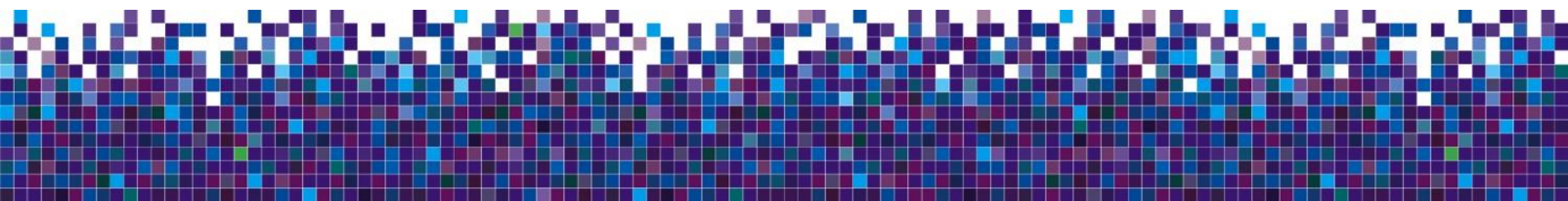


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# 2021 4<sup>th</sup> Quarter and Full Year Earnings Call Presentation

January 26, 2022



# Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of December 31, 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 or litigation;
- 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 fourth 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



- ✓ **Successfully assisted** borrowers in returning to repayment
- ✓ Net interest margin of **99 bps** reflects a favorable interest rate environment and our continuous efforts to reduce our cost of funds
- ✓ Annualized charge-off rate of **6 basis points**, driven by our data-driven risk management platform

**99 bps NIM**

## Consumer Lending



- ✓ Originated **\$6.0 billion** of high-quality Private Education Loans, meeting our **mid-teens ROE** target return thresholds
- ✓ Continuing to leverage our capital markets expertise to **lower our cost of funds**
- ✓ Annualized charge-off rate of **76 basis points**, driven by our data-driven risk management programs

**292 bps NIM**

## Business Processing



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

**28% EBITDA margin <sup>1</sup>**

Note: Yearly data is as of 12/31/2021.

<sup>1</sup> Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.

# Continued Progress to Simplify Our Business



## Department of Education Servicing Contract Transfer

- ✓ **Successfully exited** Department of Education loan servicing via a transfer to a third party
- ✓ Eliminated a business that was a **small contributor to revenue** with a challenging political and operating risk profile
- ✓ Ensured a **smooth transition** for millions of borrowers and ongoing employment for our teammates

## Resolution of Legal Matters with State AGs

- ✓ Reached agreements with state AGs to **resolve all outstanding state litigation**
- ✓ Navient **expressly denies** violating any law or causing borrower harm
- ✓ **Avoids the burden**, expense, time and distraction required to resolve claims through state-by-state litigation

## Efficiency Initiatives and Improvements

- ✓ Managing operations to a more **efficient and variable cost structure**, including ED contract transfer and sale of our back-end technology platform
- ✓ State AG resolution **eliminates significant regulatory expense**: the majority of Navient's legal and regulatory expenses have been tied to this matter
- ✓ Continued **efficiency initiatives**, including a real estate footprint rationalization in the fourth quarter



# Operating Results

## “Core Earnings<sup>1</sup>” Basis

### Selected Financial Information and Ratios

(In millions, except per share amounts)	Q4 21	Q4 20	2021	2020
GAAP diluted EPS	(\$0.07)	\$0.99	\$4.18	\$2.12
Adjusted Core Earnings EPS <sup>1</sup>	\$0.78	\$0.97	\$4.45	\$3.40
Average common stock equivalent	157	188	172	195
Ending total education loans, net	\$72,812	\$79,363	\$72,812	\$79,363
Average total education loans	\$75,066	\$81,685	\$77,243	\$84,242

### 4<sup>th</sup> Quarter and Full Year 2021 Highlights

- Adjusted Core Earnings<sup>1</sup> per share decreased to \$0.78 compared to \$0.97 in the year ago quarter
  - Q4 21 included a \$0.21 loss on unsecured debt repurchases
  - Full year 2021 included \$0.33 of losses on unsecured debt repurchases
- Reached agreements with state AGs to resolve all outstanding state litigation for \$170 million after tax
- Originated \$1.4 billion of high-quality private education loans in the quarter
  - Originated \$6.0 billion in the full year 2021, a 30% increase compared to the prior year
- Business Processing revenue increased \$18 million, or 19%, to \$111 million
- Returned \$175 million to shareholders through dividends and share repurchases
  - Adjusted Tangible Equity Ratio increased to 5.9% compared to 5.0% in Q4 2020<sup>1</sup>

<sup>1</sup> 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)	Q4 21	Q4 20	2021	2020
Segment net interest margin	0.99%	1.06%	0.99%	0.99%
FFELP Loans:				
Provision for loan losses	\$ -	\$ -	\$ -	\$13
Charge-offs	\$7	\$9	\$26	\$49
Annualized charge-off rate	0.06%	0.07%	0.06%	0.10%
Greater than 30-days delinquency rate	10.6%	9.2%	10.6%	9.2%
Greater than 90-days delinquency rate	4.8%	4.6%	4.8%	4.6%
Forbearance rate	12.4%	13.8%	12.4%	13.8%
Average FFELP Loans	53,960	\$59,389	\$56,018	\$61,522
Operating Expense	\$52	\$70	\$223	\$287
Net Income	\$108	\$134	\$454	\$537
Total federal loans serviced (billions) <sup>1</sup>	\$61	\$284	\$61	\$284
Contingent collections receivables inventory - education loans (billions)	\$11.7	\$10.9	\$11.7	\$10.9

### 4<sup>th</sup> Quarter and Full Year 2021 Highlights

Federal Education
<ul style="list-style-type: none"> <li>• Q4 21 Net Interest Margin: 99 basis points</li> <li>• Q4 21 Annualized Charge-off Rate: 6 basis points</li> </ul>
<ul style="list-style-type: none"> <li>• FY 21 Net Interest Margin: 99 basis points</li> <li>• FY 21 Annualized Charge-off Rate: 6 basis points</li> </ul>

- Net Interest Margin declined to 0.99% from 1.06%
- FFELP Loan delinquency rate increased from 9.2% to 10.6%
- Forbearance rate decreased to 12.4% from 13.8%
- Annualized charge-off rate decreased to 0.06% from 0.07%
- Delinquency and forbearance rates are at or below pre-covid levels
- In October 2021, Novated and transferred Department of Education servicing contract

<sup>1</sup> As of year-end 2021, we serviced \$61 billion in FFELP (federally guaranteed) loans.



# Consumer Lending Segment “Core Earnings” Basis

## Selected Financial Information and Ratios

(\$ In millions)	Q4 21	Q4 20	2021	2020
Segment net interest margin	2.76%	3.02%	2.92%	3.20%
Private Education Loans				
Provision for loan losses	\$5	\$2	(\$61)	\$142
Charge-offs <sup>1</sup>	\$44	\$28	\$153	\$184
Annualized charge-off rate <sup>1</sup>	0.87%	0.53%	0.76%	0.88%
Greater than 30-days delinquency rate	3.2%	2.6%	3.2%	2.6%
Greater than 90-days delinquency rate	1.5%	1.0%	1.5%	1.0%
Forbearance rate	2.6%	3.9%	2.6%	3.9%
Average Private Education Loans	\$21,106	\$22,296	\$21,225	\$22,720
Operating Expense	\$37	\$37	\$162	\$146
Net Income	\$89	\$108	\$492	\$360

<sup>1</sup> Third-quarter 2021 excludes \$16 million of charge-offs on the expected future recoveries of charged-off loans that occurred as a result of changing the charge-off rate from 81.4% to 81.7% in third-quarter 2021.

## 4<sup>th</sup> Quarter and Full Year 2021 Highlights

### Consumer Lending

- **Q4 21** Net Interest Margin: 276 basis points
- **Q4 21** Annualized Charge-off Rate : 87 basis points
- **FY 21** Net Interest Margin: 292 basis points
- **FY 21** Annualized Charge-off Rate<sup>1</sup>: 76 basis points
- Originated \$1.4 billion of high-quality private education loans in the quarter, including \$23 million of in-school loans
  - Originated \$6.0 billion in the full year 2021, exceeding our guidance of \$5.5 billion
  - Full year in-school originations of \$212 million
- Net interest margin of 2.76% driven by a lower cost funds
- Delinquencies increased to 3.2% from 2.6%
- Annualized charge-off rate increased to 0.87% from 0.53%
- Delinquency and forbearance rates are at or below pre-covid levels
- Full year loan sales of \$1.6 billion resulted in a pre-tax gain of \$91 million and reserve release of \$107 million



# Business Processing Segment

## “Core Earnings” Basis

### Selected Financial Information and Ratios

(\$ In millions)	Q4 21	Q4 20	2021	2020
Government Services	\$54	\$58	\$258	\$191
Healthcare RCM Services	\$57	\$35	\$230	\$113
<b>Total Business Processing Revenue</b>	<b>\$111</b>	<b>\$93</b>	<b>\$488</b>	<b>\$304</b>
Operating Expenses	\$90	\$74	\$360	\$254
EBITDA <sup>1</sup>	\$23	\$22	\$136	\$57
EBITDA Margin <sup>1</sup>	20%	23%	28%	19%
<b>Net Income</b>	<b>\$17</b>	<b>\$15</b>	<b>\$99</b>	<b>\$39</b>
Contingent collections receivables inventory (billions)	\$9.6	\$17.1	\$9.6	\$17.1

### 4<sup>th</sup> Quarter and Full Year 2021 Highlights

#### Business Processing

- **Q4 21 EBITDA Margin <sup>1</sup>: 20%**
- **FY 21 EBITDA Margin <sup>1</sup>: 28%**
- Revenue increased \$18 million or 19% compared to the year ago quarter, primarily as a result of revenue earned from contracts to support states in pandemic relief services
- EBITDA <sup>1</sup> increased \$1 million to \$23 million compared to the year ago quarter, continuing to demonstrate the scalability and efficiency of our infrastructure

<sup>1</sup> Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.



# Q4 2021 Financing and Capital Management



## Capital Management



- ✓ Returned **\$175 million** through share repurchases and dividends
  - Paid dividends of **\$25 million**
  - Repurchased **7.4 million shares for \$150 million**
- In December 2021, board of directors approved an additional **\$1 billion** multi-year share repurchase program
  - Plan to repurchase **\$400 million** of equity in full year 2022
- ✓ Adjusted Tangible Equity (ATE) ratio of **5.9%**<sup>1</sup>

## Financing



- ✓ Issued **\$2.0 billion** of Term Education Loan ABS transactions
- ✓ Reduced unsecured debt by **\$1.4 billion or 16%** compared to the year ago quarter
  - Issued **\$750 million** of unsecured debt due March 2029
  - Retired **\$1.1 billion** of unsecured debt, leaving no maturities until January 2023

<sup>1</sup> Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.



# 2022 Guidance

Full Year 2022  
EPS Guidance:

**\$3.00 - \$3.15<sup>1</sup>**

	Full Year 2022 Guidance
Core Earnings Return on Equity <sup>1</sup>	Mid to High Teens
Core Earnings Efficiency Ratio <sup>1</sup>	~54%
Adjusted Tangible Equity Ratio <sup>1</sup>	~6%
Net Interest Margin – Federal Education Loan Segment	Mid 90's
Charge-off Rate – Federal Education Loan Segment	Less than 0.10%
Net Interest Margin – Consumer Lending Segment	2.55% - 2.65%
Charge-off Rate – Consumer Lending Segment	1.5% - 2.0%
EBITDA Margin – Business Processing Segment <sup>1</sup>	High Teens

<sup>1</sup> Item is a non-GAAP financial measure. See pages 17 - 19 for a description and reconciliation.



# GAAP Results



(In millions, except per share amounts)	Q4 21	Q4 20	2021	2020
Net income (loss)	\$(11)	\$186	\$717	\$412
Diluted earnings (loss) per common share	\$(0.07)	\$0.99	\$4.18	\$2.12
Operating expenses	\$448	\$269	\$1,207	\$964
Provision for loan losses	\$5	\$2	(\$61)	\$155
Average Education Loans	\$75,066	\$81,685	\$77,243	\$84,242



# Appendix

# Education Loan Portfolio Generates Significant Cash Flows

## Projected Life of Loan Cash Flows over ~20 Years

\$'s in Billions

### FFELP Cash Flows

	<u>12/31/21</u>
Secured	
Residual (including O/C)	\$4.5
Floor Income	1.4
Servicing	1.6
Total Secured	<u>\$7.5</u>
Unencumbered	<u>0.3</u>
<b>Total FFELP Cash Flows</b>	<b><u>\$7.8</u></b>

### Private Credit Cash Flows

Secured	
Residual (including O/C)	\$4.3
Servicing	0.5
Total Secured	<u>\$4.8</u>
Unencumbered	<u>2.5</u>
<b>Total Private Cash Flows</b>	<b><u>\$7.3</u></b>

### **Combined Cash Flows before Unsecured Debt**

<b>Unsecured Debt (par value)</b>	<b><u>\$7.1</u></b>
-----------------------------------	---------------------

## Enhancing Cash Flows

- Generated \$2.8 billion of cash flows in FY 2021
- Reduced unsecured debt by \$1.4 billion in FY 2021
- Returned \$0.7 billion to shareholders through share repurchase and dividends in FY 2021
- Acquired \$6.1 billion of student loans in FY 2021
- \$15.0 billion of estimated future cash flows remain over ~ 20 years
  - Includes ~\$6 billion of overcollateralization<sup>1</sup> (O/C) to be released from residuals
- \$2.1 billion of unencumbered student loans
- \$0.4 billion of hedged FFELP Loan embedded floor income

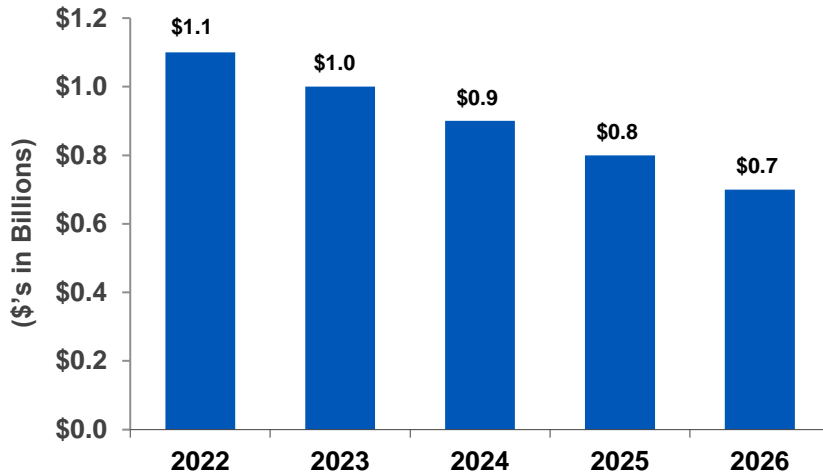
These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect

<sup>1</sup>Includes the PC Turbo Repurchase Facility Debt totaling \$0.5B as of 12/31/2021.

Note: Totals may not add due to rounding.

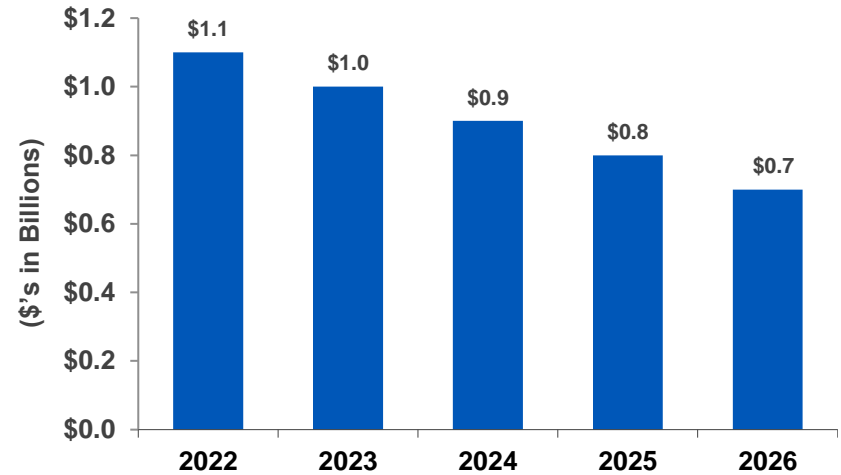
# Education Loan Portfolio Generates Meaningful Cash Flows Over the Next Five Years

## Projected Annual Private Education Loan Cash Flows



■ Cash Flows assuming call option can be exercised at 10%

## Projected Annual FFELP Loan Cash Flows



■ Cash Flows assuming trusts run to maturity

## Private Education Loan Portfolio Assumptions

- The Private Education Loan portfolio is projected to generate \$4.6 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 \$2.0 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

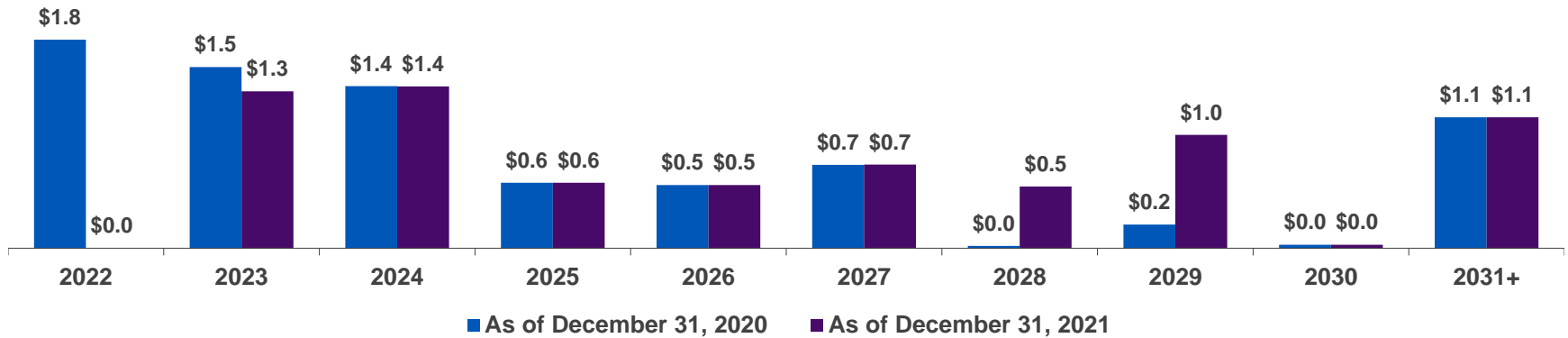
- The FFELP loan portfolio is projected to generate \$4.4 billion in cash flows through 2025 excluding operating expenses, taxes and unsecured debt principal and interest payments
- Unencumbered loans of \$0.1 billion are not securitized to term
- Includes projected floor income

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

(par value, \$ in billions)



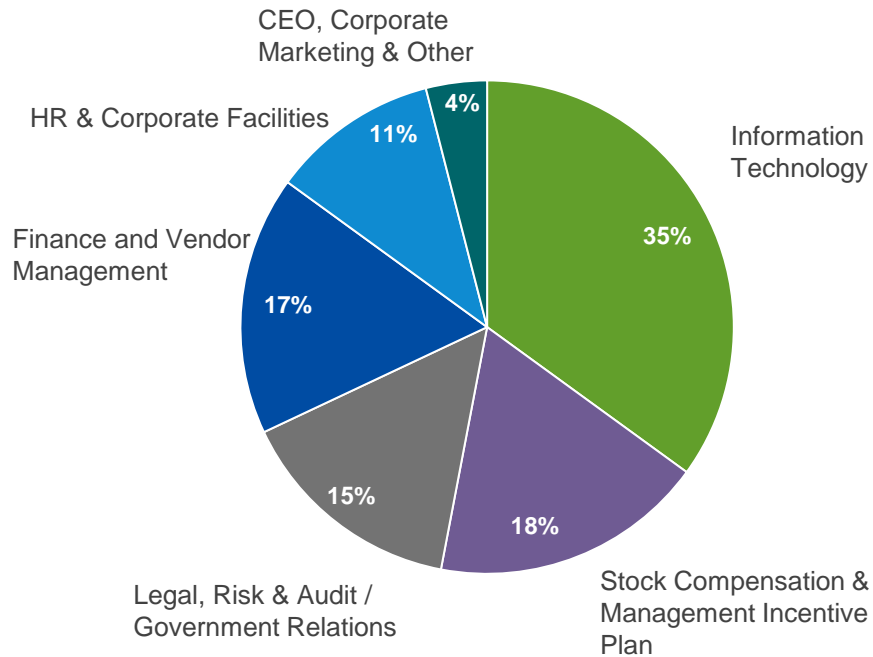
## Long-term Conservative Funding Approach

- Navient prioritizes continued access to the unsecured debt market as an important component in our capital structure
  - Issued \$750 million of unsecured debt due March 2029
- We continue a conservative approach to unsecured debt
  - Retired \$1.1 billion of unsecured debt, leaving no maturities until January 2023



# Other Segment “Core Earnings” Basis

2021 Unallocated Shared Services Expense <sup>1</sup>  
\$229 million



## Shared Services Overview

- Full year 2021 Regulatory Expense of \$233 million included \$205 million related to the agreements with State Attorneys General
- 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

<sup>1</sup> Unallocated Shared Services Expense is shown on an Adjusted Core Earnings basis, which excludes Regulatory Expense of \$233 million in the full year 2021.



# 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:

- 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 18 of this presentation and pages 19 - 29 of Navient's fourth quarter 2021 earnings release.
- 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 Q4 2021 is as follows:

Q4 2021	=	$\frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}}$	=	$\frac{\$122^{(1)}}{(\$2,596 + 2,723 + \$2,701 + \$2,723) / 4}$	=	18% <sup>(2)</sup>
FY 2021	=	$\frac{\text{Adjusted Core Earnings Net income}}{\text{Average Equity}}$	=	$\frac{\$763^{(1)}}{(\$2,596 + 2,723 + \$2,701 + \$2,723) / 4}$	=	28% <sup>(2)</sup>

- 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 Q4 2021 is as follows:

Q4 2021	=	$\frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}}$	=	$\frac{\$237^{(1)}}{\$436}$	=	54%
FY 2021	=	$\frac{\text{Adjusted Core Earnings Expense}}{\text{Adjusted Core Earnings Revenue}}$	=	$\frac{\$974^{(1)}}{\$1,976}$	=	49%

<sup>1</sup> Excludes \$229 million and \$259 million of net restructuring and regulatory related expenses in fourth quarter 2021 and full year 2021, respectively.

<sup>2</sup> 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 18 of Navient’s fourth 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 29 of Navient’s fourth 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 29 of Navient’s fourth quarter earnings release.

# Differences Between Core Earnings And GAAP

Core Earnings adjustments to GAAP: (Dollars in Millions)	Quarters Ended		Years Ended	
	Dec. 31, 2021	Dec. 31, 2020	2021	2020
GAAP net income (loss)	(\$11)	\$186	\$717	\$412
Net impact of derivative accounting	(85)	(28)	(235)	265
Net impact of goodwill and acquired intangible assets	16	5	30	22
Net income tax effect	13	3	\$39	(68)
Total Core Earnings adjustments to GAAP	(56)	(20)	(166)	219
Core Earnings net income (loss)	(\$67)	\$166	\$551	\$631



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