SLM Corp
Form 10-Q
October 22, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

þ**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2018

or

¨**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-13251

SLM Corporation

(Exact name of registrant as specified in its charter)

Delaware	**52-2013874**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
300 Continental Drive, Newark, Delaware	**19713**
(Address of principal executive offices)	**(Zip Code)**

(302) 451-0200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨
Emerging growth company	¨		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	**Outstanding at September 30, 2018**
Common Stock, $0.20 par value	435,661,454 shares

SLM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
INDEX

SLM CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 1,839,054	$ 1,534,339
Available-for-sale investments at fair value (cost of $181,785 and $247,607, respectively)	172,370	244,088
Loans held for investment (net of allowance for losses of $328,974 and $251,475, respectively)	21,978,903	18,567,641
Restricted cash	115,658	101,836
Other interest-earning assets	32,071	21,586
Accrued interest receivable	1,270,026	967,482
Premises and equipment, net	105,058	89,748
Income taxes receivable, net	22,102	—
Tax indemnification receivable	54,941	168,011
Other assets	101,000	84,853
Total assets	$ 25,691,183	$ 21,779,584
Liabilities		
Deposits	$ 17,873,293	$ 15,505,383
Long-term borrowings	4,532,221	3,275,270
Income taxes payable, net	—	102,285
Upromise member accounts	226,176	243,080
Other liabilities	219,158	179,310
Total liabilities	22,850,848	19,305,328
Commitments and contingencies		
Equity		
Preferred stock, par value $0.20 per share, 20 million shares authorized:		
Series B: 4 million and 4 million shares issued, respectively, at stated value of $100 per share	400,000	400,000
Common stock, par value $0.20 per share, 1.125 billion shares authorized: 449.8 million and 443.5 million shares issued, respectively	89,962	88,693
Additional paid-in capital	1,268,763	1,222,277
Accumulated other comprehensive income (net of tax expense of $8,666 and $1,696, respectively)	27,012	2,748
Retained earnings	1,196,895	868,182
Total SLM Corporation stockholders' equity before treasury stock	2,982,632	2,581,900
Less: Common stock held in treasury at cost: 14.1 million and 11.1 million shares, respectively	(142,297)	(107,644)
Total equity	2,840,335	2,474,256
Total liabilities and equity	$ 25,691,183	$ 21,779,584

See accompanying notes to consolidated financial statements.

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SLM CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income:				
Loans	$485,997	$359,610	$1,370,090	$1,021,106
Investments	1,340	1,928	4,981	6,272
Cash and cash equivalents	10,260	4,686	22,068	10,429
Total interest income	497,597	366,224	1,397,139	1,037,807
Interest expense:				
Deposits	105,093	61,890	273,154	157,473
Interest expense on short-term borrowings	1,156	1,804	4,677	4,234
Interest expense on long-term borrowings	34,715	20,469	89,111	56,070
Total interest expense	140,964	84,163	366,942	217,777
Net interest income	356,633	282,061	1,030,197	820,030
Less: provisions for credit losses	70,047	54,930	187,245	130,441
Net interest income after provisions for credit losses	286,586	227,131	842,952	689,589
Non-interest (loss) income:				
Gains on sales of loans, net	—	—	2,060	—
Losses on sales of securities, net	—	—	(1,549)	—
(Losses) gains on derivatives and hedging activities, net	(4,949)	1,661	(6,325)	(7,326)
Other (loss) income	(80,702)	4,455	(58,765)	26,430
Total non-interest (loss) income	(85,651)	6,116	(64,579)	19,104
Non-interest expenses:				
Compensation and benefits	62,260	51,052	190,822	157,523
FDIC assessment fees	9,136	7,626	25,933	21,477
Other operating expenses	79,236	57,464	193,974	151,070
Total operating expenses	150,632	116,142	410,729	330,070
Acquired intangible asset amortization expense	92	117	276	351
Total non-interest expenses	150,724	116,259	411,005	330,421
Income before income tax (benefit) expense	50,211	116,988	367,368	378,272
Income tax (benefit) expense	(53,667)	40,617	27,404	136,341
Net income	103,878	76,371	339,964	241,931
Preferred stock dividends	4,124	3,028	11,441	12,577
Net income attributable to SLM Corporation common stock	$99,754	$73,343	$328,523	$229,354
Basic earnings per common share attributable to SLM Corporation	$0.23	$0.17	$0.76	$0.53
Average common shares outstanding	435,468	431,718	434,875	430,958
Diluted earnings per common share attributable to SLM Corporation	$0.23	$0.17	$0.75	$0.52
Average common and common equivalent shares outstanding	440,019	438,419	439,484	438,422

See accompanying notes to consolidated financial statements.

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SLM CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net income	$103,878	$76,371	$339,964	$241,931
Other comprehensive income (loss):				
Unrealized (losses) gains on investments	(1,811)	734	(5,896)	(666)
Unrealized gains on cash flow hedges	6,556	4,814	36,860	7,564
Total unrealized gains	4,745	5,548	30,964	6,898
Income tax expense	(1,219)	(2,113)	(7,562)	(2,644)
Other comprehensive income, net of tax expense	3,526	3,435	23,402	4,254
Total comprehensive income	$107,404	$79,806	$363,366	$246,185

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except share and per share amounts)
(Unaudited)

	Preferred Stock Shares	Common Stock Shares Issued	Treasury	Outstanding	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2016	7,300,000	436,632,479	(7,728,920)	428,903,559	$565,000	$87,327	$1,175,564	$(8,671)	$595,322	$(67,484)	$2,347,058
Net income	—	—	—	—	—	—	—	—	241,931	—	241,931
Other comprehensive income, net of tax	—	—	—	—	—	—	—	4,254	—	—	4,254
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	246,185
Cumulative effect of the adoption of the stock compensation standard amendment	—	—	—	—	—	—	429	—	(264)	—	165
Cash dividends:											
Preferred Stock, Series A ($1.74 per share)	—	—	—	—	—	—	—	—	(3,961)	—	(3,961)
Preferred Stock, Series B ($2.15 per share)	—	—	—	—	—	—	—	—	(8,616)	—	(8,616)
Redemption of Series A Preferred Stock	(3,300,000)	—	—	—	(165,000)	—	—	—	—	—	(165,000)
Dividend equivalent units related to employee stock-based compensation plans	—	—	—	—	—	—	96	—	(96)	—	—
Issuance of common shares	—	5,652,886	—	5,652,886	—	1,131	15,336	—	—	—	16,467
Stock-based compensation expense	—	—	—	—	—	—	21,773	—	—	—	21,773
Shares repurchased related to employee stock-based compensation plans	—	—	(2,666,781)	(2,666,781)	—	—	—	—	—	(32,231)	(32,231)
Balance at September 30, 2017	4,000,000	442,285,365	(10,395,701)	431,889,664	$400,000	$88,458	$1,213,198	$(4,417)	$824,316	$(99,715)	$2,421,840

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except share and per share amounts)
(Unaudited)

		Common Stock Shares									
	Preferred Stock Shares	Issued	Treasury	Outstanding	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2017	4,000,000	443,463,587	(11,087,337)	432,376,250	$400,000	$88,693	$1,222,277	$2,748	$868,182	$(107,644)	$2,474,256
Net income	—	—	—	—	—	—	—	—	339,964	—	339,964
Other comprehensive income, net of tax	—	—	—	—	—	—	—	23,402	—	—	23,402
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	363,366
Reclassification resulting from the adoption of ASU No. 2018-02	—	—	—	—	—	—	—	592	(592)	—	—
Reclassification resulting from the adoption of the ASU No. 2017-12	—	—	—	—	—	—	—	270	782	—	1,052
Cash dividends:											
Preferred Stock, Series B ($2.86 per share)	—	—	—	—	—	—	—	—	(11,441)	—	(11,441)
Issuance of common shares	—	6,341,950		6,341,950	—	1,269	20,658	—	—	—	21,927
Stock-based compensation expense	—	—	—	—	—	—	25,828	—	—	—	25,828
Shares repurchased related to employee stock-based compensation plans	—	—	(3,056,746)	(3,056,746)	—	—	—	—	—	(34,653)	(34,653)
Balance at September 30, 2018	4,000,000	449,805,537	(14,144,083)	435,661,454	$400,000	$89,962	$1,268,763	$27,012	$1,196,895	$(142,297)	$2,840,335

See accompanying notes to consolidated financial statements.

SLM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2018	2017
Operating activities		
Net income	$ 339,964	$ 241,931
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Provisions for credit losses	187,245	130,441
Income tax expense	27,404	136,341
Amortization of brokered deposit placement fee	9,378	6,831
Amortization of ABCP Facility upfront fee	851	995
Amortization of deferred loan origination costs and loan premium/(discounts), net	8,039	6,122
Net amortization of discount on investments	1,344	1,504
Reduction of tax indemnification receivable	86,079	311
Depreciation of premises and equipment	9,977	8,194
Amortization of acquired intangibles	276	351
Stock-based compensation expense	25,828	21,773
Unrealized losses on derivatives and hedging activities, net	6,065	6,931
Gains on sales of loans, net	(2,060)	—
Losses on sales of securities, net	1,549	—
Other adjustments to net income, net	5,428	4,601
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(628,959)	(506,451)
(Increase) decrease in other interest-earning assets	(10,485)	17,811
Decrease in tax indemnification receivable	26,991	44,725
Increase in other assets	(60,903)	(53,275)
Decrease in income taxes payable, net	(156,502)	(217,235)
Increase in accrued interest payable	27,265	15,240
Decrease in payable due to entity that is a subsidiary of Navient	(676)	(305)
Increase in other liabilities	3,502	6,143
Total adjustments	(432,364)	(368,952)
Total net cash used in operating activities	(92,400)	(127,021)
Investing activities		
Loans acquired and originated	(5,570,195)	(4,314,711)
Net proceeds from sales of loans held for investment	44,832	5,497
Proceeds from claim payments	38,492	34,759
Net decrease in loans held for investment	2,208,681	1,488,087
Purchases of available-for-sale securities	(7,914)	(55,569)
Proceeds from sales and maturities of available-for-sale securities	70,843	29,452
Total net cash used in investing activities	(3,215,261)	(2,812,485)
Financing activities		
Brokered deposit placement fee	(25,104)	(9,668)
Net increase in certificates of deposit	1,953,644	1,087,486
Net increase in other deposits	458,472	516,343
Borrowings collateralized by loans in securitization trusts - issued	1,890,912	767,245
Borrowings collateralized by loans in securitization trusts - repaid	(639,190)	(397,106)

Issuance costs for unsecured debt offering	—	(1,057)
Unsecured debt issued	—	197,000
Borrowings under ABCP Facility	300,000	300,000
Repayment of borrowings under ABCP Facility	(300,000)	—
Fees paid on ABCP Facility	(1,095)	(1,281)

Redemption of Preferred Stock Series A	—	(165,000)
Preferred stock dividends paid	(11,441)	(12,577)
Net cash provided by financing activities	3,626,198	2,281,385
Net increase (decrease) in cash, cash equivalents and restricted cash	318,537	(658,121)
Cash, cash equivalents and restricted cash at beginning of period	1,636,175	1,972,510
Cash, cash equivalents and restricted cash at end of period	$ 1,954,712	$ 1,314,389
Cash disbursements made for:		
Interest	$ 327,798	$ 191,488
Income taxes paid	$ 161,248	$ 216,321
Income taxes refunded	$ (5,174)	$ (986)
Reconciliation of the Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:		
Cash and cash equivalents	$ 1,839,054	$ 1,247,764
Restricted cash	115,658	66,625
Total cash, cash equivalents and restricted cash	$ 1,954,712	$ 1,314,389

See accompanying notes to consolidated financial statements.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise noted)

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, consolidated financial statements of SLM Corporation ("Sallie Mae," "SLM," the "Company," "we," or "us") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements include the accounts of SLM Corporation and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the interim periods have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results for the year ending December 31, 2018 or for any other period. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 Form 10-K").

Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned and controlled subsidiaries after eliminating the effects of intercompany accounts and transactions.

We consolidate any variable interest entity ("VIE") where we have determined we are the primary beneficiary. The primary beneficiary is the entity which has both: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE.

Recently Issued and Adopted Accounting Pronouncements

ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash"

In November 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." Whereas restricted cash balances have traditionally been excluded from the statement of cash flows, this ASU requires restricted cash and restricted cash equivalents to be included within the beginning and ending totals of cash, cash equivalents and restricted cash presented on the statement of cash flows for all periods presented. Restricted cash and restricted cash equivalent inflows and outflows with external parties are required to be classified within the operating, investing, and/or financing activity sections of the statement of cash flows, whereas transfers between cash and cash equivalents and restricted cash and restricted cash equivalents should no longer be presented on the statement of cash flows. ASU No. 2016-18 also requires (a) the nature of the restrictions to be disclosed to help provide information about the sources and uses of these balances during a reporting period and (b) a reconciliation of the cash, cash equivalents and restricted cash totals on the statement of cash flows to the related balance sheet line items when cash, cash equivalents, and restricted cash are presented in more than one line item on the balance sheet. The reconciliation can be presented either on the face of the statement of cash flows or in the notes to the financial statements and must be provided for each period that a balance sheet is presented. We adopted the new accounting pronouncement on January 1, 2018, and the adoption did not have a material impact to our statement of cash flows.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
1. Significant Accounting Policies (Continued)

ASU No. 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities"
On August 28, 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities," which (a) improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and (b) makes certain targeted improvements to simplify the application of the hedge accounting guidance. The effective date for the standard is January 1, 2019, with early adoption permitted. We elected to early adopt the standard effective July 1, 2018. One of the key changes is that the standard eliminates the separate measurement and reporting of hedge ineffectiveness. In accordance with the new standard, certain provisions were required to be applied on a modified retrospective basis, which requires a cumulative effect adjustment to accumulated other comprehensive income with a corresponding adjustment to retained earnings as of the beginning of the fiscal year of adoption, or January 1, 2018 in our case.
The accounting for derivative instruments requires that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet as either an asset or liability measured at fair value. Our derivative instruments are classified and accounted for by us as fair value hedges, cash flow hedges, or trading hedges.
Fair Value Hedges
We generally use fair value hedges to offset the exposure to changes in fair value of a recognized fixed-rate liability. We enter into interest rate swaps to economically convert fixed-rate liabilities into variable-rate liabilities. For fair value hedges, we generally consider all components of the derivative's gain and/or loss when assessing hedge effectiveness and generally hedge changes in fair values due to interest rates. Under the new standard, for fair value hedges, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in the same line item in the consolidated statements of income that is used to present the earnings effect of the hedged component of the hedged item. The timing of recognition of the change in fair value of a hedging instrument included in the assessment of hedge effectiveness is the same as prior to the adoption of ASU No. 2017-12.
Cash Flow Hedges
We use cash flow hedges to hedge the exposure to variability in cash flows of floating-rate liabilities. This strategy is used primarily to minimize the exposure to volatility in cash flows from future changes in interest rates. In assessing hedge effectiveness, generally all components of each derivative's gains or losses are included in the assessment. We hedge exposure to changes in cash flows due to changes in interest rates or total changes in cash flow. Under the new standard, for cash flow hedges, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in other comprehensive income (loss). Those amounts are subsequently reclassified to earnings, in the same line item in the consolidated statements of income as impacted by the hedged item, when the hedged item affects earnings.
Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate deposits. During the next twelve months, we estimate that $7 million will be reclassified as an increase to interest expense.
Trading Activities
When derivative instruments do not qualify for hedge accounting treatment, they are accounted for at fair value with all changes in fair value recorded through earnings. All of our derivative instruments with maturities of less than 3 years are economically hedging risk, but do not receive hedge accounting treatment. Trading derivatives also include

any hedges that originally received hedge accounting treatment, but lost hedge accounting treatment due to failed effectiveness testing, as well as the activity of certain derivatives prior to those derivatives receiving hedge accounting treatment.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
1. Significant Accounting Policies (Continued)

Cumulative effect of applying the new standard

As a result of the cumulative effect of applying the new hedging standard to our fair value hedges on July 1, 2018, we recorded a $2.0 million basis increase to our hedged deposit balances with a corresponding increase to retained earnings of approximately $1.0 million and a $3.0 million loss to “gains (losses) on derivatives and hedging activities, net” in our consolidated statements of income to adjust the life-to-date ineffectiveness. To reflect the adoption of the new hedging standard on our cash flow hedging relationships at July 1, 2018, we recorded a $0.3 million decrease to retained earnings and a corresponding $0.3 million increase to accumulated other comprehensive income.

The new standard also requires modifications to existing presentation and disclosure requirements. We did not apply adjustments to our prior period consolidated balance sheets or consolidated statements of income as a result of adopting the new hedging standard. However, certain disclosures within the notes to the financial statements set forth in this report, regarding the three and nine month periods ended September 30, 2017, conform to the disclosure requirements of ASU No. 2017-12. For further details, refer to Note 7, “Derivative Financial Instruments.”
ASU No. 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”
In February 2018, the FASB issued ASU No. 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the tax law and tax rate changes under the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) enacted on December 22, 2017. Under the Tax Act, deferred taxes were adjusted to reflect the reduction of the historical corporate income tax rate to the newly enacted corporate income tax rate, which left the tax effects on items within accumulated other comprehensive income stranded at an inappropriate tax rate. This guidance is effective for fiscal years beginning after December 15, 2018, and for interim periods within those fiscal years, with early adoption permitted. We adopted this standard effective January 1, 2018 and recorded a $0.6 million reclass from accumulated other comprehensive income to retained earnings in the first quarter of 2018.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)

2. Investments

The amortized cost and fair value of securities available for sale are as follows:

	September 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for sale:				
Mortgage-backed securities	$159,397	$ 92	$ (8,046)	$151,443
Utah Housing Corporation bonds	22,388	—	(1,461)	20,927
Total	$181,785	$ 92	$ (9,507)	$172,370

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for sale:				
Mortgage-backed securities	$227,607	$ 650	$ (3,210)	$225,047
Utah Housing Corporation bonds	20,000	—	(959)	19,041
Total	$247,607	$ 650	$ (4,169)	$244,088

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
2. Investments (Continued)

The following table summarizes the amount of gross unrealized losses for our mortgage-backed securities and Utah Housing Corporation bonds and the estimated fair value for securities having gross unrealized losses, categorized by length of time the securities have been in an unrealized loss position:

	Less than 12 months		12 months or more		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
As of September 30, 2018:						
Mortgage-backed securities	$(1,768)	$43,253	$(6,278)	$104,841	$(8,046)	$148,094
Utah Housing Corporation bonds	(125)	4,875	(1,336)	16,052	(1,461)	20,927
Total	$(1,893)	$48,128	$(7,614)	$120,893	$(9,507)	$169,021
As of December 31, 2017:						
Mortgage-backed securities	$(772)	$77,356	$(2,438)	$110,500	$(3,210)	$187,856
Utah Housing Corporation bonds	(77)	4,923	(882)	14,118	(959)	19,041
Total	$(849)	$82,279	$(3,320)	$124,618	$(4,169)	$206,897

Our investment portfolio is comprised primarily of mortgage-backed securities issued by Ginnie Mae, Fannie Mae and Freddie Mac, with amortized costs of $68 million, $47 million, and $44 million, respectively, at September 30, 2018. We own these securities to meet our requirements under the Community Reinvestment Act. In the second quarter of 2018, we elected to sell nine securities totaling $41 million to better align the portfolio with the Community Reinvestment Act requirements, and we recognized a $2 million loss upon the sale of those securities. As of September 30, 2018, 75 of the 84 separate mortgage-backed securities in our investment portfolio had unrealized losses, and 35 of the 75 securities in a net loss position were issued under Ginnie Mae programs that carry a full faith and credit guarantee from the U.S. Government. The remaining securities in a net loss position carry a principal and interest guarantee by Fannie Mae or Freddie Mac, respectively. We have the ability and the intent to hold these securities for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security. As of December 31, 2017, 62 of the 92 separate mortgage-backed securities in our investment portfolio had unrealized losses, and 31 of the 62 securities in a net loss position were issued under Ginnie Mae programs that carry a full faith and credit guarantee from the U.S. Government. The remainder carried a principal and interest guarantee by Fannie Mae or Freddie Mac, respectively.

We also invest in Utah Housing Corporation bonds for the purpose of complying with the Community Reinvestment Act. These bonds are rated Aa3 by Moody’s Investors Service. The amortized cost of the investment on the consolidated balance sheet at September 30, 2018 and December 31, 2017 was $22 million and $20 million, respectively. We have the intent and ability to hold these bonds for a period of time sufficient for the market price to recover to at least the adjusted amortized cost of the security.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
2. Investments (Continued)

As of September 30, 2018, the amortized cost and fair value of securities, by contractual maturities, are summarized below. Contractual maturities versus actual maturities may differ due to the effect of prepayments.

Year of Maturity	Amortized Cost	Estimated Fair Value
2038	$267	$281
2039	2,990	3,068
2042	9,524	8,766
2043	14,396	13,728
2044	23,437	22,535
2045	25,868	24,468
2046	40,006	37,703
2047	57,395	54,082
2048	7,902	7,739
Total	$181,785	$172,370

The mortgage-backed securities have been pledged to the Federal Reserve Bank (the "FRB") as collateral against any advances and accrued interest under the Primary Credit lending program sponsored by the FRB. We had $153 million and $218 million par value of mortgage-backed securities pledged to this borrowing facility at September 30, 2018 and December 31, 2017, respectively, as discussed further in Note 6, "Borrowings."

3. Loans Held for Investment

Loans held for investment consist of Private Education Loans, FFELP Loans and Personal Loans. We use "Private Education Loans" to mean education loans to students or their families that are not made, insured or guaranteed by any state or federal government. Private Education Loans do not include loans insured or guaranteed under the previously existing Federal Family Education Loan Program ("FFELP"). We use "Personal Loans" to mean those unsecured loans to individuals that may be used for non-educational purposes. We began acquiring Personal Loans from third parties in the fourth quarter of 2016 and originating Personal Loans in the first quarter of 2018.

Our Private Education Loans are made largely to bridge the gap between the cost of higher education and the amount funded through financial aid, government loans and customers' resources. Private Education Loans bear the full credit risk of the customer. We manage this risk through risk-performance underwriting strategies and qualified cosigners. Private Education Loans may be fixed rate or may carry a variable interest rate indexed to LIBOR. As of September 30, 2018, and December 31, 2017, 69 percent and 77 percent, respectively, of all of our Private Education Loans were indexed to LIBOR. We provide incentives for customers to include a cosigner on the loan, and the vast majority of loans in our portfolio are cosigned. We also encourage customers to make payments while in school.

In connection with the separation of Navient Corporation ("Navient") from SLM (the "Spin-Off"), we retained the right to require Navient to purchase delinquent loans (at fair value) when the borrower has a lending relationship with both us and Navient ("Split Loans"). In the second quarter of 2018, we sold our remaining $43 million portfolio of Split Loans (both current and non-current loans) to Navient and recognized a net gain of $2 million.

FFELP Loans are insured as to their principal and accrued interest in the event of default, subject to a risk-sharing level based on the date of loan disbursement. These insurance obligations are supported by contractual rights against the United States. For loans disbursed on or after July 1, 2006, we receive 97 percent reimbursement on all qualifying claims. For loans disbursed after October 1, 1993, and before July 1, 2006, we receive 98 percent reimbursement on all qualifying claims. For loans disbursed prior to October 1, 1993, we receive 100 percent reimbursement on all qualifying claims.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
3. Loans Held for Investment (Continued)

Loans held for investment are summarized as follows:

	September 30, 2018	**December 31, 2017**
Private Education Loans:		
Fixed rate	$6,369,950	$4,000,447
Variable rate	13,870,041	13,431,720
Total Private Education Loans, gross	20,239,991	17,432,167
Deferred origination costs and unamortized premium/(discount)	65,499	56,378
Allowance for loan losses	(274,684)	(243,715)
Total Private Education Loans, net	20,030,806	17,244,830
FFELP Loans	866,786	927,660
Deferred origination costs and unamortized premium/(discount)	2,432	2,631
Allowance for loan losses	(1,080)	(1,132)
Total FFELP Loans, net	868,138	929,159
Personal Loans (fixed rate)	1,133,005	400,280
Deferred origination costs and unamortized premium/(discount)	164	—
Allowance for loan losses	(53,210)	(6,628)
Total Personal Loans, net	1,079,959	393,652
Loans held for investment, net	$21,978,903	$18,567,641

The estimated weighted average life of education loans in our portfolio was approximately 5.4 years and 5.5 years at September 30, 2018 and December 31, 2017, respectively.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
3. Loans Held for Investment (Continued)

The average balance and the respective weighted average interest rates of loans in our portfolio are summarized as follows:

	Three Months Ended September 30,					
	2018			2017		
	Average Balance	Weighted Average Interest Rate		Average Balance	Weighted Average Interest Rate	
Private Education Loans	$19,295,318	9.16	%	$16,228,751	8.50	%
FFELP Loans	877,279	4.65		960,185	4.02	
Personal Loans	1,082,177	11.03		86,441	9.66	
Total portfolio	$21,254,774			$17,275,377		

	Nine Months Ended September 30,					
	2018			2017		
	Average Balance	Weighted Average Interest Rate		Average Balance	Weighted Average Interest Rate	
Private Education Loans	$18,908,929	9.01	%	$15,791,557	8.37	%
FFELP Loans	898,208	4.47		981,106	3.86	
Personal Loans	810,753	10.82		61,263	9.44	
Total portfolio	$20,617,890			$16,833,926		

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)

4. Allowance for Loan Losses

Our provision for credit losses represents the periodic expense of maintaining an allowance sufficient to absorb incurred probable losses in the held-for-investment loan portfolios. The evaluation of the allowance for loan losses is inherently subjective, as it requires material estimates that may be susceptible to significant changes. We believe the allowance for loan losses is appropriate to cover probable losses incurred in the loan portfolios.

Allowance for Loan Losses Metrics

	Allowance for Loan Losses			
	Three Months Ended September 30, 2018			
	FFELP Loans	Private Education Loans	Personal Loans	Total
Allowance for Loan Losses				
Beginning balance	$1,073	$261,695	$32,509	$295,277
Total provision	259	42,482	26,155	68,896
Net charge-offs:				
Charge-offs	(252)	(34,229)	(5,740)	(40,221)
Recoveries	—	4,736	286	5,022
Net charge-offs	(252)	(29,493)	(5,454)	(35,199)
Loan sales[1]	—	—	—	—
Ending Balance	$1,080	$274,684	$53,210	$328,974
Allowance:				
Ending balance: individually evaluated for impairment	$—	$119,643	$—	$119,643
Ending balance: collectively evaluated for impairment	$1,080	$155,041	$53,210	$209,331
Loans:				
Ending balance: individually evaluated for impairment	$—	$1,199,493	$—	$1,199,493
Ending balance: collectively evaluated for impairment	$866,786	$19,040,498	$1,133,005	$21,040,289
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	0.15%	0.88%	2.03%	
Allowance as a percentage of the ending total loan balance	0.12%	1.36%	4.70%	
Allowance as a percentage of the ending loans in repayment[2]	0.16%	1.99%	4.70%	
Allowance coverage of net charge-offs (annualized)	1.07	2.33	2.44	
Ending total loans, gross	$866,786	$20,239,991	$1,133,005	
Average loans in repayment[2]	$681,131	$13,351,517	$1,072,624	
Ending loans in repayment[2]	$679,110	$13,815,415	$1,133,005	

(1) Represents fair value adjustments on loans sold.
(2) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

	Allowance for Loan Losses			
	Three Months Ended September 30, 2017			
	FFELP Loans	Private Education Loans	Personal Loans	Total
Allowance for Loan Losses				
Beginning balance	$1,606	$205,024	$818	$207,448
Total provision	(73)	53,120	800	53,847
Net charge-offs:				
Charge-offs	(181)	(34,280)	(220)	(34,681)
Recoveries	—	4,560	2	4,562
Net charge-offs	(181)	(29,720)	(218)	(30,119)
Loan sales[1]	—	(1,257)	—	(1,257)
Ending Balance	$1,352	$227,167	$1,400	$229,919
Allowance:				
Ending balance: individually evaluated for impairment	$—	$100,999	$—	$100,999
Ending balance: collectively evaluated for impairment	$1,352	$126,168	$1,400	$128,920
Loans:				
Ending balance: individually evaluated for impairment	$—	$942,561	$—	$942,561
Ending balance: collectively evaluated for impairment	$949,180	$16,190,346	$132,100	$17,271,626
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	0.10%	1.08%	0.96%	
Allowance as a percentage of the ending total loan balance	0.14%	1.33%	1.06%	
Allowance as a percentage of the ending loans in repayment[2]	0.20%	1.99%	1.06%	
Allowance coverage of net charge-offs (annualized)	1.87	1.91	1.60	
Ending total loans, gross	$949,180	$17,132,907	$132,100	
Average loans in repayment[2]	$734,613	$10,971,028	$90,850	
Ending loans in repayment[2]	$690,849	$11,406,581	$132,100	

(1) Represents fair value adjustments on loans sold.
(2) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

	Allowance for Loan Losses			
	Nine Months Ended September 30, 2018			
	FFELP Loans	Private Education Loans	Personal Loans	Total
Allowance for Loan Losses				
Beginning balance	$1,132	$243,715	$6,628	$251,475
Total provision	742	130,616	55,981	187,339
Net charge-offs:				
Charge-offs	(794)	(113,852)	(9,812)	(124,458)
Recoveries	—	15,421	413	15,834
Net charge-offs	(794)	(98,431)	(9,399)	(108,624)
Loan sales[1]	—	(1,216)	—	(1,216)
Ending Balance	$1,080	$274,684	$53,210	$328,974
Allowance:				
Ending balance: individually evaluated for impairment	$—	$119,643	$—	$119,643
Ending balance: collectively evaluated for impairment	$1,080	$155,041	$53,210	$209,331
Loans:				
Ending balance: individually evaluated for impairment	$—	$1,199,493	$—	$1,199,493
Ending balance: collectively evaluated for impairment	$866,786	$19,040,498	$1,133,005	$21,040,289
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	0.15%	1.01%	1.56%	
Allowance as a percentage of the ending total loan balance	0.12%	1.36%	4.70%	
Allowance as a percentage of the ending loans in repayment[2]	0.16%	1.99%	4.70%	
Allowance coverage of net charge-offs (annualized)	1.02	2.09	4.25	
Ending total loans, gross	$866,786	$20,239,991	$1,133,005	
Average loans in repayment[2]	$700,679	$13,009,704	$803,928	
Ending loans in repayment[2]	$679,110	$13,815,415	$1,133,005	

(1) Represents fair value adjustments on loans sold.
(2) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

	Allowance for Loan Losses Nine Months Ended September 30, 2017			
	FFELP Loans	Private Education Loans	Personal Loans	Total
Allowance for Loan Losses				
Beginning balance	$2,171	$182,472	$58	$184,701
Total provision	(161)	129,105	1,580	130,524
Net charge-offs:				
Charge-offs	(658)	(93,235)	(240)	(94,133)
Recoveries	—	12,216	2	12,218
Net charge-offs	(658)	(81,019)	(238)	(81,915)
Loan sales[1]	—	(3,391)	—	(3,391)
Ending Balance	$1,352	$227,167	$1,400	$229,919
Allowance:				
Ending balance: individually evaluated for impairment	$—	$100,999	$—	$100,999
Ending balance: collectively evaluated for impairment	$1,352	$126,168	$1,400	$128,920
Loans:				
Ending balance: individually evaluated for impairment	$—	$942,561	$—	$942,561
Ending balance: collectively evaluated for impairment	$949,180	$16,190,346	$132,100	$17,271,626
Net charge-offs as a percentage of average loans in repayment (annualized)[2]	0.12%	1.02%	0.51%	
Allowance as a percentage of the ending total loan balance	0.14%	1.33%	1.06%	
Allowance as a percentage of the ending loans in repayment[2]	0.20%	1.99%	1.06%	
Allowance coverage of net charge-offs (annualized)	1.54	2.10	4.41	
Ending total loans, gross	$949,180	$17,132,907	$132,100	
Average loans in repayment[2]	$752,990	$10,589,725	$62,747	
Ending loans in repayment[2]	$690,849	$11,406,581	$132,100	

(1) Represents fair value adjustments on loans sold.
(2) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

Troubled Debt Restructurings ("TDRs")

All of our loans are collectively assessed for impairment, except for loans classified as TDRs (where we conduct individual assessments of impairment). We modify the terms of loans for certain borrowers when we believe such modifications will increase the collectability of the loan. These modifications generally take the form of a forbearance, a temporary interest rate reduction or an extended repayment plan. The majority of our loans that are considered TDRs involve a temporary forbearance of payments and do not change the contractual interest rate of the loan. When we give a borrower facing financial difficulty an interest rate reduction, we temporarily reduce the rate to 2.0 percent for a two-year period and, in the vast majority of cases, permanently extend the final maturity of the loan. The combination of these two loan term changes helps reduce the monthly payment due from the borrower and increases the likelihood the borrower will remain current during the interest rate modification period as well as when the loan returns to its original contractual interest rate. At September 30, 2018 and September 30, 2017, 7.4 percent and 5.2 percent, respectively, of our loans then currently in full principal and interest repayment status were subject to interest rate reductions made under our rate modification program. Once a loan qualifies for TDR status, it remains a TDR for allowance purposes for the remainder of its life. As of September 30, 2018, and December 31, 2017, approximately 58 percent and 66 percent, respectively, of TDRs were classified as such due to their forbearance status. For additional information, see Note 6, "Allowance for Loan Losses" in our 2017 Form 10-K.

Within the Private Education Loan portfolio, loans greater than 90 days past due are considered to be nonperforming. FFELP Loans are at least 97 percent guaranteed as to their principal and accrued interest by the federal government in the event of default and, therefore, we do not deem FFELP Loans as nonperforming from a credit risk perspective at any point in their life cycle prior to claim payment and continue to accrue interest on those loans through the date of claim.

At September 30, 2018 and December 31, 2017, all TDR loans had a related allowance recorded. The following table provides the recorded investment, unpaid principal balance and related allowance for our TDR loans.

	Recorded Investment	Unpaid Principal Balance	Allowance
September 30, 2018			
TDR Loans	$ 1,220,233	$ 1,199,493	$ 119,643
December 31, 2017			
TDR Loans	$ 1,007,141	$ 990,351	$ 94,682

The following table provides the average recorded investment and interest income recognized for our TDR loans.

Three Months Ended September 30,			
2018		2017	
Average Recorded Investment	Interest Income Recognized	Average Recorded Investmen	Recognized Interest Income

TDR Loans	$1,180,206	$ 19,943	$877,011	$ 16,517

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

	Nine Months Ended September 30,			
	2018		2017	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
TDR Loans	$1,106,946	$ 56,509	$772,362	$ 43,084

The following table provides information regarding the loan status and aging of TDR loans.

	September 30, 2018		December 31, 2017	
	Balance	%	Balance	%
TDR loans in in-school/grace/deferment[(1)]	$68,848		$51,745	
TDR loans in forbearance[(2)]	73,403		69,652	
TDR loans in repayment[(3)] and percentage of each status:				
Loans current	954,309	90.3 %	774,222	89.1 %
Loans delinquent 31-60 days[(4)]	51,979	4.9	48,377	5.6
Loans delinquent 61-90 days[(4)]	31,582	3.0	28,778	3.3
Loans delinquent greater than 90 days[(4)]	19,372	1.8	17,577	2.0
Total TDR loans in repayment	1,057,242	100.0%	868,954	100.0%
Total TDR loans, gross	$1,199,493		$990,351	

(1) Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation).
(2) Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.
(3) Loans in repayment include loans on which borrowers are making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.
(4) The period of delinquency is based on the number of days scheduled payments are contractually past due.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

The following table provides the amount of modified loans (which include forbearance and reductions in interest rates) that became TDRs in the periods presented. Additionally, for the periods presented, the table summarizes charge-offs occurring in the TDR portfolio, as well as TDRs for which a payment default occurred in the relevant period presented and within 12 months of the loan first being designated as a TDR. We define payment default as more than 60 days past due for this disclosure.

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	Modified Loans[1]	Charge-offs	Payment-Default	Modified Loans[1]	Charge-offs	Payment-Default
TDR Loans	$101,117	$ 11,090	$ 20,595	$168,645	$ 12,227	$ 28,275

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	Modified Loans[1]	Charge-offs	Payment-Default	Modified Loans[1]	Charge-offs	Payment-Default
TDR Loans	$301,769	$ 39,315	$ 68,430	$415,341	$ 34,965	$ 77,248

[1] Represents the principal balance of loans that have been modified during the period and resulted in a TDR.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

Private Education Loan Key Credit Quality Indicators
FFELP Loans are at least 97 percent insured and guaranteed as to their principal and accrued interest in the event of default; therefore, there are no key credit quality indicators associated with FFELP Loans.
For Private Education Loans, the key credit quality indicators are FICO scores, the existence of a cosigner, the loan status and loan seasoning. The FICO scores are assessed at original approval and periodically refreshed/updated through the loan's term. The following table highlights the gross principal balance of our Private Education Loan portfolio stratified by key credit quality indicators.

	Private Education Loans Credit Quality Indicators					
	September 30, 2018			December 31, 2017		
Credit Quality Indicators:	**Balance(1)**	**% of Balance**		**Balance(1)**	**% of Balance**	
Cosigners:						
With cosigner	$18,147,180	90	%	$15,658,539	90	%
Without cosigner	2,092,811	10		1,773,628	10	
Total	$20,239,991	100	%	$17,432,167	100	%
FICO at Original Approval[2]:						
Less than 670	$1,373,155	7	%	$1,153,591	6	%
670-699	3,042,228	15		2,596,959	15	
700-749	6,655,405	33		5,714,554	33	
Greater than or equal to 750	9,169,203	45		7,967,063	46	
Total	$20,239,991	100	%	$17,432,167	100	%
Seasoning[3]:						
1-12 payments	$5,419,487	27	%	$4,256,592	24	%
13-24 payments	3,238,910	16		3,229,465	19	
25-36 payments	2,533,308	13		2,429,238	14	
37-48 payments	1,638,309	8		1,502,327	9	
More than 48 payments	1,473,944	7		1,256,813	7	
Not yet in repayment	5,936,033	29		4,757,732	27	
Total	$20,239,991	100	%	$17,432,167	100	%

(1) Balance represents gross Private Education Loans.
(2) Represents the higher credit score of the cosigner or the borrower.
(3) Number of months in active repayment (whether interest only payment, fixed payment, or full principal and interest payment status) for which a scheduled payment was due.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

The following table provides information regarding the loan status of our Private Education Loans. Loans in repayment include loans making interest only or fixed payments, as well as loans that have entered full principal and interest repayment status after any applicable grace period.

	Private Education Loans			
	September 30, 2018		December 31, 2017	
	Balance	%	Balance	%
Loans in-school/grace/deferment[(1)]	$5,936,033		$4,757,732	
Loans in forbearance[(2)]	488,543		468,402	
Loans in repayment and percentage of each status:				
Loans current	13,492,029	97.7 %	11,911,128	97.6 %
Loans delinquent 31-60 days[(3)]	198,987	1.4	179,002	1.5
Loans delinquent 61-90 days[(3)]	82,358	0.6	78,292	0.6
Loans delinquent greater than 90 days[(3)]	42,041	0.3	37,611	0.3
Total Private Education Loans in repayment	13,815,415	100.0 %	12,206,033	100.0 %
Total Private Education Loans, gross	20,239,991		17,432,167	
Private Education Loans deferred origination costs and unamortized premium/(discount)	65,499		56,378	
Total Private Education Loans	20,305,490		17,488,545	
Private Education Loans allowance for losses	(274,684)		(243,715)	
Private Education Loans, net	$20,030,806		$17,244,830	
Percentage of Private Education Loans in repayment		68.3 %		70.0 %
Delinquencies as a percentage of Private Education Loans in repayment		2.3 %		2.4 %
Loans in forbearance as a percentage of Private Education Loans in repayment and forbearance		3.4 %		3.7 %

(1) Deferment includes customers who have returned to school or are engaged in other permitted educational activities and are not yet required to make payments on the loans (e.g., residency periods for medical students or a grace period for bar exam preparation).
(2) Loans for customers who have requested extension of grace period generally during employment transition or who have temporarily ceased making full payments due to hardship or other factors, consistent with established loan program servicing policies and procedures.
(3) The period of delinquency is based on the number of days scheduled payments are contractually past due.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

Personal Loan Key Credit Quality Indicators
For Personal Loans, the key credit quality indicators are FICO scores, loan seasoning and loan status. The FICO scores are assessed at original approval and periodically refreshed/updated through the loan's term. The following table highlights the gross principal balance of our Personal Loan portfolio stratified by key credit quality indicators.

	Personal Loans Credit Quality Indicators					
	September 30, 2018			December 31, 2017		
Credit Quality Indicators:	Balance(1)	% of Balance		Balance(1)	% of Balance	
FICO at Original Approval:						
Less than 670	$79,769	7	%	$32,156	8	%
670-699	327,364	29		114,731	29	
700-749	520,370	46		182,025	45	
Greater than or equal to 750	205,502	18		71,368	18	
Total	$1,133,005	100	%	$400,280	100	%
Seasoning[2]:						
0-12 payments	$1,084,706	96	%	$400,280	100	%
13-24 payments	48,299	4		—	—	
25-36 payments	—	—		—	—	
37-48 payments	—	—		—	—	
More than 48 payments	—	—		—	—	
Total	$1,133,005	100	%	$400,280	100	%

(1) Balance represents gross Personal Loans.
(2) Number of months in active repayment for which a scheduled payment was due.

SLM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, unless otherwise noted)
4. Allowance for Loan Losses (Continued)

The following table provides information regarding the loan status of our Personal Loans.

	Personal Loans			
	September 30, 2018		December 31, 2017	
	Balance	%	Balance	%
Loans in repayment and percentage of each status:				
Loans current	$1,123,597	99.2%	$398,988	99.7%
Loans delinquent 31-60 days[1]	4,321	0.4	761	0.2
Loans delinquent 61-90 days[1]	2,804	0.2	340	0.1
Loans delinquent greater than 90 days[1]	2,283	0.2	191	—