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Just Released: ENTerval Analytics, LLC® Data Shows Overwhelming Majority of Private Student Loan Borrowers Back to Making Regular Payments

Private Student Loan Originations Rebounding, Use of Forbearance Decreases, and Default Rates are Normalizing to Pre-Pandemic Levels

January 10, 2023 – Enterval Analytics, LLC., has released the 19th edition of the bi-annual Private Student Loan Report which confirms that the majority of private student loan borrowers are effectively managing their payments.

Private student loans are fully underwritten to assess creditworthiness, ability to repay, and are certified by the school with 90.78% of undergraduate loans cosigned. Approximately 7.22% of total student loans outstanding as of Q3 2022 are Private Student Loans. The remaining 92.78% of the \$1.76 trillion in student loans are federal loans owned or guaranteed by the U.S. Department of Education. The Private Student Loan Report (“Report”) reflects data as of Q3 2022 for private student loans and does not include federal student loan data.

The latest Q3 2022 Private Student Loan Report highlights two additional quarters of generally strong private student loan repayment. Borrower forbearance utilization remains near record lows at 1.30% for Q3, down 82% from its peak of 7.04% when disaster relief programs were made available across the industry in response to the pandemic. As expected, early-stage delinquencies have been elevated and show signs of stabilizing over the last year in the historically normal range of 2.5% to 3.3%.

At the end of Q3 2022, late-stage delinquencies and gross charge-offs are at 1.58% and 2.86%, respectively. Late-stage delinquencies are in-line with pre-pandemic levels that hovered between 1.32% and 1.88% going back to 2017. Annualized gross charge-offs are about 80bps higher than average over the same pre-pandemic period. However, the average charge-off rate since the pandemic is 1.64%, well in-line with historical norms. We expect these repayment trends to continue to normalize.

“The pandemic disaster relief more than doubled the forbearance rates across the private student loan industry but most of the disaster relief programs have ended and forbearance has dropped to near historic lows. Current elevated late-stage delinquencies and charge-offs are in-line with historical norms especially when taken in the context of the significantly reduced charge-offs during the last 3 years.” said John Falb, CEO of Enterval Analytics. “While we are now starting to expect some consumer economic pressure on the horizon, the job market is healthy, and higher education is vital to the U.S. economy.”

The total outstanding balance for private student loans represented in the Report was \$127.24



billion (including in-school loans but excluding consolidation, refinance and parent loans). Undergraduate loans accounted for 88.44% and graduate loans 11.56% of loans originated in AYTD 2021/22.

The bi-annual Report includes continuous contributions from the five largest student loan lenders and holders: Citizens Bank, N.A., Discover Bank, Navient, PNC Bank, N.A., and Sallie Mae Bank. In addition, the report includes data from seven other student lender contributors. In total, these contributors represent the vast majority of in-school originations and a majority of the private student loans outstanding in the U.S.

The full Private Student Loan Report is available for download at <https://www.enterval.com/#reports>

About Enterval Analytics, LLC.

Enterval Analytics was formed to provide industry leading research, tools, and insights for the private student loan market. Previously, the private student loan report was published by MeasureOne. In 2021, Enterval acquired certain reporting assets of MeasureOne and has assumed the lead in creating this report.

Enterval has a dedicated team of seasoned professionals, with specialized experience in data analysis, finance, student loan portfolio management, higher education policy, public and government relations—Enterval is uniquely positioned to deliver reporting and software tool solutions focused on the higher education space. For more information about Enterval, visit www.enterval.com.

Media Contact:

John Falb
Enterval Analytics, LLC
jfalb@enterval.com
(702) 777-8480