

**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**

**2019 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, 2019 were filed on November 1, 2019.

**UPDATE AND DISCUSSION OF THE FINANCIAL INFORMATION AND OPERATING DATA  
IN THE 2012 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 1, 2019.

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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, 2019, 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 \$51,870,673 due to rounding.

### Composition of the Financed Student Loan Portfolio (As of June 30, 2019)

|  |               |
|--|---------------|
| Aggregate Outstanding Principal Balance  | \$ 51,870,673 |
| Number of Borrowers*   | 4,230         |
| Average Outstanding Principal Balance Per Borrower   | \$12,263      |
| Number of Loans  | 15,033        |
| Average Outstanding Principal Balance Per Loan   | \$3,450       |
| Weighted Average Remaining Term to Scheduled Maturity (Months)**                           | 130.02        |
| Weighted Average Payments Made (Months)  | Unknown       |
| Weighted Average Annual Borrower Interest Rate***  | Unknown       |
| Weighted Average Special Allowance Payment Repayment Margin to 3-Month<br>Commercial Paper | Unknown       |
| Weighted Average Special Allowance Payment Repayment Margin to 91-Day<br>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, 2019)**

| Loan Type                  | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|----------------------------|-----------------|----------------------------------|---|
| Stafford-Unsubsidized      | 6,349           | \$ 26,980,337                    | 52.01%  |
| Stafford-Subsidized        | 8,476           | 23,573,104                       | 45.45   |
| Consolidation-Unsubsidized |                 |                                  |   |
| Consolidation-Subsidized   |                 |                                  |   |
| PLUS                       | 208             | 1,317,232                        | 2.54  |
| SLS                        |                 |                                  |   |
| Total                      | <u>15,033</u>   | <u>\$51,870,673</u>              | <u>100.00%</u>  |

**Distribution of the Financed Student Loans by Range of Annual Borrower Interest Rate  
(As of June 30, 2019)**

| Range of Annual Borrower<br>Interest Rate | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|---|-----------------|----------------------------------|---|
| Less than or equal to 2.00%               | 1,913           | \$ 2,494,979                     | 4.81%   |
| 2.01% - 3.00%                             | 5,238           | 9,793,183                        | 18.88   |
| 3.01% - 4.00%                             | 1,967           | 10,923,964                       | 21.06   |
| 4.01% - 5.00%                             | 1,600           | 10,254,832                       | 19.77   |
| 5.01% - 6.00%                             | 1,589           | 5,555,349                        | 10.71   |
| 6.01% - 7.00%                             | 1,802           | 8,268,185                        | 15.94   |
| 7.01% - 8.00%                             | 754             | 3,885,113                        | 7.49  |
| Greater than 8.00%                        | 170             | 695,067                          | 1.34  |
| Total                                     | <u>15,033</u>   | <u>\$51,870,673</u>              | <u>100.00%</u>  |

**Distribution of the Financed Student Loans by School Type  
(As of June 30, 2019)**

| School Type       | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|-------------------|-----------------|----------------------------------|---|
| 2-Year            | 3,159           | \$ 9,823,858                     | 18.94%  |
| Graduate/4-Year + | 11,601          | 41,391,064                       | 79.80   |
| Proprietary       | 273             | 655,751                          | 1.26  |
| Other/Unknown     |                 |                                  |   |
| Total             | <u>15,033</u>   | <u>\$51,870,673</u>              | <u>100.00%</u>  |

**Distribution of the Financed Student Loans by SAP Interest Rate Index  
(As of June 30, 2019)**

| <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            | 15,033                 | \$51,870,673                         | 100.00%  |

**Distribution of the Financed Student Loans by Borrower Payment Status  
(As of June 30, 2019)**

| <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                      | 22                     | \$ 100,029                           | 0.19%  |
| Grace                          | 2                      | 4,375                                | 0.01   |
| Deferment                      | 1,523                  | 5,377,874                            | 10.37  |
| Forbearance                    | 2,371                  | 9,496,271                            | 18.31  |
| Repayment                      | 10,990                 | 36,423,581                           | 70.22  |
| Claims In Progress/Denied      | <u>125</u>             | <u>468,544</u>                       | <u>0.90</u>  |
| Total                          | <u>15,033</u>          | <u>\$51,870,673</u>                  | <u>100.00%</u>   |

**Distribution of the Financed Student Loans by Range of Days Delinquent  
(As of June 30, 2019)**

| <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                | 4,043                  | \$15,447,092                         | 29.78%   |
| 0-30 days                       | 9,625                  | 30,792,961                           | 59.36  |
| 31-60 days                      | 360                    | 1,495,285                            | 2.88   |
| 61-90 days                      | 342                    | 1,480,932                            | 2.86   |
| 91-120 days                     | 165                    | 645,977                              | 1.25   |
| 121-180 days                    | 223                    | 893,161                              | 1.72   |
| 181 days and above              | <u>275</u>             | <u>1,115,265</u>                     | <u>2.15</u>  |
| Total                           | <u>15,033</u>          | <u>\$51,870,673</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, 2019)**

| <b>Range of Date of Disbursement</b>    | <b>Number of Loans</b> | <b>Outstanding Principal Balance</b> | <b>Percent of Loans by Outstanding Principal Balance</b> |
|---|------------------------|--------------------------------------|--|
| Pre April 1, 2006                       | 10,398                 | \$28,456,251                         | 54.86%   |
| April 1, 2006 – September 30, 2007      | 3,440                  | 18,886,112                           | 36.41  |
| October 1, 2007 and before July 1, 2010 | <u>1,195</u>           | <u>4,528,310</u>                     | <u>8.73</u>  |
| Total                                   | <u>15,033</u>          | <u>\$51,870,673</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, 2019)**

| <b>Range of Date of Disbursement</b> | <b>Number of Loans</b> | <b>Outstanding Principal Balance</b> | <b>Percent of Loans by Outstanding Principal Balance</b> |
|--------------------------------------|------------------------|--------------------------------------|--|
| July 1, 2006 and before July 1, 2010 | 4,747                  | \$21,225,479                         | 40.92%   |
| October 1, 1993 – June 30, 2006      | 10,105                 | 30,484,395                           | 58.77  |
| Pre October 1, 1993                  | <u>181</u>             | <u>160,799</u>                       | <u>0.31</u>  |
| Total                                | <u>15,033</u>          | <u>\$51,870,673</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, 2019)**

| Range of Outstanding<br>Principal Balance | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|---|-----------------|----------------------------------|---|
| Less than \$500                           | 1,078           | \$ 129,677                       | 0.25%   |
| \$500 to \$999                            | 1,017           | 383,843                          | 0.74  |
| \$1,000 to \$1,999                        | 2,501           | 3,070,744                        | 5.92  |
| \$2,000 to \$2,999                        | 2,452           | 3,962,919                        | 7.64  |
| \$3,000 to \$3,999                        | 1,746           | 3,309,349                        | 6.38  |
| \$4,000 to \$5,999                        | 1,962           | 4,512,749                        | 8.70  |
| \$6,000 to \$7,999                        | 861             | 3,024,060                        | 5.83  |
| \$8,000 to \$9,999                        | 628             | 3,003,312                        | 5.79  |
| \$10,000 to \$14,999                      | 1,041           | 7,215,830                        | 13.91   |
| \$15,000 to \$19,999                      | 596             | 4,829,160                        | 9.31  |
| \$20,000 to \$24,999                      | 365             | 3,376,781                        | 6.51  |
| \$25,000 to \$29,999                      | 235             | 3,153,737                        | 6.08  |
| \$30,000 to \$34,999                      | 168             | 2,624,656                        | 5.06  |
| \$35,000 to \$39,999                      | 112             | 1,919,215                        | 3.70  |
| \$40,000 to \$49,999                      | 93              | 1,971,086                        | 3.80  |
| \$50,000 to \$59,999                      | 52              | 1,442,005                        | 2.78  |
| \$60,000 to \$69,999                      | 29              | 746,938                          | 1.44  |
| \$70,000 to \$79,999                      | 27              | 669,132                          | 1.29  |
| \$80,000 to \$89,999                      | 21              | 580,952                          | 1.12  |
| \$90,000 to \$99,999                      | 19              | 643,196                          | 1.24  |
| \$100,000 to \$109,999                    | 10              | 404,591                          | 0.78  |
| \$110,000 to \$149,999                    | 17              | 679,506                          | 1.31  |
| \$150,000 or more                         | <u>2</u>        | <u>217,857</u>                   | <u>0.42</u>   |
| Total                                     | <u>15,033</u>   | <u>\$51,870,673</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, 2019)**

| <b>Range of Remaining Term<br/>to Scheduled Maturity<br/>(in months)</b> | <b>Number of Loans</b> | <b>Outstanding<br/>Principal Balance</b> | <b>Percent of Loans by<br/>Outstanding<br/>Principal Balance</b> |
|--|------------------------|--|--|
| Less than or equal to 24   | 722                    | \$ 340,518                               | 0.55%  |
| 25 – 36  | 489                    | 476,725                                  | 0.74   |
| 37 – 48  | 507                    | 538,637                                  | 0.86   |
| 49 – 60  | 570                    | 872,963                                  | 1.46   |
| 61 – 72  | 674                    | 1,145,378                                | 1.88   |
| 73 – 84  | 759                    | 1,814,030                                | 2.96   |
| 85 – 96  | 744                    | 2,278,373                                | 3.61   |
| 97 – 108   | 1,128                  | 4,593,893                                | 7.37   |
| 109 – 120  | 3,657                  | 8,909,180                                | 14.33  |
| 121 – 144  | 2,028                  | 4,996,323                                | 8.12   |
| 145 – 168  | 699                    | 4,005,726                                | 6.32   |
| 169 – 192  | 721                    | 4,104,785                                | 6.67   |
| 193 – 220  | 393                    | 5,392,561                                | 8.74   |
| 221 – 300  | 1,691                  | 13,503,073                               | 21.84  |
| Greater than 300   | <u>252</u>             | <u>8,940,136</u>                         | <u>14.55</u>   |
| Total  | <u>15,033</u>          | <u>\$51,870,673</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, 2019)**

| Geographic Location  | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|----------------------|-----------------|----------------------------------|---|
| Alabama              | 59              | \$ 191,921                       | 0.37%   |
| Alaska               | 23              | 77,806                           | 0.15  |
| Arizona              | 36              | 129,677                          | 0.25  |
| Arkansas             | 11,712          | 37,962,536                       | 73.19   |
| California           | 140             | 466,836                          | 0.90  |
| Colorado             | 72              | 332,491                          | 0.64  |
| Connecticut          | 12              | 67,432                           | 0.13  |
| Delaware             | 1               | 31,122                           | 0.06  |
| District of Columbia | 10              | 43,571                           | 0.08  |
| Florida              | 106             | 601,700                          | 1.16  |
| Georgia              | 117             | 597,031                          | 1.15  |
| Hawaii               | 11              | 242,755                          | 0.47  |
| Idaho                | 4               | 5,706                            | 0.01  |
| Illinois             | 91              | 342,346                          | 0.66  |
| Indiana              | 41              | 214,745                          | 0.41  |
| Iowa                 | 13              | 57,058                           | 0.11  |
| Kansas               | 49              | 269,727                          | 0.52  |
| Kentucky             | 28              | 171,173                          | 0.33  |
| Louisiana            | 163             | 586,139                          | 1.13  |
| Maine                | 3               | 217,857                          | 0.42  |
| Maryland             | 49              | 228,231                          | 0.44  |
| Massachusetts        | 21              | 143,163                          | 0.28  |
| Michigan             | 31              | 176,360                          | 0.34  |
| Minnesota            | 22              | 100,629                          | 0.19  |
| Mississippi          | 112             | 448,163                          | 0.86  |
| Missouri             | 298             | 829,931                          | 1.60  |
| Montana              | 3               | 19,711                           | 0.04  |
| Nebraska             | 19              | 6,743                            | 0.01  |
| Nevada               | 12              | 103,741                          | 0.20  |
| New Hampshire        | 8               | 13,538                           | 0.03  |
| New Jersey           | 24              | 92,330                           | 0.18  |
| New Mexico           | 13              | 107,891                          | 0.21  |
| New York             | 33              | 173,663                          | 0.33  |
| North Carolina       | 51              | 338,715                          | 0.65  |
| North Dakota         | 6               | 112,559                          | 0.22  |
| Ohio                 | 21              | 125,008                          | 0.24  |
| Oklahoma             | 213             | 680,543                          | 1.31  |
| Oregon               | 20              | 172,211                          | 0.33  |
| Pennsylvania         | 34              | 139,532                          | 0.27  |
| Puerto Rico          | 3               | 10,011                           | 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, 2019)**

| Geographic Location  | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|----------------------|-----------------|----------------------------------|---|
| Rhode Island         | 6               | 9,648                            | 0.02  |
| South Carolina       | 30              | 116,190                          | 0.22  |
| South Dakota         | 2               | 4,824                            | 0.01  |
| Tennessee            | 318             | 1,253,714                        | 2.42  |
| Texas                | 806             | 2,598,721                        | 5.01  |
| Utah                 | 11              | 301,887                          | 0.58  |
| Vermont              | 8               | 372,431                          | 0.72  |
| Virginia             | 53              | 126,564                          | 0.24  |
| Washington           | 36              | 164,949                          | 0.32  |
| West Virginia        | 14              | 49,796                           | 0.10  |
| Wisconsin            | 21              | 76,769                           | 0.15  |
| Wyoming              | 2               | 5,654                            | 0.01  |
| Armed Forces         | 10              | 35,843                           | 0.07  |
| Armed Forces Pacific | 6               | 12,190                           | 0.02  |
| Unknown              | 28              | 107,891                          | 0.21  |
| Total                | <u>15,033</u>   | <u>\$51,870,673</u>              | <u>100.00%</u>  |

**Distribution of the Financed Student Loans by Servicer  
(As of June 30, 2019)**

| Servicer                  | Number of Loans | Outstanding<br>Principal Balance | Percent of Loans by<br>Outstanding<br>Principal Balance |
|---------------------------|-----------------|----------------------------------|---|
| Edfinancial Services, LLC | 15,033          | \$51,870,673                     | 100.00%   |

**Distribution of the Financed Student Loans by Guaranty Agency  
(As of June 30, 2019)**

| Guaranty Agency              | Number of<br>Loans | Outstanding<br>Principal<br>Balance | Percent of<br>Loans by<br>Outstanding<br>Principal<br>Balance |
|------------------------------|--------------------|-------------------------------------|---|
| Great Lakes (formerly SLGFA) | 15,033             | \$51,870,673                        | 100.00%   |

**C. INDENTURE INFORMATION**

Balances in the:

|                           |           |
|---------------------------|-----------|
| CAPITALIZED INTEREST FUND | \$0       |
| COLLECTION FUND           | \$805,997 |
| DEPARTMENT REBATE FUND    | \$0       |
| RESERVE FUND              | \$300,000 |

Outstanding principal amount of the Notes issued under the Indenture:

\$39,896,175

**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.