

**ARKANSAS STUDENT LOAN AUTHORITY**

**STUDENT LOAN ASSET-BACKED NOTES**

**SERIES 2010-1**

**(LIBOR FLOATING RATE NOTES)**

**DATE OF ISSUANCE: SEPTEMBER 16, 2010**

**CUSIP NO: 041150DJ9**

**2016 ANNUAL FINANCIAL INFORMATION**

**THIS 2016 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, 2016 WERE FILED ON DECEMBER 13, 2016.**

**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 on December 13, 2016.

**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:

<b>Names and Position Held</b>	<b>Term Expires</b>	<b>Principal Occupation</b>
Ben Pickard Chairman and Member	July 8, 2018	Retired, former Vice Chancellor of Student Affairs, Arkansas State University – Beebe, Searcy, AR
David Bush Secretary and Member	July 8, 2019	Retired, Senior Vice President, Bank Card Simmons Bank, Pine Bluff, AR
David Craig Member	July 8, 2019	Investment Advisor/Owner October Wealth Advisors, Inc.
Tracy Secretary and Member	Pending renewal	Chief Executive Officer Centennial Bank, Cabot, AR
Marvin Steele, Sr. Member	July 8, 2017	Owner, Steele-Guiltner Tire Pros West Memphis, AR
EdieArey Member	July 8, 2019	Director, Professional Relations Delta Dental of Arkansas, Little Rock, 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 two 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, 2016, 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 \$132,962,028 due to rounding.

### Composition of the Financed Student Loan Portfolio (As of June 30, 2016)

Aggregate Outstanding Principal Balance	\$ 132,962,028
Number of Borrowers*	7,450
Average Outstanding Principal Balance Per Borrower	\$17,847
Number of Loans	15,512
Average Outstanding Principal Balance Per Loan	\$8,572
Weighted Average Remaining Term to Scheduled Maturity (Months)**	171.44
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, 2016)**

Loan Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Stafford-Unsubsidized	2,211	\$ 8,205,429	7.75%
Stafford-Subsidized	4,051	9,520,567	9.05
Consolidation-Unsubsidized	3,695	54,663,852	43.95
Consolidation-Subsidized	3,777	45,970,522	38.67
PLUS	133	502,132	0.56
SLS	<u>2</u>	<u>13,608</u>	<u>0.02</u>
Total	<u>15,512</u>	<u>\$132,962,028</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Annual Borrower Interest Rate  
(As of June 30, 2016)**

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%	1,974	\$ 7,086,876	5.33%
2.01% - 3.00%	5,405	24,996,861	18.80
3.01% - 4.00%	2,030	27,323,697	20.55
4.01% - 5.00%	1,651	26,392,963	19.85
5.01% - 6.00%	1,639	14,399,788	10.83
6.01% - 7.00%	1,859	20,582,522	15.48
7.01% - 8.00%	778	10,410,927	7.83
Greater than 8.00%	<u>175</u>	<u>1,768,395</u>	<u>1.33</u>
Total	<u>15,512</u>	<u>\$132,962,028</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by School Type  
(As of June 30, 2016)**

School Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
2-Year	1,972	\$ 8,762,198	6.59%
Graduate/4-Year +	13,305	122,245,289	91.94
Proprietary	199	1,116,881	0.84
Other/Unknown	<u>36</u>	<u>837,660</u>	<u>0.63</u>
Total	<u>15,512</u>	<u>\$132,962,028</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by SAP Interest Rate Index  
(As of June 30, 2016)**

<b>SAP Interest Rate Index</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
3-month LIBOR Index	15,512	\$132,962,028	100.00%

**Distribution of the Financed Student Loans by Borrower Payment Status  
(As of June 30, 2016)**

<b>Borrower Payment Status</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
In School	15	\$ 37,264	0.03%
Grace	10	20,725	0.02
Deferment	1,287	8,325,089	6.26
Forbearance	1,679	14,017,989	10.54
Repayment	12,473	110,224,769	82.90
Claims In Progress/Denied	<u>48</u>	<u>336,192</u>	<u>0.25</u>
Total	<u>15,512</u>	<u>\$132,962,028</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Days Delinquent  
(As of June 30, 2016)**

<b>Range of Days Delinquent</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Not in Repayment	3,031	\$22,649,652	17.03%
0-30 days	10,955	98,503,542	74.09
31-60 days	463	5,431,094	4.09
61-90 days	443	2,397,942	1.80
91-120 days	195	966,413	0.73
121-180 days	193	1,480,153	1.11
181 days and above	<u>232</u>	<u>1,533,232</u>	<u>1.15</u>
Total	<u>15,512</u>	<u>\$132,962,028</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, 2016)**

Range of Date of Disbursement	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Pre April 1, 2006	10,737	\$71,294,239	53.62%
April 1, 2006 – September 30, 2007	3,546	47,959,403	36.07
October 1, 2007 and before July 1, 2010	<u>1,229</u>	<u>13,708,386</u>	<u>10.31</u>
Total	<u>15,512</u>	<u>\$132,962,028</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, 2016)**

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	4,886	\$52,440,224	39.44%
October 1, 1993 – June 30, 2006	10,433	79,950,067	60.13
Pre October 1, 1993	<u>193</u>	<u>571,737</u>	<u>0.43</u>
Total	<u>15,512</u>	<u>\$132,962,028</u>	<u>100.00%</u>

Student loans disbursed prior to October 1, 1993 are 100% guaranteed by the guarantee 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, 2016)**

Range of Outstanding Principal Balance	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than \$500	1,113	\$ 279,220	0.21%
\$500 to \$999	1,049	957,327	0.72
\$1,000 to \$1,999	2,581	7,512,355	5.65
\$2,000 to \$2,999	2,530	10,424,223	7.84
\$3,000 to \$3,999	1,801	8,695,717	6.54
\$4,000 to \$5,999	2,025	13,149,945	9.89
\$6,000 to \$7,999	889	7,179,950	5.40
\$8,000 to \$9,999	648	6,967,210	5.24
\$10,000 to \$14,999	1,075	16,287,848	12.25
\$15,000 to \$19,999	615	13,309,499	10.01
\$20,000 to \$24,999	377	9,520,081	7.16
\$25,000 to \$29,999	242	7,831,463	5.89
\$30,000 to \$34,999	174	5,438,147	4.09
\$35,000 to \$39,999	115	4,693,560	3.53
\$40,000 to \$49,999	96	5,331,777	4.01
\$50,000 to \$59,999	54	3,324,051	2.50
\$60,000 to \$69,999	30	2,007,727	1.51
\$70,000 to \$79,999	28	2,340,132	1.76
\$80,000 to \$89,999	22	2,260,354	1.70
\$90,000 to \$99,999	19	2,087,504	1.57
\$100,000 to \$109,999	11	1,076,992	0.81
\$110,000 to \$149,999	17	2,180,577	1.64
\$150,000 or more	<u>1</u>	<u>106,370</u>	<u>0.08</u>
Total	<u>15,512</u>	<u>\$132,962,028</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, 2015)**

<b>Range of Remaining Term to Scheduled Maturity (in months)</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Less than or equal to 24	745	\$ 731,291	0.55%
25 – 36	504	983,919	0.74
37 – 48	523	1,276,435	0.96
49 – 60	588	1,874,765	1.41
61 – 72	695	2,366,724	1.78
73 – 84	783	3,762,825	2.83
85 – 96	768	4,919,595	3.70
97 – 108	1,164	9,506,785	7.15
109 – 120	3,774	18,627,980	14.01
121 – 144	2,093	10,783,220	8.11
145 – 168	721	8,841,975	6.65
169 – 192	744	9,280,750	6.98
193 – 220	406	11,793,732	8.87
221 – 300	1,745	28,733,094	21.61
Greater than 300	<u>260</u>	<u>19,478,937</u>	<u>14.65</u>
Total	<u>15,512</u>	<u>\$132,962,028</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, 2016)

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Alabama	61	\$ 585,033	0.44%
Alaska	24	212,739	0.16
Arizona	37	398,886	0.30
Arkansas	12,114	98,364,099	73.79
California	145	1,196,658	0.90
Colorado	75	824,365	0.62
Connecticut	12	199,443	0.15
Delaware	1	119,666	0.09
District of Columbia	10	79,777	0.06
Florida	110	1,489,175	1.12
Georgia	121	1,369,509	1.03
Hawaii	11	531,848	0.40
Idaho	4	14,083	0.01
Illinois	94	797,772	0.60
Indiana	42	585,033	0.44
Iowa	14	106,370	0.08
Kansas	51	491,960	0.37
Kentucky	29	358,997	0.27
Louisiana	168	1,356,213	1.02
Maine	3	66,481	0.05
Maryland	50	518,552	0.39
Massachusetts	22	345,701	0.26
Michigan	32	452,071	0.34
Minnesota	23	252,628	0.19
Mississippi	115	1,090,289	0.82
Missouri	307	2,087,504	1.57
Montana	3	53,185	0.04
Nebraska	19	146,446	0.11
Nevada	13	212,901	0.16
New Hampshire	8	39,889	0.03
New Jersey	25	292,516	0.22
New Mexico	14	279,220	0.21
New York	34	425,478	0.34
North Carolina	52	850,957	0.67
North Dakota	6	239,332	0.18
Ohio	22	305,813	0.23
Oklahoma	220	1,648,729	1.24
Oregon	21	438,775	0.33
Pennsylvania	35	332,405	0.25
Puerto Rico	3	26,364	0.02
Rhode Island	6	26,997	0.02
South Carolina	31	292,516	0.22
South Dakota	2	13,296	0.01
Tennessee	328	3,310,754	2.48

**Distribution of the Financed Student Loans by Geographic Location  
(As of June 30, 2016)**

<b>Geographic Location</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Texas	830	6,900,729	5.18
Utah	11	930,734	0.70
Vermont	8	997,215	0.75
Virginia	55	398,886	0.30
Washington	37	385,590	0.29
West Virginia	14	146,258	0.11
Wisconsin	22	226,035	0.17
Wyoming	2	13,194	0.01
Armed Forces	10	93,073	0.07
Armed Forces Pacific	6	39,889	0.03
Unknown	<u>29</u>	<u>345,701</u>	<u>0.26</u>
<b>Total</b>	<b><u>15,512</u></b>	<b><u>\$132,962,028</u></b>	<b><u>100.00%</u></b>

**Distribution of the Financed Student Loans by Servicer  
(As of June 30, 2016)**

<b>Servicer</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Edfinancial Services, LLC	13,869	\$118,876,099	89.41%
Nelnet Servicing, LLC	<u>1,643</u>	<u>14,085,929</u>	<u>10.59</u>
<b>Total</b>	<b><u>15,512</u></b>	<b><u>\$132,962,028</u></b>	<b><u>100.00%</u></b>

**Distribution of the Financed Student Loans by Guaranty Agency  
(As of June 30, 2016)**

<b>Guaranty Agency</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Student Loan Guarantee Foundation of Arkansas	14,863	\$128,760,428	96.84%
Other	<u>649</u>	<u>4,201,600</u>	<u>3.16</u>
<b>Total</b>	<b><u>15,512</u></b>	<b><u>\$132,962,028</u></b>	<b><u>100.00%</u></b>

### **C. INDENTURE INFORMATION**

Balances in the:

CAPITALIZED INTEREST FUND	\$0
COLLECTION FUND	\$3,116,029
DEPARTMENT REBATE FUND	\$0
RESERVE FUND	\$500,000

Outstanding principal amount of the Notes issued under the Indenture (excludes bond discounts):

\$117,002,011

### **D. CHANGES TO THE HIGHER EDUCATION ACT HAVING A SPECIAL FINANCIAL IMPACT ON THE PROGRAM OF THE ISSUER FINANCED BY THE SERIES 2010-1 NOTES WHICH IS NOT GENERALLY EXPERIENCED IN STUDENT LOAN SECTOR**

None.