

**ARKANSAS STUDENT LOAN AUTHORITY
STUDENT LOAN ASSET-BACKED NOTES**

SERIES 2012-1

(LIBOR FLOATING RATE NOTES)

Date of Issuance: December 21, 2012

CUSIP No: 041150DK6

2014 ANNUAL FINANCIAL INFORMATION

This 2014 Annual Financial Information is provided by the Arkansas Student Loan Authority (the "Authority") in compliance with the Continuing Disclosure Agreement (the "Agreement") delivered in connection with the issuance of the above-referenced Notes.

The audited financial statements of the Authority for the fiscal year ending June 30, 2014 were filed on December 18, 2014.

**UPDATE AND DISCUSSION OF THE FINANCIAL INFORMATION AND OPERATING DATA
IN THE 2010 OFFERING MEMORANDUM UNDER THE HEADING "ARKANSAS STUDENT
LOAN AUTHORITY"**

**A. ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF
AMERICA**

Previously filed.

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B. AN UPDATE AND DISCUSSION OF THE FINANCIAL INFORMATION AND OPERATING DATA IN THE OFFERING MEMORANDUM UNDER THE HEADING “ARKANSAS STUDENT LOAN AUTHORITY”

Membership

The Authorizing Act provides that the Issuer shall be composed of seven members appointed by the Governor for terms of four years each. Members of the Issuer serve without compensation, but are entitled to reimbursement for their reasonable and necessary expenses incurred in attending meetings of the Issuer. The following is a current list of the members of the Issuer, their term expiration dates and their occupations and places of business within the State:

Names and Position Held	Term Expires	Principal Occupation
Ben Pickard Chairman and Member	July 8, 2018	Retired, former Vice Chancellor of Student Affairs, Arkansas State University – Beebe, Searcy, AR Simmons First Bank, Pine Bluff, AR
Tracy French Secretary and Member	July 8, 2016	Chief Executive Officer Centennial Bank, Cabot, AR
Marvin Steele, Sr. Member	July 8, 2017	Owner, Steele-Guiltner Tire Pros West Memphis, AR
Dr. Charles Coleman Member	August 15, 2015	Retired, former Director of Technology Arkansas State University, Jonesboro, AR
Edie Arey Member	August 15, 2015	Director, Professional Relations Delta Dental of Arkansas, Little Rock, AR
Linda Yelder Member	July 8, 2016	Associate Director, Financial Aid Office, Arkansas State University – Beebe, Jacksonville, AR
David Bush Member	July 8, 2013	Senior Vice President, Bank Card Simmons First National Bank, Pine Bluff, AR

Staff

The Authorizing Act empowers the Issuer to employ a director and such other professionals as are necessary to implement the programs of the Issuer. Tony W. Williams is employed as the Executive Director of the Authority and has the responsibility of directing the Issuer on a day-to-day basis. Mr. Williams was appointed Executive Director of the Issuer effective on July 1, 2004 by resolution of the Issuer adopted on December 9, 2003.

Prior to 2004 Mr. Williams was employed by Edfinancial in its Little Rock office, where he held the position of Business Development Manager since April 1998. Pursuant to the Program Administration Agreement between Edfinancial and the Issuer (see the caption "Program Agreement," below), Mr. Williams worked exclusively for the Issuer in the development, management and promotion of the Issuer's products and programs. Prior to his employment with Edfinancial, Mr. Williams was employed by the Issuer from 1987 to 1998 in various positions, including Vice President of Program Operations and Loan Operations Manager. Mr. Williams was employed from 1986 to 1987 by Union National Bank in Little Rock and is a 1986 graduate of the University of Central Arkansas.

Mark Conine serves as the Chief Financial Officer of the Issuer and is responsible for the management and day-to-day coordination of all financial activities and investor relations. Prior to joining the Issuer in January 2005, Mr. Conine served in the tax group of Ernst & Young, LLP specializing in the multi-state banking and transportation industries. Mr. Conine worked in the corporate tax department of a Fortune 500 telecommunications company prior to joining Ernst & Young, LLP. He received a B.A. in Accounting and Finance from Ouachita Baptist University in 1997 and is a licensed Certified Public Accountant.

The Issuer currently employs three persons in addition to Mr. Williams and Mr. Conine. The Issuer's mailing address is 3801 Woodland Heights, Suite 200, Little Rock, Arkansas 72212. The Issuer's telephone number is (501) 682-2952.

Use of Proceeds

The proceeds were used as described in the original offering memorandum.

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Characteristics of the Financed Student Loans

As of June 30, 2014, the aggregate outstanding principal balance of the student loans in each of the following tables includes the principal balance due from borrowers, which does not include total accrued interest. The percentages set forth in the tables below may not always add to 100% and the balances may not always add to \$127,570,599 due to rounding.

Composition of the Financed Student Loan Portfolio (As of June 30, 2014)

Aggregate Outstanding Principal Balance	\$ 127,570,599
Number of Borrowers*	12,457
Average Outstanding Principal Balance Per Borrower	\$10,241
Number of Loans	39,714
Average Outstanding Principal Balance Per Loan	\$3,212
Weighted Average Remaining Term to Scheduled Maturity (Months)**	117.78
Weighted Average Payments Made (Months)	Unknown
Weighted Average Annual Borrower Interest Rate***	Unknown
Weighted Average Special Allowance Payment Repayment Margin to 3-Month Commercial Paper	Unknown
Weighted Average Special Allowance Payment Repayment Margin to 91-Day Treasury Bill	Unknown

* A single borrower can have more than one account if such borrower had different types of underlying FFELP loans with certain characteristics.

** The weighted average remaining term to scheduled maturity shown in the table above was determined from the statistical cut-off date to the scheduled maturity date of the applicable student loan, including any current deferral or forbearance periods, but without giving effect to any deferral or forbearance periods that may be granted in the future.

*** The weighted average annual borrower interest rate shown in the table above was determined without including any special allowance payments or any rate reductions that may be earned by borrowers in the future.

**Distribution of the Financed Student Loans by Loan Type
(As of June 30, 2014)**

Loan Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Stafford-Unsubsidized	16,231	\$ 63,352,994	49.66%
Stafford-Subsidized	22,155	59,377,782	46.55
Consolidation-Unsubsidized	0	0	
Consolidation-Subsidized	0	0	
PLUS	1,328	4,839,823	3.79
SLS	<u>0</u>	<u>0</u>	<u>—</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Annual Borrower Interest Rate
(As of June 30, 2014)**

Range of Annual Borrower Interest Rate	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than or equal to 2.00%	5,054	\$ 6,779,513	5.33%
2.01% - 3.00%	13,837	23,817,431	18.67
3.01% - 4.00%	5,197	26,011,645	20.39
4.01% - 5.00%	4,228	25,539,634	20.02
5.01% - 6.00%	4,197	13,956,224	10.94
6.01% - 7.00%	4,760	19,926,528	15.62
7.01% - 8.00%	1,993	9,720,880	7.62
Greater than 8.00%	<u>448</u>	<u>1,798,745</u>	<u>1.41</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by School Type
(As of June 30, 2014)**

School Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
2-Year	8,323	\$ 22,714,442	17.81%
Graduate/4-Year +	30,596	103,037,544	80.77
Proprietary	793	1,815,867	1.42
Other/Unknown	<u>2</u>	<u>2,746</u>	<u>0.00</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by SAP Interest Rate Index
(As of June 30, 2014)**

SAP Interest Rate Index	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
1-month LIBOR Index	39,714	\$127,570,599	100.00%

**Distribution of the Financed Student Loans by Borrower Payment Status
(As of June 30, 2014)**

Borrower Payment Status	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
In School	819	\$ 2,757,388	2.16%
Grace	257	730,128	0.57
Deferment	6,470	21,717,403	17.02
Forbearance	3,778	14,439,317	11.32
Repayment	27,864	86,298,985	65.30
Claims In Progress/Denied	<u>526</u>	<u>1,627,378</u>	<u>3.63</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Days Delinquent
(As of June 30, 2014)**

Range of Days Delinquent	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Not in Repayment	11,324	\$39,644,236	31.07%
0-30 days	22,738	68,579,196	53.76
31-60 days	1,134	3,895,854	3.05
61-90 days	1,016	3,457,694	2.71
91-120 days	722	2,557,221	2.00
121-180 days	908	3,008,371	2.36
181 days and above	<u>1,872</u>	<u>6,428,027</u>	<u>2.54</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Date of Disbursement
(Dates Correspond to Changes in Special Allowance Payment)
(As of June 30, 2014)**

Range of Date of Disbursement	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Pre April 1, 2006	27,468	\$70,291,400	55.10%
April 1, 2006 – September 30, 2007	9,085	44,828,308	35.14
October 1, 2007 and before July 1, 2010	<u>3,161</u>	<u>12,450,891</u>	<u>9.76</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

For FFELP loans disbursed on or after April 1, 2006 and before July 1, 2010, if the stated interest rate is higher than the rate applicable to such FFELP loan including Special Allowance Payments, the holder of the FFELP loan must credit the difference to the Department of Education. FFELP loans disbursed on or after October 1, 2007 have a higher SAP margin for eligible not-for-profit lenders such as the Issuer than for for-profit lenders, but have a 40 bps to 70 bps lower Special Allowance Payment margin than loans originated on or after January 1, 2000 and before October 1, 2007.

**Distribution of the Financed Student Loans by Range of Date of Disbursement
(Dates Correspond to Changes in Guaranty Percentages)
(As of June 30, 2014)**

Range of Date of Disbursement	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
July 1, 2006 and before July 1, 2010	12,549	\$52,087,076	40.83%
October 1, 1993 – June 30, 2006	26,696	74,845,670	58.67
Pre October 1, 1993	<u>469</u>	<u>637,853</u>	<u>0.50</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

Student loans disbursed prior to October 1, 1993 are 100% guaranteed by the guaranty agency. Student loans disbursed on or after October 1, 1993 and before July 1, 2006 are 98% guaranteed by the applicable guaranty agency. Student loans for which the first disbursement is made on or after July 1, 2006 and before July 1, 2010 are 97% guaranteed by the applicable guaranty agency.

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**Distribution of the Financed Student Loans by Range of Outstanding Principal Balance
(As of June 30, 2014)**

Range of Outstanding Principal Balance	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than \$500	2,849	\$ 306,169	0.24%
\$500 to \$999	2,687	927,438	0.73
\$1,000 to \$1,999	6,605	7,373,581	5.78
\$2,000 to \$2,999	6,478	9,720,880	7.62
\$3,000 to \$3,999	4,612	8,151,761	6.39
\$4,000 to \$5,999	5,185	11,162,427	8.75
\$6,000 to \$7,999	2,276	7,526,665	5.90
\$8,000 to \$9,999	1,658	7,450,123	5.84
\$10,000 to \$14,999	2,751	18,067,824	14.16
\$15,000 to \$19,999	1,576	11,583,410	9.08
\$20,000 to \$24,999	964	8,304,846	6.51
\$25,000 to \$29,999	621	7,807,321	6.12
\$30,000 to \$34,999	444	6,506,101	5.10
\$35,000 to \$39,999	296	4,618,056	3.62
\$40,000 to \$49,999	246	4,988,010	3.91
\$50,000 to \$59,999	138	3,661,276	2.87
\$60,000 to \$69,999	77	1,658,418	1.30
\$70,000 to \$79,999	72	1,543,604	1.21
\$80,000 to \$89,999	55	1,492,576	1.17
\$90,000 to \$99,999	50	1,569,118	1.23
\$100,000 to \$109,999	28	944,022	0.74
\$110,000 to \$149,999	44	1,696,689	1.33
\$150,000 or more	<u>2</u>	<u>510,282</u>	<u>0.40</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

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**Distribution of the Financed Student Loans by Range of
Remaining Term to Scheduled Maturity
(As of June 30, 2014)**

Range of Remaining Term to Scheduled Maturity (in months)	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than or equal to 24	1,908	\$ 701,638	0.55%
25 – 36	1,291	944,022	0.74
37 – 48	1,339	1,199,164	0.94
49 – 60	1,506	1,722,203	1.35
61 – 72	1,780	2,360,056	1.85
73 – 84	2,004	3,610,248	2.83
85 – 96	1,965	4,605,299	3.61
97 – 108	2,979	9,057,513	7.10
109 – 120	9,662	17,783,342	13.94
121 – 144	5,357	10,358,733	8.12
145 – 168	1,846	8,649,287	6.78
169 – 192	1,905	8,955,456	7.02
193 – 220	1,039	11,468,597	8.99
221 – 300	4,467	27,657,306	21.68
Greater than 300	<u>667</u>	<u>18,497,737</u>	<u>14.50</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

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The following chart shows the geographic distribution of the student loans based on the permanent billing addresses of the borrowers as shown on the Servicers' records:

**Distribution of the Financed Student Loans by Geographic Location
(As of June 30, 2014)**

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Alabama	156	\$ 523,039	0.41%
Alaska	62	204,113	0.16
Arizona	95	331,684	0.26
Arkansas	30,943	94,289,170	73.91
California	371	1,122,621	0.88
Colorado	191	790,938	0.62
Connecticut	31	191,356	0.15
Delaware	1	102,056	0.08
District of Columbia	26	89,299	0.07
Florida	281	1,390,520	1.09
Georgia	310	1,284,463	1.01
Hawaii	29	510,282	0.40
Idaho	11	11,481	0.01
Illinois	241	739,909	0.58
Indiana	107	586,825	0.46
Iowa	35	102,056	0.08
Kansas	130	459,254	0.36
Kentucky	73	369,955	0.29
Louisiana	430	1,301,220	1.02
Maine	7	51,028	0.04
Maryland	129	497,525	0.39
Massachusetts	55	344,441	0.27
Michigan	81	382,712	0.30
Minnesota	59	216,870	0.17
Mississippi	296	1,046,079	0.82
Missouri	786	1,951,830	1.53
Montana	7	51,028	0.04
Nebraska	50	127,571	0.10
Nevada	33	216,870	0.17
New Hampshire	20	38,271	0.03
New Jersey	64	255,141	0.20
New Mexico	35	267,898	0.21
New York	86	420,983	0.33
North Carolina	134	841,966	0.66
North Dakota	17	255,141	0.20
Ohio	55	293,412	0.23
Oklahoma	562	1,658,418	1.30
Oregon	53	433,740	0.34
Pennsylvania	90	357,198	0.28
Puerto Rico	7	25,514	0.02
Rhode Island	15	29,514	0.02
South Carolina	79	306,169	0.24
South Dakota	6	12,757	0.01
Tennessee	839	3,150,994	2.47

**Distribution of the Financed Student Loans by Geographic Location
(As of June 30, 2014)**

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Texas	2,128	6,404,044	5.02
Utah	29	892,994	0.70
Vermont	20	1,020,565	0.80
Virginia	141	369,955	0.29
Washington	94	382,712	0.30
West Virginia	37	140,328	0.11
Wisconsin	55	216,870	0.17
Wyoming	6	12,757	0.01
Armed Forces	26	89,299	0.07
Armed Forces Pacific	15	38,271	0.03
Unknown	<u>75</u>	<u>369,955</u>	<u>0.29</u>
Total	<u>39,714</u>	<u>\$127,570,599</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Servicer
(As of June 30, 2014)**

Servicer	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Edfinancial Services, LLC	39,714	\$127,570,599	100.00%

**Distribution of the Financed Student Loans by Guaranty Agency
(As of June 30, 2014)**

Guaranty Agency	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Student Loan Guarantee Foundation of Arkansas	39,714	\$127,570,599	100.00%

C. INDENTURE INFORMATION

Balances in the:

CAPITALIZED INTEREST FUND	\$0
COLLECTION FUND	\$2,887,556
DEPARTMENT REBATE FUND	\$0
RESERVE FUND	\$315,008

Outstanding principal amount of the Notes issued under the Indenture:

\$124,119,788

D. CHANGES TO THE HIGHER EDUCATION ACT HAVING A SPECIAL FINANCIAL IMPACT ON THE PROGRAM OF THE ISSUER FINANCED BY THE SERIES 2012-1 NOTES WHICH IS NOT GENERALLY EXPERIENCED IN STUDENT LOAN SECTOR

None.