NAVIENT

NAVIENT REPORTS THIRD-QUARTER 2021 FINANCIAL RESULTS

WILMINGTON, Del., October 26, 2021 — Navient (Nasdaq: NAVI) today released its third-quarter 2021 financial results.

OVERALL RESULTS	• GAAP net income of $173 million ($1.04 diluted earnings per share) compared to net income of $207 million ($1.07 diluted earnings per share) in the year-ago quarter. • Adjusted diluted Core Earnings[(1)] per share of $0.92 compared to $1.03 in the year-ago quarter. • Core Earnings[(1)] of $149 million ($0.89 diluted Core Earnings per share) compared to $192 million ($0.99 diluted Core Earnings per share) in the year-ago quarter.

CEO COMMENTARY – "Our business model and ability to meet our clients' needs delivered another quarter of exceptional results," said Jack Remondi, president and CEO of Navient. "In particular, we saw strong performance in both loan originations and our business processing operations. I am pleased that we completed the transfer of our servicing contract with the Department of Education and are focused on delivering a smooth transition for borrowers and the employees who will move to Maximus. This transfer allows us to continue to simplify our business and keep our full attention on growing our consumer lending and business processing segments."

HIGHLIGHTS COMPARED TO THE YEAR-AGO QUARTER

FEDERAL EDUCATION LOANS SEGMENT	• Net income decreased $15 million, or 11%, from $137 million to $122 million. • FFELP Loan delinquency rate decreased from 9.3% to 8.5%. • Received all required approvals and closed on the novation and transfer of our Department of Education (ED) servicing contract to a third party in October 2021.
CONSUMER LENDING SEGMENT	• Net income decreased $37 million, or 34%, from $110 million to $73 million. • Originated $1.6 billion of Private Education Loans. • Private Education Loan delinquency rate increased from 2.4% to 3.0%.
BUSINESS PROCESSING SEGMENT	• EBITDA[(1)] increased $15 million, or 65%, from $23 million to $38 million, primarily due to revenue earned from contracts to support states. • Revenue increased $32 million, or 36%, to $122 million.
CAPITAL	• Adjusted tangible equity ratio[(1)] increased to 6.4% from 4.1%. • Repurchased $150 million of common shares. An additional $150 million repurchase authority remains outstanding. • Paid $26 million in common stock dividends.
FUNDING & LIQUIDITY	• Issued $2.0 billion in term ABS. • Repurchased $757 million of unsecured debt, resulting in a pre-tax loss of $20 million ($0.09 per share). There was no repurchase activity in the year-ago quarter.
EXPENSES	• Adjusted Core Earnings expenses[(1)] increased $18 million to $242 million. This increase was primarily a result of an $18 million increase in expenses in the Business Processing segment.

(1) Item is a non-GAAP financial measure. For a description and reconciliation, see "Non-GAAP Financial Measures" on pages 18 – 29.

SEGMENT RESULTS — CORE EARNINGS

FEDERAL EDUCATION LOANS

In this segment, Navient owns FFELP Loans and performs servicing and asset recovery services for this loan portfolio, as well as for federal education loans owned by other institutions.

FINANCIAL RESULTS AND KEY PERFORMANCE METRICS

(Dollars in millions)	3Q21	2Q21	3Q20
Net interest income	$ 151	$ 141	$ 161
Provision for loan losses	—	—	4
Other revenue	61	61	87
Total revenue	212	202	244
Expenses	53	55	64
Pre-tax income	159	147	180
Net income	$ 122	$ 113	$ 137
Segment net interest margin	1.04%	.97%	1.03%
FFELP Loans:			
FFELP Loan spread	1.10%	1.03%	1.10%
Provision for loan losses	$ —	$ —	$ 4
Charge-offs	$ 8	$ 5	$ 9
Charge-off rate	.07%	.04%	.07%
Greater than 30-days delinquency rate	8.5%	8.3%	9.3%
Greater than 90-days delinquency rate	4.3%	3.8%	3.5%
Forbearance rate	15.4%	13.9%	14.3%
Average FFELP Loans	$ 55,435	$ 56,649	$ 60,695
Ending FFELP Loans, net	$ 54,350	$ 55,550	$ 59,559
(Dollars in billions)			
Number of accounts serviced for ED (in millions)[1]	5.6	5.6	5.6
Total federal loans serviced[1]	$ 284	$ 283	$ 284
Contingent collections receivables inventory	$ 11.8	$ 11.3	$ 13.9

(1) Received all required approvals and closed on the novation and transfer of our ED servicing contract to a third party in October 2021. As of September 30, 2021, Navient serviced $221 billion of federal loans under this servicing contract with ED.

DISCUSSION OF RESULTS — 3Q21 vs. 3Q20

- Core Earnings were $122 million compared to $137 million.
- Net interest income decreased $10 million, primarily due to the natural paydown of the portfolio.
- Provision for loan losses decreased $4 million.
  - Charge-offs were $8 million compared with $9 million.
  - Delinquencies greater than 30 days were $3.8 billion compared with $4.5 billion.
  - Forbearances were $8.0 billion, down $73 million from $8.1 billion. Forbearances have declined by approximately $9.2 billion from the COVID-19 peak in second-quarter 2020.
- Other revenue decreased $26 million which was primarily a result of the impact of COVID-19 on certain collection activities as well as the planned wind-down of an asset recovery contract.
- Expenses were $11 million lower primarily as a result of the decrease in asset recovery revenue discussed above.

CONSUMER LENDING

In this segment, Navient owns, originates, acquires and services consumer loans.

FINANCIAL RESULTS AND KEY PERFORMANCE METRICS

(Dollars in millions)	3Q21	2Q21	3Q20
Net interest income	$ 163	$ 158	$ 189
Provision for loan losses	22	(1)	10
Other revenue	—	5	1
Total revenue	141	164	180
Expenses	45	39	37
Pre-tax income	96	125	143
Net income	$ 73	$ 96	$ 110
Segment net interest margin	2.98%	2.95%	3.24%
Private Education Loans (including Refinance Loans):			
Private Education Loan spread	3.17%	3.18%	3.45%
Provision for loan losses	$ 22	$ (1)	$ 10
Charge-offs[1]	$ 39	$ 35	$ 40
Charge-off rate[1]	.77%	.71%	.75%
Greater than 30-days delinquency rate	3.0%	2.6%	2.4%
Greater than 90-days delinquency rate	1.1%	1.0%	.6%
Forbearance rate	3.9%	3.0%	4.0%
Average Private Education Loans	$ 20,938	$ 20,730	$ 22,473
Ending Private Education Loans, net	$ 20,018	$ 19,725	$ 21,289
Private Education Refinance Loans:			
Charge-offs	$ 3	$ 2	$ 2
Greater than 90-days delinquency rate	.1%	—%	—%
Average Private Education Refinance Loans	$ 8,987	$ 8,271	$ 7,768
Ending Private Education Refinance Loans, net	$ 9,171	$ 8,393	$ 7,873
Private Education Refinance Loan originations	$ 1,489	$ 1,285	$ 1,288

(1) Excluding the $16 million and $23 million of charge-offs on the expected future recoveries of charged-off loans in third-quarters 2021 and 2020, respectively, that occurred as a result of changing the charge-off rate from 81.4% to 81.7% in third-quarter 2021 and from 81% to 81.4% in third-quarter 2020.

DISCUSSION OF RESULTS — 3Q21 vs. 3Q20

- Originated $1.6 billion of Private Education Loans, an increase of 22% compared to $1.3 billion. $153 million and $55 million of the originations were in-school loans, respectively.
- Core Earnings were $73 million compared to $110 million.
- Net interest income decreased $26 million primarily due to the natural paydown of the non-refinance loan portfolio, as well as the $1.6 billion of loan sales in first-quarter 2021. Partially offsetting this decrease was the growth of the Private Education Refinance Loan portfolio.
- Provision for loan losses increased $12 million. The provision for loan losses in both periods primarily related to loan originations. There has been an improvement in the current and forecasted economic conditions since the prior period, but such improvement has not mitigated the uncertainty related to the potential negative impact on the portfolio from the end of various payment relief and stimulus benefits recently and in the future.
    - Excluding the $16 million and $23 million, respectively, related to the change in the portion of the loan amount charged off at default, charge-offs were $39 million compared with $40 million.
    - Private Education Loan delinquencies greater than 90 days: $216 million, up $81 million from $135 million.
    - Private Education Loan delinquencies greater than 30 days: $599 million, up $100 million from $499 million.
    - Private Education Loan forbearances: $814 million, down $53 million from $867 million. Forbearances have declined by approximately $2.6 billion from the COVID-19 peak in second-quarter 2020.
- Expenses were $8 million higher primarily as a result of the increase in refinance and in-school loan originations.

BUSINESS PROCESSING

In this segment, Navient performs business processing services for non-education related government and healthcare clients.

FINANCIAL RESULTS AND KEY PERFORMANCE METRICS

(Dollars in millions)	3Q21	2Q21	3Q20
Revenue from government services	$ 75	$ 66	$ 56
Revenue from healthcare services	47	64	34
Total fee revenue	122	130	90
Expenses	87	92	69
Pre-tax income	35	38	21
Net income	$ 27	$ 29	$ 16
EBITDA[(1)]	$ 38	$ 40	$ 23
EBITDA margin[(1)]	31%	30%	25%
Contingent collections receivables inventory (in billions)	$ 11.5	$ 15.5	$ 14.1

[(1)] Item is a non-GAAP financial measure. For an explanation and reconciliation of our non-GAAP financial measures, see pages 18 – 29.

DISCUSSION OF RESULTS — 3Q21 vs. 3Q20

- Core Earnings were $27 million compared to $16 million.
- Revenue increased $32 million, or 36%, primarily due to state contract extensions to provide unemployment benefits, contact tracing and vaccine administration services, as well as revenue increases from our traditional services we perform for our government and healthcare services clients.
- EBITDA was $38 million, up $15 million, or 65%. The increase in EBITDA is primarily the result of the revenue increase discussed above. The EBITDA margin increased to 31% from 25%.

Definitions for capitalized terms in this release can be found in Navient's Annual Report on Form 10-K for the year ended December 31, 2020 (filed with the SEC on February 26, 2021).

Navient will host an earnings conference call tomorrow, October 27, 2021, at 8 a.m. ET. Navient executives will be on hand to discuss various highlights of the quarter and to answer questions related to the company's performance. To participate, join a live audio webcast at navient.com/investors or dial 855-838-4156 (USA and Canada) or dial 267-751-3600 (international) and use access code 6964417 starting at 7:45 a.m. ET.

Presentation slides for the conference call, as well as additional information about the company's loan portfolios, operating segments and other details, may be accessed at www.navient.com/investors under the webcasts tab.

A replay of the conference call will be available approximately two hours after the call's conclusion through November 10, 2021, at navient.com/investors or by dialing 855-859-2056 (USA and Canada) or 404-537-3406 (international) with access code 6964417.

This news release contains "forward-looking statements," within the meaning of the federal securities law, about our business and prospects and other information that is based on management's current expectations as of the date of this release. Statements that are not historical facts, including statements about the company's beliefs, opinions or expectations and statements that assume or are dependent upon future events, are forward-looking statements and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "may," "could," "should," "goal," or "target." Forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. For Navient, these factors include, among others, the severity, magnitude and duration of the COVID-19 pandemic, including changes in the macroeconomic environment, restrictions on business, individual or travel activities intended to slow the spread of the pandemic and volatility in market conditions resulting from the pandemic including interest rates, the value of equities and other financial assets; the risks and uncertainties associated with increases in financing costs; the availability of financing or limits on our liquidity resulting from disruptions in the capital markets or other factors; unanticipated increases in costs associated with compliance with federal, state or local laws and regulations; changes in the demand for asset management and business processing solutions or other changes in marketplaces in which we compete (including increased competition); changes in accounting standards including but not limited to changes pertaining to loan loss reserves and estimates or other accounting standards that may impact our operations; adverse outcomes in any significant litigation to which the company is a party; credit risk associated with the company's underwriting standards or exposure to third parties, including counterparties to hedging transactions; and changes in the terms of education loans and the educational credit marketplace (including changes resulting from the CARES Act or other new laws and the implementation of existing laws). The company could also be affected by, among other things: unanticipated repayment trends on loans including prepayments or deferrals in our securitization trusts that could accelerate or delay repayment of the bonds; reductions to our credit ratings, the credit ratings of asset-backed securitizations we sponsor or the credit ratings of the United States of America; failures of our operating systems or infrastructure or those of third-party vendors; risks related to cybersecurity including the potential disruption of our systems or those of our third-party vendors or customers, or potential disclosure of confidential customer information; damage to our reputation resulting from cyber-breaches, litigation, the politicization of student loan servicing or other actions or factors; failure to successfully implement cost-cutting initiatives and adverse effects of such initiatives on our business; failure to adequately integrate acquisitions or realize anticipated benefits from acquisitions including delays or errors in converting portfolio acquisitions to our servicing platform; changes in law and regulations whether new laws or regulations, or new interpretations of existing laws and regulations applicable to any of our businesses or activities or those of our vendors, suppliers or customers; changes in the general interest rate environment, including the availability of any relevant money-market index rate, including LIBOR, or the relationship between the relevant money-market index rate and the rate at which our assets are priced; our ability to successfully effectuate any acquisitions and other strategic initiatives; activities by shareholder activists, including a proxy contest or any unsolicited takeover proposal; changes in general economic conditions; and the other factors that are described in the "Risk Factors" section of Navient's Annual Report on Form 10-K for the year ended December 31, 2020, and in our other reports filed with the Securities and Exchange Commission. The preparation of the company's consolidated financial statements also requires management to make certain estimates and assumptions including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect and actual results could differ materially. All forward-looking statements contained in this release are qualified by these cautionary statements and are made only as of the date of this release. The company does not undertake any obligation to update or revise these forward-looking statements except as required by law.

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About Navient

Navient (Nasdaq: NAVI) is a leading provider of education loan management and business processing solutions for education, healthcare, and government clients at the federal, state, and local levels. Navient helps clients and millions of Americans achieve success through technology-enabled financing, services and support. Learn more at Navient.com.

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