

**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

2018 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, 2018 were filed on November 2, 2018.

**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, 2018.

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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

On April 4, 2017, Governor Asa Hutchinson signed into law Act 824 of the 2017 Acts of Arkansas which by the terms of the Act and consequently the merger was effective July 1, 2017.

Pursuant to Subchapter 19 of the Act, the Arkansas Student Loan Financing Act, in Section 15-902(e), the Arkansas Development Finance Authority effective on that date assumed all the contracts and debt obligations of Arkansas Student Loan Authority that were outstanding as of that date.

Arkansas Development Finance Authority operates the functions of the Arkansas Student Loan Authority as a division of Arkansas Development Finance Authority. After the effective date of the Act, the Arkansas Student Loan Authority will be managed by the Board of Directors of the Arkansas Development Finance Authority and serve under its President.

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 and Chartered Global Management 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.

Characteristics of the Financed Student Loans

As of June 30, 2018, 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 \$61,912,300 due to rounding.

Composition of the Financed Student Loan Portfolio (As of June 30, 2018)

Aggregate Outstanding Principal Balance	\$ 61,912,300
Number of Borrowers*	5,260
Average Outstanding Principal Balance Per Borrower	\$11,770
Number of Loans	18,265
Average Outstanding Principal Balance Per Loan	\$3,390
Weighted Average Remaining Term to Scheduled Maturity (Months)**	128.41
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, 2018)**

Loan Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Stafford-Unsubsidized	7,662	\$ 32,138,571	51.91%
Stafford-Subsidized	10,311	28,099,655	45.39
Consolidation-Unsubsidized			
Consolidation-Subsidized			
PLUS	292	1,674,073	2.70
SLS			
Total	<u>18,265</u>	<u>\$61,912,300</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Annual Borrower Interest Rate
(As of June 30, 2018)**

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%	2,324	\$ 3,052,276	4.93%
2.01% - 3.00%	6,364	11,589,983	18.72
3.01% - 4.00%	2,390	13,013,965	21.02
4.01% - 5.00%	1,945	12,283,400	19.84
5.01% - 6.00%	1,930	6,606,042	10.67
6.01% - 7.00%	2,189	9,887,394	15.97
7.01% - 8.00%	917	4,668,187	7.54
Greater than 8.00%	206	811,051	1.31
Total	<u>18,265</u>	<u>\$61,912,300</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by School Type
(As of June 30, 2018)**

School Type	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
2-Year	3,913	\$ 11,775,066	19.02%
Graduate/4-Year +	14,046	49,389,643	79.77
Proprietary	306	747,591	1.21
Other/Unknown			
Total	<u>18,265</u>	<u>\$61,912,300</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by SAP Interest Rate Index
(As of June 30, 2018)**

SAP Interest Rate Index	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
1-month LIBOR Index	18,265	\$61,912,300	100.00%

**Distribution of the Financed Student Loans by Borrower Payment Status
(As of June 30, 2018)**

Borrower Payment Status	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
In School	40	\$ 157,050	0.25%
Grace	30	97,963	0.16
Deferment	1,894	6,662,479	10.76
Forbearance	2,197	8,809,949	14.23
Repayment	13,953	45,514,825	73.52
Claims In Progress/Denied	<u>151</u>	<u>670,034</u>	<u>1.08</u>
Total	<u>18,265</u>	<u>\$61,912,300</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Range of Days Delinquent
(As of June 30, 2018)**

Range of Days Delinquent	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Not in Repayment	4,312	\$16,397,474	26.49%
0-30 days	11,688	36,709,441	59.29
31-60 days	544	2,153,787	3.48
61-90 days	403	1,452,567	2.35
91-120 days	273	1,116,942	1.80
121-180 days	364	1,433,988	2.32
181 days and above	<u>681</u>	<u>2,648,101</u>	<u>4.27</u>
Total	<u>18,265</u>	<u>\$61,912,300</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, 2018)**

Range of Date of Disbursement	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Pre April 1, 2006	12,633	\$34,646,123	55.96%
April 1, 2006 – September 30, 2007	4,179	21,805,512	35.22
October 1, 2007 and before July 1, 2010	<u>1,453</u>	<u>5,460,665</u>	<u>8.82</u>
Total	<u>18,265</u>	<u>\$61,912,300</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, 2018)**

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	5,768	\$25,433,573	41.08%
October 1, 1993 – June 30, 2006	12,278	36,268,225	58.58
Pre October 1, 1993	<u>219</u>	<u>210,502</u>	<u>0.34</u>
Total	<u>18,265</u>	<u>\$61,912,300</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, 2018)**

Range of Outstanding Principal Balance	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Less than \$500	1,310	\$ 160,972	0.26%
\$500 to \$999	1,236	445,149	0.72
\$1,000 to \$1,999	3,039	3,597,105	5.81
\$2,000 to \$2,999	2,979	4,692,952	7.58
\$3,000 to \$3,999	2,121	3,956,196	6.39
\$4,000 to \$5,999	2,384	5,386,370	8.70
\$6,000 to \$7,999	1,046	3,590,913	5.80
\$8,000 to \$9,999	763	3,597,105	5.81
\$10,000 to \$14,999	1,265	8,779,783	14.18
\$15,000 to \$19,999	725	5,720,697	9.24
\$20,000 to \$24,999	443	4,005,726	6.47
\$25,000 to \$29,999	285	3,751,885	6.06
\$30,000 to \$34,999	204	3,176,101	5.13
\$35,000 to \$39,999	136	2,272,181	3.67
\$40,000 to \$49,999	113	2,377,432	3.84
\$50,000 to \$59,999	63	1,739,736	2.81
\$60,000 to \$69,999	35	866,772	1.40
\$70,000 to \$79,999	33	780,095	1.26
\$80,000 to \$89,999	25	687,227	1.11
\$90,000 to \$99,999	23	792,477	1.28
\$100,000 to \$109,999	13	489,107	0.79
\$110,000 to \$149,999	20	798,669	1.29
\$150,000 or more	<u>2</u>	<u>247,649</u>	<u>0.40</u>
Total	<u>18,265</u>	<u>\$61,912,300</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, 2018)**

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	878	\$ 340,518	0.55%
25 – 36	594	476,725	0.77
37 – 48	616	538,637	0.87
49 – 60	693	872,963	1.41
61 – 72	819	1,145,378	1.85
73 – 84	922	1,814,030	2.93
85 – 96	904	2,278,373	3.68
97 – 108	1,370	4,593,893	7.42
109 – 120	4,443	8,909,180	14.39
121 – 144	2,464	4,996,323	8.07
145 – 168	849	4,005,726	6.47
169 – 192	876	4,104,785	6.63
193 – 220	478	5,392,561	8.71
221 – 300	2,054	13,503,073	21.81
Greater than 300	<u>307</u>	<u>8,940,136</u>	<u>14.44</u>
Total	<u>18,265</u>	<u>\$61,912,300</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, 2018)**

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Alabama	72	\$ 235,267	0.38%
Alaska	29	105,251	0.17
Arizona	44	167,163	0.27
Arkansas	14,231	45,664,782	73.76
California	171	544,828	0.88
Colorado	88	396,239	0.64
Connecticut	14	68,104	0.11
Delaware	1	37,147	0.06
District of Columbia	12	49,530	0.08
Florida	129	705,920	1.14
Georgia	143	705,800	1.14
Hawaii	13	284,797	0.46
Idaho	5	6,191	0.01
Illinois	111	402,430	0.65
Indiana	49	253,840	0.41
Iowa	16	61,912	0.10
Kansas	60	309,562	0.50
Kentucky	34	179,546	0.29
Louisiana	198	687,227	1.11
Maine	3	24,765	0.04
Maryland	59	263,127	0.43
Massachusetts	25	167,163	0.27
Michigan	37	204,311	0.33
Minnesota	27	117,633	0.19
Mississippi	136	532,446	0.86
Missouri	361	984,406	1.59
Montana	3	23,527	0.04
Nebraska	23	8,049	0.01
Nevada	15	123,825	0.20
New Hampshire	9	16,159	0.03
New Jersey	29	110,204	0.18
New Mexico	16	128,778	0.21
New York	40	207,282	0.33
North Carolina	62	404,287	0.65
North Dakota	8	134,350	0.22
Ohio	25	149,209	0.24
Oklahoma	258	812,289	1.31
Oregon	24	205,549	0.33
Pennsylvania	41	166,544	0.27
Puerto Rico	3	11,949	0.02

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, 2018)**

Geographic Location	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Rhode Island	7	11,516	0.02
South Carolina	36	138,684	0.22
South Dakota	3	5,758	0.01
Tennessee	386	1,496,420	2.42
Texas	979	3,101,806	5.01
Utah	13	360,330	0.58
Vermont	9	444,530	0.72
Virginia	65	151,066	0.24
Washington	43	196,881	0.32
West Virginia	17	59,436	0.10
Wisconsin	25	91,630	0.15
Wyoming	3	6,748	0.01
Armed Forces	12	42,781	0.07
Armed Forces Pacific	7	14,549	0.02
Unknown	34	128,778	0.21
Total	<u>18,265</u>	<u>\$61,912,300</u>	<u>100.00%</u>

**Distribution of the Financed Student Loans by Servicer
(As of June 30, 2018)**

Servicer	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Edfinancial Services, LLC	18,265	\$61,912,300	100.00%

**Distribution of the Financed Student Loans by Guaranty Agency
(As of June 30, 2018)**

Guaranty Agency	Number of Loans	Outstanding Principal Balance	Percent of Loans by Outstanding Principal Balance
Great Lakes (formerly SLGFA)	18,265	\$61,912,300	100.00%

C. INDENTURE INFORMATION

Balances in the:

CAPITALIZED INTEREST FUND	\$0
COLLECTION FUND	\$964,508
DEPARTMENT REBATE FUND	\$0
RESERVE FUND	\$300,000

Outstanding principal amount of the Notes issued under the Indenture:

\$49,641,293

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.