

# Strategy Update

NAVIENT

In January 2024 Navient announced strategic actions to simplify the company, reduce its expense base and enhance flexibility.

## Phase 1

*Focusing on cost reductions and capital allocation*

### 1. Created a variable expense model for loan servicing

- Outsourced servicing to a third-party partner July 2024
- Expense model aligns with amortizing legacy portfolio and facilitates corporate expense reduction

### 2. Divesting business processing division

- Sold healthcare services business Sept 2024; \$219 million gain on the sale
- Sold government services business Feb 2025
- Related corporate expense reductions projected to be fully realized in 2026

### 3. Streamlining shared services infrastructure and corporate footprint

- Expected headcount reduction of 80-90% compared to YE2023; 40% already reduced at YE2024
- Established a clear path of approximately \$400 million in expense reductions
- Expected to be largely completed in 2025 and continue into 2026

## Phase 1 Cost Reductions

Navient focused on reducing the expense base supporting its loan portfolios and non-growth businesses.

**Phase 1 decisions set Navient on a path where this expense base can be reduced by approximately \$400 million<sup>1</sup>.** The expenses related to Earnest, our consumer lending business, are expected to correlate with origination volume and any future growth initiatives.

<b>Full Year 2023 Core Earnings Total Expenses<sup>i</sup></b> .....	<b>\$825 million</b>
<i>Excluding Regulatory &amp; Restructuring Expenses</i> .....	<i>\$105 million</i>
<i>Excluding Earnest-related Expenses</i> .....	<i>\$ 98 million</i>
<b>Total Shared and Corporate Expense</b> .....	<b>\$622 million</b>
<i>Less Healthcare Services-related Expenses</i> .....	<i>\$ 99 million</i>
<b>Total Shared and Corporate Expense<sup>2</sup></b> .....	<b>\$523 million</b>
<i>Less Government Services-related Expenses</i> .....	<i>\$186 million</i>
<i>Less expected additional cost reductions</i> .....	<i>\$133 million</i>
<b>Adjusted Continuing Expense Base<sup>i</sup></b> .....	<b>\$204 million</b>

- Healthcare Services-related expense reductions are expected to be fully realized by H2 2025.
- Government Services-related expense reductions are expected to be fully realized during 2026.
- Additional cost reductions have been identified. A portion of these expenses have already been eliminated and the remainder will be eliminated over time and largely complete in 2025.

## Phase 2

*Focusing on growth initiatives, cost of equity / valuation, and additional cost reductions*

Expect a Phase 2 update in H2 2025.

<sup>1</sup> Reduction estimates are based on full-year 2023 expenses when excluding growth potential in the consumer lending segment as well as regulatory and restructuring costs.

<sup>2</sup> As reported in the January 30, 2025 Strategy Update Presentation

<sup>i</sup> Item is a Non-GAAP Financial Measure. In addition to financial results reported on a GAAP basis, Navient also provides certain performance measures which are non-GAAP financial measures. Definitions for the non-GAAP financial measures and reconciliations are provided in the body of the company's quarterly earnings release, except that reconciliations of forward-looking non-GAAP financial measures are not provided because the company is unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including, but not limited to, the impact of any mark-to-market gains/losses resulting from our use of derivative instruments to hedge our economic risks. For further detail and reconciliations, see pages 18 - 28 of Navient's fourth quarter 2024 earnings release.

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## **FORWARD-LOOKING STATEMENTS AND DISCLAIMER**

The following information is current as of December 31, 2024 (unless otherwise noted) and should be read in connection with Navient Corporation's "Navient" Annual Report on 2023 Form 10-K for the year end December 31, 2023 (the "2023 Form 10-K"), filed by Navient with the Securities and Exchange Commission (the "SEC") on February 26, 2024 and subsequent reports filed by Navient with the SEC. Definitions for capitalized terms in this presentation not defined herein can be found in the 2023 Form 10-K. This presentation contains "forward-looking statements," within the meaning of the federal securities law, about our business, and prospectus 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 our beliefs, opinions, or expectations and statements that assume or are dependent upon future events, are forward-looking statements and often contain words such as "expect," "assume," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "may," "could," "should," "goals," or "target." Such statements are based on management's expectations as of the date of this release and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in Navient 2023 Form 10-K and subsequent reports filed by Navient with the SEC. The preparation of our consolidated financial statements also requires management to make certain estimates and assumptions including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect and actual results could differ materially. All forward-looking statements contained in this 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.