NAVIENT

2021 3rd Quarter Earnings Call Presentation

October 27, 2021

Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of September 30, 2021 (unless otherwise noted) and should be read in connection with Navient Corporation's "Navient" Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), filed by Navient with the Securities and Exchange Commission (the "SEC") on February 26, 2021 and subsequent reports filed by Navient with the SEC. Definitions for capitalized terms in this presentation not defined herein can be found in the 2020 Form 10-K. This presentation contains "forward-looking statements", within the meaning of the federal securities laws, about our business, and other information that is based on management's current expectations as of the date of this presentation. 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 risks and uncertainties associated with:

- 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;
- 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 the 2020 Form 10-K 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.

Navient reports financial results on a GAAP basis and also provides certain non-GAAP performance measures, including Core Earnings, Adjusted Tangible Equity Ratio, and various other non-GAAP financial measures derived from Core Earnings. When compared to GAAP results, Core Earnings exclude the impact of: (1) mark-to-market gains/losses on derivatives; and (2) goodwill and acquired intangible asset amortization and impairment. Navient provides Core Earnings measures because this is what management uses when making management decisions regarding Navient's performance and the allocation of corporate resources. Navient Core Earnings are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. For additional information, see Core Earnings in Navient's third quarter earnings release and pages 17 - 19 of this presentation for a further discussion and a complete reconciliation between GAAP net income and Core Earnings.

Delivering Long-term Value

Federal Education Loans

- ✓ Providing **payment relief** to borrowers impacted by COVID-19
- ✓ Robust interest margin of **104 bps**, as we continue to benefit from a favorable interest rate environment and a lower cost of funds
- ✓ Annual charge-off rate of **7 basis points**, driven by our data-driven risk management platform and borrowers benefitting from stimulus programs

104 bps NIM

Consumer Lending

- ✓ Originated **$1.6 billion** of high-quality Private Education Loans, meeting our **mid-teens ROE** target return thresholds
- ✓ Our optimized balance sheet continues to produce a lower cost of funds, commanding sustainable **profits and long-term value** for shareholders
- ✓ Annual charge-off rate [2] of **77 basis points**, driven by our data-driven risk management platform and borrowers benefitting from stimulus programs

298 bps NIM

Business Processing

- ✓ **Over 3,700** Navient employees support our state and municipal clients through pandemic relief services
- ✓ Extended contracts drove year over year **revenue expansion** as Navient continues to provide clients with a broad array of solutions
- ✓ Affirmed our **franchise value** through our technology-enabled platform and differentiated expertise

31% EBITDA margin [1]

Note: Quarterly data is as of 9/30/2021 and is compared to the year ago quarter.
[1] Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.
[2] Excluding $16 million of charge-offs on the expected future recoveries of charged-off loans in the third quarter 2021, that occurred as a result of changing the charge-off rate from 81.4% to 81.7%.

Outlook

Increased FY 2021 EPS Guidance:

At least $4.50 [1]

Key Company & Business Segment Metrics

	2021 Original [2] Targets	Year to Date 2021 Actuals
Core Earnings Return on Equity [1]	Low Twenties	✓ 32%
Core Earnings Efficiency Ratio [1]	~52%	✓ 48%
Adjusted Tangible Equity Ratio [1]	~5.5%	✓ 6.4%
Net Interest Margin – Federal Education Loan Segment	Mid to High 90's	✓ 0.99%
Charge-off Rate – Federal Education Loan Segment	~0.10%	✓ 0.06%
Net Interest Margin – Consumer Lending Segment	2.70% - 2.80%	✓ 2.98%
Charge-off Rate – Consumer Lending Segment [3]	1.5% - 2.0%	✓ 0.72%
EBITDA Margin – Business Processing Segment [1]	High Teens	✓ 30%

[1] Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.
[2] Key Company & Business Segment Metrics were first provided on January 27, 2021.
[3] Excluding $16 million of charge-offs on the expected future recoveries of charged-off loans in the third quarter 2021, that occurred as a result of changing the charge-off rate from 81.4% to 81.7%.

Operating Results
"Core Earnings[1]" Basis

Selected Financial Information and Ratios

(In millions, except per share amounts)	Q3 21	Q2 21	Q3 20
GAAP diluted EPS	**$1.04**	**$1.05**	**$1.07**
Adjusted Core Earnings EPS [1]	**$0.92**	**$0.98**	**$1.03**
Restructuring and regulatory-related expenses	($0.03)	($0.04)	($0.04)
Reported Core Earnings EPS [1]	**$0.89**	**$0.94**	**$0.99**
Average common stock equivalent	167	176	194
Ending total education loans, net	$74,368	$75,275	$80,848
Average total education loans	$76,373	$77,379	$83,168

3rd Quarter Highlights

- Adjusted Core Earnings [1] per share decreased to $0.92 compared to $1.03 in the year ago quarter
  - The third quarter included a $0.09 loss connected to unsecured debt repurchases, with no repurchase activity in the year-ago quarter
- Originated $1.6 billion of high-quality private education loans in the quarter, including $153 million of in-school loans
- 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
- Business Processing revenue increased $32 million, or 36%, to $122 million, compared to the year ago quarter
- Returned $176 million to shareholders through dividends and share repurchases
  - Adjusted Tangible Equity Ratio rose to 6.4% compared to 4.1% in Q3 2020 [1]

[1] Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.

Federal Education Loans Segment
"Core Earnings" Basis

Selected Financial Information and Ratios

($ In millions)	Q3 21	Q2 21	Q3 20
Segment net interest margin	1.04%	0.97%	1.03%
FFELP Loans:			
Provision for loan losses	$ -	$ -	$4
Charge-offs	$8	$5	$9
Annualized charge-off rate	0.07%	0.04%	0.07%
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
Operating Expense	$53	$55	$64
Net Income	$122	$113	$137
Number of accounts serviced for ED (in millions)	5.6	5.6	5.6
Total federal loans serviced (in billions)	$284	$283	$284
Contingent collections receivables inventory - education loans (billions)	$11.8	$11.3	$13.9

3rd Quarter Highlights

Federal Education

- **Q3 21** Net Interest Margin: 104 basis points
- **Q3 21** Annualized Charge-off Rate: 7 basis points

- Received all required approvals and closed on the novation and transfer of our Department of Education (ED) servicing contract to a third party
- Net interest margin increased to 1.04%, benefitting from a favorable interest rate environment
- FFELP Loan delinquency rate decreased from 9.3% to 8.5%
- Annualized charge-off rate remained flat at 0.07%
- Providing payment relief to borrowers impacted by COVID-19

Closed and Novated Servicing Contract with the Department of Education

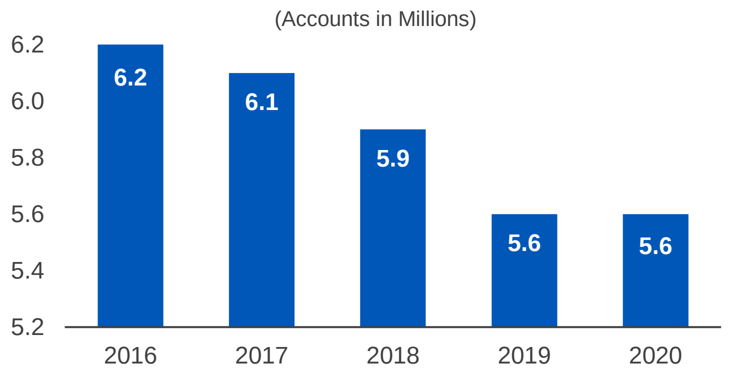
What it Means for Navient

- ✓ We will **continue to service our** FFELP loan portfolio
- ✓ Navient will no longer service **government-owned Direct Loans**
- ✓ Navient will work to **ensure a smooth borrower experience**
  - ✓ Approximately **800 Navient employees** will become employees of Maximus

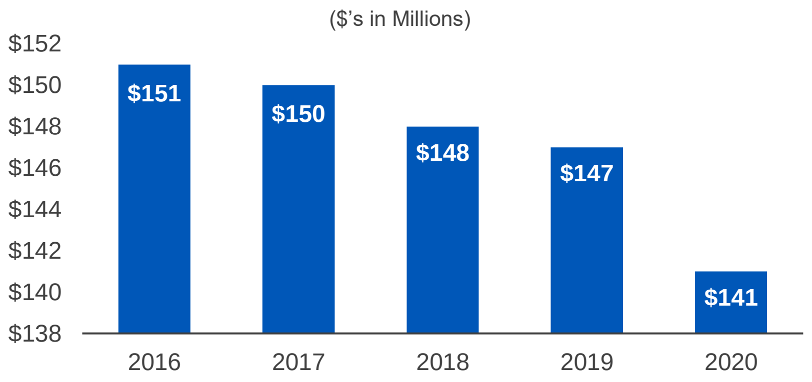
Rationale & Impact

- ✓ **Focus on growth opportunities** in Consumer Lending and Business Processing Segments, while maximizing FFELP loan cash flows
- ✓ Revenue from Direct Loan contract represented **6.6% of total annualized company revenues** [1]
- ✓ **Simplifies and de-risks** investment thesis

Direct Loan Accounts Serviced



Direct Loan Servicing Revenue



[1] Based on a year-to-date revenue contribution of $102 million, compared to $1,540 million in Adjusted Core Earnings Revenue in the same period. Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.

Consumer Lending Segment
"Core Earnings" Basis

Selected Financial Information and Ratios

($ In millions)	Q3 21	Q2 21	Q3 20
Segment net interest margin	2.98%	2.95%	3.24%
Private Education Loans			
Provision for loan losses	$22	$(1)	$10
Charge-offs [1]	$39	$35	$40
Annualized charge-off rate [1]	0.77%	0.71%	0.75%
Greater than 30-days delinquency rate	3.0%	2.6%	2.4%
Greater than 90-days delinquency rate	1.1%	1.0%	0.6%
Forbearance rate	3.9%	3.0%	4.0%
Average Private Education Loans	$20,938	$20,730	$22,473
Operating Expense	$45	$39	$37
Net Income	$73	$96	$110

[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.

3rd Quarter Highlights

Consumer Lending

- **Q3 21** Net Interest Margin: 298 basis points
- **Q3 21** Annualized Charge-off Rate [1]: 77 basis points

- Originated $1.6 billion of high-quality private education loans in the quarter, including $153 million of in-school loans, and $4.6 billion year-to-date
  - On track to exceed our full year 2021 guidance for $5.5 billion in originations
- Net interest margin of 2.98% driven by a lower cost funds and a favorable interest rate environment
- Credit performance continues to reflect the strength of our portfolio and default mitigation strategy
  - Delinquencies increased to 3.0% from 2.4%
  - Annualized charge-off rate increased to 0.77% from 0.75%
- Providing payment relief to borrowers impacted by COVID-19

Business Processing Segment
"Core Earnings" Basis

Selected Financial Information and Ratios

($ In millions)	Q3 21	Q2 21	Q3 20
Government Services	$75	$66	$56
Healthcare RCM Services	$47	$64	$34
Total Business Processing Revenue	**$122**	**$130**	**$90**
Operating Expenses	$87	$92	$69
EBITDA [1]	$38	$40	$23
EBITDA Margin [1]	31%	30%	25%
Net Income	**$27**	**$29**	**$16**
Contingent collections receivables inventory (billions)	$11.5	$15.5	$14.1

3rd Quarter Highlights

Business Processing

- **Q3 21** EBITDA Margin [1]: 31%

- Revenue increased $32 million or 36% compared to a year ago, primarily as a result of revenue earned from new contracts to support states in pandemic relief services
- EBITDA [1] increased $15 million or 65% to $38 million compared to the year ago quarter, continuing to demonstrate the scalability and efficiency of our infrastructure

[1] Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.

Q3 2021 Financing and Capital Management

Capital Management

- ✓ Returned **$176 million** through share repurchases and dividends
  - Paid dividends of **$26 million**
  - Repurchased **7.0 million shares for $150 million**
  - Total remaining share repurchase authority of **$150 million** [1]
- ✓ Adjusted Tangible Equity (ATE) ratio of **6.4%** [2]

Financing

- ✓ Issued **$2.0 billion** of Term Education Loan ABS transactions
  - On October 14, priced **$1.0 billion** of FFELP Loans
- ✓ Reduced unsecured debt by **$2.1 billion** compared to the year ago quarter
  - Repurchased **$757 million** of unsecured debt

[1] As of 9/30/2021.
[2] Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.

GAAP Results

(In millions, except per share amounts)	Q3 21	Q2 20	Q3 20
Net income (loss)	$173	$185	$207
Diluted earnings (loss) per common share	$1.04	$1.05	$1.07
Operating expenses	$248	$252	$232
Provision for loan losses	$22	$(1)	$14
Average Education Loans	$76,373	$77,379	$83,168

Appendix

Education Loan Portfolio Generates Significant Cash Flows

Projected Life of Loan Cash Flows over ~20 Years

$'s in Billions	
FFELP Cash Flows	**09/30/21**
Secured	
Residual (including O/C)	$4.4
Floor Income	1.4
Servicing	1.7
Total Secured	$7.5
Unencumbered	0.3
Total FFELP Cash Flows	**$7.8**
Private Credit Cash Flows	
Secured	
Residual (including O/C)	$4.2
Servicing	0.5
Total Secured	$4.7
Unencumbered	2.7
Total Private Cash Flows	**$7.4**
Combined Cash Flows before Unsecured Debt	**$15.2**
Unsecured Debt (par value)	**$7.4**

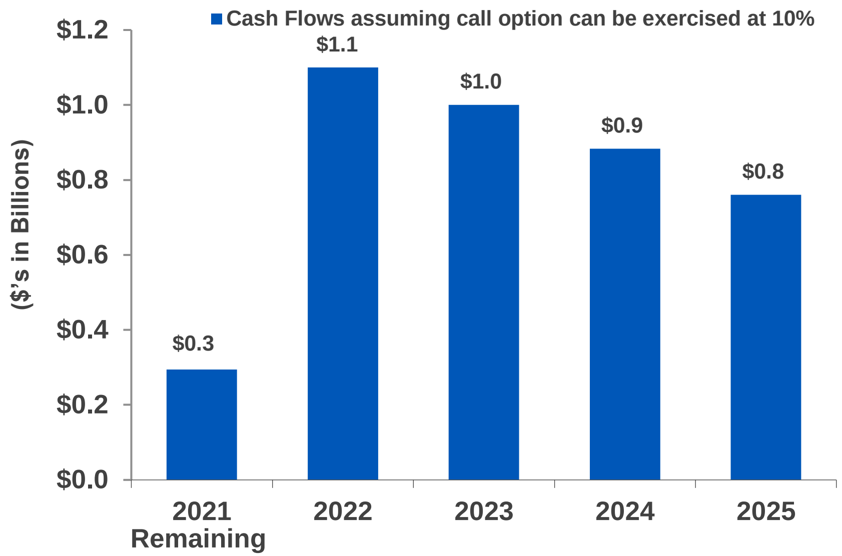
Enhancing Cash Flows

- Generated $2.1 billion of cash flows in YTD 2021
- Reduced unsecured debt by $1.0 billion in YTD 2021
- Returned $0.5 billion to shareholders through share repurchase and dividends in YTD 2021
- Acquired $4.7 billion of student loans in YTD 2021
- $15.2 billion of estimated future cash flows remain over ~ 20 years
  - Includes ~$6 billion of overcollateralization[1] (O/C) to be released from residuals
- $2.3 billion of unencumbered student loans
- $0.4 billion of hedged FFELP Loan embedded floor income

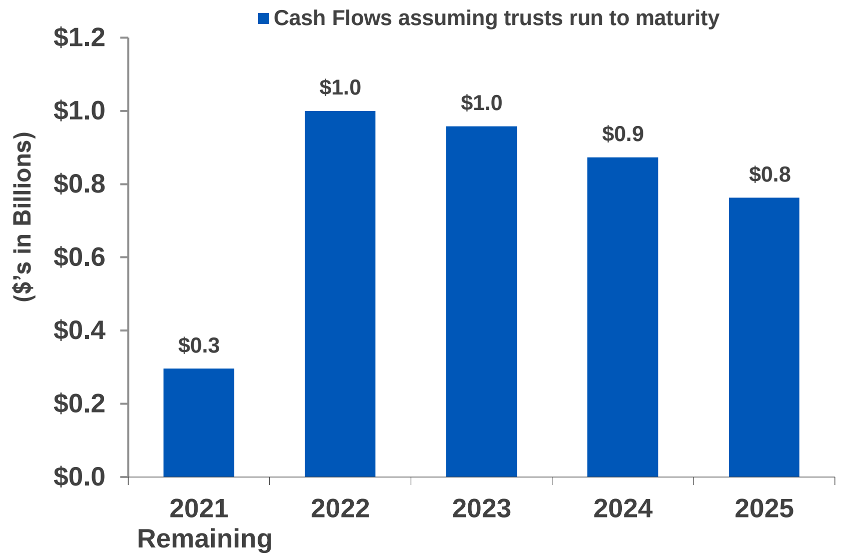
These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect
[1]Includes the PC Turbo Repurchase Facility Debt totaling $0.6B as of 09/30/2021.

Education Loan Portfolio Generates Meaningful Cash Flows Over the Next Five Years

Projected Annual Private Education Loan Cash Flows



Projected Annual FFELP Loan Cash Flows



Private Education Loan Portfolio Assumptions

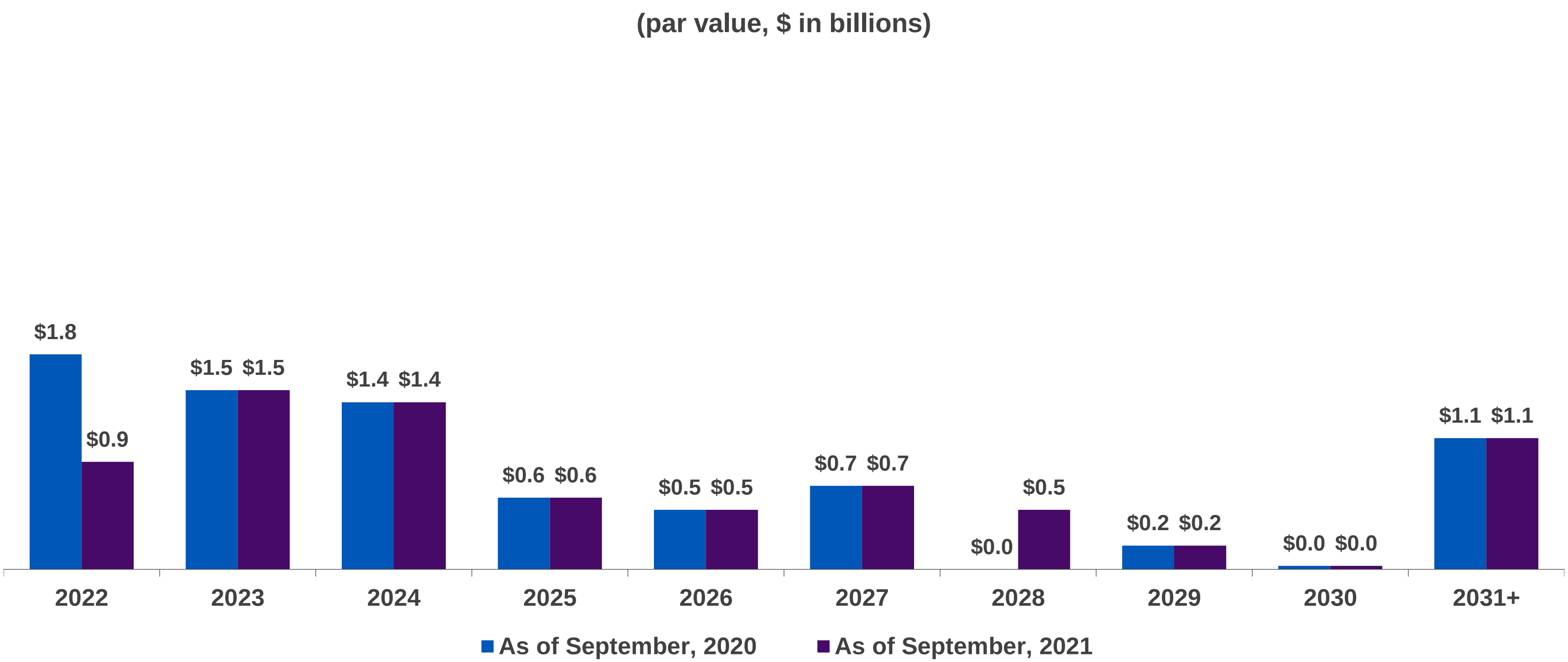
- The Private Education Loan portfolio is projected to generate $4.1 billion in cash flows through 2025 excluding operating expenses, taxes and unsecured debt principal and interest payments
- Future loan originations are not included
- Unencumbered loans of $2.2 billion are not securitized to term
- Includes the repayment of debt related to asset-backed securitization repurchase facilities when the call option is exercised

FFELP Loan Portfolio Assumptions

- The FFELP loan portfolio is projected to generate $3.9 billion in cash flows through 2025 excluding operating expenses, taxes and unsecured debt principal and interest payments
- Unencumbered loans of $0.1 billion are not securitized to term
- Includes projected floor income

These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect.

Managing Unsecured Debt Maturities

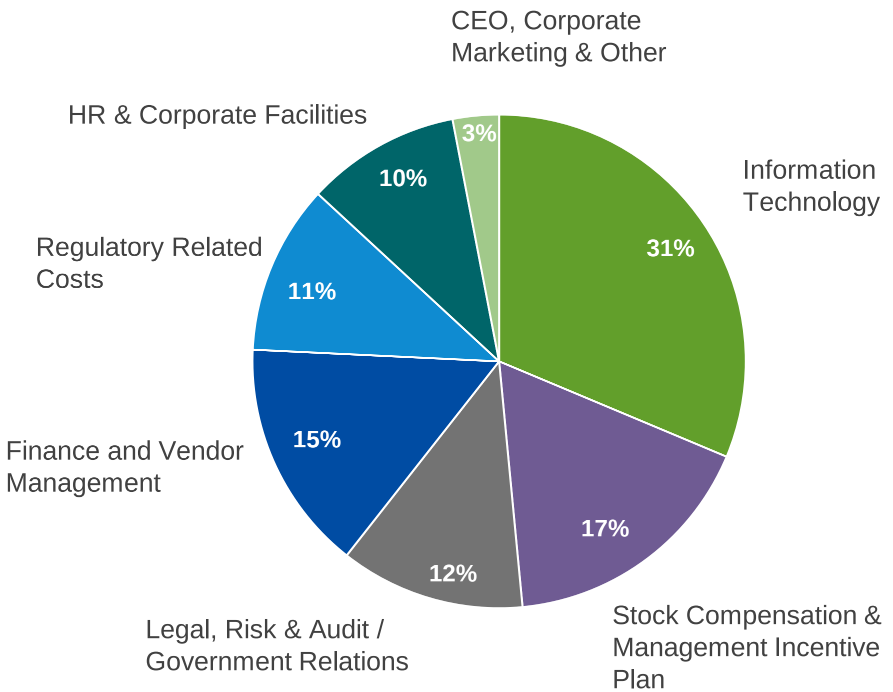


Long-term Conservative Funding Approach

- Navient prioritizes continued access to the unsecured debt market as an important component in our capital structure
- We continue a conservative approach to unsecured debt

Other Segment
“Core Earnings” Basis

YTD 2021 Unallocated Shared Services Expenses
$194 million



Shared Services Overview

- Shared services are related to the management of the entire company or shared by multiple reporting segments
  - Centralization of related functions creates cost efficiencies
  - These costs include certain executive management, Board, Accounting, Finance, HR, Legal, Audit, insurance and Risk & Compliance, as well as other corporate-related facilities
- Information Technology expense, which includes infrastructure, operations, and IT security, together with regulatory costs, are primarily shared between the Federal Education and Consumer Lending segments

Note: totals may not add due to rounding.

Notes on Non-GAAP Financial Measures

(Dollars in Millions)

In addition to financial results reported on a GAAP basis, Navient also provides certain performance measures which are non-GAAP financial measures. The following non-GAAP financial measures are presented within this Presentation:

1. **Core Earnings** – The difference between the company's Core Earnings and its GAAP results is that Core Earnings excludes the impacts of: (1) mark-to-market gains/losses on derivatives and (2) goodwill and acquired intangible asset amortization and impairment. Management uses Core Earnings in making decisions regarding the company's performance and the allocation of corporate resources and, as a result, our segment results are presented using Core Earnings. In addition, Navient's equity investors, credit rating agencies and debt capital investors use these Core Earnings measures to monitor the company's business performance. For further detail and reconciliation, see page 19 of this presentation and pages 18 - 29 of Navient's third quarter 2021 earnings release.

2. **Core Earnings Return on Equity (CEROE)** – Core Earnings Return on Equity is calculated as Adjusted Core Net income, excluding restructuring and regulatory-related expenses, divided by the quarterly average of GAAP equity for the trailing four quarters. This measure allows management, as well as investors and analysts, to measure the company's use of its equity. The calculation for Q3 2021 is as follows:

$$\text{Q3 2021} = \frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$153^{(1)}}{(\$2{,}433 + 2{,}723 + \$2{,}701 + \$2{,}723)\ /\ 4} = 23\%^{(2)}$$

$$\text{Q3 YTD 2021} = \frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}} = \frac{\$641^{(1)}}{(\$2{,}433 + 2{,}723 + \$2{,}701 + \$2{,}723)\ /\ 4} = 32\%^{(2)}$$

3. **Core Earnings Efficiency Ratio** – The Core Earnings Efficiency Ratio measures the company's Core Earnings Expenses, which excludes restructuring and regulatory-related expenses, relative to its Adjusted Core Earnings Revenue. This ratio can be calculated by dividing Core Earnings Expenses, excluding restructuring and regulatory-related expenses, by Adjusted Core Earnings Revenue. Adjusted Core Earnings Revenue is derived by adding provision for loan losses, and excluding gains or loss on debt repurchases, to Total Core Earnings Revenue. This is a useful measure to management as we plan and forecast, as it removes variables that cannot be easily predicted in advance. By using this measure, management can make better short-term and long-term decisions related to expense management and allocation. The calculations for Q3 2021 is as follows:

$$\text{Q3 2021} = \frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$242^{(1)}}{\$484} = 50\%$$

$$\text{Q3 YTD 2021} = \frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}} = \frac{\$736^{(1)}}{\$1{,}540} = 48\%$$

[1] Excludes $6 million and $30 million of net restructuring and regulatory-related expenses in third quarter and year to date 2021, respectively.
[2] Return on Equity has been annualized.

Notes on Non-GAAP Financial Measures

(Dollars in Millions)

4. **Earnings before Interest, Taxes, Depreciation and Amortization Expense ("EBITDA") –** This metric measures the operating performance of the Business Processing segment and is used by management and our equity investors to monitor operating performance and determine the value of those businesses. For further detail and reconciliation, see page 29 of Navient's third quarter earnings release.

5. **Adjusted Tangible Equity Ratio (ATE)** – The Adjusted Tangible Equity Ratio measures Navient's tangible equity, relative to its tangible assets. We adjust this ratio to exclude the assets and equity associated with our FFELP portfolio because FFELP Loans are no longer originated and the FFELP portfolio bears a 3% maximum loss exposure under the terms of the federal guaranty. Management believes that excluding this portfolio from the ratio enhances its usefulness to investors. To determine Adjusted Tangible Equity Ratios, we calculate the Adjusted Tangible Equity, (GAAP Total Equity less Goodwill & Acquired Intangible Assets less Equity held for FFELP Loans), and divide by Adjusted Tangible Assets (Total Assets less Goodwill & Acquired Intangible Assets less FFELP Loans). For further detail and reconciliation, see page 28 of Navient's third quarter earnings release.

   i. **Pro Forma Adjusted Tangible Equity Ratio –** The following provides a pro forma of what the Adjusted Tangible Equity Ratio would be if the cumulative net mark-to-market losses related to derivative accounting under GAAP were excluded. These cumulative losses reverse to $0 upon the maturity of the individual derivative instruments. As these losses are temporary, we believe this pro forma presentation is a useful basis for management and investors to further analyze the Adjusted Tangible Equity Ratio. For further detail and reconciliation, see page 28 of Navient's third quarter earnings release.

Differences Between Core Earnings And GAAP

Core Earnings adjustments to GAAP: (Dollars in Millions)	Quarters Ended Sep. 30, 2021	Jun. 30, 2021	Sep. 30, 2020
GAAP net income (loss)	$173	$185	$207
Net impact of derivative accounting	(30)	(30)	(13)
Net impact of goodwill and acquired intangible assets	4	5	5
Net income tax effect	2	5	(7)
Total Core Earnings adjustments to GAAP	(24)	(20)	(15)
Core Earnings net income (loss)	$149	$165	$192

NAVIENT®