenarios, including the weighting of the scenarios, and underlying assumptions by comparing them to business environment and relevant industry practices
- evaluating the length of reasonable and supportable economic forecast periods by comparing them to specific portfolio risk characteristics and trends
- evaluating the methodology used to develop certain of the qualitative adjustments and the effect of those adjustments on the private legacy ALL compared with relevant credit risk factors and consistency with credit trends and identified limitations of the underlying quantitative model.

We also assessed the sufficiency of the audit evidence obtained related to the Company's private legacy ALL estimate by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

McLean, Virginia  
February 27, 2025

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

|   | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| FFELP Loans (net of allowance for losses of \$180 and \$215, respectively)  | \$ 30,852         | \$ 37,925         |
| Private Education Loans (net of allowance for losses of \$441 and \$617, respectively)  | 15,716            | 16,902            |
| Investments   | 143               | 146               |
| Cash and cash equivalents   | 722               | 839               |
| Restricted cash and cash equivalents  | 1,381             | 1,954             |
| Goodwill and acquired intangible assets, net  | 437               | 695               |
| Other assets  | 2,538             | 2,914             |
| <b>Total assets</b>   | <b>\$ 51,789</b>  | <b>\$ 61,375</b>  |
| <b>Liabilities</b>  |                   |                   |
| Short-term borrowings   | \$ 5,134          | \$ 4,226          |
| Long-term borrowings  | 43,184            | 53,402            |
| Other liabilities   | 830               | 987               |
| <b>Total liabilities</b>  | <b>49,148</b>     | <b>58,615</b>     |
| <b>Commitments and contingencies</b>  |                   |                   |
| <b>Equity</b>   |                   |                   |
| Series A Junior Participating Preferred Stock, par value \$0.20 per share; 2 million shares authorized; 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  | 3,380             | 3,353             |
| Accumulated other comprehensive income (net of tax expense of \$1 and \$6, respectively)  | 3                 | 19                |
| Retained earnings   | 4,697             | 4,638             |
| Total Navient Corporation stockholders' equity before treasury stock  | 8,084             | 8,014             |
| Less: Common stock held in treasury at cost: 362 million and 350 million shares, respectively   | (5,443)           | (5,254)           |
| <b>Total equity</b>   | <b>2,641</b>      | <b>2,760</b>      |
| <b>Total liabilities and equity</b>   | <b>\$ 51,789</b>  | <b>\$ 61,375</b>  |

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

|  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| FFELP Loans  | \$ 30,620         | \$ 37,832         |
| Private Education Loans                                      | 14,638            | 15,759            |
| Restricted cash  | 1,364             | 1,937             |
| Other assets, net  | 1,224             | 1,744             |
| Short-term borrowings  | 4,532             | 3,634             |
| Long-term borrowings   | 38,497            | 48,169            |
| <b>Net assets of consolidated variable interest entities</b> | <b>\$ 4,817</b>   | <b>\$ 5,469</b>   |

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION

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

|  | Years Ended December 31, |                |                |
|--|--------------------------|----------------|----------------|
|  | 2024                     | 2023           | 2022           |
| <b>Interest income:</b>  |                          |                |                |
| FFELP Loans  | \$ 2,396                 | \$ 2,897       | \$ 1,966       |
| Private Education Loans  | 1,259                    | 1,369          | 1,195          |
| Cash and investments   | 154                      | 153            | 62             |
| Total interest income  | 3,809                    | 4,419          | 3,223          |
| Total interest expense   | 3,273                    | 3,557          | 2,102          |
| Net interest income  | 536                      | 862            | 1,121          |
| Less: provisions for loan losses   | 113                      | 123            | 79             |
| Net interest income after provisions for loan losses                       | 423                      | 739            | 1,042          |
| <b>Other income (loss):</b>  |                          |                |                |
| Servicing revenue  | 54                       | 64             | 77             |
| Asset recovery and business processing revenue                             | 271                      | 321            | 336            |
| Other income   | 30                       | 21             | 32             |
| Gain on sale of subsidiaries, net  | 191                      | —              | —              |
| Losses on debt repurchases   | —                        | (8)            | —              |
| Gains on derivative and hedging activities, net                            | 70                       | 11             | 171            |
| Total other income   | 616                      | 409            | 616            |
| <b>Expenses:</b>   |                          |                |                |
| Salaries and benefits  | 316                      | 401            | 444            |
| Other operating expenses   | 364                      | 399            | 332            |
| Total operating expenses   | 680                      | 800            | 776            |
| Goodwill and acquired intangible asset impairment and amortization expense | 146                      | 10             | 19             |
| Restructuring/other reorganization expenses                                | 39                       | 25             | 36             |
| Total expenses   | 865                      | 835            | 831            |
| Income before income tax expense   | 174                      | 313            | 827            |
| Income tax expense   | 43                       | 85             | 182            |
| <b>Net income</b>  | <b>\$ 131</b>            | <b>\$ 228</b>  | <b>\$ 645</b>  |
| <b>Basic earnings per common share</b>                                     | <b>\$ 1.20</b>           | <b>\$ 1.87</b> | <b>\$ 4.54</b> |
| Average common shares outstanding  | 109                      | 122            | 142            |
| <b>Diluted earnings per common share</b>                                   | <b>\$ 1.18</b>           | <b>\$ 1.85</b> | <b>\$ 4.49</b> |
| Average common and common equivalent shares outstanding                    | 111                      | 123            | 144            |
| Dividends per common share   | \$ .64                   | \$ .64         | \$ .64         |

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In millions)

|  | Years Ended December 31, |        |        |
|--|--------------------------|--------|--------|
|  | 2024                     | 2023   | 2022   |
| Net income   | \$ 131                   | \$ 228 | \$ 645 |
| Net changes in cash flow hedges, net of tax <sup>(1)</sup> | (16)                     | (68)   | 220    |
| Total comprehensive income                                 | \$ 115                   | \$ 160 | \$ 865 |

<sup>(1)</sup> See "Note 7 — 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)

|  | Common Stock Shares |               |                 | Common<br>Stock | Additional<br>Paid-In<br>Capital | Accumula<br>ted<br>Other<br>Compreh<br>ensive<br>Income<br>(Loss) | Retained<br>Earnings | Treasury<br>Stock | Total<br>Stockhold<br>ers'<br>Equity | Noncontr<br>olling<br>Interest | Total<br>Equity |
|--|---------------------|---------------|-----------------|-----------------|----------------------------------|---|----------------------|-------------------|--------------------------------------|--------------------------------|-----------------|
|  | Issued              | Treasury      | Outstandi<br>ng |                 |                                  |   |                      |                   |                                      |                                |                 |
| <b>Balance at<br/>December 31, 2021</b>                                      | 458,629,384         | (304,886,613) | 153,742,771     | \$ 4            | \$ 3,282                         | \$ (133)  | \$ 3,939             | \$ (4,495)        | \$ 2,597                             | \$ 11                          | \$ 2,608        |
| Comprehensive income (loss):   |                     |               |                 |                 |                                  |   |                      |                   |                                      |                                |                 |
| Net income   | —                   | —             | —               | —               | —                                | —   | 645                  | —                 | 645                                  | —                              | 645             |
| Other comprehensive income (loss), net of tax                                | —                   | —             | —               | —               | —                                | 220   | —                    | —                 | 220                                  | —                              | 220             |
| Total comprehensive income (loss)  | —                   | —             | —               | —               | —                                | —   | —                    | —                 | 865                                  | —                              | 865             |
| Cash dividends:  |                     |               |                 |                 |                                  |   |                      |                   |                                      |                                |                 |
| Common stock (\$ .64 per share)  | —                   | —             | —               | —               | —                                | —   | (91)                 | —                 | (91)                                 | —                              | (91)            |
| Dividend equivalent units related to employee stock-based compensation plans | —                   | —             | —               | —               | —                                | —   | (3)                  | —                 | (3)                                  | —                              | (3)             |
| Issuance of common shares  | 2,458,206           | —             | 2,458,206       | —               | 12                               | —   | —                    | —                 | 12                                   | —                              | 12              |
| Stock-based compensation expense   | —                   | —             | —               | —               | 19                               | —   | —                    | —                 | 19                                   | —                              | 19              |
| Common stock repurchased   | —                   | (24,811,009)  | (24,811,009)    | —               | —                                | —   | —                    | (400)             | (400)                                | —                              | (400)           |
| Shares repurchased related to employee stock-based compensation plans        | —                   | (1,180,530)   | (1,180,530)     | —               | —                                | —   | —                    | (22)              | (22)                                 | —                              | (22)            |
| Net activity in noncontrolling interest                                      | —                   | —             | —               | —               | —                                | —   | —                    | —                 | —                                    | (11)                           | (11)            |
| <b>Balance at<br/>December 31, 2022</b>                                      | 461,087,590         | (330,878,152) | 130,209,438     | \$ 4            | \$ 3,313                         | \$ 87   | \$ 4,490             | \$ (4,917)        | \$ 2,977                             | \$ —                           | \$ 2,977        |

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION

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

|  | Common Stock Shares |                       |                    | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Treasury Stock     | Total Stockholders' Equity | Noncontrolling Interest | Total Equity    |
|--|---------------------|-----------------------|--------------------|--------------|----------------------------|---|-------------------|--------------------|----------------------------|-------------------------|-----------------|
|  | Issued              | Treasury              | Outstanding        |              |                            |   |                   |                    |                            |                         |                 |
| <b>Balance at December 31, 2022</b>  | 461,087,590         | (330,878,152 )        | 130,209,438        | \$ 4         | \$ 3,313                   | \$ 87   | \$ 4,490          | \$ (4,917 )        | \$ 2,977                   | —                       | \$ 2,977        |
| Comprehensive income (loss):   |                     |                       |                    |              |                            |   |                   |                    |                            |                         |                 |
| Net income   | —                   | —                     | —                  | —            | —                          | —   | 228               | —                  | 228                        | —                       | 228             |
| Other comprehensive income (loss), net of tax                                | —                   | —                     | —                  | —            | —                          | (68 )   | —                 | —                  | (68 )                      | —                       | (68 )           |
| Total comprehensive income (loss)  | —                   | —                     | —                  | —            | —                          | —   | —                 | —                  | 160                        | —                       | 160             |
| Cash dividends:  |                     |                       |                    |              |                            |   |                   |                    |                            |                         |                 |
| Common stock (\$ .64 per share)  | —                   | —                     | —                  | —            | —                          | —   | (78 )             | —                  | (78 )                      | —                       | (78 )           |
| Dividend equivalent units related to employee stock-based compensation plans | —                   | —                     | —                  | —            | —                          | —   | (2 )              | —                  | (2 )                       | —                       | (2 )            |
| Issuance of common shares  | 2,627,458           | —                     | 2,627,458          | —            | 16                         | —   | —                 | —                  | 16                         | —                       | 16              |
| Stock-based compensation expense   | —                   | —                     | —                  | —            | 24                         | —   | —                 | —                  | 24                         | —                       | 24              |
| Common stock repurchased   | —                   | (18,016,941 )         | (18,016,941 )      | —            | —                          | —   | —                 | (310 )             | (310 )                     | —                       | (310 )          |
| Shares repurchased related to employee stock-based compensation plans        | —                   | (1,315,644 )          | (1,315,644 )       | —            | —                          | —   | —                 | (24 )              | (24 )                      | —                       | (24 )           |
| Other  | —                   | —                     | —                  | —            | —                          | —   | —                 | (3 )               | (3 )                       | —                       | (3 )            |
| <b>Balance at December 31, 2023</b>  | <u>463,715,048</u>  | <u>(350,210,737 )</u> | <u>113,504,311</u> | <u>\$ 4</u>  | <u>\$ 3,353</u>            | <u>\$ 19</u>                                  | <u>\$ 4,638</u>   | <u>\$ (5,254 )</u> | <u>\$ 2,760</u>            | <u>\$ —</u>             | <u>\$ 2,760</u> |

See accompanying notes to consolidated financial statements.

NAVIENT CORPORATION

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

|   | Common Stock Shares |                       |                    | Common<br>Stock | Additional<br>Paid-In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Retained<br>Earnings | Treasury<br>Stock  | Total<br>Stockholders'<br>Equity | Noncontrolling<br>Interest | Total<br>Equity |
|---|---------------------|-----------------------|--------------------|-----------------|----------------------------------|--|----------------------|--------------------|----------------------------------|----------------------------|-----------------|
|   | Issued              | Treasury              | Outstanding        |                 |                                  |  |                      |                    |                                  |                            |                 |
| <b>Balance at<br/>December 31, 2023</b>   | 463,715,048         | (350,210,737 )        | 113,504,311        | \$ 4            | \$ 3,353                         | \$ 19  | \$ 4,638             | \$ (5,254 )        | \$ 2,760                         | —                          | \$ 60           |
| Comprehensive income<br>(loss):   |                     |                       |                    |                 |                                  |  |                      |                    |                                  |                            |                 |
| Net income  | —                   | —                     | —                  | —               | —                                | —  | 131                  | —                  | 131                              | —                          | 131             |
| Other comprehensive<br>income (loss),<br>net of tax                                   | —                   | —                     | —                  | —               | —                                | (16 )  | —                    | —                  | (16 )                            | —                          | (16 )           |
| Total comprehensive<br>income (loss)  | —                   | —                     | —                  | —               | —                                | —  | —                    | —                  | 115                              | —                          | 115             |
| Cash dividends:   |                     |                       |                    |                 |                                  |  |                      |                    |                                  |                            |                 |
| Common stock<br>(\$.64 per share)   | —                   | —                     | —                  | —               | —                                | —  | (70 )                | —                  | (70 )                            | —                          | (70 )           |
| Dividend equivalent units<br>related to employee<br>stock-based<br>compensation plans | —                   | —                     | —                  | —               | —                                | —  | (2 )                 | —                  | (2 )                             | —                          | (2 )            |
| Issuance of common<br>shares  | 1,593,853           | —                     | 1,593,853          | —               | 4                                | —  | —                    | —                  | 4                                | —                          | 4               |
| Stock-based compensation<br>expense   | —                   | —                     | —                  | —               | 23                               | —  | —                    | —                  | 23                               | —                          | 23              |
| Common stock<br>repurchased   | —                   | (11,541,905 )         | (11,541,905 )      | —               | —                                | —  | —                    | (179 )             | (179 )                           | —                          | (179 )          |
| Shares repurchased<br>related<br>to employee<br>stock-based<br>compensation plans     | —                   | (530,702 )            | (530,702 )         | —               | —                                | —  | —                    | (8 )               | (8 )                             | —                          | (8 )            |
| Other   | —                   | —                     | —                  | —               | —                                | —  | —                    | (2 )               | (2 )                             | —                          | (2 )            |
| <b>Balance at<br/>December 31, 2024</b>   | <u>465,308,901</u>  | <u>(362,283,344 )</u> | <u>103,025,557</u> | <u>\$ 4</u>     | <u>\$ 3,380</u>                  | <u>\$ 3</u>  | <u>\$ 4,697</u>      | <u>\$ (5,443 )</u> | <u>\$ 2,641</u>                  | <u>\$ —</u>                | <u>\$ 41</u>    |

See accompanying notes to consolidated financial statements.

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

|  | Years Ended December 31, |                 |                 |
|--|--------------------------|-----------------|-----------------|
|  | 2024                     | 2023            | 2022            |
| <b>Operating activities</b>  |                          |                 |                 |
| Net income   | \$ 131                   | \$ 228          | \$ 645          |
| Adjustments to reconcile net income to net cash provided by operating activities:                      |                          |                 |                 |
| (Gain) on sale of subsidiaries, net  | (191)                    | —               | —               |
| Losses on debt repurchases   | —                        | 8               | —               |
| Goodwill and acquired intangible asset impairment and amortization expense                             | 146                      | 10              | 19              |
| Stock-based compensation expense   | 23                       | 24              | 19              |
| Mark-to-market (gains)/losses on derivative and hedging activities, net                                | 25                       | 147             | (590)           |
| Provisions for loan losses   | 113                      | 123             | 79              |
| (Increase) decrease in accrued interest receivable   | 348                      | (50)            | (147)           |
| Increase (decrease) in accrued interest payable  | (31)                     | 29              | 159             |
| Decrease in other assets   | 91                       | 52              | 387             |
| Increase (decrease) in other liabilities   | (196)                    | 105             | (266)           |
| Total adjustments  | 328                      | 448             | (340)           |
| Total net cash provided by operating activities  | 459                      | 676             | 305             |
| <b>Investing activities</b>  |                          |                 |                 |
| Education loans originated and acquired  | (1,387)                  | (970)           | (2,051)         |
| Principal payments on education loans  | 9,500                    | 8,322           | 12,540          |
| Other investing activities, net  | (6)                      | 5               | 96              |
| Disposal of subsidiaries, net of cash disposed of  | 359                      | —               | —               |
| Total net cash provided by investing activities  | 8,466                    | 7,357           | 10,585          |
| <b>Financing activities</b>  |                          |                 |                 |
| Borrowings collateralized by loans in trust - issued   | 1,106                    | 1,357           | 2,243           |
| Borrowings collateralized by loans in trust - repaid   | (9,770)                  | (9,753)         | (12,581)        |
| Asset-backed commercial paper conduits, net  | (116)                    | 8               | 1,094           |
| Long-term unsecured notes issued   | —                        | 989             | —               |
| Long-term unsecured notes repaid   | (507)                    | (2,159)         | (15)            |
| Other financing activities, net  | (79)                     | (101)           | 89              |
| Common stock repurchased   | (179)                    | (310)           | (400)           |
| Common dividends paid  | (70)                     | (78)            | (91)            |
| Total net cash used in financing activities  | (9,615)                  | (10,047)        | (9,661)         |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents     | (690)                    | (2,014)         | 1,229           |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period         | 2,793                    | 4,807           | 3,578           |
| <b>Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period</b>        | <b>\$ 2,103</b>          | <b>\$ 2,793</b> | <b>\$ 4,807</b> |
| <b>Supplemental disclosure of cash flow information:</b>   |                          |                 |                 |
| Cash disbursements made (refunds received) for:  |                          |                 |                 |
| Interest   | \$ 3,238                 | \$ 3,431        | \$ 1,904        |
| Income taxes paid  | \$ 38                    | \$ 57           | \$ 30           |
| Income taxes received  | \$ (3)                   | \$ (5)          | \$ (12)         |
| <b>Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:</b> |                          |                 |                 |
| Cash and cash equivalents  | \$ 722                   | \$ 839          | \$ 1,535        |
| Restricted cash and restricted cash equivalents  | 1,381                    | 1,954           | 3,272           |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents at end of period         | \$ 2,103                 | \$ 2,793        | \$ 4,807        |

See accompanying notes to consolidated financial statements.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and Business**

***Navient's Business***

Navient (Nasdaq: NAVI) provides technology-enabled education finance solutions that help millions of people achieve success. Our customer-focused, data-driven services deliver exceptional results for clients. Learn more at [Navient.com](https://www.navient.com).

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

- **Federal Education Loans**

We own and manage a portfolio of \$30.9 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 \$15.7 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 2024, we originated approximately \$1.4 billion of Private Education Loans.

- **Business Processing**

Navient previously provided both healthcare and government business processing services. Our healthcare services business was sold in September 2024 and our government services business was sold in February 2025, marking the end of Navient providing business processing solutions.

**2. Significant Accounting Policies**

***Use of Estimates***

Our financial reporting and accounting policies conform to generally accepted accounting principles in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertain and volatile market and economic conditions increase the risk and complexity of the judgments in these estimates and actual results could differ from estimates. Accounting policies that include the most significant judgments, estimates and assumptions include the allowance for loan losses, goodwill and intangible asset impairment assessment and the amortization of loan premiums and discounts using the effective interest rate method.

***Consolidation***

The consolidated financial statements include the accounts of Navient Corporation 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.

We consolidate any VIEs where we have determined we are the primary beneficiary. A VIE is a legal entity that does not have sufficient equity at risk to finance its own operations, or whose equity holders do not have the power to direct the activities that most significantly affect the economic performance of the entity, or whose equity holders do not share proportionately in the losses or benefits of the entity. The primary beneficiary of the VIE is the entity which has both: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE. As it relates to our securitizations and other secured borrowing facilities that are VIEs as of December 31, 2024 that we consolidate, we are the primary beneficiary as we are the master servicer of the related education loan assets and own the Residual Interest of the securitization trusts and secured borrowing facilities.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

***Fair Value Measurement***

We use estimates of fair value in applying various accounting standards for our financial statements. Fair value measurements are used in one of four ways:

- In the balance sheet with changes in fair value recorded in the statement of income;
- In the balance sheet with changes in fair value recorded in the accumulated other comprehensive income section of the statement of changes in stockholders' equity;
- In the balance sheet for instruments carried at lower of cost or fair value with impairment charges recorded in the statement of income; and
- In the notes to the financial statements.

Fair value is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. In general, our policy in estimating fair value is to first look at observable market prices for identical assets and liabilities in active markets, where available. When these are not available, other inputs are used to model fair value such as prices of similar instruments, yield curves, volatilities, prepayment speeds, default rates and credit spreads, relying first on observable data from active markets. Depending on current market conditions, additional adjustments to fair value may be based on factors such as liquidity and credit spreads. Transaction costs are not included in the determination of fair value. When possible, we seek to validate the model's output to market transactions. Depending on the availability of observable inputs and prices, different valuation models could produce materially different fair value estimates. The values presented may not represent future fair values and may not be realizable.

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. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date. The types of financial instruments included in level 1 are highly liquid instruments with quoted prices.
- Level 2 — Inputs from active markets, other than quoted prices for identical instruments, are used to determine fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued.
- Level 3 — Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available. However, significant judgment is required by us in developing the inputs.

***Loans***

Loans, consisting of federally insured education loans and Private Education Loans, that we have the ability and intent to hold for the foreseeable future are classified as held-for-investment and are carried at amortized cost. Amortized cost includes the unamortized premiums, discounts, and capitalized origination costs and fees, all of which are amortized to interest income as further discussed below. Loans which are held-for-investment also have an allowance for loan loss. Any loans we have not classified as held-for-investment are classified as held-for-sale and carried at the lower of their carrying amount or fair value less cost to sell. Loans are classified as held-for-sale when we have the intent and ability to sell such loans. Loans which are held-for-sale do not have the associated premium, discount, and capitalized origination costs and fees amortized into interest income. In addition, once a loan is classified as held-for-sale, any allowance for loan losses that existed immediately prior to the reclassification to held-for-sale is reversed through provision.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

***Allowance for Loan Losses***

We account for our FFELP and Private Education Loans' allowance for loan losses under ASU No. 2016-13, "Financial Instruments — Credit Losses," which requires measurement and recognition of an allowance for loan loss that estimates the remaining current expected credit losses (CECL) for financial assets measured at amortized cost held at the reporting date.

We have determined that, for modeling current expected credit losses, we can reasonably estimate expected losses that incorporate current and forecasted economic conditions over a "reasonable and supportable" period. For Private Education Loans, we incorporate a reasonable and supportable forecast of various macro-economic variables over the remaining life of the loans. The development of the reasonable and supportable forecast incorporates an assumption that each macro-economic variable will revert to a long-term expectation starting in years 2-4 of the forecast and largely completing within the first five years of the forecast. For FFELP Loans, after a three-year reasonable and supportable period, there is an immediate reversion to a long-term expectation. The models used to project losses utilize key credit quality indicators of the loan portfolio and predict how those attributes are expected to perform in connection with the forecasted economic conditions. These losses are calculated on an undiscounted basis. For Private Education Loans, we utilize a transition rate model that estimates the probability of prepayment and default and apply the loss given default. For FFELP Loans, we use historical transition rates to determine prepayments and defaults. The forecasted economic conditions used in our modeling of expected losses are provided by a third party. The primary economic metrics we use in the economic forecast are unemployment, GDP, interest rates, consumer loan delinquency rates and consumer income. Several forecast scenarios are provided which represent the baseline economic expectations as well as favorable and adverse scenarios. We analyze and evaluate the alternative scenarios for reasonableness and determine the appropriate weighting of these alternative scenarios based upon the current economic conditions and our view of the likelihood and risks of the alternative scenarios. We project losses at the loan level and make estimates regarding prepayments and recoveries on defaults. Charge-offs include the discount or premium related to such defaulted loan.

Once our loss model calculations are performed, we determine if qualitative adjustments are needed for factors not reflected in the quantitative model. These adjustments may include, but are not limited to, changes in lending and servicing and collection policies and practices, as well as the effect of other external factors such as the economy and changes in legal or regulatory requirements that impact the amount of future credit losses.

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.

FFELP Loans are insured as to their principal and accrued interest in the event of default subject to a Risk Sharing level based on the date of loan disbursement. These insurance obligations are supported by contractual rights against the United States. For loans disbursed after October 1, 1993, and before July 1, 2006, we receive 98% reimbursement on all qualifying default claims. For loans disbursed on or after July 1, 2006, we receive 97% reimbursement. For loans disbursed prior to October 1, 1993, we receive 100% reimbursement. We charge off the amount for which we do not receive reimbursement on the defaulted loan balance.

***Troubled Debt Restructurings***

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosures," which eliminates the troubled debt restructurings (TDRs) recognition and measurement guidance and instead requires an entity to evaluate whether the modification represents a new loan or a continuation of an existing loan. The ASU also enhances the disclosure requirements for certain modifications of receivables made to borrowers experiencing financial difficulty. This guidance was effective on January 1, 2023. Prior to adopting this new guidance on January 1, 2023, as it relates to interest rate concessions granted as part of our Private Education Loan modification program, a discounted cash flow model was used to calculate the amount of interest forgiven for loans that were in the program and the present value of that interest rate concession was included as a part of the allowance for loan loss. This new guidance no longer allows the measurement and recognition of this element of our allowance for loan loss for modifications that occur subsequent to January 1, 2023. As of December 31, 2022, the allowance for loan loss included \$77 million related to this interest rate concession component of the allowance for loan loss. We elected to adopt this amendment using a prospective transition method which resulted in the \$77 million releasing between 2023 and 2024 as the borrowers exited their current modification programs.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

***Investments***

Investments are primarily receivables for cash collateral posted to certain counterparties and investments in off-balance sheet securitizations.

***Cash and Cash Equivalents***

Cash and cash equivalents can include term federal funds, Eurodollar deposits, commercial paper, asset-backed commercial paper (ABCP), CDs, treasuries and money market funds with original terms to maturity of less than three months.

***Restricted Cash and Investments***

Restricted cash primarily includes amounts held in education loan securitization trusts and other secured borrowings. This cash must be used to make payments related to trust obligations. Amounts on deposit in these accounts are primarily the result of timing differences between when principal and interest is collected on the trust assets and when principal and interest is paid on trust liabilities.

Securities pledged as collateral related to our derivative portfolio, where the counterparty has rights to replace the securities, are classified as restricted. When the counterparty does not have these rights, the security is recorded in investments and disclosed as pledged collateral in the notes. Additionally, certain counterparties require cash collateral pledged to us to be segregated and held in restricted cash accounts.

***Goodwill and Acquired Intangible Assets***

Acquisitions are accounted for under the acquisition method of accounting which results in the Company allocating the purchase price to the fair value of the acquired assets, liabilities and non-controlling interests, if any, with the remaining purchase price allocated to goodwill.

Goodwill is not amortized but is tested periodically for impairment. We test goodwill for impairment annually as of October 1 at the reporting unit level, which is the same as or one level below a business segment. Goodwill is also tested at interim periods if an event occurs or circumstances change that would indicate the carrying amount may be impaired.

We complete a goodwill impairment analysis which may be a qualitative or a quantitative analysis depending on the facts and circumstances associated with the reporting unit. In conjunction with a qualitative impairment analysis, we assess relevant qualitative factors to determine whether it is "more-likely-than-not" that the fair value of a reporting unit is less than its carrying amount. The "more-likely-than-not" threshold is defined as having a likelihood of more than 50%. If, based on first assessing impairment utilizing a qualitative approach, we determine it is "more-likely-than-not" that the fair value of the reporting unit is less than its carrying amount, we will also complete a quantitative impairment analysis. In conjunction with a quantitative impairment analysis, we compare the fair value of the reporting unit to the reporting unit's carrying value, including goodwill. If the carrying value of the reporting unit exceeds the fair value, goodwill is impaired in an amount equal to the amount by which the carrying value exceeds the fair value of the reporting unit not to exceed the goodwill amount attributed to the reporting unit.

Acquired intangible assets include, but are not limited to, trade names, customer and other relationships, and non-compete agreements. Acquired intangible assets with finite lives are amortized over their estimated useful lives in proportion to their estimated economic benefit. Finite-lived acquired intangible assets are reviewed for impairment using an undiscounted cash flow analysis when an event occurs or circumstances change indicating the carrying amount of a finite-lived asset or asset group may not be recoverable. If the carrying amount of the asset or asset group exceeds the undiscounted cash flows, the fair value of the asset or asset group is determined using an acceptable valuation technique. An impairment loss would be recognized if the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group. The impairment loss recognized would be the difference between the carrying amount and fair value.

***Subsidiaries Held for Sale***

Held for sale classification is required if assets within a disposal group, including our subsidiaries, meet certain criteria which includes management committing to a plan to sell the disposal group, initiating the activities necessary to identify a buyer to finalize the plan and completing a transaction that qualifies for recognition as a sale within one year of establishing the plan. The disposal group must be available for immediate sale and actively marketed at a reasonable sales price reflecting its current condition and thus, its value. Additionally, it must be unlikely that management will make significant changes to or withdraw the plan. If all of these criteria are met, the assets within a disposal group, including our subsidiaries, would be deemed held for sale and their basis would be recorded at the lower of its carrying amount or fair value less cost to sell.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

During the fourth quarter of 2024, Navient met all of these criteria with respect to its government services line of business resulting in held for sale classification of these subsidiaries. Also in the fourth quarter, Navient entered into an agreement to sell its government services businesses to a willing buyer. The \$66 million net basis of these subsidiaries (\$94 million of assets less \$28 million of liabilities) was written down to their estimated sales price or fair value less cost to sell, which was equal to the estimated net sales price resulting in a \$28 million loss, which is presented in the "Gain on sale of subsidiaries, net" line in the statement of income. A balance sheet reserve was established to offset the basis of the assets held for sale in an amount equal to the estimated loss, which amount is included in Other Liabilities in the balance sheet. In February 2025, Navient completed the sale of its equity interests in its government services businesses for net consideration of \$44 million, which constitutes the remainder of the Business Processing segment.

**Securitization Accounting**

Our securitizations use a two-step structure with a special purpose entity that legally isolates the transferred assets from us, even in the event of bankruptcy. Transactions receiving sale treatment are also structured to ensure that the holders of the beneficial interests issued are not constrained from pledging or exchanging their interests, and that we do not maintain effective control over the transferred assets. If these criteria are not met, then the transaction is accounted for as an on-balance sheet secured borrowing. In all cases, irrespective of whether they qualify as accounting sales our securitizations are legally structured to be sales of assets that isolate the transferred assets from us. If a securitization qualifies as a sale, we then assess whether we are the primary beneficiary of the securitization trust (VIE) and are required to consolidate such trust. If we are the primary beneficiary, then no gain or loss is recognized. See "Consolidation" of this Note 2 for additional information regarding the accounting rules for consolidation when we are the primary beneficiary of these trusts.

Irrespective of whether a securitization receives sale or on-balance sheet treatment, our continuing involvement with our securitization trusts is generally limited to:

- Owning equity certificates or other certificates of certain trusts and, in certain cases, securities retained for the purpose of complying with risk retention requirements under securities laws.
- Lending to certain trusts, under a revolving credit, amounts necessary to cover temporary cash flow needs of the trust. These amounts are repaid to us on subordinated basis with interest at a market rate.
- The servicing of the education loan assets within the securitization trusts, on both a pre- and post-default basis.
- Our acting as administrator for the securitization transactions we sponsored, which includes remarketing certain bonds at future dates.
- Our responsibilities relative to representation and warranty violations.
- Temporarily advancing to the trust certain borrower benefits afforded the borrowers of education loans that have been securitized. These advances subsequently are returned to us in the next quarter.
- Certain back-to-back derivatives entered into by us contemporaneously with the execution of derivatives by certain Private Education Loan securitization trusts.
- The option held by us to buy certain delinquent loans from certain Private Education Loan securitization trusts.
- The option to exercise the clean-up call and purchase the education loans from the trust when the asset balance is 10% or less of the original loan balance.
- The option, on some trusts, to purchase education loans aggregating up to 10% of the trust's initial pool balance.
- The option (in certain trusts) to call rate reset notes in instances where the remarketing process has failed.

The investors of the securitization trusts have no recourse to our other assets should there be a failure of the trusts to pay when due. Generally, the only arrangements under which we have to provide financial support to the trusts are representation and warranty violations requiring the buyback of loans.

Under the terms of the transaction documents of certain trusts, we have, from time to time, exercised our options to purchase delinquent loans from Private Education Loan trusts, to purchase the remaining loans from trusts once the loan balance falls below 10% of the original amount, to purchase education loans up to 10% of the trust's initial balance, or to call rate reset notes. Certain trusts maintain financial arrangements with third parties also typical of securitization transactions, such as derivative contracts (swaps).

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

We do not record servicing assets or servicing liabilities when our securitization trusts are consolidated. As of December 31, 2024, we had \$7 million of servicing assets on our balance sheet, recorded in connection with asset sales where we retained the servicing.

***Education Loan Interest Income***

For loans classified as held-for-investment, we recognize education loan interest income as earned, adjusted for the amortization of premiums (which includes premiums from loan purchases and capitalized direct origination costs), discounts and Repayment Borrower Benefits. These adjustments result in income being recognized based upon the expected yield of the loan over its life after giving effect to expected prepayments (i.e., the effective interest rate method). We amortize premium and discount on education loans using a Constant Prepayment Rate (CPR) which measures the rate at which loans in the portfolio pay down principal compared to their stated terms. In determining the CPR, we only consider payments made in excess of contractually required payments. This would include loan refinancing and consolidations and other early payoff activity. For Repayment Borrower Benefits, the estimates of their effect on education loan yield are based on analyses of historical payment behavior of customers who are eligible for the incentives and its effect on the ultimate qualification rate for these incentives. We regularly evaluate the assumptions used to estimate the prepayment speeds and the qualification rates used for Repayment Borrower Benefits. In instances where there are changes to the assumptions, amortization is adjusted on a cumulative basis to reflect the change since the acquisition of the loan. We do not amortize any premiums, discounts or other adjustments to the basis of education loans when they are classified as held-for-sale.

***Interest Expense***

Interest expense is based upon contractual interest rates adjusted for the amortization of debt issuance costs, premiums and discounts. Our interest expense is also adjusted for net payments/receipts related to interest rate and foreign currency swap agreements that qualify and are designated as hedges, as well as the mark-to-market impact of derivatives and debt in fair value hedge relationships. Interest expense also includes the amortization of deferred gains and losses on closed hedge transactions that qualified as hedges. Amortization of debt issuance costs, premiums, discounts and terminated hedge-basis adjustments are recognized using the effective interest rate method.

***Servicing Revenue***

We perform loan servicing functions for third parties in return for a servicing fee. Our compensation is typically based on a per-unit fee arrangement or a percentage of the loans outstanding. We recognize servicing revenues associated with these activities based upon the contractual arrangements as the services are rendered. We recognize late fees on third-party serviced loans as well as on loans in our portfolio according to the contractual provisions of the promissory notes, as well as our expectation of collectability.

***Asset Recovery and Business Processing Revenue***

We account for certain asset recovery and business processing contract revenue (herein referred to as revenue from contracts with customers) in accordance with ASC 606, "Revenue from Contracts with Customers." All Business Processing segment revenue is accounted for under ASC 606. Revenue earned by our Business Processing segment is derived from government services, which includes receivables management services and account processing solutions, and healthcare services, which includes revenue cycle management services.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

Most of our revenue from contracts with customers is derived from long-term contracts, the duration of which is expected to span more than one year. These contracts are billable monthly, as services are rendered, based on a percentage of the balance collected or the transaction processed, a flat fee per transaction or a stated rate per the service performed. In accordance with ASC 606, the unit of account is a contractual performance obligation, a promise to provide a distinct good or service to a customer. The transaction price is allocated to each distinct performance obligation when or as the good or service is transferred to the customer and the obligation is satisfied.

Distinct performance obligations are identified based on the services specified in the contract that are capable of being distinct such that the customer can benefit from the service on its own or together with other resources that are available from the Company or a third party, and are also distinct in the context of the contract such that the transfer of the services is separately identifiable from other services promised in the contract. Most of our contracts include integrated service offerings that include obligations that are not separately identifiable and distinct in the context of our contracts. Accordingly, our contracts generally have a single performance obligation. A limited number of full-service offerings include multiple performance obligations.

Substantially all our revenue is variable revenue which is recognized over time as our customers receive and consume the benefit of our services in an amount consistent with monthly billings. Accordingly, we do not disclose variable consideration associated with the remaining performance obligation as we have recognized revenue in the amount we have the right to invoice for services performed. Our fees correspond to the value the customer has realized from our performance of each increment of the service (for example, an individual transaction processed or collection of a past due balance).

***Transfer of Financial Assets and Extinguishments of Liabilities***

Our securitizations and other secured borrowings are generally accounted for as on-balance sheet secured borrowings. See "Securitization Accounting" of this Note 2 for further discussion on the criteria assessed to determine whether a transfer of financial assets is a sale or a secured borrowing. If a transfer of loans qualifies as a sale, we derecognize the loan and recognize a gain or loss as the difference between the carrying basis of the loan sold and liabilities retained and the compensation received.

We periodically repurchase our outstanding debt in the open market or through public tender offers. We record a gain or loss on the early extinguishment of debt based upon the difference between the carrying cost of the debt and the amount paid to the third party and net of hedging gains and losses when the debt is in a qualifying hedge relationship.

We recognize the results of a transfer of loans and the extinguishment of debt based upon the settlement date of the transaction.

***Derivative Accounting***

Derivative instruments that are used as part of our interest rate and foreign currency risk management strategy include interest rate swaps, cross-currency interest rate swaps, and interest rate floor contracts. The accounting for derivative instruments requires that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet as either an asset or liability measured at its fair value. As more fully described below, if certain criteria are met, derivative instruments are classified and accounted for by us as either fair value or cash flow hedges. If these criteria are not met, the derivative financial instruments are accounted for as trading. Derivative positions are recorded as net positions by counterparty based on master netting arrangements exclusive of accrued interest and cash collateral held or pledged. Many of our derivatives, mainly fixed to variable or variable to fixed interest rate swaps and cross-currency interest rate swaps, qualify as effective hedges. For these derivatives, at the inception of the hedge relationship, the following is documented: the relationship between the hedging instrument and the hedged items (including the hedged risk, the method for assessing effectiveness, and the results of the upfront effectiveness testing), and the risk management objective and strategy for undertaking the hedge transaction. Each derivative is designated to either a specific (or pool of) asset(s) or liability(ies) on the balance sheet or expected future cash flows and designated as either a "fair value" or a "cash flow" hedge. The assessment of the hedge's effectiveness is performed at inception and on an ongoing basis, generally using regression testing. For hedges of a pool of assets or liabilities, tests are performed to demonstrate the similarity of individual instruments of the pool. When it is determined that a derivative is not currently an effective hedge, ineffectiveness is recognized for the full change in value of the derivative with no offsetting mark-to-market of the hedged item for the current period. If it is also determined the hedge will not be effective in the future, we discontinue the hedge accounting prospectively, cease recording changes in the fair value of the hedged item, and begin amortization of any basis adjustments that exist related to the hedged item.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

*Fair Value Hedges*

Fair value hedges are generally used by us to hedge the exposure to changes in the fair value of a recognized fixed rate asset or liability. We enter into interest rate swaps to economically convert fixed rate assets into variable rate assets and fixed rate debt into variable rate debt. We also enter into cross-currency interest rate swaps to economically convert foreign currency denominated fixed and floating debt to U.S. dollar denominated variable debt. For fair value hedges, we generally consider all components of the derivative's gain and/or loss when assessing hedge effectiveness and generally hedge changes in fair values due to interest rates or interest rates and foreign currency exchange rates. For fair value hedges, both the derivative and the hedged item (for the risk being hedged) are marked-to-market through net interest income with any difference reflecting ineffectiveness.

*Cash Flow Hedges*

We use cash flow hedges to hedge the exposure to variability in cash flows for a forecasted debt issuance and for exposure to variability in cash flows of floating rate debt or assets. This strategy is used primarily to minimize the exposure to volatility from future changes in interest rates. For cash flow hedges, the change in the fair value of the derivative is recorded in other comprehensive income, net of tax, and recognized in earnings in the same period as the earnings effects of the hedged item. In the case of a forecasted debt issuance, gains and losses are reclassified to earnings over the period which the stated hedged transaction affects earnings. If we determine it is not probable that the anticipated transaction will occur, gains and losses are reclassified immediately to earnings. In assessing hedge effectiveness, generally all components of each derivative's gains or losses are included in the assessment. We generally hedge exposure to changes in cash flows due to changes in interest rates or total changes in cash flow.

*Trading Activities*

When derivative instruments do not qualify as hedges, they are accounted for as trading instruments where all changes in fair value are recorded through earnings with no consideration for the corresponding change in fair value of the economically hedged item. Some of our derivatives, primarily Floor Income Contracts, basis swaps and certain other interest rate swaps do not qualify for hedge accounting treatment. Regardless of the accounting treatment, we consider these derivatives to be economic hedges for risk management purposes. We use this strategy to minimize our exposure to changes in interest rates.

The "gains (losses) on derivative and hedging activities, net" line item in the consolidated statements of income includes the mark-to-market gains and losses of our derivatives that do not qualify for hedge accounting, as well as the realized changes in fair value related to derivative net settlements and dispositions that do not qualify for hedge accounting.

***Accounting for Stock-Based Compensation***

We recognize stock-based compensation cost in our statements of income using the fair value-based method. Under this method we determine the fair value of the stock-based compensation at the time of the grant and recognize the resulting compensation expense over the grant's vesting period. We record stock-based compensation expense net of estimated forfeitures and as such, only those stock-based awards that we expect to vest are recorded. We estimate the forfeiture rate based on historical forfeitures of equity awards and adjust the rate to reflect changes in facts and circumstances, if any. Ultimately, the total expense recognized over the vesting period will equal the fair value of awards that actually vest.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

***Restructuring and Other Reorganization Expenses***

From time to time we implement plans to restructure our business. In conjunction with these restructuring plans, involuntary benefit arrangements, disposal costs (including contract termination costs and other exit costs), as well as certain other costs that are incremental and incurred as a direct result of our restructuring plans, are classified as restructuring expenses in the consolidated statements of income.

The Company administers the Navient Corporation Employee Severance Plan and the Navient Corporation Executive Severance Plan for Senior Officers (collectively, the Severance Plan). The Severance Plan provides severance benefits in the event of termination of the Company's full-time employees and part-time employees who work at least 24 hours per week. The Severance Plan establishes specified benefits based on base salary, job level immediately preceding termination and years of service upon involuntary termination of employment. The benefits payable under the Severance Plan relate to past service, and they accumulate and vest. Accordingly, we recognize severance expenses to be paid pursuant to the Severance Plan when payment of such benefits is probable and can be reasonably estimated. Such benefits include severance pay calculated based on the Severance Plan, medical and dental benefits, and outplacement services expenses.

Contract termination costs are expensed at the earlier of (1) the contract termination date or (2) the cease use date under the contract. Other exit costs are expensed as incurred and classified as restructuring expenses if (1) the cost is incremental to and incurred as a direct result of planned restructuring activities and (2) the cost is not associated with or incurred to generate revenues subsequent to our consummation of the related restructuring activities.

Other reorganization expenses include certain internal costs and third-party costs incurred in connection with our cost reduction initiatives.

During 2024 and 2023, the Company incurred \$39 million and \$25 million, respectively, of restructuring/other reorganization expenses. In 2024, these expenses related primarily to severance costs in connection with the various strategic initiatives being implemented to simplify the Company, reduce our expense base and enhance our flexibility. Expense in 2023 related primarily to severance costs incurred in connection with the CEO transition as well as a facility lease termination and impairment of a facility held for sale in conjunction with the implementation of certain efficiency initiatives.

***Income Taxes***

We account for income taxes under the asset and liability approach which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of our assets and liabilities. To the extent tax laws change, deferred tax assets and liabilities are adjusted in the period that the tax change is enacted.

"Income tax expense/(benefit)" includes (i) deferred tax expense/(benefit), which represents the net change in the deferred tax asset or liability balance during the year plus any change in a valuation allowance and (ii) current tax expense/(benefit), which represents the amount of tax currently payable to or receivable from a tax authority plus amounts accrued for unrecognized tax benefits. Income tax expense/(benefit) excludes the tax effects related to adjustments recorded in equity.

If we have an uncertain tax position, then that tax position is recognized only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The amount of tax benefit recognized in the financial statements is the largest amount of benefit that is more than 50% likely of being sustained upon ultimate settlement of the uncertain tax position. We recognize interest related to unrecognized tax benefits in income tax expense/(benefit) and penalties, if any, in operating expenses.

***Earnings (Loss) per Common Share***

We compute earnings (loss) per common share (EPS) by dividing net income allocated to common shareholders by the weighted average common shares outstanding. Diluted earnings per common share is computed by dividing income allocated to common shareholders by the weighted average common shares outstanding plus amounts representing the dilutive effect of stock options outstanding, restricted stock, restricted stock units, and the outstanding commitment to issue shares under the Employee Stock Purchase Plan. See "Note 10 — Earnings (Loss) per Common Share" for further discussion.

***Reclassifications***

Certain reclassifications have been made to the balances as of and for the years ended December 31, 2023 and 2022, to be consistent with classifications adopted for 2024, which had no effect on net income, total assets or total liabilities.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Significant Accounting Policies (Continued)**

***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. See "Note 15 – Segment Reporting" for the disclosures implemented in connection with this guidance.

*Income Taxes*

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes – Improvements to Income Tax Disclosures," which requires companies to disclose additional information in specified categories regarding reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. The ASU also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. This guidance will become effective beginning after January 1, 2025, for fiscal years, and beginning after January 1, 2026, for interim periods. Early adoption is permitted; however, we will implement the guidance upon the effective date.

**3. Education Loans**

Education loans consist of FFELP and Private Education Loans.

There are two principal categories of FFELP Loans: Stafford and Consolidation Loans. Generally, Stafford loans have repayment periods of between 5 and 10 years. Consolidation Loans have repayment periods of 12 to 30 years. FFELP Loans do not require repayment, or have modified repayment plans, while the customer is in-school and during the grace period immediately upon leaving school. The customer may also be granted a deferment or forbearance for a period of time based on need, during which time the customer is not considered to be in repayment. Interest continues to accrue on loans in the in-school, deferment and forbearance period. FFELP Loans obligate the customer to pay interest at a stated fixed rate or a variable rate reset annually (subject to a cap) on July 1 of each year depending on when the loan was originated and the loan type. FFELP Loans disbursed before April 1, 2006 earn interest at the greater of the borrower's rate or a floating rate based on the Special Allowance Payment (SAP) formula, with the interest earned on the floating rate that exceeds the interest earned from the customer being paid directly by ED. For loans disbursed after April 1, 2006, FFELP Loans effectively only earn at the SAP rate, as the excess interest earned when the borrower rate exceeds the SAP rate (Floor Income) is required to be rebated to ED.

FFELP Loans are insured as to their principal and accrued interest in the event of default subject to a Risk Sharing level based on the date of loan disbursement. These insurance obligations are supported by contractual rights against the United States. For loans disbursed after October 1, 1993 and before July 1, 2006, we receive 98% reimbursement on all qualifying default claims. For loans disbursed on or after July 1, 2006, we receive 97% reimbursement.

"In-school" Private Education Loans are loans originally made to borrowers while they are attending school whereas "Refinance" Private Education Loans are loans where a borrower has refinanced their education loans. Private Education Loans bear the full credit risk of the customer. Private Education Refinance Loans and in-school loans originated after 2020 generally have a fixed interest rate, whereas in-school loans originated prior to 2020 are mostly variable rate. The majority of in-school loans in our portfolio are cosigned. Similar to FFELP Loans, Private Education Loans are generally non-dischargeable in bankruptcy. Most loans have repayment terms of 10 to 15 years or more, and for loans made prior to 2009, payments are typically deferred until after graduation. However, since 2009 we began to encourage interest-only or fixed payment options while the customer is enrolled in school.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Education Loans (Continued)**

As of December 31, 2024, the balance of in-school loans that had been originated since 2020 was \$855 million. These in-school Private Education Loans are generally fixed rate. In early 2020, Navient entered into a loan purchase agreement with a third party whereby Navient provides marketing services to the third party for the purpose of originating in-school loans, and once disbursed in-full those loans are purchased by Navient. The difference between the marketing fee paid to Navient by the third party and the premium paid to the third party by Navient for the loans, is deferred and amortized through loan income over the life of the loans. In October 2022, the agreement was amended to a Participation Agreement, whereby Navient purchases a participation interest in each loan immediately after disbursement, thereby carrying the loans on-balance sheet before holding legal title to the loan. Once the loan is fully disbursed, Navient purchases the remaining interest in the loan from the third party and full legal title to the loan is transferred to Navient.

The estimated weighted average life of education loans in our portfolio was approximately 7 years and 5 years at December 31, 2024 and 2023, respectively. The following table reflects the distribution of our education loan portfolio by program.

|                                | <u>December 31, 2024</u> |                 | <u>Year Ended December 31, 2024</u> |  |
|--------------------------------|--------------------------|-----------------|-------------------------------------|--|
|                                | Ending<br>Balance        | % of<br>Balance | Average<br>Balance                  | Average<br>Effective<br>Interest<br>Rate |
| <b>(Dollars in millions)</b>   |                          |                 |                                     |  |
| FFELP Stafford Loans, net      | \$ 11,103                | 24 %            | \$ 12,252                           | 7.25 %                                   |
| FFELP Consolidation Loans, net | 19,749                   | 42              | 21,694                              | 6.96                                     |
| Private Education Loans, net   | 15,716                   | 34              | 16,809                              | 7.49                                     |
| Total education loans, net     | <u>\$ 46,568</u>         | <u>100 %</u>    | <u>\$ 50,755</u>                    | <u>7.20 %</u>                            |
|                                |                          |                 |                                     |  |
|                                | <u>December 31, 2023</u> |                 | <u>Year Ended December 31, 2023</u> |  |
|                                | Ending<br>Balance        | % of<br>Balance | Average<br>Balance                  | Average<br>Effective<br>Interest<br>Rate |
| <b>(Dollars in millions)</b>   |                          |                 |                                     |  |
| FFELP Stafford Loans, net      | \$ 13,564                | 25 %            | \$ 14,949                           | 7.44 %                                   |
| FFELP Consolidation Loans, net | 24,361                   | 44              | 26,242                              | 6.80                                     |
| Private Education Loans, net   | 16,902                   | 31              | 18,463                              | 7.42                                     |
| Total education loans, net     | <u>\$ 54,827</u>         | <u>100 %</u>    | <u>\$ 59,654</u>                    | <u>7.15 %</u>                            |

As of December 31, 2024 and 2023, 86% and 85%, respectively, of our education loan portfolio was in repayment.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses**

**Allowance for Loan Losses Rollforward**

|  | Year Ended December 31, 2024 |                               |               |
|--|------------------------------|-------------------------------|---------------|
|  | FFELP<br>Loans               | Private<br>Education<br>Loans | Total         |
| <b>(Dollars in millions)</b>   |                              |                               |               |
| Beginning balance  | \$ 215                       | \$ 617                        | \$ 832        |
| Total provision  | 1                            | 112                           | 113           |
| Charge-offs:   |                              |                               |               |
| Gross charge-offs  | (36)                         | (355)                         | (391)         |
| Expected future recoveries on current period gross charge-offs   | —                            | 43                            | 43            |
| Total <sup>(1) (2)</sup>   | (36)                         | (312)                         | (348)         |
| Adjustment resulting from the change in charge-off rate <sup>(3)</sup>   | —                            | (23)                          | (23)          |
| Net charge-offs  | (36)                         | (335)                         | (371)         |
| Decrease in expected future recoveries on previously fully charged-off loans <sup>(4)</sup>  | —                            | 47                            | 47            |
| Allowance at end of period   | <u>\$ 180</u>                | <u>\$ 441</u>                 | <u>\$ 621</u> |
| Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) <sup>(3)</sup> | .13 %                        | 1.94 %                        |               |
| Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) <sup>(3)</sup>                                | — %                          | .14 %                         |               |
| Net charge-offs as a percentage of average loans in repayment (annualized)   | .13 %                        | 2.08 %                        |               |
| Ending total loans   | \$ 31,032                    | \$ 16,157                     |               |
| Average loans in repayment   | \$ 27,190                    | \$ 16,078                     |               |
| Ending loans in repayment  | \$ 25,405                    | \$ 15,363                     |               |

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

(4) 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:

|  | Year Ended<br>December 31,<br>2024 |
|--|------------------------------------|
| <b>(Dollars in millions)</b>   |                                    |
| Beginning of period expected future recoveries on previously fully charged-off loans | \$ 226                             |
| Expected future recoveries of current period defaults                                | 43                                 |
| Recoveries (cash collected)  | (41)                               |
| Charge-offs (as a result of lower recovery expectations)                             | (49)                               |
| End of period expected future recoveries on previously fully charged-off loans       | <u>\$ 179</u>                      |
| Change in balance during period  | \$ (47)                            |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

| (Dollars in millions)  | Year Ended December 31, 2023 |                               |          |
|--|------------------------------|-------------------------------|----------|
|  | FFELP<br>Loans               | Private<br>Education<br>Loans | Total    |
| Beginning balance  | \$ 222                       | \$ 800                        | \$ 1,022 |
| Total provision  | 56                           | 67                            | 123      |
| Charge-offs:   |                              |                               |          |
| Gross charge-offs  | (63)                         | (320)                         | (383)    |
| Expected future recoveries on current period gross charge-offs   | —                            | 47                            | 47       |
| Total <sup>(1)</sup>   | (63)                         | (273)                         | (336)    |
| Adjustment resulting from the change in charge-off rate <sup>(2)</sup>   | —                            | (25)                          | (25)     |
| Net charge-offs  | (63)                         | (298)                         | (361)    |
| Decrease in expected future recoveries on previously fully charged-off loans <sup>(3)</sup>  | —                            | 48                            | 48       |
| Allowance at end of period   | \$ 215                       | \$ 617                        | \$ 832   |
| Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) <sup>(2)</sup> | .19 %                        | 1.54 %                        |          |
| Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) <sup>(2)</sup>                                | — %                          | .14 %                         |          |
| Net charge-offs as a percentage of average loans in repayment (annualized)   | .19 %                        | 1.68 %                        |          |
| Ending total loans   | \$ 38,140                    | \$ 17,519                     |          |
| Average loans in repayment   | \$ 33,047                    | \$ 17,749                     |          |
| Ending loans in repayment  | \$ 30,436                    | \$ 16,796                     |          |

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

| (Dollars in millions)  | Year Ended<br>December 31,<br>2023 |
|--|------------------------------------|
| Beginning of period expected future recoveries on previously fully charged-off loans | \$ 274                             |
| Expected future recoveries of current period defaults                                | 47                                 |
| Recoveries (cash collected)  | (46)                               |
| Charge-offs (as a result of lower recovery expectations)                             | (49)                               |
| End of period expected future recoveries on previously fully charged-off loans       | \$ 226                             |
| Change in balance during period  | \$ (48)                            |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

| (Dollars in millions)  | Year Ended December 31, 2022 |                               |          |
|--|------------------------------|-------------------------------|----------|
|  | FFELP<br>Loans               | Private<br>Education<br>Loans | Total    |
| Beginning balance  | \$ 262                       | \$ 1,009                      | \$ 1,271 |
| Total provision  | —                            | 79                            | 79       |
| Charge-offs:   |                              |                               |          |
| Gross charge-offs  | (40)                         | (370)                         | (410)    |
| Expected future recoveries on current period gross charge-offs   | —                            | 57                            | 57       |
| Total <sup>(1)</sup>   | (40)                         | (313)                         | (353)    |
| Adjustment resulting from the change in charge-off rate <sup>(2)</sup>   | —                            | (30)                          | (30)     |
| Net charge-offs  | (40)                         | (343)                         | (383)    |
| Decrease in expected future recoveries on previously fully charged-off loans <sup>(3)</sup>  | —                            | 55                            | 55       |
| Allowance at end of period   | \$ 222                       | \$ 800                        | \$ 1,022 |
| Net charge-offs as a percentage of average loans in repayment, excluding the net adjustment resulting from the change in charge-off rate (annualized) <sup>(2)</sup> | .10 %                        | 1.59 %                        |          |
| Net adjustment resulting from the change in charge-off rate as a percentage of average loans in repayment (annualized) <sup>(2)</sup>                                | — %                          | .15 %                         |          |
| Net charge-offs as a percentage of average loans in repayment (annualized)   | .10 %                        | 1.74 %                        |          |
| Ending total loans   | \$ 43,747                    | \$ 19,525                     |          |
| Average loans in repayment   | \$ 40,332                    | \$ 19,796                     |          |
| Ending loans in repayment  | \$ 34,372                    | \$ 18,770                     |          |

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

| (Dollars in millions)  | Year Ended<br>December 31,<br>2022   |
|--|--|
|  | Beginning of period expected future recoveries on previously fully charged-off loans |
| Expected future recoveries of current period defaults                          | 57   |
| Recoveries (cash collected)  | (56)   |
| Charge-offs (as a result of lower recovery expectations)                       | (56)   |
| End of period expected future recoveries on previously fully charged-off loans | \$ 274   |
| Change in balance during period  | \$ (55)  |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

**Key Credit Quality Indicators**

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

**FFELP Loans**

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

| (Dollars in millions)  | FFELP Loan Delinquencies |        |                   |        |
|--|--------------------------|--------|-------------------|--------|
|  | December 31, 2024        |        | December 31, 2023 |        |
|  | Balance                  | %      | Balance           | %      |
| Loans in-school/grace/deferment <sup>(1)</sup>                                   | \$ 1,262                 |        | \$ 1,557          |        |
| Loans in forbearance <sup>(2)</sup>  | 4,365                    |        | 6,147             |        |
| Loans in repayment and percentage of each status:                                |                          |        |                   |        |
| Loans current  | 20,675                   | 81.4 % | 26,204            | 86.1 % |
| Loans delinquent 31-60 days <sup>(3)</sup>                                       | 1,479                    | 5.8    | 1,193             | 3.9    |
| Loans delinquent 61-90 days <sup>(3)</sup>                                       | 1,043                    | 4.1    | 746               | 2.5    |
| Loans delinquent greater than 90 days <sup>(3)</sup>                             | 2,208                    | 8.7    | 2,293             | 7.5    |
| Total FFELP Loans in repayment   | 25,405                   | 100 %  | 30,436            | 100 %  |
| Total FFELP Loans  | 31,032                   |        | 38,140            |        |
| FFELP Loan allowance for losses  | (180)                    |        | (215)             |        |
| FFELP Loans, net   | \$ 30,852                |        | \$ 37,925         |        |
| Percentage of FFELP Loans in repayment   |                          | 81.9 % |                   | 79.8 % |
| Delinquencies as a percentage of FFELP Loans in repayment                        |                          | 18.6 % |                   | 13.9 % |
| FFELP Loans in forbearance as a percentage of loans in repayment and forbearance |                          | 14.7 % |                   | 16.8 % |

<sup>(1)</sup> 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.

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

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

**Loan type:**

| (Dollars in millions) | December 31, 2024 | December 31, 2023 | Change     |
|-----------------------|-------------------|-------------------|------------|
| Stafford Loans        | \$ 9,966          | \$ 12,171         | \$ (2,205) |
| Consolidation Loans   | 17,956            | 22,272            | (4,316)    |
| Rehab Loans           | 3,110             | 3,697             | (587)      |
| Total loans, gross    | \$ 31,032         | \$ 38,140         | \$ (7,108) |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. 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.

| (Dollars in millions)                       | Private Education Loan Credit Quality Indicators by Origination Year |               |                 |                 |                 |                 |                  | Total        | % of Total |
|---|--|---------------|-----------------|-----------------|-----------------|-----------------|------------------|--------------|------------|
|   | December 31, 2024  |               |                 |                 |                 |                 |                  |              |            |
|   | 2024   | 2023          | 2022            | 2021            | 2020            | Prior           |                  |              |            |
| <b>Credit Quality Indicators</b>            |  |               |                 |                 |                 |                 |                  |              |            |
| FICO Scores:                                |  |               |                 |                 |                 |                 |                  |              |            |
| 640 and above                               | \$ 1,186   | \$ 741        | \$ 1,317        | \$ 3,294        | \$ 1,005        | \$ 6,904        | \$ 14,447        | 89 %         |            |
| Below 640                                   | 20   | 31            | 83              | 149             | 36              | 1,391           | 1,710            | 11           |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| Loan Status:                                |  |               |                 |                 |                 |                 |                  |              |            |
| In-school/grace/deferment/forbearance       | \$ 73  | \$ 69         | \$ 67           | \$ 82           | \$ 18           | \$ 485          | \$ 794           | 5 %          |            |
| Current/90 days or less delinquent          | 1,130  | 697           | 1,319           | 3,340           | 1,017           | 7,441           | 14,944           | 92           |            |
| Greater than 90 days delinquent             | 3  | 6             | 14              | 21              | 6               | 369             | 419              | 3            |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| Seasoning <sup>(1)</sup> :                  |  |               |                 |                 |                 |                 |                  |              |            |
| 1-12 payments                               | \$ 1,143   | \$ 148        | \$ 24           | \$ 19           | \$ 2            | \$ 36           | \$ 1,372         | 8 %          |            |
| 13-24 payments                              | —  | 568           | 144             | 49              | 9               | 48              | 818              | 5            |            |
| 25-36 payments                              | —  | —             | 1,189           | 751             | 17              | 87              | 2,044            | 13           |            |
| 37-48 payments                              | —  | —             | —               | 2,581           | 133             | 162             | 2,876            | 18           |            |
| More than 48 payments                       | —  | —             | —               | —               | 872             | 7,803           | 8,675            | 54           |            |
| Loans in-school/grace/deferment             | 63   | 56            | 43              | 43              | 8               | 159             | 372              | 2            |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| Certain Loan Modifications <sup>(2)</sup> : |  |               |                 |                 |                 |                 |                  |              |            |
| Modified                                    | \$ —   | \$ 14         | \$ 85           | \$ 186          | \$ 57           | \$ 5,272        | \$ 5,614         | 35 %         |            |
| Non-Modified                                | 1,206  | 758           | 1,315           | 3,257           | 984             | 3,023           | 10,543           | 65           |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| Cosigners:                                  |  |               |                 |                 |                 |                 |                  |              |            |
| With cosigner <sup>(3)</sup>                | \$ 277   | \$ 246        | \$ 152          | \$ 79           | \$ 19           | \$ 4,468        | \$ 5,241         | 32 %         |            |
| Without cosigner                            | 929  | 526           | 1,248           | 3,364           | 1,022           | 3,827           | 10,916           | 68           |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| School Type:                                |  |               |                 |                 |                 |                 |                  |              |            |
| Not-for-profit                              | \$ 1,132   | \$ 729        | \$ 1,325        | \$ 3,241        | \$ 995          | \$ 7,107        | \$ 14,529        | 90 %         |            |
| For-profit                                  | 74   | 43            | 75              | 202             | 46              | 1,188           | 1,628            | 10           |            |
| Total                                       | <u>\$ 1,206</u>  | <u>\$ 772</u> | <u>\$ 1,400</u> | <u>\$ 3,443</u> | <u>\$ 1,041</u> | <u>\$ 8,295</u> | <u>\$ 16,157</u> | <u>100 %</u> |            |
| Allowance for loan losses                   |  |               |                 |                 |                 |                 | (441)            |              |            |
| Total loans, net                            |  |               |                 |                 |                 |                 | <u>\$ 15,716</u> |              |            |
| Charge-Offs                                 | \$ (1)   | \$ (4)        | \$ (11)         | \$ (18)         | \$ (4)          | \$ (297)        | \$ (335)         |              |            |

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

(2) Loan Modifications represents the historical definition of a troubled debt restructuring (TDR) prior to the implementation of ASU No. 2022-02 on January 1, 2023. Any loan that meets the historical definition of a TDR retains that classification for the life of the loan (including loans that met that definition in 2023 and 2024). 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 December 31, 2024.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

| (Dollars in millions)                       | Private Education Loan Credit Quality Indicators by Origination Year |                 |                 |                 |                 |                 |                  | Total        | % of Total |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|--------------|------------|
|   | December 31, 2023  |                 |                 |                 |                 |                 |                  |              |            |
|   | 2023   | 2022            | 2021            | 2020            | 2019            | Prior           | Total            |              |            |
| <b>Credit Quality Indicators</b>            |  |                 |                 |                 |                 |                 |                  |              |            |
| FICO Scores:                                |  |                 |                 |                 |                 |                 |                  |              |            |
| 640 and above                               | \$ 815   | \$ 1,575        | \$ 3,898        | \$ 1,240        | \$ 1,162        | \$ 7,132        | \$ 15,822        | 90 %         |            |
| Below 640                                   | 11   | 67              | 122             | 29              | 49              | 1,419           | 1,697            | 10           |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| Loan Status:                                |  |                 |                 |                 |                 |                 |                  |              |            |
| In-school/grace/deferment/forbearance       | \$ 51  | \$ 79           | \$ 87           | \$ 21           | \$ 27           | \$ 458          | \$ 723           | 4 %          |            |
| Current/90 days or less delinquent          | 774  | 1,554           | 3,917           | 1,244           | 1,177           | 7,750           | 16,416           | 94           |            |
| Greater than 90 days delinquent             | 1  | 9               | 16              | 4               | 7               | 343             | 380              | 2            |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| Seasoning <sup>(1)</sup> :                  |  |                 |                 |                 |                 |                 |                  |              |            |
| 1-12 payments                               | \$ 781   | \$ 130          | \$ 28           | \$ 7            | \$ 4            | \$ 54           | \$ 1,004         | 6 %          |            |
| 13-24 payments                              | —  | 1,453           | 812             | 12              | 13              | 62              | 2,352            | 13           |            |
| 25-36 payments                              | —  | —               | 3,127           | 142             | 35              | 113             | 3,417            | 20           |            |
| 37-48 payments                              | —  | —               | —               | 1,097           | 388             | 179             | 1,664            | 9            |            |
| More than 48 payments                       | —  | —               | —               | —               | 759             | 7,963           | 8,722            | 50           |            |
| Loans in-school/grace/deferment             | 45   | 59              | 53              | 11              | 12              | 180             | 360              | 2            |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| Certain Loan Modifications <sup>(2)</sup> : |  |                 |                 |                 |                 |                 |                  |              |            |
| Modified                                    | \$ —   | \$ 41           | \$ 130          | \$ 46           | \$ 82           | \$ 5,775        | \$ 6,074         | 35 %         |            |
| Non-Modified                                | 826  | 1,601           | 3,890           | 1,223           | 1,129           | 2,776           | 11,445           | 65           |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| Cosigners:                                  |  |                 |                 |                 |                 |                 |                  |              |            |
| With cosigner <sup>(3)</sup>                | \$ 202   | \$ 179          | \$ 93           | \$ 23           | \$ 9            | \$ 5,206        | \$ 5,712         | 33 %         |            |
| Without cosigner                            | 624  | 1,463           | 3,927           | 1,246           | 1,202           | 3,345           | 11,807           | 67           |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| School Type:                                |  |                 |                 |                 |                 |                 |                  |              |            |
| Not-for-profit                              | \$ 777   | \$ 1,555        | \$ 3,786        | \$ 1,213        | \$ 1,126        | \$ 7,225        | \$ 15,682        | 90 %         |            |
| For-profit                                  | 49   | 87              | 234             | 56              | 85              | 1,326           | 1,837            | 10           |            |
| <b>Total</b>                                | <b>\$ 826</b>  | <b>\$ 1,642</b> | <b>\$ 4,020</b> | <b>\$ 1,269</b> | <b>\$ 1,211</b> | <b>\$ 8,551</b> | <b>\$ 17,519</b> | <b>100 %</b> |            |
| Allowance for loan losses                   |  |                 |                 |                 |                 |                 | (617)            |              |            |
| Total loans, net                            |  |                 |                 |                 |                 |                 | <u>\$ 16,902</u> |              |            |
| <b>Charge-Offs</b>                          | <b>\$ —</b>  | <b>\$ (7)</b>   | <b>\$ (10)</b>  | <b>\$ (5)</b>   | <b>\$ (7)</b>   | <b>\$ (269)</b> | <b>\$ (298)</b>  |              |            |

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

(2) Loan Modifications represents the historical definition of a troubled debt restructuring (TDR) prior to the implementation of ASU 2022-02 on January 1, 2023. Any loan that meets the historical definition of a TDR retains that classification for the life of the loan (including loans that met that definition 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 December 31, 2023.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

| (Dollars in millions)  | Private Education Loan Delinquencies |               |                      |               |
|--|--------------------------------------|---------------|----------------------|---------------|
|  | December 31,<br>2024                 |               | December 31,<br>2023 |               |
|  | Balance                              | %             | Balance              | %             |
| Loans in-school/grace/deferment <sup>(1)</sup>                             | \$ 372                               |               | \$ 360               |               |
| Loans in forbearance <sup>(2)</sup>  | 422                                  |               | 363                  |               |
| Loans in repayment and percentage of each status:                          |                                      |               |                      |               |
| Loans current  | 14,419                               | 93.9 %        | 15,935               | 94.9 %        |
| Loans delinquent 31-60 days <sup>(3)</sup>                                 | 319                                  | 2.1           | 308                  | 1.8           |
| Loans delinquent 61-90 days <sup>(3)</sup>                                 | 206                                  | 1.3           | 173                  | 1.0           |
| Loans delinquent greater than 90 days <sup>(3)</sup>                       | 419                                  | 2.7           | 380                  | 2.3           |
| Total loans in repayment   | <u>15,363</u>                        | <u>100 %</u>  | <u>16,796</u>        | <u>100 %</u>  |
| Total loans  | 16,157                               |               | 17,519               |               |
| Allowance for losses   | (441)                                |               | (617)                |               |
| Loans, net   | <u>\$ 15,716</u>                     |               | <u>\$ 16,902</u>     |               |
| Percentage of loans in repayment   |                                      | <u>95.1 %</u> |                      | <u>95.9 %</u> |
| Delinquencies as a percentage of loans in repayment                        |                                      | <u>6.1 %</u>  |                      | <u>5.1 %</u>  |
| Loans in forbearance as a percentage of loans in repayment and forbearance |                                      | <u>2.7 %</u>  |                      | <u>2.1 %</u>  |

<sup>(1)</sup> 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.

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

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. 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.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Allowance for Loan Losses (Continued)**

The following tables show the amortized cost basis as of December 31, 2024 and 2023 of the loans to borrowers experiencing financial difficulty that were modified during the respective period.

| <b>Loan Modifications Made to Borrowers Experiencing Financial Difficulty</b> |   |                       |   |                       |  |                       |
|---|---|-----------------------|---|-----------------------|--|-----------------------|
| <b>Year Ended December 31, 2024</b>   |   |                       |   |                       |  |                       |
| <b>(Dollars in millions)</b>  | <b>Interest Rate Reductions<sup>(1)</sup></b> |                       | <b>More Than an Insignificant Payment Delay<sup>(2)</sup></b> |                       | <b>Combination Rate Reduction and Term Extension</b> |                       |
|   | <b>Amortized Cost</b>                         | <b>% of Loan Type</b> | <b>Amortized Cost</b>   | <b>% of Loan Type</b> | <b>Amortized Cost</b>                                | <b>% of Loan Type</b> |
| <b>Private Education Loans</b>  | \$ 1,668                                      | 10.4 %                | \$ 885  | 5.5 %                 | \$ 124   | .8 %                  |

| <b>Loan Modifications Made to Borrowers Experiencing Financial Difficulty</b> |   |                       |   |                       |  |                       |
|---|---|-----------------------|---|-----------------------|--|-----------------------|
| <b>Year Ended December 31, 2023</b>   |   |                       |   |                       |  |                       |
| <b>(Dollars in millions)</b>  | <b>Interest Rate Reductions<sup>(1)</sup></b> |                       | <b>More Than an Insignificant Payment Delay<sup>(2)</sup></b> |                       | <b>Combination Rate Reduction and Term Extension</b> |                       |
|   | <b>Amortized Cost</b>                         | <b>% of Loan Type</b> | <b>Amortized Cost</b>   | <b>% of Loan Type</b> | <b>Amortized Cost</b>                                | <b>% of Loan Type</b> |
| <b>Private Education Loans</b>  | \$ 1,668                                      | 9.5 %                 | \$ 923  | 5.3 %                 | \$ 138   | .8 %                  |

<sup>(1)</sup> As of December 31, 2024 and 2023, there was \$1.0 billion and \$1.2 billion, respectively, of loans in the interest rate reduction program.

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

For those loans modified in 2024 and 2023, the following tables shows the impact of such modifications.

| <b>Year Ended December 31, 2024</b> |  |  |   |
|-------------------------------------|--|--|---|
| <b>Loan Type</b>                    | <b>Interest Rate Reductions</b>                                  | <b>More Than an Insignificant Payment Delay</b>              | <b>Combination Rate Reduction and Term Extension</b>  |
| Private Education Loans             | Reduced the weighted average contractual rate from 13.0% to 5.4% | Added an average 7 months to the remaining life of the loans | Added an average 7 years to the remaining life of the loans and reduced the weighted average contractual rate from 12.6% to 5.4%. |

| <b>Year Ended December 31, 2023</b> |  |  |   |
|-------------------------------------|--|--|---|
| <b>Loan Type</b>                    | <b>Interest Rate Reductions</b>                                  | <b>More Than an Insignificant Payment Delay</b>              | <b>Combination Rate Reduction and Term Extension</b>  |
| Private Education Loans             | Reduced the weighted average contractual rate from 13.2% to 5.3% | Added an average 7 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 12.7% to 5.2%. |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. 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.

| <u>(Dollars in millions)</u>                   | <u>December 31, 2024</u> |     | <u>December 31, 2023</u> |     |
|--|--------------------------|-----|--------------------------|-----|
| Modified loans (amortized cost) <sup>(1)</sup> | \$                       | 569 | \$                       | 272 |
| Payment default (par)                          | \$                       | 582 | \$                       | 278 |
| Charge-offs (par)                              | \$                       | 15  | \$                       | 15  |

<sup>(1)</sup> For the years ended December 31, 2024 and 2023, the modified loans include \$429 million and \$175 million, respectively, of Interest Rate Reduction, \$30 million and \$14 million, respectively, of Combination Rate Reduction and Term Extension, and \$110 million and \$83 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 12-month period preceding the balance sheet dates below.

| <u>(Dollars in millions)</u>          | <u>Payment Status (Amortized Cost)</u> |              |                          |              |
|---------------------------------------|--|--------------|--------------------------|--------------|
|                                       | <u>December 31, 2024</u>               |              | <u>December 31, 2023</u> |              |
| <b>Loan Status</b>                    |  |              |                          |              |
| Loans in School/Deferment             | \$                                     | 21           | \$                       | 22           |
| Loans in Forbearance                  |  | 162          |                          | 93           |
| Loans current                         |  | 2,037        |                          | 2,199        |
| Loans delinquent 31 - 60 days         |  | 172          |                          | 160          |
| Loans delinquent 61 - 90 days         |  | 117          |                          | 96           |
| Loans delinquent greater than 90 days |  | 186          |                          | 159          |
| <b>Total Modified Loans</b>           | <b>\$</b>                              | <b>2,695</b> | <b>\$</b>                | <b>2,729</b> |

Prior to our adoption of ASU No. 2022-02 on January 1, 2023, we accounted for a modification to the contractual terms of a loan that resulted in granting a concession to a borrower experiencing financial difficulties as a TDR. Certain Private Education Loans for which we have granted either a forbearance of greater than three months, an interest rate reduction or an extended repayment plan were classified as TDRs.

The following table provides the amount of loans modified in the period presented that resulted in a TDR. Additionally, the table summarizes charge-offs occurring in the TDR portfolio, as well as TDRs for which a payment default occurred in the current period within 12 months of the loan first being designated as a TDR. We define payment default as 60 days past due for this disclosure.

| <u>(Dollars in millions)</u> | <u>Years Ended December 31, 2022</u> |     |
|------------------------------|--------------------------------------|-----|
| Modified loans               | \$                                   | 250 |
| Charge-offs                  | \$                                   | 280 |
| Payment default              | \$                                   | 46  |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Business Combinations and Divestitures, Goodwill and Acquired Intangible Assets**

**Goodwill**

The following table summarizes our goodwill for our reporting units and reportable segments.

| (Dollars in millions)                       | As of December 31, |        |
|---|--------------------|--------|
|   | 2024               | 2023   |
| Federal Education Loans reportable segment: |                    |        |
| FFELP Loans                                 | \$ 227             | \$ 227 |
| Federal Education Loan Servicing            | 5                  | 5      |
| Total                                       | 232                | 232    |
| Consumer Lending reportable segment:        |                    |        |
| Private Education Legacy In-School Loans    | 106                | 106    |
| Private Education Refinance Loans           | 77                 | 77     |
| Private Education Recent In-School Loans    | 13                 | 13     |
| Total                                       | 196                | 196    |
| Business Processing reportable segment:     |                    |        |
| Government Services                         | —                  | 136    |
| Healthcare Services                         | —                  | 106    |
| Total                                       | —                  | 242    |
| Total goodwill                              | \$ 428             | \$ 670 |

*Interim Goodwill Impairment Testing*

During the third quarter of 2024, we assessed relevant qualitative factors associated with the FFELP Loans and Government Services reporting units to determine whether it was "more-likely-than-not" that the fair value of these reporting units was less than their carrying values. Based on this qualitative assessment, we performed a quantitative impairment test to determine whether the fair values of these reporting units exceed their carry values. Based on the current performance of and economic environment impacting the other reporting units with goodwill as illustrated in the table above, we determined that neither a qualitative nor a quantitative interim impairment test was warranted to test goodwill associated with these reporting units.

For the FFELP Loans reporting unit, goodwill will be impaired at some point in the future due to the runoff nature of the portfolio although the timing of impairment remains uncertain. As a result of elevated prepayments experienced in the first nine months of 2024 (primarily as a result of ED's proposed debt relief regulations), the runoff nature of the portfolio and the passage of time, we performed a quantitative impairment test by engaging an independent appraiser to estimate the fair value of the reporting unit. The independent appraiser used an income approach to estimate the fair value of the reporting unit measuring the value of future economic benefit determined based on the reporting unit's discounted cash flows derived from our portfolio cash flow projections.

Under our guidance, the third-party appraisal firm developed the discount rate for the reporting unit incorporating such factors as the risk-free rate, a market rate of return, a measure of volatility (Beta) and a company-specific and capital markets risk premium, as appropriate, to adjust for volatility and uncertainty in the economy and to capture specific risk related to the reporting unit. The discount rate reflects market-based estimates of capital costs and is adjusted for our assessment of a market participant's view with respect to execution, source concentration and other risks associated with the projected cash flows of the reporting unit. We reviewed and approved the discount rate provided by the third-party appraiser including the factors incorporated to develop the discount rate for the FFELP Loans reporting unit.

FFELP Loans goodwill was not deemed impaired as a result of the quantitative impairment test as the fair value of the reporting unit was greater than the reporting unit's carry value. However, our current projections of future cash flows could result in partial impairment of FFELP goodwill in 2025. The potential timing of impairment could be accelerated if prepayment rates are higher than anticipated or if there is significant change in economic and other factors impacting the discount rate used to determine the fair value of the projected cashflows and thus the reporting unit. Since our estimate of future portfolio cash flows may change, the estimated timing of partial future impairment may also change.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Business Combinations and Divestitures, Goodwill and Acquired Intangible Assets (Continued)**

With respect to the Government Services reporting unit, in the second half of September 2024, we were informed a contract that represented a significant portion of Government Services income would not be renewed in 2025. In addition, a federal program, which is a significant part of a Government Services contract, remained unfunded during the third quarter. At that time there had been increased uncertainty as to when or if there will be congressional approval to fund this program, which would result in the resumption of services provided by Government Services under this contract. These two events in September 2024 resulted in a significant decline in the estimated fair value of the reporting unit. Based on active discussions with potential buyers of the Government Services business at that time and their indication of a potential purchase price, Navient concluded that Government Services' \$138 million of goodwill and acquired intangible assets were fully impaired.

*Annual Goodwill Impairment Testing – October 1, 2024*

We perform our goodwill impairment testing annually in the fourth quarter as of October 1. As part of the 2024 annual impairment testing, we performed a quantitative impairment test of goodwill associated with our FFELP Loans valuing the reporting unit as of October 1, 2024. Utilizing an income approach, goodwill was not deemed impaired as a result of the quantitative impairment test, as the fair value of the reporting unit was greater than its carry value.

The income approach measures the value of the reporting unit's future economic benefit determined by its discounted cash flows derived from our portfolio cash projections. Since the FFELP Loans reporting unit is winding down, the projections extend through the anticipated wind-down period and no residual value is ascribed.

We retained a third-party appraisal firm to develop the discount rate utilized to value the FFELP reporting unit in a manner consistent with the approach described above related to the development of the discount rate in the third quarter. We reviewed and approved the discount rate provided by the third-party appraiser including the factors incorporated to develop the discount rates.

We performed a qualitative impairment test of goodwill associated with our Federal Education Loan Servicing, Private Education Legacy In-School Loans, Private Education Recent In-School Loans and Private Education Refinance Loans. 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. We considered the amount of excess fair value for each reporting unit over their carrying values as of October 1, 2022 when we last performed a quantitative goodwill impairment test by engaging an independent appraiser to estimate the fair values of these reporting units since the fair values of these reporting units were substantially in excess of their carrying amounts. The current outlook and cash flows for the Federal Education Loan Servicing and Private Education Legacy In-School Loans reporting units have not changed significantly since our 2022 assessment. The cash flows for these reporting units continue to decline consistent with our expectations as the underlying portfolios amortize. Macroeconomic conditions in 2023 and 2024, primarily the higher interest rate environment experienced during 2023 and 2024 in comparison to 2022, have not significantly impacted these estimates. For the Private Education Refinance Loans reporting unit, we considered the performance of the current portfolio, which continues to maintain high credit quality, future origination volume, which is expected to increase in 2025, and Navient's strong liquidity position with its ability to issue Private Education Loan ABS comprised entirely of the reporting unit's refinance loans. For the Private Education Recent In-School Loans reporting unit, we considered the increase in brand awareness in 2024 of Earnest, a wholly owned subsidiary of Navient, through continued development and rollout of new programs and product offerings and (Navient's continued success utilizing its Going Merry platform to enable students to match to and apply for scholarships, institutional aid and government grants.) Strong in-school origination growth is expected in 2025 (with sustained growth expected in the future). No goodwill was deemed impaired for these reporting units as of October 1, 2024 after assessing these relevant qualitative factors

For each of our reporting units, we also considered the current regulatory and legislative environment, the current economic environment, our 2024 earnings, 2025 expected earnings, market expectations regarding our stock price, and our market capitalization in relation to book equity and concluded that no goodwill associated with our reporting units was impaired. Although our market capitalization was less than our book equity at October 1, 2024, we have concluded that our market capitalization in relation to our book equity does not indicate impairment of our reporting units' respective goodwill at October 1, 2024. Our market capitalization is not indicative of the value of our reporting units with goodwill on a standalone basis. Additionally, the implied control premium at October 1, 2024 is a reasonable control premium above the then current stock price.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Business Combinations and Divestitures, Goodwill and Acquired Intangible Assets (Continued)**

If the regulatory environment changes such that it negatively impacts our reporting units or future economic conditions are significantly worse than what was assumed as a part of our annual impairment testing for each of our reporting units, goodwill attributed to our reporting units could be impaired in future periods.

**Divestitures**

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

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

**Acquired Intangible Assets**

Acquired intangible assets include the following:

| (Dollars in millions)                                       | As of December 31, 2024 |   |             | As of December 31, 2023      |   |              |
|---|-------------------------|---|-------------|------------------------------|---|--------------|
|   | Cost<br>Basis           | Accumulated<br>Impairment and<br>Amortization <sup>(3)(4)</sup> | Net         | Cost<br>Basis <sup>(3)</sup> | Accumulated<br>Impairment and<br>Amortization <sup>(3)(4)</sup> | Net          |
| Customer, services and lending relationships <sup>(1)</sup> | \$ 139                  | \$ (139)  | \$ —        | \$ 218                       | \$ (212)  | \$ 6         |
| Software and technology <sup>(1)(2)</sup>                   | 93                      | (88)  | 5           | 119                          | (110)   | 9            |
| Trade names and trademarks <sup>(1)(2)</sup>                | 13                      | (9)   | 4           | 40                           | (30)  | 10           |
| <b>Total acquired intangible assets</b>                     | <b>\$ 245</b>           | <b>\$ (236)</b>   | <b>\$ 9</b> | <b>\$ 377</b>                | <b>\$ (352)</b>   | <b>\$ 25</b> |

<sup>(1)</sup> The Company's sale of our healthcare services business in September 2024 resulted in the removal of \$6 million in customer relationship, developed technology, and tradename assets.

<sup>(2)</sup> During September 2024, \$1 million of government services developed technology and tradename assets were impaired as a result of certain events that took place in mid-September 2024 as described above.

<sup>(3)</sup> Accumulated impairment and amortization include impairment amounts only if the acquired intangible asset has been deemed partially impaired. When an acquired intangible asset is considered fully impaired and no longer in use, the cost basis and any accumulated amortization related to the asset is written off.

<sup>(4)</sup> We recorded amortization of acquired intangible assets of \$8 million, \$10 million and \$14 million in 2024, 2023 and 2022, respectively. We will continue to amortize our intangible assets with definite useful lives over their remaining estimated useful lives. We estimate amortization expense associated with these intangible assets will be \$3 million, \$4 million and \$3 million in 2025, 2026 and after 2026, respectively.

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**6. Borrowings**

Borrowings consist of secured borrowings issued through our securitization program, borrowings through secured facilities, unsecured notes issued by us, and other interest-bearing liabilities related primarily to obligations to return cash collateral held.

The following table summarizes our borrowings.

| (Dollars in millions)                                    | December 31, 2024 |   |                  |   | December 31, 2023 |                 |   |                  |   |                  |
|--|-------------------|---|------------------|---|-------------------|-----------------|---|------------------|---|------------------|
|  | Short Term        | Weighted Average Interest Rate <sup>(8)</sup> | Long Term        | Weighted Average Interest Rate <sup>(8)</sup> | Total             | Short Term      | Weighted Average Interest Rate <sup>(8)</sup> | Long Term        | Weighted Average Interest Rate <sup>(8)</sup> | Total            |
| Unsecured borrowings:                                    |                   |   |                  |   |                   |                 |   |                  |   |                  |
| Senior unsecured debt                                    | \$ 553            | 6.64 %  | \$ 4,806         | 6.61 %  | \$ 5,359          | \$ 506          | 5.88 %  | \$ 5,351         | 6.61 %  | \$ 5,857         |
| Total unsecured borrowings                               | 553               | 6.64  | 4,806            | 6.61  | 5,359             | 506             | 5.88  | 5,351            | 6.61  | 5,857            |
| Secured borrowings:                                      |                   |   |                  |   |                   |                 |   |                  |   |                  |
| FFELP Loan securitizations <sup>(1)(2)(3)</sup>          | 41                | 6.01  | 28,268           | 5.53  | 28,309            | 59              | 6.84  | 35,626           | 6.06  | 35,685           |
| Private Education Loan securitizations <sup>(4)</sup>    | 631               | 7.76  | 10,338           | 3.50  | 10,969            | 435             | 8.14  | 11,754           | 3.59  | 12,189           |
| FFELP Loan ABCP facilities <sup>(5)</sup>                | 1,586             | 5.62  | 74               | 5.46  | 1,660             | 1,854           | 6.60  | 89               | 6.29  | 1,943            |
| Private Education Loan ABCP facilities <sup>(5)</sup>    | 2,274             | 5.93  | —                | —   | 2,274             | 1,286           | 6.62  | 821              | 6.84  | 2,107            |
| Other <sup>(6)</sup>                                     | 54                | 4.81  | 40               | 5.50  | 94                | 95              | 5.61  | 39               | 5.50  | 134              |
| Total secured borrowings                                 | 4,586             | 6.06  | 38,720           | 4.99  | 43,306            | 3,729           | 6.76  | 48,329           | 5.47  | 52,058           |
| Total before hedge accounting adjustments <sup>(7)</sup> | 5,139             | 6.12  | 43,526           | 5.17  | 48,665            | 4,235           | 6.66  | 53,680           | 5.59  | 57,915           |
| Hedge accounting adjustments                             | (5 )              | .01   | (342 )           | .04   | (347 )            | (9 )            | .01   | (278 )           | .03   | (287 )           |
| Total  | <u>\$ 5,134</u>   | <u>6.13 %</u>                                 | <u>\$ 43,184</u> | <u>5.21 %</u>                                 | <u>\$ 48,318</u>  | <u>\$ 4,226</u> | <u>6.67 %</u>                                 | <u>\$ 53,402</u> | <u>5.62 %</u>                                 | <u>\$ 57,628</u> |

- (1) Includes \$41 million and \$59 million of short-term debt and \$87 million and \$122 million of long-term debt related to the FFELP Loan ABS repurchase facilities (FFELP Loan Repurchase Facilities) as of December 31, 2024 and 2023, respectively.
- (2) Includes \$1.3 billion and \$1.6 billion of non-U.S. dollar-denominated debt as of December 31, 2024 and 2023, respectively, which has been hedged with swaps converting to U.S. dollars.
- (3) Includes defaulted FFELP secured debt tranches with a remaining principal amount of \$1.2 billion as of December 31, 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 2029 and 2038. There is no impact to the principal amount owed or the coupon at which the bonds accrue, and there is no revised contractual maturity date.
- (4) Includes \$631 million and \$435 million of short-term debt related to the Private Education Loan ABS repurchase facilities (Private Education Loan Repurchase Facilities) as of December 31, 2024 and 2023, respectively.
- (5) ABCP facilities include \$1.3 billion and \$2.1 billion of gross issuances in the years ended December 31, 2024 and 2023, respectively, and \$1.4 billion and \$2.1 billion of gross paydowns in the years ended December 31, 2024 and 2023, respectively.
- (6) "Other" primarily includes the obligation to return cash collateral held related to derivative exposure.
- (7) Includes \$30.0 billion and \$38.2 billion of long-term floating rate debt as of December 31, 2024 and 2023, respectively, and \$14.0 billion and \$15.5 billion of long-term fixed rate debt as of December 31, 2024 and 2023, respectively.
- (8) Weighted average interest rate is as of end of period.

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**6. Borrowings (Continued)**

As of December 31, 2024, the expected maturities of our long-term borrowings are shown in the following table.

| (Dollars in millions)                     | Expected Maturity           |                                      |                  |
|---|-----------------------------|--------------------------------------|------------------|
|   | Senior<br>Unsecured<br>Debt | Secured<br>Borrowings <sup>(1)</sup> | Total            |
| <b>Year of Maturity</b>                   |                             |                                      |                  |
| 2025                                      | \$ —                        | \$ 4,180                             | \$ 4,180         |
| 2026                                      | 524                         | 3,896                                | 4,420            |
| 2027                                      | 697                         | 3,563                                | 4,260            |
| 2028                                      | 514                         | 3,401                                | 3,915            |
| 2029                                      | 945                         | 3,203                                | 4,148            |
| 2030-2044                                 | 2,126                       | 20,477                               | 22,603           |
| Total before hedge accounting adjustments | 4,806                       | 38,720                               | 43,526           |
| Hedge accounting adjustments              | (159)                       | (183)                                | (342)            |
| <b>Total</b>                              | <b>\$ 4,647</b>             | <b>\$ 38,537</b>                     | <b>\$ 43,184</b> |

<sup>(1)</sup> We view our securitization trust debt as long-term based on the contractual maturity dates. However, we have projected the expected principal paydowns based on our current estimates regarding the loan prepayment speeds for purposes of this disclosure to better reflect how we expect this debt to be paid down over time. The projected principal paydowns in year 2025 include \$4.2 billion related to the securitization trust debt.

**Variable Interest Entities**

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

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

| (Dollars in millions)                     | December 31, 2023 |                  |                  |  |                 |                      |                  |
|---|-------------------|------------------|------------------|--|-----------------|----------------------|------------------|
|   | Debt Outstanding  |                  |                  | Carrying Amount of Assets Securing<br>Debt Outstanding |                 |                      |                  |
|   | Short<br>Term     | Long<br>Term     | Total            | Loans  | Cash            | Other<br>Assets, Net | Total            |
| <b>Secured Borrowings — VIEs:</b>         |                   |                  |                  |  |                 |                      |                  |
| 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)            |
| <b>Total</b>                              | <b>\$ 3,634</b>   | <b>\$ 48,169</b> | <b>\$ 51,803</b> | <b>\$ 53,591</b>                                       | <b>\$ 1,937</b> | <b>\$ 1,744</b>      | <b>\$ 57,272</b> |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6. Borrowings (Continued)**

**Secured Facilities and Unsecured Debt**

*FFELP Loan ABCP Facilities*

We have various ABCP borrowing facilities that we use to finance our FFELP Loans. Liquidity is available under these secured credit facilities to the extent we have eligible collateral and available capacity. The maximum borrowing capacity under these facilities will vary and is subject to each agreement's borrowing conditions. These include but are not limited to the facility's size, current usage and the availability and fair value of qualifying unencumbered FFELP Loan collateral. Our borrowings under these facilities are non-recourse. The maturity dates on these facilities range from November 2025 to April 2026. The interest rate on certain facilities can increase under certain circumstances. The facilities are subject to termination under certain circumstances. As of December 31, 2024, there was approximately \$1.7 billion outstanding under these facilities, with approximately \$1.8 billion of assets securing these facilities. As of December 31, 2024, the maximum unused capacity under these facilities was \$424 million and we had \$232 million of unencumbered FFELP Loans.

*FFELP Loan Repurchase Facilities*

We have FFELP Loan Repurchase Facilities that 1) provide liquidity for the acquisition of certain Navient-sponsored auction rate securities, where borrowings under the facility are secured by the auction rate securities; and 2) are collateralized by the net assets in previously issued FFELP Loan ABS trusts. The lenders also have unsecured recourse to Navient Corporation as Guarantor for any shortfall in amounts payable. Because these facilities are secured by Navient-sponsored instruments issued in previous securitizations, we show the debt as part of FFELP Loan securitizations in the various borrowing tables above. As of December 31, 2024, there was approximately \$0.1 billion outstanding under these facilities.

*Private Education Loan ABCP Facilities*

We have various ABCP borrowing facilities that we use to finance our Private Education Loans. Liquidity is available under these secured credit facilities to the extent we have eligible collateral and available capacity. The maximum borrowing capacity under these facilities will vary and is subject to each agreement's borrowing conditions. These include but are not limited to the facility's size, current usage and the availability and fair value of qualifying unencumbered Private Education Loan collateral. Our borrowings under these facilities are non-recourse. The maturity dates on these facilities range from June 2025 to October 2025. The interest rate on certain facilities can increase under certain circumstances. The facilities are subject to termination under certain circumstances. As of December 31, 2024, there was approximately \$2.3 billion outstanding under these facilities, with approximately \$2.7 billion of assets securing these facilities. As of December 31, 2024, the maximum unused capacity under these facilities was \$1.5 billion and we had \$1.1 billion of unencumbered Private Education Loans.

*Private Education Loan Repurchase Facilities*

These repurchase facilities are collateralized by the net assets in previously issued Private Education Loan ABS trusts. The lenders also have unsecured recourse to Navient Corporation as Guarantor for any shortfall in amounts payable. Because these facilities are secured by the Residual Interests in previous securitizations, we show the debt as part of Private Education Loan securitizations in the various borrowing tables above. As of December 31, 2024, there was approximately \$0.6 billion outstanding under these facilities.

*Senior Unsecured Debt*

We issued \$0, \$1.0 billion and \$0 of unsecured debt in 2024, 2023 and 2022, respectively.

*Debt Repurchases*

The following table summarizes activity related to our senior unsecured debt repurchases.

| <b>(Dollars in millions)</b> | <b>Years Ended December 31,</b> |             |             |
|------------------------------|---------------------------------|-------------|-------------|
|                              | <b>2024</b>                     | <b>2023</b> | <b>2022</b> |
| Debt principal repurchased   | \$ —                            | \$ 850      | \$ —        |
| Losses on debt repurchases   | \$ —                            | \$ (8)      | \$ —        |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Derivative Financial Instruments**

***Risk Management Strategy***

We maintain an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize the economic effect of interest rate changes. Our goal is to manage interest rate sensitivity by modifying the repricing frequency and underlying index characteristics of certain balance sheet assets and liabilities so the net interest margin is not, on a material basis, adversely affected by movements in interest rates. We do not use derivative instruments to hedge credit risk. As a result of interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. Income or loss on the derivative instruments that are linked to the hedged assets and liabilities will generally offset the effect of this unrealized appreciation or depreciation for the period the item is being hedged. We view this strategy as a prudent management of interest rate sensitivity. In addition, we utilize derivative contracts to minimize the economic impact of changes in foreign currency exchange rates on certain debt obligations that are denominated in foreign currencies. As foreign currency exchange rates fluctuate, these liabilities will appreciate and depreciate in value. These fluctuations, to the extent the hedge relationship is effective, are offset by changes in the value of the cross-currency interest rate swaps executed to hedge these instruments. Management believes certain derivative transactions entered into as hedges, primarily Floor Income Contracts, basis swaps and, at times, certain other interest rate swaps, are economically effective; however, those transactions do not qualify for hedge accounting under GAAP and thus may adversely impact earnings.

Although we use derivatives to minimize the risk of interest rate and foreign currency changes, the use of derivatives does expose us to both market and credit risk. Market risk is the chance of financial loss resulting from changes in interest rates, foreign exchange rates and market liquidity. Credit risk is the risk that a counterparty will not perform its obligations under a contract and it is limited to the loss of the fair value gain in a derivative that the counterparty owes us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, have no credit risk exposure to the counterparty; however, the counterparty has exposure to us. We minimize the credit risk in derivative instruments by entering into transactions with highly rated counterparties that are reviewed regularly by our Credit Department. We also maintain a policy of requiring that all derivative contracts be governed by an International Swaps and Derivative Association Master Agreement. Depending on the nature of the derivative transaction, bilateral collateral arrangements related to Navient Corporation contracts generally are required as well. When we have more than one outstanding derivative transaction with the counterparty, and there exists legally enforceable netting provisions with the counterparty (i.e. a legal right to offset receivable and payable derivative contracts), the "net" mark to market exposure, less collateral the counterparty has posted to us, represents exposure with the counterparty. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At December 31, 2024 and 2023, we have 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 \$9 million and \$6 million, respectively.

Our on-balance sheet securitization trusts have \$1.3 billion of Euro denominated bonds outstanding as of December 31, 2024. To convert these non-US dollar denominated bonds into US dollar liabilities, the trusts have entered into foreign-currency swaps with highly-rated counterparties. In addition, the trusts have entered into \$245 million notional of interest rate swaps which are primarily used to convert Prime received on securitized education loans to SOFR paid on the bonds. Our securitization trusts with swaps have ISDA documentation with protections against counterparty risk. The collateral calculations contemplated in the ISDA documentation of our securitization trusts require collateral based on the fair value of the derivative which may be adjusted for additional collateral based on rating agency criteria requirements considered within the collateral agreement. The trusts are not required to post collateral to the counterparties. At December 31, 2024 and 2023, the net positive exposure on swaps in securitization trusts was \$0 and \$0 million, respectively.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Derivative Financial Instruments (Continued)**

**Summary of Derivative Financial Statement Impact**

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

*Impact of Derivatives on Balance Sheet*

| (Dollars in millions)                       | Hedged Risk Exposure               | Cash Flow     |               | Fair Value <sup>(3)</sup> |               | Trading       |               | Total         |               |
|---|------------------------------------|---------------|---------------|---------------------------|---------------|---------------|---------------|---------------|---------------|
|   |                                    | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2024             | Dec. 31, 2023 | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2024 | Dec. 31, 2023 |
| Fair Values <sup>(1)</sup>                  |                                    |               |               |                           |               |               |               |               |               |
| <b>Derivative Assets:</b>                   |                                    |               |               |                           |               |               |               |               |               |
| Interest rate swaps                         | Interest rate                      | \$ —          | \$ —          | \$ 25                     | \$ 55         | \$ —          | \$ —          | \$ 25         | \$ 55         |
| Total derivative assets <sup>(2)</sup>      |                                    | —             | —             | 25                        | 55            | —             | —             | 25            | 55            |
| <b>Derivative Liabilities:</b>              |                                    |               |               |                           |               |               |               |               |               |
| Interest rate swaps                         | Interest rate                      | —             | —             | —                         | —             | —             | (1)           | —             | (1)           |
| Cross-currency interest rate swaps          | Foreign currency and interest rate | —             | —             | (244)                     | (189)         | —             | —             | (244)         | (189)         |
| Total derivative liabilities <sup>(2)</sup> |                                    | —             | —             | (244)                     | (189)         | —             | (1)           | (244)         | (190)         |
| Net total derivatives                       |                                    | \$ —          | \$ —          | \$ (219)                  | \$ (134)      | \$ —          | \$ (1)        | \$ (219)      | \$ (135)      |

<sup>(1)</sup> 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.

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

| (Dollar in millions)   | Other Assets      |                   | Other Liabilities |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Gross position   | \$ 25             | \$ 55             | \$ (244)          | \$ (190)          |
| Impact of master netting agreements  | —                 | —                 | —                 | —                 |
| Derivative values with impact of master netting agreements (as carried on balance sheet) | 25                | 55                | (244)             | (190)             |
| Cash collateral (held) pledged   | (26)              | (60)              | 30                | 46                |
| Net position   | \$ (1)            | \$ (5)            | \$ (214)          | \$ (144)          |

<sup>(3)</sup> 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 December 31, 2024 |                         | As of December 31, 2023 |                         |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                       | Carrying Value          | Hedge Basis Adjustments | Carrying Value          | Hedge Basis Adjustments |
| Short-term borrowings | \$ 495                  | \$ (5)                  | \$ 490                  | \$ (9)                  |
| Long-term borrowings  | \$ 4,517                | \$ (345)                | \$ 5,341                | \$ (281)                |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Derivative Financial Instruments (Continued)**

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

| (Dollars in billions)              | Cash Flow     |               | Fair Value    |               | Trading       |               | Total         |                |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                                    | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2024 | Dec. 31, 2023  |
| <b>Notional Values:</b>            |               |               |               |               |               |               |               |                |
| Interest rate swaps                | \$ .1         | \$ 2.2        | \$ 4.1        | \$ 4.6        | \$ 2.2        | \$ 1.9        | \$ 6.4        | \$ 8.7         |
| Cross-currency interest rate swaps | —             | —             | 1.3           | 1.6           | —             | —             | 1.3           | 1.6            |
| Total derivatives                  | <u>\$ .1</u>  | <u>\$ 2.2</u> | <u>\$ 5.4</u> | <u>\$ 6.2</u> | <u>\$ 2.2</u> | <u>\$ 1.9</u> | <u>\$ 7.7</u> | <u>\$ 10.3</u> |

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

| (Dollars in millions)                                   | Total Gains (Losses)     |                |               |
|---|--------------------------|----------------|---------------|
|   | Years Ended December 31, |                |               |
|   | 2024                     | 2023           | 2022          |
| <b>Fair Value Hedges:</b>                               |                          |                |               |
| Interest Rate Swaps                                     |                          |                |               |
| Gains (losses) recognized in net income on derivatives  | \$ —                     | \$ 104         | \$ (610)      |
| Gains (losses) recognized in net income on hedged items | (3)                      | (128)          | 660           |
| Net fair value hedge ineffectiveness gains (losses)     | (3)                      | (24)           | 50            |
| Cross currency interest rate swaps                      |                          |                |               |
| Gains (losses) recognized in net income on derivatives  | (55)                     | 64             | (63)          |
| Gains (losses) recognized in net income on hedged items | 63                       | (86)           | 96            |
| Net fair value hedge ineffectiveness gains (losses)     | 8                        | (22)           | 33            |
| Total fair value hedges <sup>(1)(2)</sup>               | 5                        | (46)           | 83            |
| <b>Cash Flow Hedges:</b>                                |                          |                |               |
| Total cash flow hedges <sup>(2)</sup>                   | —                        | —              | —             |
| <b>Trading:</b>   |                          |                |               |
| Interest rate swaps                                     | 70                       | 11             | 130           |
| Floor income contracts                                  | —                        | —              | 41            |
| Total trading derivatives <sup>(3)</sup>                | 70                       | 11             | 171           |
| Mark-to-market gains (losses) recognized                | <u>\$ 75</u>             | <u>\$ (35)</u> | <u>\$ 254</u> |

<sup>(1)</sup> Recorded in interest expense in the consolidated statements of income.

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

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Derivative Financial Instruments (Continued)**

*Impact of Derivatives on Other Comprehensive Income (Equity)*

| (Dollars in millions)   | Years Ended December 31, |                |               |
|---|--------------------------|----------------|---------------|
|   | 2024                     | 2023           | 2022          |
| Total gains (losses) on cash flow hedges  | \$ 5                     | \$ 16          | \$ 194        |
| Reclassification adjustments for derivative (gains) losses included in net income (interest expense) <sup>(1)</sup> | (21)                     | (84)           | 26            |
| Net changes in cash flow hedges, net of tax   | <u>\$ (16)</u>           | <u>\$ (68)</u> | <u>\$ 220</u> |

<sup>(1)</sup> 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)  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| <b>Collateral held:</b>  |                   |                   |
| Cash (obligation to return cash collateral is recorded in short-term borrowings)   | \$ 26             | \$ 60             |
| Securities at fair value — corporate derivatives (not recorded in financial statements) <sup>(1)</sup>                       | —                 | —                 |
| Securities at fair value — on-balance sheet securitization derivatives (not recorded in financial statements) <sup>(2)</sup> | —                 | —                 |
| Total collateral held  | <u>\$ 26</u>      | <u>\$ 60</u>      |
| Derivative asset at fair value including accrued interest  | <u>\$ 33</u>      | <u>\$ 62</u>      |
| <b>Collateral pledged to others:</b>   |                   |                   |
| Cash (right to receive return of cash collateral is recorded in investments)   | \$ 30             | \$ 46             |
| Total collateral pledged   | <u>\$ 30</u>      | <u>\$ 46</u>      |
| Derivative liability at fair value including accrued interest and premium receivable   | <u>\$ 250</u>     | <u>\$ 197</u>     |

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

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Other Assets**

The following table provides the detail of our other assets.

| (Dollars in millions)                     | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Accrued interest receivable               | \$ 1,733          | \$ 2,081          |
| Benefit and insurance-related investments | 459               | 460               |
| Income tax asset, net                     | 120               | 122               |
| Derivatives at fair value                 | 25                | 55                |
| Accounts receivable                       | 49                | 101               |
| Fixed assets                              | 52                | 62                |
| Other                                     | 100               | 33                |
| <b>Total</b>                              | <b>\$ 2,538</b>   | <b>\$ 2,914</b>   |

**9. Stockholders' Equity**

**Common Stock**

Our shareholders have authorized the issuance of 1.125 billion shares of common stock. The par value of Navient common stock is \$0.01 per share. At December 31, 2024, 103 million shares were issued and outstanding and 14 million shares were unissued but encumbered for outstanding stock options, restricted stock units, performance stock units and dividend equivalent units for employee compensation and remaining authority for stock-based compensation plans.

**Dividend and Share Repurchase Program**

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

| (Dollars and shares in millions, except per share amounts)                           | Years Ended December 31, |          |          |
|--|--------------------------|----------|----------|
|  | 2024                     | 2023     | 2022     |
| Common stock repurchased <sup>(1)</sup>  | 11.5                     | 18.0     | 24.8     |
| Common stock repurchased (in dollars) <sup>(1)</sup>                                 | \$ 179                   | \$ 310   | \$ 400   |
| Average purchase price per share <sup>(1)</sup>                                      | \$ 15.51                 | \$ 17.21 | \$ 16.13 |
| Remaining common stock repurchase authority <sup>(1)</sup>                           | \$ 111                   | \$ 290   | \$ 600   |
| Shares repurchased related to employee stock-based compensation plans <sup>(2)</sup> | .5                       | 1.3      | 1.2      |
| Average purchase price per share <sup>(2)</sup>                                      | \$ 15.83                 | \$ 18.44 | \$ 17.84 |
| Common shares issued <sup>(3)</sup>  | 1.6                      | 2.6      | 2.5      |
| Dividends paid   | \$ 70                    | \$ 78    | \$ 91    |
| Dividends per share  | \$ .64                   | \$ .64   | \$ .64   |

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

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

<sup>(3)</sup> Common shares issued under our various compensation and benefit plans.

The closing price of our common stock on December 31, 2024 was \$13.29.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10. 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.

| <b>(In millions, except per share data)</b>  | <b>Years Ended December 31,</b> |                |                |
|--|---------------------------------|----------------|----------------|
|  | <b>2024</b>                     | <b>2023</b>    | <b>2022</b>    |
| <b>Numerator:</b>  |                                 |                |                |
| Net income (loss)  | \$ 131                          | \$ 228         | \$ 645         |
| <b>Denominator:</b>  |                                 |                |                |
| Weighted average shares used to compute basic EPS  | 109                             | 122            | 142            |
| Effect of dilutive securities:   |                                 |                |                |
| Dilutive effect of restricted stock, restricted stock units, performance stock units, and Employee Stock Purchase Plan (ESPP) <sup>(1)</sup> | 2                               | 1              | 2              |
| Dilutive potential common shares <sup>(2)</sup>  | 2                               | 1              | 2              |
| Weighted average shares used to compute diluted EPS  | 111                             | 123            | 144            |
| <b>Basic earnings (loss) per common share</b>  | <b>\$ 1.20</b>                  | <b>\$ 1.87</b> | <b>\$ 4.54</b> |
| <b>Diluted earnings (loss) per common share</b>  | <b>\$ 1.18</b>                  | <b>\$ 1.85</b> | <b>\$ 4.49</b> |

<sup>(1)</sup> 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.

<sup>(2)</sup> For the years ended December 31, 2024, 2023 and 2022, there were 0 million shares outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. 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 2024, there were no significant transfers of financial instruments between levels, or changes in our methodology used to value our financial instruments.

**Education Loans**

Our FFELP Loans and Private Education Loans are accounted for at cost or at the lower of its carrying amount or fair value less cost to sell if the loan is held-for-sale. Fair values are determined by modeling loan cash flows using stated terms of the assets using mostly internally developed assumptions that are validated against market transactions when available.

*FFELP Loans*

The significant assumptions used to determine fair value of our FFELP Loans are prepayment speeds, default rates, cost of funds, discount rate, capital levels and expected Repayment Borrower Benefits to be earned. In addition, the Floor Income component of our FFELP Loan portfolio is valued with option models using both observable market inputs and internally developed inputs. A number of significant inputs into the models are internally derived and not observable in active markets. While the resulting fair value can be validated against market transactions where we are a participant, these markets are not considered active. As such, these are level 3 valuations.

*Private Education Loans*

The significant assumptions used to determine fair value of our Private Education Loans are prepayment speeds, default rates, recovery rates, cost of funds, discount rate and capital levels. A number of significant inputs into the models are internally derived and not observable in active markets. While the resulting fair value can be validated against market transactions where we are a participant, these markets are not considered active. As such, these are level 3 valuations.

**Cash and Investments (Including "Restricted Cash")**

Cash and cash equivalents are carried at cost. Carrying value approximates fair value. The fair value of investments in commercial paper, ABCP, or demand deposits that have a remaining term of less than 90 days when purchased are estimated to equal their cost and, when needed, adjustments for liquidity and credit spreads are made depending on market conditions and counterparty credit risks. No additional adjustments were deemed necessary. These investments are level 2 valuations.

**Borrowings**

Borrowings are accounted for at cost in the financial statements except when denominated in a foreign currency or when designated as the hedged item in a fair value hedge relationship. When the hedged risk is the benchmark interest rate (which for us is SOFR) and not full fair value, the cost basis is adjusted for changes in value due to benchmark interest rates only. Foreign currency-denominated borrowings are re-measured at current spot rates in the financial statements. Fair value was determined through standard bond pricing models and option models (when applicable) using the stated terms of the borrowings, observable yield curves, foreign currency exchange rates, volatilities from active markets or from quotes from broker-dealers. Fair value adjustments for unsecured corporate debt are made based on indicative quotes from observable trades and spreads on credit default swaps specific to the Company. Fair value adjustments for secured borrowings are based on indicative quotes from broker-dealers. These adjustments for both secured and unsecured borrowings are material to the overall valuation of these items and, currently, are based on inputs from inactive markets. As such, these are level 3 valuations.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. Fair Value Measurements (Continued)**

**Derivative Financial Instruments**

All derivatives are accounted for at fair value in the financial statements. The fair value of a majority of derivative financial instruments was determined by standard derivative pricing and option models using the stated terms of the contracts and observable market inputs and are therefore classified as level 2 fair values. In some cases, we utilized internally developed inputs that are not observable in the market, and as such, classified these instruments as level 3 fair values. Complex structured derivatives or derivatives that trade in less liquid markets require significant estimates and judgment in determining fair value that cannot be corroborated with market transactions.

When determining the fair value of derivatives, we take into account counterparty credit risk for positions where there is exposure to the counterparty on a net basis by assessing exposure net of collateral held. See "Note 7 — Derivative Financial Instruments" for further discussion on methodology.

Inputs specific to each class of derivatives disclosed in the table below are as follows:

- Interest rate swaps — Fair value is determined using standard derivative cash flow models. Derivatives that swap fixed interest payments and SOFR interest payments are valued using the SOFR swap yield curve which is an observable input from an active market. These derivatives are level 2 fair value estimates in the hierarchy.
- Cross-currency interest rate swaps — Fair value is determined using standard derivative cash flow models. Derivatives hedging foreign-denominated bonds are valued using the SOFR swap yield curve (for both USD and the foreign-denominated currency), cross-currency basis spreads and forward foreign currency exchange rates. These inputs are observable inputs from active markets. In addition, these amortizing notional derivatives (derivatives whose notional amounts change based on changes in the balance of, or pool of, assets or debt) hedging trust debt use internally derived assumptions for the trust assets' prepayment speeds and default rates to model the notional amortization. Management makes assumptions concerning the extension features of derivatives hedging rate-reset notes denominated in a foreign currency. These inputs are not market observable; therefore, these derivatives are level 3 fair value estimates.

The carrying value of borrowings designated as the hedged item in a fair value hedge is adjusted for changes in fair value due to benchmark interest rates and foreign-currency exchange rates. These valuations are determined through standard bond pricing models and option models (when applicable) using the stated terms of the borrowings, and observable yield curves, foreign currency exchange rates and volatilities.

The following table summarizes the valuation of our financial instruments that are marked-to-market on a recurring basis. During 2024 and 2023, there were no significant transfers of financial instruments between levels.

| (Dollars in millions)                       | Fair Value Measurements on a Recurring Basis |              |                 |                 |                   |              |                 |                 |
|---|--|--------------|-----------------|-----------------|-------------------|--------------|-----------------|-----------------|
|   | December 31, 2024                            |              |                 |                 | December 31, 2023 |              |                 |                 |
|   | Level 1                                      | Level 2      | Level 3         | Total           | Level 1           | Level 2      | Level 3         | Total           |
| <b>Assets</b>                               |  |              |                 |                 |                   |              |                 |                 |
| Derivative instruments <sup>(1)</sup>       |  |              |                 |                 |                   |              |                 |                 |
| Interest rate swaps                         | \$ —   | \$ 25        | \$ —            | \$ 25           | \$ —              | \$ 55        | \$ —            | \$ 55           |
| Total derivative assets <sup>(2)</sup>      | —  | 25           | —               | 25              | —                 | 55           | —               | 55              |
| <b>Total</b>                                | <b>\$ —</b>                                  | <b>\$ 25</b> | <b>\$ —</b>     | <b>\$ 25</b>    | <b>\$ —</b>       | <b>\$ 55</b> | <b>\$ —</b>     | <b>\$ 55</b>    |
| <b>Liabilities<sup>(3)</sup></b>            |  |              |                 |                 |                   |              |                 |                 |
| Derivative instruments <sup>(1)</sup>       |  |              |                 |                 |                   |              |                 |                 |
| Interest rate swaps                         | \$ —   | \$ —         | \$ —            | \$ —            | \$ —              | \$ —         | \$ (1)          | \$ (1)          |
| Cross-currency interest rate swaps          | —  | —            | (244)           | (244)           | —                 | —            | (189)           | (189)           |
| Total derivative liabilities <sup>(2)</sup> | —  | —            | (244)           | (244)           | —                 | —            | (190)           | (190)           |
| <b>Total</b>                                | <b>\$ —</b>                                  | <b>\$ —</b>  | <b>\$ (244)</b> | <b>\$ (244)</b> | <b>\$ —</b>       | <b>\$ —</b>  | <b>\$ (190)</b> | <b>\$ (190)</b> |

<sup>(1)</sup> Fair value of derivative instruments excludes accrued interest and the value of collateral.

<sup>(2)</sup> See "Note 7 — Derivative Financial Instruments" for a reconciliation of gross positions without the impact of master netting agreements to the balance sheet classification.

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. Fair Value Measurements (Continued)**

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

| (Dollars in millions)   | Year Ended December 31, 2024 |   |             |                                    |
|---|------------------------------|---|-------------|------------------------------------|
|   | Derivative Instruments       |   |             |                                    |
|   | Interest<br>Rate Swaps       | Cross<br>Currency<br>Interest<br>Rate Swaps | Other       | Total<br>Derivative<br>Instruments |
| <b>Balance, beginning of period</b>   | \$ (1)                       | \$ (189)                                    | \$ —        | \$ (190)                           |
| Total gains/(losses):   |                              |   |             |                                    |
| Included in earnings <sup>(1)</sup>   | —                            | (93)  | —           | (93)                               |
| Included in other comprehensive income  | —                            | —   | —           | —                                  |
| Settlements   | —                            | 38  | —           | 38                                 |
| Transfers in and/or out of level 3  | 1                            | —   | —           | 1                                  |
| <b>Balance, end of period</b>   | <u>\$ —</u>                  | <u>\$ (244)</u>                             | <u>\$ —</u> | <u>\$ (244)</u>                    |
| Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date <sup>(2)</sup> | <u>\$ —</u>                  | <u>\$ (55)</u>                              | <u>\$ —</u> | <u>\$ (55)</u>                     |

  

| (Dollars in millions)   | Year Ended December 31, 2023 |   |             |                                    |
|---|------------------------------|---|-------------|------------------------------------|
|   | Derivative Instruments       |   |             |                                    |
|   | Interest<br>Rate Swaps       | Cross<br>Currency<br>Interest<br>Rate Swaps | Other       | Total<br>Derivative<br>Instruments |
| <b>Balance, beginning of period</b>   | \$ (2)                       | \$ (253)                                    | \$ —        | \$ (255)                           |
| Total gains/(losses):   |                              |   |             |                                    |
| Included in earnings <sup>(1)</sup>   | 1                            | 17  | —           | 18                                 |
| Included in other comprehensive income  | —                            | —   | —           | —                                  |
| Settlements   | —                            | 47  | —           | 47                                 |
| Transfers in and/or out of level 3  | —                            | —   | —           | —                                  |
| <b>Balance, end of period</b>   | <u>\$ (1)</u>                | <u>\$ (189)</u>                             | <u>\$ —</u> | <u>\$ (190)</u>                    |
| Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date <sup>(2)</sup> | <u>\$ 1</u>                  | <u>\$ 64</u>                                | <u>\$ —</u> | <u>\$ 65</u>                       |

  

| (Dollars in millions)   | Year Ended December 31, 2022 |   |             |                                    |
|---|------------------------------|---|-------------|------------------------------------|
|   | Derivative Instruments       |   |             |                                    |
|   | Interest<br>Rate Swaps       | Cross<br>Currency<br>Interest<br>Rate Swaps | Other       | Total<br>Derivative<br>Instruments |
| <b>Balance, beginning of period</b>   | \$ (4)                       | \$ (190)                                    | \$ —        | \$ (194)                           |
| Total gains/(losses):   |                              |   |             |                                    |
| Included in earnings <sup>(1)</sup>   | 1                            | (105)                                       | —           | (104)                              |
| Included in other comprehensive income  | —                            | —   | —           | —                                  |
| Settlements   | 1                            | 42  | —           | 43                                 |
| Transfers in and/or out of level 3  | —                            | —   | —           | —                                  |
| <b>Balance, end of period</b>   | <u>\$ (2)</u>                | <u>\$ (253)</u>                             | <u>\$ —</u> | <u>\$ (255)</u>                    |
| Change in mark-to-market gains/(losses) relating to instruments still held at the reporting date <sup>(2)</sup> | <u>\$ 1</u>                  | <u>\$ (63)</u>                              | <u>\$ —</u> | <u>\$ (62)</u>                     |

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

| (Dollars in millions)                                    | Years Ended December 31, |              |                 |
|--|--------------------------|--------------|-----------------|
|  | 2024                     | 2023         | 2022            |
| Gains (losses) on derivative and hedging activities, net | \$ —                     | \$ 1         | \$ 1            |
| Interest expense   | (93)                     | 17           | (105)           |
| <b>Total</b>   | <u>\$ (93)</u>           | <u>\$ 18</u> | <u>\$ (104)</u> |

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. 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<br>December 31,<br>2024 | Valuation<br>Technique | Input                    | Range and<br>Weighted Average |
|------------------------------------|---------------------------------------|------------------------|--------------------------|-------------------------------|
| <b>Derivatives</b>                 |                                       |                        |                          |                               |
| Cross-currency interest rate swaps | \$ (244 )                             | Discounted cash flow   | Constant Prepayment Rate | 5%                            |
| <b>Total</b>                       | <u>\$ (244 )</u>                      |                        |                          |                               |

The significant inputs that are unobservable or from inactive markets related to our level 3 derivatives detailed in the table above would be expected to have the following impacts to the valuations:

- Cross-currency interest rate swaps — The unobservable inputs used in these valuations are Constant Prepayment Rates of the underlying securitization trust the swap references. A decrease in this input will result in a longer weighted average life of the swap. All else equal in a typical currency market, this will result in a decrease to the valuation due to the delay in the cash flows of the currency exchanges as well as diminished liquidity in the forward exchange markets as you increase the term. The opposite is true for an increase in the input.

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

| (Dollars in millions)                                     | December 31, 2024 |                |               | December 31, 2023 |                |                  |
|---|-------------------|----------------|---------------|-------------------|----------------|------------------|
|   | Fair Value        | Carrying Value | Difference    | Fair Value        | Carrying Value | Difference       |
| <b>Earning assets</b>                                     |                   |                |               |                   |                |                  |
| FFELP Loans   | \$ 30,766         | \$ 30,852      | \$ (86 )      | \$ 36,590         | \$ 37,925      | \$ (1,335 )      |
| Private Education Loans                                   | 15,367            | 15,716         | (349 )        | 16,287            | 16,902         | (615 )           |
| Cash and investments                                      | 2,246             | 2,246          | —             | 2,939             | 2,939          | —                |
| <b>Total earning assets</b>                               | <u>48,379</u>     | <u>48,814</u>  | <u>(435 )</u> | <u>55,816</u>     | <u>57,766</u>  | <u>(1,950 )</u>  |
| <b>Interest-bearing liabilities</b>                       |                   |                |               |                   |                |                  |
| Short-term borrowings                                     | 5,144             | 5,134          | (10 )         | 4,237             | 4,226          | (11 )            |
| Long-term borrowings                                      | 42,361            | 43,184         | 823           | 51,566            | 53,402         | 1,836            |
| <b>Total interest-bearing liabilities</b>                 | <u>47,505</u>     | <u>48,318</u>  | <u>813</u>    | <u>55,803</u>     | <u>57,628</u>  | <u>1,825</u>     |
| <b>Derivative financial instruments</b>                   |                   |                |               |                   |                |                  |
| Floor Income Contracts                                    | —                 | —              | —             | —                 | —              | —                |
| Interest rate swaps                                       | 25                | 25             | —             | 54                | 54             | —                |
| Cross-currency interest rate swaps                        | (244 )            | (244 )         | —             | (189 )            | (189 )         | —                |
| Other   | —                 | —              | —             | —                 | —              | —                |
| <b>Excess of net asset fair value over carrying value</b> |                   |                | <u>\$ 378</u> |                   |                | <u>\$ (125 )</u> |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. 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 relating to loan servicing or business processing and which allege violations of state or federal laws in connection with servicing or collection activities on education loans and other debts.

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

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

***Contingencies***

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

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.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. Commitments, Contingencies and Guarantees (Continued)**

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.

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 June 30, 2024, the contingency loss liability was \$105 million (of which \$3 million related to expected legal costs). Navient reached an agreement to settle the CFPB lawsuit in September 2024. While we do not agree with the CFPB's allegations, this resolution is consistent with our go-forward activities and is an important positive milestone in our transformation of the Company. As part of the settlement, pursuant to which the Company did not admit to any wrongdoing, Navient agreed to pay \$120 million, which includes a \$100 million payment that will be used by the CFPB to make payments to certain borrowers as determined by the CFPB, in addition to a \$20 million penalty. In light of the contingency loss liability established in the amount of \$105 million as of June 30, 2024, there was an additional \$18 million of contingency expense recorded in third-quarter 2024. The \$120 million was paid prior to September 30, 2024. The settlement prohibits Navient from servicing federal student loans (other than in the role as master servicer of Navient's FFELP Loan portfolio), and further prohibits Navient from purchasing any FFELP Loans in the future. These restrictions are not expected to have a material impact on Navient's business as Navient had already exited its Direct loan servicing contract with the Department of Education in 2021, and entered into an agreement with MOHELA to service Navient's FFELP Loan portfolio in May 2024. It is not anticipated that the other requirements of the settlement will impact Navient's go-forward business plans or operations.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. 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.

***OIG Audit***

The Office of the Inspector General (the OIG) of ED commenced an audit regarding Special Allowance Payments (SAP) on September 10, 2007. OIG issued a final audit report in August 2009. In September 2013, we received the final audit determination of Federal Student Aid (the Final Audit Determination). The Final Audit Determination concurred with the final audit report issued by the OIG and instructed us to make adjustments to our government billing on FFELP loans to reflect the policy determination. In August 2016, we filed our notice of appeal to the Administrative Actions and Appeals Service Group of ED. In March 2019, the administrative law judge hearing the appeal affirmed the audit's findings, holding the then-existing Dear Colleague letter relied upon by the Company and other industry participants was inconsistent with the statutory framework creating the SAP rules applicable to loans funded by certain types of debt obligations. We appealed the administrative law judge's decision to the Secretary of Education given Navient's adherence to ED-issued guidance and the potential impact on participants in any ED program if such guidance is deemed unreliable. In January 2021, the Acting Secretary of Education upheld the decision of the administrative law judge. In March 2021, we filed a complaint for declaratory judgment in federal court seeking to set aside the Acting Secretary's decision. On December 16, 2022, the court determined that ED failed to adequately assess our reliance upon the previously issued Dear Colleague letter, granted our Motion for Summary Judgment and ordered that the Acting Secretary's decision be vacated and remanded to ED for further proceedings. In December 2024, we agreed to a settlement with ED to resolve the matter. While we continued to believe that our SAP billing practices were proper, considering then-existing ED guidance and lack of applicable regulations, the Company felt it was in its best interest to put the matter behind it to avoid the cost of continued litigation. As disclosed previously, the Company first established a reserve for this matter in 2014 and increased the reserve in 2020 in response to the decision by the Acting Secretary. In 2024, the reserve was reduced to \$15 million in connection with the settlement with ED. The settlement does not have a material effect on the Company as a whole.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Income Taxes**

Reconciliations of the statutory U.S. federal income tax rates to our effective tax rate for continuing operations follow:

|  | Years Ended December 31, |               |               |
|--|--------------------------|---------------|---------------|
|  | 2024                     | 2023          | 2022          |
| Statutory rate   | 21.0 %                   | 21.0 %        | 21.0 %        |
| Non-deductible goodwill impairment   | 4.2                      | —             | —             |
| Non-deductible regulatory-related expenses   | 2.4                      | —             | —             |
| Recognition of deferred tax asset on government services business basis difference | (5.3)                    | —             | —             |
| State tax, net of federal benefit  | 4.2                      | 5.5           | .9            |
| Other, net   | (1.5)                    | .6            | .1            |
| Effective tax rate   | <u>25.0 %</u>            | <u>27.1 %</u> | <u>22.0 %</u> |

Income tax expense consists of:

| (Dollars in millions)                      | December 31, |              |               |
|--|--------------|--------------|---------------|
|  | 2024         | 2023         | 2022          |
| Current provision/(benefit):               |              |              |               |
| Federal                                    | \$ 29        | \$ 63        | \$ (2)        |
| State                                      | 8            | 24           | (25)          |
| Foreign                                    | —            | —            | 1             |
| Total current provision/(benefit)          | <u>37</u>    | <u>87</u>    | <u>(26)</u>   |
| Deferred provision/(benefit):              |              |              |               |
| Federal                                    | 5            | —            | 173           |
| State                                      | 1            | (2)          | 35            |
| Foreign                                    | —            | —            | —             |
| Total deferred provision/(benefit)         | <u>6</u>     | <u>(2)</u>   | <u>208</u>    |
| Provision for income tax expense/(benefit) | <u>\$ 43</u> | <u>\$ 85</u> | <u>\$ 182</u> |

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Income Taxes (Continued)**

The tax effect of temporary differences that give rise to deferred tax assets and liabilities include the following:

| (Dollars in millions)  | December 31, |        |
|--|--------------|--------|
|  | 2024         | 2023   |
| <b>Deferred tax assets:</b>  |              |        |
| Loan reserves  | \$ 181       | \$ 237 |
| Accrued expenses not currently deductible                                | 22           | 39     |
| Education loan premiums and discounts, net                               | 40           | 32     |
| Government services business held for sale                               | 18           | —      |
| Operating loss and credit carryovers                                     | 9            | 11     |
| Stock-based compensation plans   | 7            | 5      |
| Acquired intangible assets   | 9            | —      |
| Other  | 16           | 18     |
| Total deferred tax assets  | 302          | 342    |
| <b>Deferred tax liabilities:</b>   |              |        |
| Market value adjustments on education loans, investments and derivatives | 100          | 114    |
| Acquired intangible assets   | —            | 23     |
| Original issue discount on borrowings                                    | 13           | 13     |
| Other  | 5            | 7      |
| Total deferred tax liabilities   | 118          | 157    |
| Net deferred tax assets  | \$ 184       | \$ 185 |

Included in operating loss and credit carryovers is a valuation allowance of \$123 million and \$98 million as of December 31, 2024 and 2023, respectively, against a portion of the Company's federal and state deferred tax assets. The valuation allowance is primarily attributable to deferred tax assets for federal and state net operating loss carryovers and state IRC § 163(j) disallowed interest expense carryovers that management believes it is more likely than not will expire prior to being realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income of the appropriate character (i.e. capital or ordinary) during the period in which the temporary differences become deductible. Factors generally considered by management include (but are not limited to): any changes in economic conditions, the scheduled reversals of deferred tax liabilities, and the history of positive taxable income in evaluating the realizability of the deferred tax assets.

The operating loss and credit carryovers consist of:

| (Dollars in millions)                                     | December 31, 2024 |                 |                |  |                                      |
|---|-------------------|-----------------|----------------|--|--------------------------------------|
|   | Gross             | Tax-Effectuated | Expiration     | Corresponding Valuation Allowance <sup>(1)</sup> | Operating Loss and Credit Carryovers |
| Federal operating loss carryovers                         | \$ 30             | \$ 6            | Begins in 2032 | \$ 1   | \$ 5                                 |
| State operating loss carryovers                           | 718               | 45              | Begins in 2025 | 41   | 4                                    |
| State IRC § 163(j) disallowed interest expense carryovers | 5,719             | 81              | Indefinite     | 81   | —                                    |
|   |                   | \$ 132          |                | \$ 123   | \$ 9                                 |

<sup>(1)</sup> The valuation allowance attributable to deferred tax assets for federal and state net operating loss carryovers, and state IRC § 163(j) disallowed interest expense carryovers, are amounts that management believes more likely than not will expire prior to being realized.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Income Taxes (Continued)**

**Accounting for Uncertainty in Income Taxes**

The following table summarizes changes in unrecognized tax benefits:

| (Dollars in millions)  | December 31,   |                |                |
|--|----------------|----------------|----------------|
|  | 2024           | 2023           | 2022           |
| <b>Unrecognized tax benefits at beginning of year</b>                  | \$ 48.5        | \$ 50.7        | \$ 58.8        |
| Increases resulting from tax positions taken during a prior period     | 8.8            | 3.8            | 10.8           |
| Decreases resulting from tax positions taken during a prior period     | (6.4)          | (4.5)          | (18.6)         |
| Increases resulting from tax positions taken during the current period | 10.2           | 7.4            | 6.7            |
| Decreases related to settlements with taxing authorities               | (6.0)          | (3.8)          | (1.0)          |
| Increases related to settlements with taxing authorities               | —              | —              | —              |
| Reductions related to the lapse of statute of limitations              | (8.0)          | (5.1)          | (6.0)          |
| <b>Unrecognized tax benefits at end of year <sup>(1)</sup></b>         | <b>\$ 47.1</b> | <b>\$ 48.5</b> | <b>\$ 50.7</b> |

<sup>(1)</sup> Included in the \$47.1 million of gross unrecognized tax benefits at December 31, 2024 are \$37.2 million of unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate.

The Company or one of its subsidiaries files income tax returns at the U.S. federal level, in most U.S. states, and various foreign jurisdictions. All periods prior to 2021 are closed for federal examinations purposes. Various combinations of subsidiaries, tax years, and jurisdictions remain open for review, subject to statute of limitations periods (typically 3 to 4 prior years). We do not expect the resolution of open audits to have a material impact on our unrecognized tax benefits.

**14. 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**

| (Dollars in millions)                          | Years Ended December 31, |                     |               |                         |                     |               |                         |                     |               |
|--|--------------------------|---------------------|---------------|-------------------------|---------------------|---------------|-------------------------|---------------------|---------------|
|  | 2024                     |                     |               | 2023                    |                     |               | 2022                    |                     |               |
|  | Federal Education Loans  | Business Processing | Total Revenue | Federal Education Loans | Business Processing | Total Revenue | Federal Education Loans | Business Processing | Total Revenue |
| Federal Education Loan asset recovery services | \$ —                     | \$ —                | \$ —          | \$ —                    | \$ —                | \$ —          | \$ 2                    | \$ —                | \$ 2          |
| Government services                            | —                        | 183                 | 183           | —                       | 200                 | 200           | —                       | 187                 | 187           |
| Healthcare services                            | —                        | 88                  | 88            | —                       | 121                 | 121           | —                       | 143                 | 143           |
| <b>Total</b>                                   | <b>\$ —</b>              | <b>\$ 271</b>       | <b>\$ 271</b> | <b>\$ —</b>             | <b>\$ 321</b>       | <b>\$ 321</b> | <b>\$ 2</b>             | <b>\$ 330</b>       | <b>\$ 332</b> |

**Revenue by Client Type**

| (Dollars in millions)                    | Years Ended December 31, |                     |               |                         |                     |               |                         |                     |               |
|--|--------------------------|---------------------|---------------|-------------------------|---------------------|---------------|-------------------------|---------------------|---------------|
|  | 2024                     |                     |               | 2023                    |                     |               | 2022                    |                     |               |
|  | Federal Education Loans  | Business Processing | Total Revenue | Federal Education Loans | Business Processing | Total Revenue | Federal Education Loans | Business Processing | Total Revenue |
| Federal government                       | \$ —                     | \$ 41               | \$ 41         | \$ —                    | \$ 62               | \$ 62         | \$ —                    | \$ 8                | \$ 8          |
| Guarantor agencies                       | —                        | —                   | —             | —                       | —                   | —             | 2                       | —                   | 2             |
| State and local government               | —                        | 73                  | 73            | —                       | 68                  | 68            | —                       | 116                 | 116           |
| Tolling authorities                      | —                        | 69                  | 69            | —                       | 70                  | 70            | —                       | 63                  | 63            |
| Hospitals and other healthcare providers | —                        | 88                  | 88            | —                       | 121                 | 121           | —                       | 143                 | 143           |
| <b>Total</b>                             | <b>\$ —</b>              | <b>\$ 271</b>       | <b>\$ 271</b> | <b>\$ —</b>             | <b>\$ 321</b>       | <b>\$ 321</b> | <b>\$ 2</b>             | <b>\$ 330</b>       | <b>\$ 332</b> |

As of December 31, 2024, 2023, and 2021 there was \$39 million, \$95 million, and \$67 million, respectively, of net accounts receivable related to these contracts. Navient had no material contract assets or contract liabilities.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. 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 CODM, our chief executive officer, to manage the business, review operating performance and allocate resources, and qualify to be aggregated as part of the primary reportable operating segments. As discussed further below, we measure the profitability of our operating segments based on Core Earnings net income. Accordingly, information regarding our reportable operating segments net income is provided on a Core Earnings basis.

***Federal Education Loans Segment***

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

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

| <u>(Dollars in millions)</u>        | <u>December 31,</u> |                  |
|-------------------------------------|---------------------|------------------|
|                                     | <u>2024</u>         | <u>2023</u>      |
| FFELP Loans, net                    | \$ 30,852           | \$ 37,925        |
| Cash and investments <sup>(1)</sup> | 955                 | 1,520            |
| Other                               | 1,818               | 2,128            |
| Total assets                        | <u>\$ 33,625</u>    | <u>\$ 41,573</u> |

<sup>(1)</sup> 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.

| <u>(Dollars in millions)</u>        | <u>December 31,</u> |                  |
|-------------------------------------|---------------------|------------------|
|                                     | <u>2024</u>         | <u>2023</u>      |
| Private Education Loans, net        | \$ 15,716           | \$ 16,902        |
| Cash and investments <sup>(1)</sup> | 524                 | 497              |
| Other                               | 569                 | 577              |
| Total assets                        | <u>\$ 16,809</u>    | <u>\$ 17,976</u> |

<sup>(1)</sup> Includes restricted cash and investments.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

***Business Processing Segment***

In September 2024, Navient completed the sale of its equity interests in Xtend, which comprised the Company's healthcare services business in its Business Processing segment for \$369 million resulting in a \$219 million gain on sale. In February 2025, Navient completed the sale of its equity interests in its government services businesses for net consideration of \$44 million, which constitutes the remainder of the Business Processing segment. During the fourth quarter of 2024, our government services businesses met the criteria for held for sale classification, resulting in a \$28 million loss being recognized as a result of adjusting the basis to the estimated sales price.

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

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

At December 31, 2024 and 2023, the Business Processing segment had total assets of \$103 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 December 31, 2024 and 2023, the Other segment had total assets of \$1.3 billion and \$1.4 billion, respectively.

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

***Measure of Profitability***

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

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

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

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

**Segment Results and Reconciliations to GAAP**

|  | Year Ended December 31, 2024 |                        |   |                             |                           | Reportable Segments           |                     |                        |           |
|--|------------------------------|------------------------|---|-----------------------------|---------------------------|-------------------------------|---------------------|------------------------|-----------|
|  | Total<br>GAAP                | Reclassi-<br>fications | Adjustments<br>(Additions/<br>Subtraction<br>s) | Total<br>Adjustments<br>(1) | Total<br>Core<br>Earnings | Federal<br>Education<br>Loans | Consumer<br>Lending | Business<br>Processing | Other     |
| <b>(Dollars in millions)</b>                                       |                              |                        |   |                             |                           |                               |                     |                        |           |
| Interest income:   |                              |                        |   |                             |                           |                               |                     |                        |           |
| Education loans  | \$ 3,655                     |                        |   |                             |                           | \$ 2,397                      | \$ 1,259            | \$ —                   | \$ —      |
| Cash and investments   | 154                          |                        |   |                             |                           | 88                            | 25                  | —                      | 41        |
| Total interest income  | 3,809                        |                        |   |                             |                           | 2,485                         | 1,284               | —                      | 41        |
| Total interest expense   | 3,273                        |                        |   |                             |                           | 2,323                         | 786                 | —                      | 128       |
| Net interest income (loss)   | 536                          | \$ 35                  | \$ 2  | \$ 37                       | \$ 573                    | 162                           | 498                 | —                      | (87 )     |
| Less: provisions for loan losses                                   | 113                          |                        |   |                             | 113                       | 1                             | 112                 | —                      | —         |
| Net interest income (loss) after provisions for loan losses        | 423                          |                        |   |                             |                           | 161                           | 386                 | —                      | (87 )     |
| Other income (loss):   |                              |                        |   |                             |                           |                               |                     |                        |           |
| Service revenue  | 54                           |                        |   |                             |                           | 44                            | 10                  | —                      | —         |
| Asset recovery and business processing revenue                     | 271                          |                        |   |                             |                           | —                             | —                   | 271                    | —         |
| Other revenue  | 100                          |                        |   |                             |                           | 5                             | 1                   | —                      | 24        |
| Gain on sale of subsidiary   | 191                          |                        |   |                             |                           | —                             | —                   | 191                    | —         |
| Total other income (loss)  | 616                          | (35 )                  | (35 )   | (70 )                       | 546                       | 49                            | 11                  | 462                    | 24        |
| Expenses:  |                              |                        |   |                             |                           |                               |                     |                        |           |
| Direct operating expenses  | 445                          |                        |   |                             |                           | 74                            | 143                 | 228                    | —         |
| Unallocated shared services expenses                               | 235                          |                        |   |                             |                           | —                             | —                   | —                      | 235       |
| Operating expenses <sup>(2)</sup>                                  | 680                          |                        |   |                             | 680                       | 74                            | 143                 | 228                    | 235       |
| Goodwill and acquired intangible asset impairment and amortization | 146                          |                        | (146 )  | (146 )                      | —                         | —                             | —                   | —                      | —         |
| Restructuring/other reorganization expenses                        | 39                           |                        |   |                             | 39                        | —                             | —                   | —                      | 39        |
| Total expenses   | 865                          |                        | (146 )  | (146 )                      | 719                       | 74                            | 143                 | 228                    | 274       |
| Income (loss) before income tax expense (benefit)                  | 174                          |                        | 113   | 113                         | 287                       | 136                           | 254                 | 234                    | (337 )    |
| Income tax expense (benefit) <sup>(3)</sup>                        | 43                           |                        | 23  | 23                          | 66                        | 31                            | 58                  | 54                     | (77 )     |
| Net income (loss)  | \$ 131                       | \$ —                   | \$ 90   | \$ 90                       | \$ 221                    | \$ 105                        | \$ 196              | \$ 180                 | \$ (260 ) |

(1) Core Earnings adjustments to GAAP:

|  | Year Ended December 31, 2024              |  |        |
|--|---|--|--------|
|  | Net Impact of<br>Derivative<br>Accounting | Net Impact of<br>Acquired<br>Intangibles | Total  |
| <b>(Dollars in millions)</b>                                       |   |  |        |
| Net interest income (loss) after provisions for loan losses        | \$ 37                                     | \$ —                                     | \$ 37  |
| Total other income (loss)  | (70 )                                     | —  | (70 )  |
| Goodwill and acquired intangible asset impairment and amortization | —   | (146 )                                   | (146 ) |
| Total Core Earnings adjustments to GAAP                            | \$ (33 )                                  | \$ 146                                   | 113    |
| Income tax expense (benefit)                                       |   |  | 23     |
| Net income (loss)  |   |  | \$ 90  |

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

|                                 | Year Ended December 31, 2024 |                  |                     |        | Total  |
|---------------------------------|------------------------------|------------------|---------------------|--------|--------|
|                                 | Federal Education<br>Loans   | Consumer Lending | Business Processing | Other  |        |
| <b>(Dollars in millions)</b>    |                              |                  |                     |        |        |
| Service expenses                | \$ 57                        | \$ 54            | \$ —                | \$ 6   | \$ 117 |
| Information technology expenses | 8                            | 31               | 15                  | 84     | 138    |
| Corporate expenses              | 4                            | 3                | 4                   | 98     | 109    |
| Other/remaining expenses        | 5                            | 55               | 209                 | 47     | 316    |
| Operating expenses              | \$ 74                        | \$ 143           | \$ 228              | \$ 235 | \$ 680 |

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

|   | Year Ended December 31, 2023 |                        |   |   |                           | Reportable Segments           |                     |                        |                  |
|---|------------------------------|------------------------|---|---|---------------------------|-------------------------------|---------------------|------------------------|------------------|
|   | Total<br>GAAP                | Reclassi-<br>fications | Adjustments<br>Additions/<br>(Subtractio<br>ns) | Total<br>Adjustment<br>s <sup>(1)</sup> | Total<br>Core<br>Earnings | Federal<br>Education<br>Loans | Consumer<br>Lending | Business<br>Processing | Other            |
| <b>(Dollars in millions)</b>  |                              |                        |   |   |                           |                               |                     |                        |                  |
| Interest income:  |                              |                        |   |   |                           |                               |                     |                        |                  |
| Education loans   | \$ 4,266                     |                        |   |   |                           | \$ 2,901                      | \$ 1,369            | \$ —                   | \$ —             |
| Cash and investments  | 153                          |                        |   |   |                           | 76                            | 27                  | —                      | 50               |
| Total interest income   | 4,419                        |                        |   |   |                           | 2,977                         | 1,396               | —                      | 50               |
| Total interest expense  | 3,557                        |                        |   |   |                           | 2,497                         | 816                 | —                      | 164              |
| Net interest income<br>(loss)   | 862                          | \$ 32                  | \$ 52   | \$ 84                                   | \$ 946                    | 480                           | 580                 | —                      | (114 )           |
| Less: provisions for loan<br>losses   | 123                          |                        |   |   | 123                       | 56                            | 67                  | —                      | —                |
| Net interest income<br>(loss) after provisions<br>for loan losses           | 739                          |                        |   |   |                           | 424                           | 513                 | —                      | (114 )           |
| Other income (loss):  |                              |                        |   |   |                           |                               |                     |                        |                  |
| Servicing revenue   | 64                           |                        |   |   |                           | 52                            | 12                  | —                      | —                |
| Asset recovery and<br>business processing<br>revenue                        | 321                          |                        |   |   |                           | —                             | —                   | 321                    | —                |
| Other revenue   | 32                           |                        |   |   |                           | 14                            | 2                   | —                      | 5                |
| Losses on debt repurchases  | (8 )                         |                        |   |   |                           | —                             | —                   | —                      | (8 )             |
| Total other income<br>(loss)  | 409                          | (32 )                  | 21  | (11 )                                   | 398                       | 66                            | 14                  | 321                    | (3 )             |
| Expenses:   |                              |                        |   |   |                           |                               |                     |                        |                  |
| Direct operating<br>expenses  | 508                          |                        |   |   |                           | 72                            | 151                 | 285                    | —                |
| Unallocated shared<br>services expenses                                     | 292                          |                        |   |   |                           | —                             | —                   | —                      | 292              |
| Operating expenses <sup>(2)</sup>   | 800                          |                        |   |   | 800                       | 72                            | 151                 | 285                    | 292              |
| Goodwill and acquired<br>intangible asset<br>impairment and<br>amortization | 10                           |                        | (10 )   | (10 )                                   | —                         | —                             | —                   | —                      | —                |
| Restructuring/other<br>reorganization<br>expenses                           | 25                           |                        |   |   | 25                        | —                             | —                   | —                      | 25               |
| Total expenses  | 835                          |                        | (10 )   | (10 )                                   | 825                       | 72                            | 151                 | 285                    | 317              |
| Income (loss) before<br>income tax expense<br>(benefit)                     | 313                          |                        | 83  | 83                                      | 396                       | 418                           | 376                 | 36                     | (434 )           |
| Income tax expense<br>(benefit) <sup>(3)</sup>                              | 85                           |                        | 8   | 8                                       | 93                        | 99                            | 89                  | 8                      | (103 )           |
| Net income (loss)   | <u>\$ 228</u>                | <u>\$ —</u>            | <u>\$ 75</u>                                    | <u>\$ 75</u>                            | <u>\$ 303</u>             | <u>\$ 319</u>                 | <u>\$ 287</u>       | <u>\$ 28</u>           | <u>\$ (331 )</u> |

(1) Core Earnings adjustments to GAAP:

|  | Year Ended December 31, 2023              |  |              |
|--|---|--|--------------|
|  | Net Impact of<br>Derivative<br>Accounting | Net Impact of<br>Acquired<br>Intangibles | Total        |
| <b>(Dollars in millions)</b>                                       |   |  |              |
| Net interest income (loss) after provisions for loan losses        | \$ 84                                     | \$ —                                     | \$ 84        |
| Total other income (loss)  | (11 )                                     | —  | (11 )        |
| Goodwill and acquired intangible asset impairment and amortization | —   | (10 )                                    | (10 )        |
| Total Core Earnings adjustments to GAAP                            | <u>\$ 73</u>                              | <u>\$ 10</u>                             | <u>\$ 83</u> |
| Income tax expense (benefit)                                       |   |  | 8            |
| Net income (loss)  |   |  | <u>\$ 75</u> |

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

|                                 | Year Ended December 31, 2023 |                  |                     |               |               |
|---------------------------------|------------------------------|------------------|---------------------|---------------|---------------|
|                                 | Federal Education<br>Loans   | Consumer Lending | Business Processing | Other         | Total         |
| <b>(Dollars in millions)</b>    |                              |                  |                     |               |               |
| Servicing expenses              | \$ 44                        | \$ 55            | \$ —                | \$ —          | \$ 99         |
| Information technology expenses | 16                           | 29               | 18                  | 81            | 144           |
| Corporate expenses              | 7                            | 3                | 7                   | 125           | 142           |
| Other/remaining expenses        | 5                            | 64               | 260                 | 86            | 415           |
| Operating expenses              | <u>\$ 72</u>                 | <u>\$ 151</u>    | <u>\$ 285</u>       | <u>\$ 292</u> | <u>\$ 800</u> |

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

| (Dollars in millions)  | Year Ended December 31, 2022 |                        |                                  |                           |                           | Reportable Segments           |                     |                        |          |
|--|------------------------------|------------------------|----------------------------------|---------------------------|---------------------------|-------------------------------|---------------------|------------------------|----------|
|  | Total<br>GAAP                | Adjustments            |                                  | Total<br>Core<br>Earnings | Total<br>Core<br>Earnings | Federal<br>Education<br>Loans | Consumer<br>Lending | Business<br>Processing | Other    |
|  |                              | Reclassi-<br>fications | Additions/<br>(Subtractio<br>ns) |                           |                           |                               |                     |                        |          |
| Interest income:   |                              |                        |                                  |                           |                           |                               |                     |                        |          |
| Education loans  | \$ 3,161                     |                        |                                  |                           |                           | \$ 1,955                      | \$ 1,195            | \$ —                   | \$ —     |
| Cash and investments   | 62                           |                        |                                  |                           |                           | 32                            | 10                  | —                      | 20       |
| Total interest income  | 3,223                        |                        |                                  |                           |                           | 1,987                         | 1,205               | —                      | 20       |
| Total interest expense   | 2,102                        |                        |                                  |                           |                           | 1,468                         | 611                 | —                      | 107      |
| Net interest income (loss)   | 1,121                        | \$ (15)                | \$ (80)                          | \$ (95)                   | \$ 1,026                  | 519                           | 594                 | —                      | (87)     |
| Less: provisions for loan losses                                   | 79                           |                        |                                  |                           | 79                        | —                             | 79                  | —                      | —        |
| Net interest income (loss) after provisions for loan losses        | 1,042                        |                        |                                  |                           |                           | 519                           | 515                 | —                      | (87)     |
| Other income (loss):   |                              |                        |                                  |                           |                           |                               |                     |                        |          |
| Servicing revenue  | 77                           |                        |                                  |                           |                           | 65                            | 12                  | —                      | —        |
| Asset recovery and business processing revenue                     | 336                          |                        |                                  |                           |                           | 6                             | —                   | 330                    | —        |
| Other revenue  | 203                          |                        |                                  |                           |                           | 31                            | 1                   | —                      | —        |
| Total other income (loss)  | 616                          | 15                     | (186)                            | (171)                     | 445                       | 102                           | 13                  | 330                    | —        |
| Expenses:  |                              |                        |                                  |                           |                           |                               |                     |                        |          |
| Direct operating expenses  | 534                          |                        |                                  |                           |                           | 106                           | 148                 | 280                    | —        |
| Unallocated shared services expenses                               | 242                          |                        |                                  |                           |                           | —                             | —                   | —                      | 242      |
| Operating expenses <sup>(2)</sup>                                  | 776                          |                        |                                  |                           | 776                       | 106                           | 148                 | 280                    | 242      |
| Goodwill and acquired intangible asset impairment and amortization | 19                           |                        | (19)                             | (19)                      | —                         | —                             | —                   | —                      | —        |
| Restructuring/other reorganization expenses                        | 36                           |                        |                                  |                           | 36                        | —                             | —                   | —                      | 36       |
| Total expenses   | 831                          |                        | (19)                             | (19)                      | 812                       | 106                           | 148                 | 280                    | 278      |
| Income (loss) before income tax expense (benefit)                  | 827                          |                        | (247)                            | (247)                     | 580                       | 515                           | 380                 | 50                     | (365)    |
| Income tax expense (benefit) <sup>(3)</sup>                        | 182                          |                        | (60)                             | (60)                      | 122                       | 108                           | 80                  | 10                     | (76)     |
| Net income (loss)  | \$ 645                       | \$ —                   | \$ (187)                         | \$ (187)                  | \$ 458                    | \$ 407                        | \$ 300              | \$ 40                  | \$ (289) |

(1) Core Earnings adjustments to GAAP:

| (Dollars in millions)  | Year Ended December 31, 2022              |  |          |
|--|---|--|----------|
|  | Net Impact of<br>Derivative<br>Accounting | Net Impact of<br>Acquired<br>Intangibles | Total    |
| Net interest income (loss) after provisions for loan losses        | \$ (95)                                   | \$ —                                     | \$ (95)  |
| Total other income (loss)  | (171)                                     | —  | (171)    |
| Goodwill and acquired intangible asset impairment and amortization | —   | (19)                                     | (19)     |
| Total Core Earnings adjustments to GAAP                            | \$ (266)                                  | \$ 19                                    | (247)    |
| Income tax expense (benefit)                                       |   |  | (60)     |
| Net income (loss)  |   |  | \$ (187) |

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

| (Dollars in millions)           | Year Ended December 31, 2022 |                  |                     |        |        |
|---------------------------------|------------------------------|------------------|---------------------|--------|--------|
|                                 | Federal Education<br>Loans   | Consumer Lending | Business Processing | Other  | Total  |
| Servicing expenses              | \$ 51                        | \$ 61            | \$ —                | \$ —   | \$ 112 |
| Information technology expenses | 23                           | 28               | 17                  | 85     | 153    |
| Corporate expenses              | 11                           | 1                | 7                   | 143    | 162    |
| Other/remaining expenses        | 21                           | 58               | 256                 | 14     | 349    |
| Operating expenses              | \$ 106                       | \$ 148           | \$ 280              | \$ 242 | \$ 776 |

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

**NAVIENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Segment Reporting (Continued)**

**Summary of Core Earnings Adjustments to GAAP**

| (Dollars in millions)  | Years Ended December 31, |               |               |
|--|--------------------------|---------------|---------------|
|  | 2024                     | 2023          | 2022          |
| <b>GAAP net income</b>   | \$ 131                   | \$ 228        | \$ 645        |
| Core Earnings adjustments to GAAP:                                   |                          |               |               |
| Net impact of derivative accounting <sup>(1)</sup>                   | (33)                     | 73            | (266)         |
| Net impact of goodwill and acquired intangible assets <sup>(2)</sup> | 146                      | 10            | 19            |
| Net income tax effect <sup>(3)</sup>                                 | (23)                     | (8)           | 60            |
| Total Core Earnings adjustments to GAAP                              | 90                       | 75            | (187)         |
| <b>Core Earnings net income</b>                                      | <b>\$ 221</b>            | <b>\$ 303</b> | <b>\$ 458</b> |

- <sup>(1)</sup> **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.
- <sup>(2)</sup> **Goodwill and acquired intangible assets:** Our Core Earnings exclude goodwill and intangible asset impairment and amortization of acquired intangible assets.
- <sup>(3)</sup> **Net tax effect:** Such tax effect is based upon our Core Earnings effective tax rate for the year.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements

**Form Registration Number**

- s-8 333-279739
- s-3 333-271354
- s-3 333-238750
- s-3 333-218415
- s-3 333-197516
- s-3 333-195540
- s-8 333-233188
- s-8 333-220003
- s-8 333-195539
- s-8 333-195538
- s-8 333-195536
- s-8 333-195535
- s-8 333-195533
- s-8 333-195529

of our reports dated February 27, 2025, with respect to the consolidated financial statements of Navient Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

McLean, Virginia  
March 4, 2025

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

I, David Yowan, certify that:

1. I have reviewed this annual report on Form 10-K/A 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

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David Yowan  
Chief Executive Officer  
(Principal Executive Officer)  
March 4, 2025

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

I, Joe Fisher, certify that:

1. I have reviewed this annual report on Form 10-K/A 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

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Joe Fisher  
Chief Financial Officer  
(Principal Financial and Accounting Officer)  
March 4, 2025

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

In connection with the Annual Report of Navient Corporation (the "Company") on Form 10-K/A for the year ended December 31, 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

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David Yowan  
Chief Executive Officer  
(Principal Executive Officer)  
March 4, 2025

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**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 Annual Report of Navient Corporation (the "Company") on Form 10-K/A for the year ended December 31, 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)

March 4, 2025

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