

**NAVIENT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except per share amounts)

	December 31, 2019	December 31, 2018
<b>Assets</b>		
FFELP Loans (net of allowance for losses of \$64 and \$76, respectively)	\$ 64,575	\$ 72,253
Private Education Loans (net of allowance for losses of \$1,048 and \$1,201, respectively)	22,245	22,245
Investments		
Held-to-maturity	19	—
Other	192	226
Total investments	211	226
Cash and cash equivalents	1,233	1,286
Restricted cash and cash equivalents	2,548	3,976
Goodwill and acquired intangible assets, net	757	786
Other assets	3,334	3,404
Total assets	<u>\$ 94,903</u>	<u>\$ 104,176</u>
<b>Liabilities</b>		
Short-term borrowings	\$ 8,483	\$ 5,422
Long-term borrowings	81,715	93,519
Other liabilities	1,356	1,688
Total liabilities	<u>91,554</u>	<u>100,629</u>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Common stock, par value \$0.01 per share; 1.125 billion shares authorized: 451 million and 445 million shares issued, respectively	4	4
Additional paid-in capital	3,198	3,145
Accumulated other comprehensive income (net of tax (benefit) expense of \$(30) and \$35, respectively)	(91)	113
Retained earnings	3,664	3,218
Total Navient Corporation stockholders' equity before treasury stock	6,775	6,480
Less: Common stock held in treasury at cost: 236 million and 198 million shares, respectively	(3,439)	(2,961)
Total Navient Corporation stockholders' equity	3,336	3,519
Noncontrolling interest	13	28
Total equity	3,349	3,547
Total liabilities and equity	<u>\$ 94,903</u>	<u>\$ 104,176</u>

**Supplemental information — assets and liabilities of consolidated variable interest entities:**

	December 31, 2019	December 31, 2018
FFELP Loans	\$ 64,255	\$ 71,921
Private Education Loans	19,609	19,698
Restricted cash	2,506	3,928
Other assets, net	1,089	956
Short-term borrowings	7,089	4,341
Long-term borrowings	72,856	82,738
Net assets of consolidated variable interest entities	<u>\$ 7,514</u>	<u>\$ 9,424</u>

See accompanying notes to consolidated financial statements.

**NAVIENT CORPORATION**

**CONSOLIDATED STATEMENTS OF INCOME**  
(In millions, except per share amounts)

	Years Ended December 31,		
	2019	2018	2017
<b>Interest income:</b>			
FFELP Loans	\$ 2,847	\$ 3,027	\$ 2,693
Private Education Loans	1,731	1,778	1,634
Other loans	2	6	13
Cash and investments	93	97	43
Total interest income	4,673	4,908	4,383
Total interest expense	3,488	3,668	2,971
Net interest income	1,185	1,240	1,412
Less: provisions for loan losses	258	370	426
Net interest income after provisions for loan losses	927	870	986
<b>Other income (loss):</b>			
Servicing revenue	240	274	290
Asset recovery and business processing revenue	488	430	475
Other income	45	17	9
Gains on sales of loans	16	—	3
Gains (losses) on debt repurchases	45	19	(3)
Gains (losses) on derivative and hedging activities, net	22	(38)	22
Total other income	856	702	796
<b>Expenses:</b>			
Salaries and benefits	488	507	519
Other operating expenses	496	477	447
Total operating expenses	984	984	966
Goodwill and acquired intangible asset impairment and amortization expense	30	47	23
Restructuring/other reorganization expenses	6	13	29
Total expenses	1,020	1,044	1,018
Income before income tax expense	763	528	764
Income tax expense	166	133	472
<b>Net income</b>	<b>\$ 597</b>	<b>\$ 395</b>	<b>\$ 292</b>
<b>Basic earnings per common share</b>	<b>\$ 2.59</b>	<b>\$ 1.52</b>	<b>\$ 1.06</b>
Average common shares outstanding	230	260	275
<b>Diluted earnings per common share</b>	<b>\$ 2.56</b>	<b>\$ 1.49</b>	<b>\$ 1.04</b>
Average common and common equivalent shares outstanding	233	264	281
Dividends per common share	\$ .64	\$ .64	\$ .64

See accompanying notes to consolidated financial statements.

**NAVIENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended December 31,		
	2019	2018	2017
<b>Operating activities</b>			
Net income	\$ 597	\$ 395	\$ 292
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gains) on sale of education loans	(16)	—	—
(Gains) losses on debt repurchases	(45)	(19)	3
Goodwill and acquired intangible asset impairment and amortization expense	30	47	23
Stock-based compensation expense	25	25	35
Mark-to-market (gains)/losses on derivative and hedging activities, net	130	37	(83)
Provisions for loan losses	258	370	426
Decrease (increase) in accrued interest receivable	78	(125)	(29)
(Decrease) increase in accrued interest payable	(96)	58	11
Decrease in other assets	191	321	485
(Decrease) increase in other liabilities	(133)	31	(5)
Total adjustments	422	745	866
Total net cash provided by operating activities	1,019	1,140	1,158
<b>Investing activities</b>			
Education loans acquired	(5,411)	(3,652)	(7,371)
Principal payments on education loans	12,472	13,973	14,738
Proceeds from sales of education loans	408	—	—
Other investing activities, net	9	(76)	(88)
Proceeds from sales and maturities of other securities	7	115	23
Purchase of subsidiaries, net of cash and restricted cash acquired	—	—	(184)
Total net cash provided by investing activities	7,485	10,360	7,118
<b>Financing activities</b>			
Borrowings collateralized by loans in trust - issued	7,919	9,006	8,440
Borrowings collateralized by loans in trust - repaid	(14,271)	(14,057)	(13,919)
Asset-backed commercial paper conduits, net	(907)	(2,833)	(2,363)
Long-term notes issued	—	495	1,613
Long-term notes repaid	(1,950)	(2,947)	(1,464)
Other financing activities, net	(189)	(162)	(33)
Common stock repurchased	(440)	(220)	(440)
Common dividends paid	(147)	(166)	(176)
Total net cash used in financing activities	(9,985)	(10,884)	(8,342)
Net (decrease) increase in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,481)	616	(66)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	5,262	4,646	4,712
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period</b>	<b>\$ 3,781</b>	<b>\$ 5,262</b>	<b>\$ 4,646</b>
Cash disbursements made (refunds received) for:			
Interest	\$ 3,479	\$ 3,460	\$ 2,872
Income taxes paid	\$ 93	\$ 57	\$ 157
Income taxes received	\$ (4)	\$ (6)	\$ (1)
<b>Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:</b>			
Cash and cash equivalents	\$ 1,233	\$ 1,286	\$ 1,518
Restricted cash and restricted cash equivalents	2,548	3,976	3,128
Total cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 3,781	\$ 5,262	\$ 4,646
<b>Supplemental cash flow information:</b>			
Non-cash activities			
Investing activity - Education loans	\$ —	\$ —	\$ 1,746
Investing activity - Held-to-maturity asset backed securities retained related to sales of education loans	22	—	—
Operating activity - Other assets acquired and other liabilities assumed, net	—	—	137
Operating activity - Servicing assets recognized upon sales of education loans	3	—	—
Financing activity - Borrowings assumed in acquisition of education loans	—	—	1,883

See accompanying notes to consolidated financial statements.