

**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**

**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, 2017 were filed on November 2, 2017.

**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 November 2, 2017.

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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:

<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 Craig	July 8, 2019	Investment Advisor/Owner October Wealth Advisors, Inc. Fort Smith, AR
Tracy French 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
Edie Arey Member	July 8, 2019	Director, Professional Relations Delta Dental of Arkansas Little Rock, AR
David Bush Member	July 8, 2019	Retired, 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, 2017, 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 \$71,382,911 due to rounding.

#### Composition of the Financed Student Loan Portfolio (As of June 30, 2017)

Aggregate Outstanding Principal Balance	\$ 71,382,911
Number of Borrowers*	6,516
Average Outstanding Principal Balance Per Borrower	\$10,955
Number of Loans	21,955
Average Outstanding Principal Balance Per Loan	\$3,251
Weighted Average Remaining Term to Scheduled Maturity (Months)**	123.93
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, 2017)**

Loan Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Stafford-Unsubsidized	9,164	\$ 36,923,467	45.45%
Stafford-Subsidized	12,343	32,444,081	51.73
Consolidation-Unsubsidized			
Consolidation-Subsidized			
PLUS	448	2,015,363	2.82
SLS			
Total	<u>21,955</u>	<u>\$71,382,911</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Annual Borrower Interest Rate  
(As of June 30, 2017)**

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%	2,794	\$ 3,562,007	4.99%
2.01% - 3.00%	7,649	13,398,572	18.77
3.01% - 4.00%	2,873	14,940,443	20.93
4.01% - 5.00%	2,337	14,140,955	19.81
5.01% - 6.00%	2,320	7,630,833	10.69
6.01% - 7.00%	2,631	11,378,436	15.94
7.01% - 8.00%	1,102	5,367,995	7.52
Greater than 8.00%	248	963,69	1.35
Total	<u>21,955</u>	<u>\$71,382,911</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by School Type  
(As of June 30, 2017)**

School Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
2-Year	4,514	\$ 13,020,147	18.24%
Graduate/4-Year +	17,049	57,436,601	80.43
Proprietary	392	926,163	1.30
Other/Unknown			
Total	<u>21,955</u>	<u>\$71,382,911</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by SAP Interest Rate Index  
(As of June 30, 2017)**

<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>
1-month LIBOR Index	26,804	\$71,382,911	100.00%

**Distribution of the Financed Student Loans by Borrower Payment Status  
(As of June 30, 2017)**

<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	107	\$ 390,591	0.55%
Grace	26	65,056	0.09
Deferment	2,291	7,902,787	11.07
Forbearance	2,845	10,899,375	15.27
Repayment	16,611	51,898,783	72.70
Claims In Progress/Denied	<u>75</u>	<u>226,319</u>	<u>0.32</u>
Total	<u>21,955</u>	<u>\$71,382,911</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Days Delinquent  
(As of June 30, 2017)**

<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	5,344	\$19,484,128	27.29%
0-30 days	15,019	46,115,119	64.60
31-60 days	570	2,009,703	2.82
61-90 days	252	969,659	1.36
91-120 days	219	859,619	1.88
121-180 days	201	796,085	1.20
181 days and above	<u>350</u>	<u>1,148,598</u>	<u>0.85</u>
Total	<u>21,955</u>	<u>\$71,382,911</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, 2017)**

Range of Date of Disbursement	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Pre April 1, 2006	15,185	\$38,468,251	53.89%
April 1, 2006 – September 30, 2007	5,023	26,368,847	36.94
October 1, 2007 and before July 1, 2010	<u>1,747</u>	<u>6,545,813</u>	<u>9.17</u>
Total	<u>21,955</u>	<u>\$71,382,911</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	6,933	\$29,766,674	41.70%
October 1, 1993 – June 30, 2006	14,758	41,337,844	57.91
Pre October 1, 1993	<u>264</u>	<u>278,393</u>	<u>0.39</u>
Total	<u>21,955</u>	<u>\$71,382,911</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, 2017)**

Range of Outstanding Principal Balance	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than \$500	1,575	\$ 171,319	0.24%
\$500 to \$999	1,485	518,954	0.73
\$1,000 to \$1,999	3,653	4,118,794	5.77
\$2,000 to \$2,999	3,581	5,439,378	7.62
\$3,000 to \$3,999	2,549	4,547,091	6.37
\$4,000 to \$5,999	2,866	6,246,005	8.75
\$6,000 to \$7,999	1,258	4,211,592	5.90
\$8,000 to \$9,999	917	4,168,762	5.84
\$10,000 to \$14,999	1,521	10,145,653	14.21
\$15,000 to \$19,999	871	6,495,845	9.10
\$20,000 to \$24,999	533	4,654,166	6.52
\$25,000 to \$29,999	343	4,361,496	6.11
\$30,000 to \$34,999	246	3,626,252	5.08
\$35,000 to \$39,999	163	2,584,061	3.62
\$40,000 to \$49,999	136	2,791,072	3.91
\$50,000 to \$59,999	76	2,034,413	2.85
\$60,000 to \$69,999	43	927,978	1.30
\$70,000 to \$79,999	40	863,733	1.21
\$80,000 to \$89,999	30	835,180	1.17
\$90,000 to \$99,999	27	878,010	1.23
\$100,000 to \$109,999	15	528,234	0.74
\$110,000 to \$149,999	24	949,393	1.33
\$150,000 or more	<u>2</u>	<u>285,532</u>	<u>0.40</u>
Total	<u>21,955</u>	<u>\$71,382,911</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, 2017)**

<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	1,055	\$ 392,606	0.55%
25 – 36	714	535,372	0.75
37 – 48	740	628,170	0.88
49 – 60	833	1,020,776	1.43
61 – 72	984	1,299,169	1.82
73 – 84	1,108	2,120,072	2.97
85 – 96	1,086	2,634,029	3.69
97 – 108	1,647	5,303,750	7.43
109 – 120	5,341	10,250,586	14.36
121 – 144	2,961	5,739,186	8.04
145 – 168	1,021	4,625,613	6.48
169 – 192	1,053	4,718,410	6.61
193 – 220	574	6,224,590	8.72
221 – 300	2,469	15,540,060	21.77
Greater than 300	<u>369</u>	<u>10,350,522</u>	<u>14.50</u>
Total	<u>21,955</u>	<u>\$71,382,911</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, 2017)**

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Alabama	86	\$ 271,255	0.38%
Alaska	34	128,489	0.18
Arizona	53	185,596	0.26
Arkansas	17,106	52,744,262	73.89
California	205	635,308	0.89
Colorado	106	471,127	0.66
Connecticut	17	85,659	0.12
Delaware	1	42,830	0.06
District of Columbia	14	57,106	0.08
Florida	155	828,042	1.16
Georgia	171	792,350	1.11
Hawaii	16	321,223	0.45
Idaho	6	7,138	0.01
Illinois	133	449,712	0.63
Indiana	59	299,808	0.42
Iowa	19	71,383	0.10
Kansas	72	285,532	0.40
Kentucky	40	199,872	0.28
Louisiana	238	799,489	1.12
Maine	4	28,553	0.04
Maryland	71	302,664	0.42
Massachusetts	30	185,596	0.26
Michigan	45	221,287	0.31
Minnesota	33	135,628	0.19
Mississippi	164	599,616	0.84
Missouri	435	1,149,265	1.61
Montana	4	26,412	0.04
Nebraska	28	9,280	0.01
Nevada	18	142,766	0.20
New Hampshire	11	18,774	0.03
New Jersey	35	129,203	0.18
New Mexico	19	145,621	0.20
New York	48	237,919	0.33
North Carolina	74	464,703	0.65
North Dakota	9	154,187	0.22
Ohio	30	170,605	0.24
Oklahoma	311	937,258	1.31
Oregon	29	236,277	0.33
Pennsylvania	50	191,306	0.27
Puerto Rico	4	13,920	0.02
Rhode Island	8	13,420	0.02
South Carolina	44	160,612	0.23
South Dakota	3	7,067	0.01
Tennessee	464	1,726,039	2.42

**Distribution of the Financed Student Loans by Geographic Location  
(As of June 30, 2017)**

<b>Geographic Location</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Texas	1,176	3,576,284	5.01
Utah	16	414,735	0.58
Vermont	11	511,815	0.72
Virginia	78	173,460	0.24
Washington	52	226,284	0.32
West Virginia	20	69,241	0.10
Wisconsin	30	104,933	0.15
Wyoming	3	7,638	0.01
Armed Forces	14	49,897	0.07
Armed Forces Pacific	8	16,704	0.02
Unknown	<u>41</u>	<u>147,763</u>	<u>0.21</u>
<b>Total</b>	<u><b>21,955</b></u>	<u><b>\$71,382,911</b></u>	<u><b>100.00%</b></u>

**Distribution of the Financed Student Loans by Servicer  
(As of June 30, 2017)**

<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	21,955	\$71,382,911	100.00%

**Distribution of the Financed Student Loans by Guaranty Agency  
(As of June 30, 2017)**

<b>Guaranty Agency</b>	<b>Number of Loans</b>	<b>Outstanding Principal Balance</b>	<b>Percent of Loans by Outstanding Principal Balance</b>
Great Lakes (formerly SLGFA)	21,955	\$71,382,911	100.00%

**C. INDENTURE INFORMATION**

Balances in the:

CAPITALIZED INTEREST FUND	\$0
COLLECTION FUND	\$1,148,026
DEPARTMENT REBATE FUND	\$0
RESERVE FUND	\$300,000

Outstanding principal amount of the Notes issued under the Indenture:

\$61,095,321

**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.