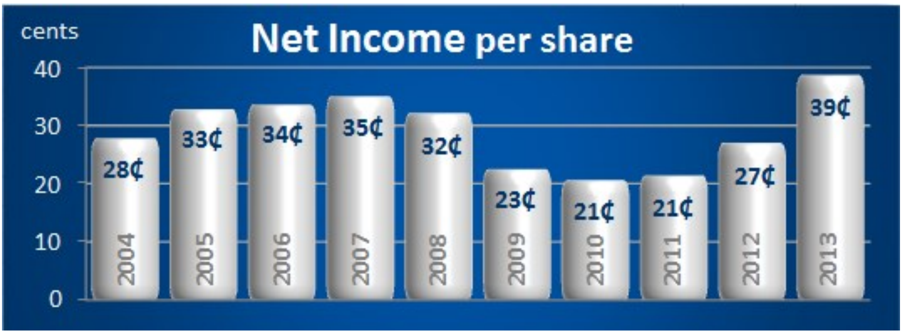
American Savings
Life Insurance Company

Founded 1954

2013

Annual Report

Key Financial HIGHLIGHTS



In 2013, Net Income per share **increased 43%** (11.7¢ per share)

In 2013, Dividends per share **increased 10.5%** (2.0¢ per share)

In 2013, Book Value per share **increased 4.5%** (16¢ per share)

Dear Fellow SHAREHOLDERS,

March 2014

To quote a favorite 20th Century "philosopher," Dr. Seuss:

"You have brains in your head.
You have feet in your shoes.
You can steer yourself any direction you choose."

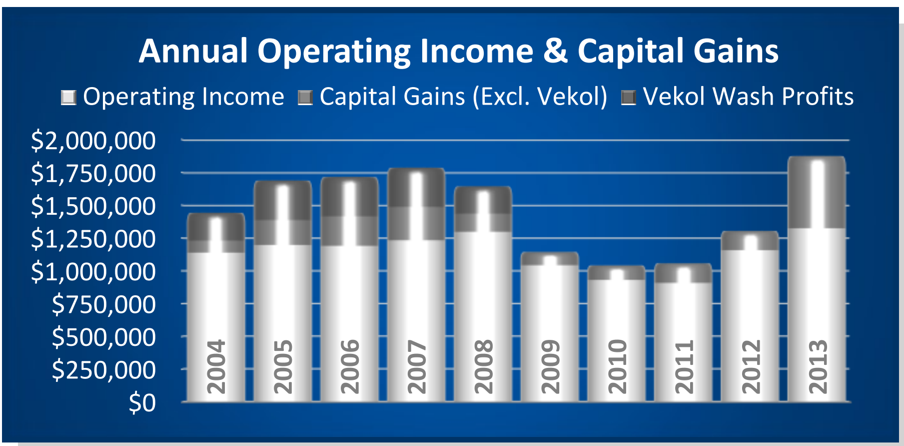
We believe this year's results are evidence that the direction in which we are choosing to steer the Company is a sound & profitable one.

It has been nearly five years now since we began steering the Company in the direction of growth through the sale of annuities. During this time the Company has more than doubled its total assets. Our business model is to provide our annuity customers an attractive guaranteed interest rate on their annuity premiums and then prudently invest these premiums to maximize our earnings on them with minimal risk.

2013 Financial Results

The year 2013 was another successful year in both profitability and growth. **Profits increased 43% over 2012, to a record $1,855,800.** Assets also grew 15% to $48.8 million. To be clear, we do not seek growth in assets simply for growth's sake. We only consider asset growth a success as long as we can reasonably expect that growth in assets will increase our profitability without a significant increase in risk. This appears to be the case thus far and we anticipate our profits will continue to rise as we prudently grow our assets.

One major contributor to our earnings this year came from a $1 million investment the Company made in June 2012 in a real estate investment



partnership with The Cardon Group called Superstition Office LLC. The partnership purchased a portfolio of foreclosed office condos at a steep discount. By the end of 2012 they had sold enough properties to pay back most of our $1 million investment plus $30,000 of interest. This year they completed the sale of the properties, providing a profit of $394,000 this year from the million dollar investment made in 2012.

Your Stock's Performance in 2013

This last year, your stock investment in American Savings provided you a **return on your investment of 10.7%**. This total return came in two forms:

2013 Performance Per Share

Dividends received:	**21¢**	**=**	**6.1%**
Book value increase:	**16¢**	**=**	**4.6%**
Total:	**37¢**	**=**	**10.7%**

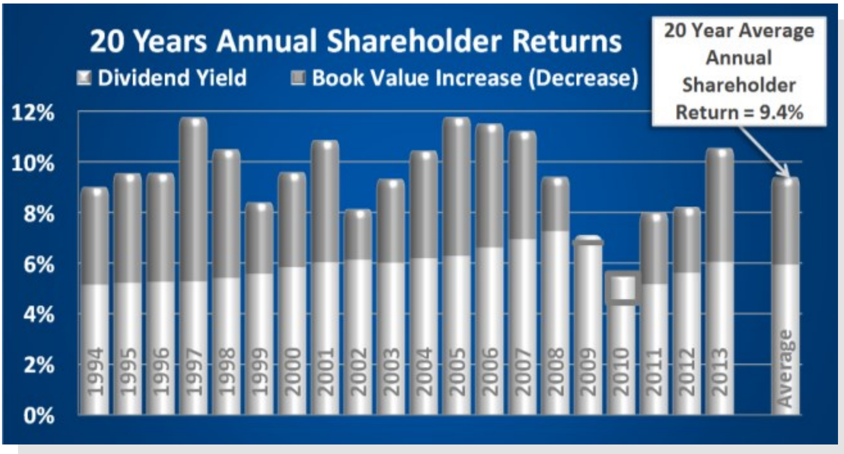
Percentages are of the beginning year per share book value of $3.47

First, you received 21¢ per share in cash dividends, which equals a 6.1% return (called "dividend yield") on the beginning year per share book value.

Second, your shares increased in book value by 16¢ per share. This equals a 4.6% increase from the beginning of the year book value.

Stock Performance the Last 20 Years

A common measurement of a stock's performance is its dividend yield, which is calculated as the total dividends received in a year divided by the stock's book value at the beginning of the year. The overall stock market (S&P500) has paid an average dividend yield of 1.9% over the past 20 years. In 2013, publicly traded life insurance companies paid out an average dividend yield of 2.65%.



Every year during the last 20 years your stock has earned a dividend yield greater than 5.0%. In fact, the average dividend yield since 1994 has been 5.9%. In addition to cash dividends received each year, the book value of your stock has also increased an average of 3.5% per year over the last 20 years.

Combining these yields, your investment in American Savings Life has provided an **average total annual return of 9.4% over the last 20 years**. Not too shabby, especially considering that during the last six years we have experienced the worst real estate crash, recession and "economic recovery" since the Great Depression.

First 2014 Semi-Annual Dividend Declared

The Board of Directors has declared an 11.5¢ per share semi-annual dividend to be paid on April 8, 2014 to shareholders of record as of March 31, 2014. This is a 15% increase from last April's 10¢ per share dividend. The Board intends to declare the second semi-annual dividend in August, to be paid in October.

New Developments in 2013 and Goals for 2014

Two significant developments occurred this last year, both of which are evolutionary changes, as they are natural expansions of our existing business model.

First, on the annuity side of the business, we sold our first $1.6 million of Single Premium Immediate Annuities (also may be called "Income Annuities"). These annuities are particularly well suited for our Company since they are longer-term than Deferred Annuities, which allows us to invest more of the premiums in more profitable long-term investments.

For this reason, we expect Income Annuities to be our predominant source of our annuity premiums for the foreseeable future. Our goal for 2014 is to sell at least $4 million of Income Annuities.

Second, on the mortgage lending side of the business, the Company closed its first loan in Texas; a $1.3 million loan on an office condo building in downtown Austin. Expanding our lending territory to include Texas should help us invest our growing assets in safe, conservative real estate loans by expanding the size of our lending market by 400%. Our goal for 2014 is to fund at least $5 million of loans in Texas.

Outlook for 2014 and Beyond

Although the country's recovery from the recent recession has been anemic and all signs point to a long, slow path to recovery, the Company has recovered much more quickly and we anticipate continuing our profitable growth in 2014 and beyond. Indeed, we are very optimistic about our Company's future. Our core investment model has been well tested through the recent real estate crash, during which time we have been able to consistently pay a strong dividend yield, and grow profitably.

On April 6, 2014, American Savings Life Insurance Company will be 60 years old. The Company's first 60 years have delivered substantial and dependable returns to our shareholders and provide a firm financial foundation for the future. Your Executive Management Team is committed to grow this foundation and build an increasingly successful future for our shareholders. We thank you for your trust and confidence and we are excited to share with you the success we look forward to during the Company's next 60 years.

Byron Frihoff Allen, President

The Executive Management Team

Left to Right: Randal Jones, Controller; Byron Allen, President; Robert Allen, Vice-President; Gove Allen, Legal Counsel

REPORT ON LINES OF BUSINESS

Life Insurance and Annuity Business

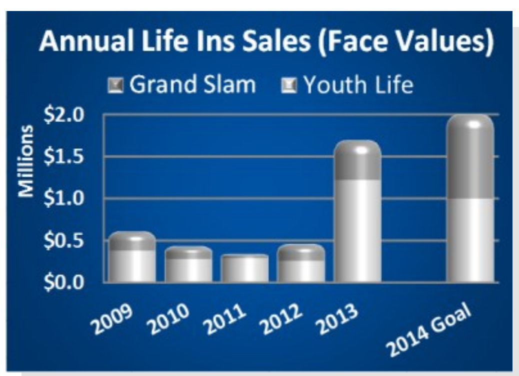
Annuities

In 2013 we sold $6.6 million in annuities; $5 million of Deferred Annuities and $1.6 million of "Income Annuities," which are technically called "Single Premium Immediate Annuities" or "SPIAs."

Our goal for 2014 is to sell at least $4 million in Income Annuities with durations of ten years or longer. Income Annuities are an excellent solution to seniors that want a guaranteed income for the rest of their lives, never having to worry about running out of money. They are an ideal product for the Company because their long-term permanent nature allows us to invest most of the funds in our time-proven primary investment vehicle of *Not So Hard Money*™ real estate loans.

Life Insurance

Life insurance sales increased significantly in 2013, totaling $1.7 million of insurance coverage (face value). Our goal for 2013 was to sell $2 million, including $1 million of Youth Life policies and $1 million of Grand Slam policies. Due in large part to the attractive 4.0% interest rate we pay on funds deposited in Advance Premium Deposit accounts, we sold $1,220,000 in Youth Life policies. However, since we only sold $473,000 in Grand Slam policies, we fell short of our $2 million sales goal by $307,000 (15%).



We have set our 2014 life insurance sales goal at $2 million of insurance coverage. The chart to the right shows the last five year's sales and our 2014 goal.

Life insurance prudently designed and marketed is the ideal complement to our annuity business and can provide a diversification of revenue sources.

We are currently working with some of our agents and other insurance professionals as we research and develop life insurance products and sales plans. Our goal is to develop additional life insurance products that we can successfully sell profitably.

Although our primary focus and efforts for 2014 are directed toward the development of our Income Annuity sales, we look forward to growing our life insurance sales in future years such that they become a major source of Company reserves.

Funds on Deposit

Total Funds on Deposit (which includes Guaranteed Interest Contracts "GICs" and Advance Premium Deposit Accounts "APDs") slightly decreased from $6,420,000 to $6,358,000. In prior years we have paid the same interest rate on both of these accounts and both had minimum interest rates of 4.0%. APDs will continue to have a guaranteed minimum interest rate of 4.0%, while GICs now have a minimum interest rate of 2.0%. The reason we are continuing to pay 4.0% on APDs is because these accounts are only available with life insurance policies and are limited to the amount of future premiums.

Some customers have asked us why we lowered the minimum interest rate on our GICs. The reason is that the interest the Company earns on these deposit funds has decreased approximately 2.0% due to the overall low interest rate environment. Furthermore, we needed to align the short-term interest rates on GICs with the long-term rates of our annuities. For these reasons the Board of Directors approved lowering the minimum guaranteed interest rate on GICs.

An important fact to remember is that 2.0% is only the minimum interest rate. The interest rate on these accounts adjusts monthly (currently based on market interest rates for 6 month Jumbo CDs). Since market interest rates are much lower than 2.0% currently, we pay the minimum rate of 2.0%. If market interest rates increase above 2.0%, the interest rate we pay on these accounts will increase as well. In the meantime, our GIC customers continue to earn a very competitive interest rate.

INVESTMENTS

Mortgage Lending

Through our subsidiary mortgage company, American Life Financial Corporation we originated a record volume of new loans totaling $13.1 million. This record amount of new loans increased our total mortgage loan portfolio from $28.6 million a year ago to $32.2 million at year end. You may notice that our loan portfolio only increased $3.6 million, even though we funded $13.1 million in new loans. This is mainly attributable to the $7.6 million in loan payoffs we received during 2013; more than twice the $3.7 million we received in 2012.

Although we would prefer our loans to not pay off (of course there are always a few exceptions to the rule!), a high volume of loan payoffs is usually a good indicator of a healthy real estate market because it means there are more transactions happening and borrowers are more often able to sell their properties at a profit and pay off our loan.

Loans Originated and Real Estate Prices

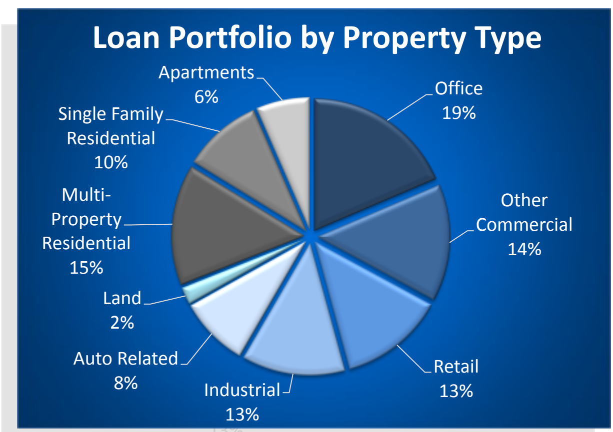
The following chart shows the amount of loans originated each year since 2004, compared to the Phoenix, AZ real estate market (Case-Shiller Index). The total bar height represents total loans made each year, with the

dark gray representing the loans made that year that have since paid off (or been foreclosed) and the light gray part representing the portion of the loans made that year which remained outstanding as of 12-31-2013.

Although the chart doesn't show the exact percentages, only 11% of the Company's loan portfolio at 12-31-2013 are loans originated between 2005 and 2007, when real estate values were higher than current values. We are also well pleased with the loan retention we have had thus far with the loans originated in the past three years. Due to the lower market values during these years (and hence lower loan amounts), we believe these loans have a lower risk of loss if we were to foreclose on them.

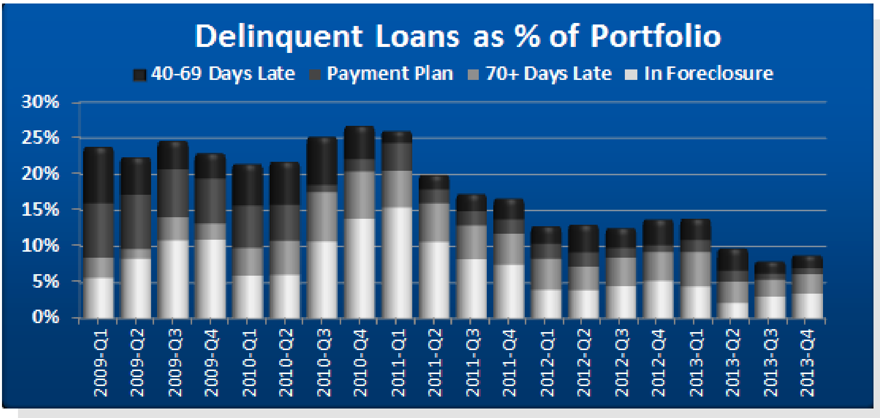
A Well Diversified Loan Portfolio

The chart below illustrates the broad diversification of our loan portfolio. Overall, 67% of our loans are secured by commercial real estate and 33% are secured by residential properties or land. Furthermore, the commercial real estate loans are evenly distributed among five commercial property types. A diversified loan portfolio should help lessen our exposure to economic and real estate market fluctuations since values of different types of property can be affected to varying degrees.



Decreasing Mortgage Loan Delinquencies

As the chart on the following page shows, the percentage of our loan portfolio in default has decreased substantially over the past five years. Our loans are now performing at our pre-recession levels. Certainly there are several factors that contribute to this success, but one key factor is the diligent efforts of our Mortgage Loan Account Servicing Department. They have worked diligently to assist borrowers with payment plans to avoid foreclosure whenever the borrower is willing and able to make reasonable efforts toward bringing his/her loan current. Many of our borrowers have thanked us for the assistance we offer to help them avoid losing their property to foreclosure.



Real Estate Owned (REOs)

This year we realized $132,000 of gains from REO properties sold. We also provided financing for one property we sold this year, which created another $93,000 of deferred gain that will be realized when that loan is paid off.

Bonds and Stocks

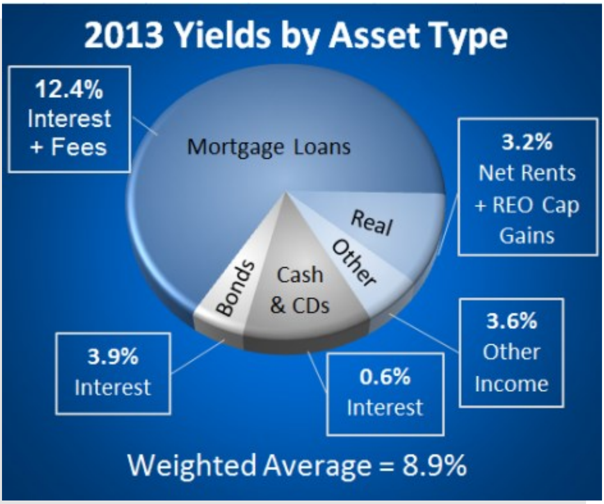
We increased our investment in bonds by $583,000 and our investment in stocks by $500,000. We have hired an investment firm that has experience managing investments for life insurance companies. They developed a laddered portfolio of investment grade bonds with an average duration of 7 years and an average yield-to-maturity of 3.9%. The stocks are a portfolio of about 30 high quality, dividend paying stocks.

The primary reason we have increased our bond and stock holdings is to maintain liquidity as we grow our annuity business. We have designated approximately $5 million of our assets as **"Emergency Liquidity Funds"** specifically for the ability to timely honor a large amount of annuity or GIC withdrawals at any time. Half of these funds we are holding in cash & CDs and the other half we have invested in bonds (approx. $2.0 million) and common stocks (approx. $500,000). As marketable securities, the bonds and stocks are liquid assets and although these investments bear some risk to what the market value will be if/when we need to sell them, we expect the increase in earnings from these investments will outweigh this market value risk.

A HIGHER LEVEL VIEW OF THE BUSINESS

Yields Earned on Assets

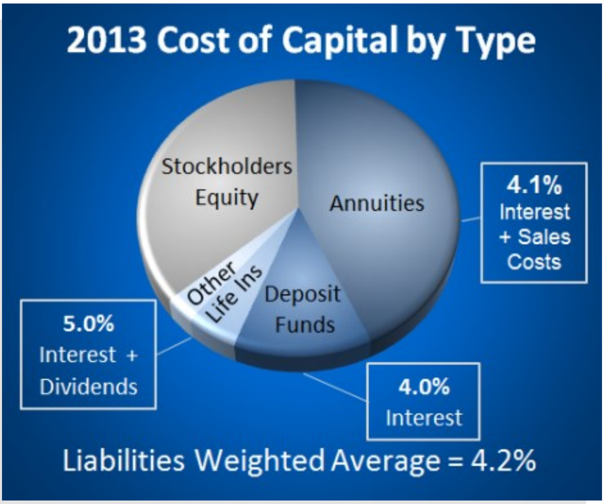
Each asset category earns its own specific yield as illustrated on the following chart. Mortgage Loans is by far the highest yielding asset type with net mortgage loan interest and fees equaling 12.4% of the average mortgage loans in 2013.



The overall weighted average yield for total average assets in 2013 was 8.9%. These yields are net of direct costs associated with these assets but do not include general expenses since they cannot be easily allocated to specific asset types.

Cost of Capital

Our Assets come from two sources: Stockholders Equity (your money) and Reserves/Liabilities (other people's money). As illustrated on the graph below, the weighted average cost of capital for our Reserves/Liabilities in 2013 was 4.2%. We expect this cost to decrease in 2014 for two reasons:



First, as explained on page 7, we have lowered the minimum guaranteed interest rate we pay on our Guaranteed Interest Contracts (GICs) from 4.0% to 2.0%.

At Dec 31, 2013, all GIC contracts totaled $5,400,000. If GIC balances remain level in 2014 and assuming market interest rates remain below

2.0% for all of 2014, we can expect to save over $100,000 in interest paid on GICs. Yet the 2.0% we are now paying is a very competitive interest rate today, so it is still a win-win for everyone.

The second way we expect our cost of capital to decrease is our average interest rate paid on annuities has steadily decreased over the past year. Two factors are causing these lower interest rates:

First, new annuities being sold have lower interest rates than the older annuities that have been surrendered. When we first started selling annuities nearly 5 years ago, we offered interest rates much higher than market rates to attract new agents to sell for us. With the agents we have now, we are able to sell all the annuities we want at top-of-the-market rates, which are lower than the rates paid on our older annuities.

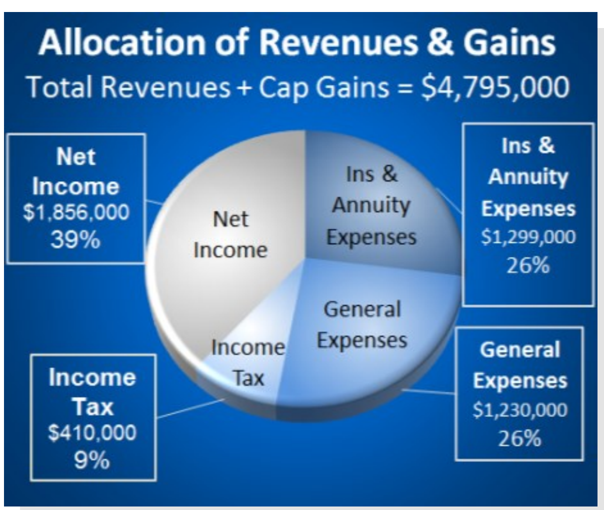
Second, the interest rate we pay on the annuities that reach the expiration of their surrender charge period is adjusted to current market rates, which in this case are lower. In fact, they are even lower than the guaranteed minimum interest rate of 3.0%, so this is the rate which we are now paying on these annuities. Annuity customers that want a higher interest rate are offered to transfer their funds to a new annuity that pays higher interest (but will have surrender charges). Many customers prefer not having any surrender charge on their annuity and recognize that earning 3.0% interest on unrestricted funds is a great deal.

The combination of these situations has lowered our overall average interest cost on our annuities from 4.25% a year ago to 3.6% today.

Where Did the Money Go?

In 2013 we earned a total of $4,795,000 in revenues and capital gains. The chart to the right illustrates how these revenues were "used." As you can see in this chart, all expenses totaled 61%, leaving 39% as net income for our shareholders.

We do not expect future years to have as much as 39% of revenues flow through to net income. 2013 was unusually high due to the large amount of non-recurring capital gains earned this year.



STAKEHOLDERS: All for One and One for All

Providing an attractive and dependable return to our shareholders while investing Company assets conservatively was the paramount objective of the Company Founder, Frihoff Allen. He took his obligation very seriously and very personally to protect the money others had entrusted with him and to provide them a good return on their investment. This priority continued to be the focus of David Allen for the many years he was at the helm and current management likewise continues to recognize this as our priority.

"The surest way to succeed in providing attractive returns for our shareholders in the long run is by providing superior products and service to our customers and opportunities for growth and success to our employees and agents."

We also recognize that the surest way to succeed in providing attractive returns for our shareholders in the long run is by providing superior products and service to our customers and opportunities for growth and success to our employees and agents.

The following diagram illustrates all four of the Company's stakeholders sharing a symbiotic relationship. As we successfully deliver the described value to each stakeholder, we increase our ability to provide the corresponding values to all other stakeholders.

Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, 2011, 2010 & 2009 (UNAUDITED)

	2013	2012	2011	2010	2009
Statement of Operations Data					
Total Revenues	**$ 4,206,003**	$ 3,756,367	$ 3,311,689	$ 2,838,806	$ 2,421,115
Total Expenses	**2,529,820**	2,309,204	2,164,373	1,766,928	1,214,118
Net Gain From Operations	**1,676,183**	1,447,163	1,147,315	1,071,877	1,206,997
Net Income	**1,855,800**	1,309,646	1,069,334	1,041,605	1,144,004
Statement of Financial Position Data					
Total Assets	**$ 48,791,770**	$ 42,387,711	$ 37,939,125	$ 35,940,253	$ 26,184,273
Total Reserves for Life Ins, Annuities & Deposits	**29,923,137**	24,600,659	20,118,120	18,528,453	8,486,521
Total Liabilities	**31,369,246**	25,573,359	21,032,914	19,302,223	9,097,468
Total Shareholders Equity	**17,422,524**	16,814,352	16,906,211	16,638,030	17,086,805
Per Share Data					
Total shares outstanding	**4,794,973**	4,843,189	4,995,265	5,056,348	5,077,881
Net Income per share	**$ 0.387**	$ 0.270	$ 0.214	$ 0.206	$ 0.225
Dividends per share	**$ 0.210**	$ 0.190	$ 0.170	$ 0.190	$ 0.240
Shareholder Equity per share	**$ 3.633**	$ 3.472	$ 3.384	$ 3.291	$ 3.365
Key Performance Measurements					
Dividend Yield *(Dividends / prior yr. equity per share)*	**6.0%**	5.6%	5.2%	5.6%	7.1%
Return on Equity *(Net Income / prior yr. equity per share)*	**11.1%**	8.0%	6.5%	6.1%	6.7%
Total Shareholder Return *(dividends+equity incr. / prior year equity per share)*	**10.7%**	8.2%	8.0%	3.4%	6.8%

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Operations

FOR THE YEARS ENDED DEC 31, 2013, 2012 & 2011 *(UNAUDITED)*

REVENUES	2013	2012	2011
Life insurance premiums	**$ 147,287**	$ 176,845	$ 140,376
Interest income			
Interest on cash & equivalents	**35,650**	50,687	74,742
Interest on policy loans	**3,417**	5,170	5,809
Mortgage loan interest	**3,361,320**	3,086,081	2,784,071
Investment income net of expenses			
Mortgage loan fees	**422,245**	341,111	294,893
Income on Real Estate Owned	**19,144**	21,552	(5,715)
Other investment income	**216,940**	74,921	17,512
TOTAL REVENUES	**4,206,003**	3,756,368	3,311,688
EXPENSES			
Policy and Annuity Expenses			
Death benefits	**70,194**	49,356	47,795
Policyholder benefits & dividends	**184,395**	74,525	223,040
Incr/decr in life reserves & loading	**(48,734)**	79,848	(92,875)
Incr/decr in annuity reserves and policy acquisition costs (deferred)	**(34,133)**	187	19,217
Commissions and Advertising	**124,905**	68,868	29,286
Interest on insurance and annuities	**1,003,075**	826,646	752,697
General Expenses			
Salaries and wages	**802,474**	715,467	721,482
Welfare Plan	**60,014**	66,132	55,162
Profit Sharing Plan	**71,270**	66,153	72,283
Professional Service fees	**111,640**	202,037	191,584
Other expenses	**99,761**	82,008	58,287
Taxes Licenses and Fees	**84,958**	77,977	86,416
TOTAL EXPENSES	**2,529,820**	2,309,204	2,164,374
NET GAIN FROM OPERATIONS	**1,676,183**	1,447,163	1,147,315
Realized Gain on Real Estate & Securities	**589,242**	183,010	186,551
Federal Income Tax Paid	**(409,626)**	(320,527)	(264,532)
NET INCOME	**$ 1,855,800**	$1,309,646	$1,069,333
Total shares outstanding	**4,794,973**	4,843,189	4,995,265
Net Income per share	**$ 0.387**	$ 0.270	$ 0.214

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

FOR THE YEARS ENDED DEC 31, 2013, 2012, & 2011 *(UNAUDITED)*

ASSETS	**2013**	**2012**	**2011**
Cash and cash equivalents	**$ 5,493,481**	$ 5,528,605	$ 7,237,435
Long term certificates of deposit	**498,000**	249,000	497,000
Bonds	**2,533,800**	1,950,556	
Common & preferred stock	**545,810**	43,721	44,195
Policy loans	**81,872**	102,989	114,004
Mortgage loans	**32,246,707**	28,611,151	24,544,004
Investments in partnerships	**1,261,522**	589,617	0
Real estate investments & receivables	**5,202,099**	4,470,679	4,708,836
TOTAL CASH & INVESTED ASSETS	**47,863,291**	**41,546,318**	**37,145,474**
Accrued interest & deposits	**392,277**	319,569	270,623
Deferred policy acquisition asset	**305,380**	286,260	286,447
Land and building	**194,583**	194,583	194,583
Office equipment	**32,895**	35,411	40,227
Income tax refundable	**3,344**	5,571	1,771
TOTAL ASSETS	**48,791,770**	**42,387,711**	**37,939,125**
LIABILITIES			
Reserves for life policies	**2,364,224**	2,413,524	2,335,725
Reserves for annuities	**21,201,327**	15,766,809	12,089,644
Insurance policy claims pending	**24,106**	9,050	14,050
Policy holder & GIC funds on deposit	**6,357,586**	6,420,326	5,692,751
Other policy holder liabilities	**42,428**	42,976	39,371
Taxes & expenses due & accrued	**187,902**	156,081	176,633
Unearned investment income	**4,042**	4,464	4,405
Amounts held by ASLIC for others	**942,482**	656,151	589,415
Income tax payable	**245,149**	103,978	90,920
TOTAL LIABILITIES	**31,369,246**	**25,573,359**	**21,032,914**
SHAREHOLDERS EQUITY			
Capital stock	**924,657**	923,839	923,283
Capital stock in excess of par	**2,486,066**	2,458,823	2,440,882
Stock notes & Employee receivables	**(10,580)**	(11,597)	(21,123)
Retained earnings	**20,194,609**	19,369,171	19,054,220
Unrealized gain (loss) on securities	**(172,276)**	(104,808)	(156,327)
Less treasury stock	**(5,999,952)**	(5,821,076)	(5,334,724)
TOTAL SHAREHOLDERS EQUITY	**17,422,524**	**16,814,352**	**16,906,211**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**48,791,770**	**42,387,711**	**37,939,125**
Shares Outstanding	**4,794,973**	**4,843,189**	**4,995,265**
Equity Value Per Share	**$ 3.633**	**$ 3.472**	**$ 3.384**

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31, 2013, 2012, & 2011 *(UNAUDITED)*

	2013	**2012**	**2011**
OPERATING ACTIVITIES			
Funds provided from operations			
Premiums received and annuity increases	**$ 6,742,881**	$ 3,801,030	$ 1,068,326
Net investment income (excl. realized gains)	**3,791,843**	3,515,637	3,608,602
Total funds provided from operations	**10,534,724**	7,316,667	4,676,928
Funds used in operations			
Benefits and loss related payments	**(2,089,944)**	(913,419)	(990,262)
Commissions & other expenses & taxes paid *(excluding federal income taxes)*	**(977,981)**	(630,503)	(645,489)
Dividends paid to policyholders	**(36,980)**	(37,109)	(33,270)
Federal income taxes paid *(excl. capital gains tax)*	**(155,474)**	(277,637)	(151,448)
Total funds (used) in operations	**(3,260,379)**	(1,858,668)	(1,820,469)
NET CASH PROVIDED FROM OPERATIONS	**7,274,346**	5,457,999	2,856,459
INVESTING ACTIVITIES			
Funds provided from investments sold, matured or repaid			
Bonds	**249,000**	500,848	500,000
Stocks	**1,381,996**	6,911	0
Mortgage Loans	**8,298,476**	4,018,396	7,036,596
Real Estate	**766,682**	441,784	1,514,954
Other invested assets	**208,095**	830,383	0
Total investment proceeds before capital gains tax	**10,904,249**	5,798,322	9,051,550
Cost of investments acquired			
Bonds, Mutual funds & long term CD's	**(2,489,813)**	(2,185,554)	(497,000)
Stocks	**(502,089)**		
Mortgage Loans	**(13,107,000)**	(8,038,367)	(9,565,100)
Other invested assets	**(910,888)**	(1,464,943)	(52,247)
Total cost of investments acquired	**(17,009,790)**	(11,688,864)	(10,114,347)
(Increase) Decrease in policy loans	**21,116**	11,016	(2,592)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(6,084,425)**	(5,879,526)	(1,065,389)
FINANCING ACTIVITIES			
Funds provided from (used for) financing activities			
Capital and paid in surplus	**29,078**	18,497	22,195
Net deposits on deposit-type contracts	**(62,740)**	121,761	187,471
Cash dividends paid	**(1,012,506)**	(941,209)	(855,197)
Treasury stock purchased	**(178,876)**	(486,352)	(200,533)
Net cash provided from (used for) financing activities	**(1,225,044)**	(1,287,303)	(846,064)
Increase (Decr.) in cash & short-term investments	**(35,124)**	(1,708,830)	945,006
Cash & short-term investments, beg. of year	**5,528,605**	7,237,435	6,292,430
Cash & short-term investments, end of year	**$ 5,493,481**	$ 5,528,605	$ 7,237,435

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Stockholders Equity

FOR THE TWELVE MONTHS ENDED
DEC 31, 2013 AND 2012 (UNAUDITED)

	Capital Stock	Capital In Excess Of Par	Accumulated Other Comprehensive Income (Loss)	Unassigned Surplus	Receivables From the Sale of Capital Stock	Treasury Stock	Total
BALANCES, December 31, 2011	**923,283**	**2,440,882**	**(156,327)**	**19,054,221**	**(21,123)**	**(5,334,725)**	**16,906,211**
COMPREHENSIVE INCOME:							
Net Income				1,309,646			1,309,646
Unrealized investment gain or (loss)			51,519				51,519
Comprehensive income			51,519	1,309,646			1,361,165
Dividends declared & accrued				(941,209)			(941,209)
Issue employee compensation in stock	556	17,941					18,497
Repurchase Capital Stock (Treasury)						(486,352)	(486,352)
Change in Non-admitted Assets				(53,487)	9,527		(43,960)
BALANCES, December 31, 2012	**923,839**	**2,458,823**	**(104,808)**	**19,369,171**	**(11,596)**	**(5,821,077)**	**16,814,352**
COMPREHENSIVE INCOME:							
Net Income				1,855,800			1,855,800
Unrealized investment gain or (loss)			(67,467)				(67,467)
Comprehensive income			(67,467)	1,855,800			1,788,333
Dividends declared & accrued				(1,012,506)			(1,012,506)
Issue employee compensation in stock	818	27,243					28,061
Repurchase Capital Stock (Treasury)						(178,876)	(178,876)
Change in Non-admitted Assets				(17,858)	1,017		(16,841)
BALANCES, December 31, 2013	**924,657**	**2,486,066**	**(172,275)**	**20,194,607**	**(10,579)**	**(5,999,952)**	**17,422,524**

The accompanying notes are an integral part of these financial statements.

(1) ORGANIZATION

American Savings Life Insurance Company ("Company"), founded in 1954, is a registered capital stock life, health and accident insurance company licensed to conduct business in the states of Arizona and Utah. The Company is currently engaged in the life insurance and annuity business. Although it is customary in the insurance industry for a portion of income to be derived from mortgage loans, an unusually large percentage of the Company's income is attributed to mortgage loans. Since the Company's inception, mortgage loans have been its primary asset class.

Affiliates - American Savings Life Insurance Company owns 100% of ASL Financial Group, Inc., a holding company which owns 100% of American Life Financial Corporation. American Life Financial exists primarily to market and originate mortgage loans for the Company's investment portfolio.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments - The following Company investments are recorded in accordance with the Statement of Financial Accounting Standards No. 60, Accounting and Reporting by Insurance Enterprises:

A. Mortgage loans are reported at outstanding principal balance or amortized cost.

B. Receivables secured by real estate including property tax certificates of purchase are reported at their outstanding principal balance, less deferred gains, which are recognized under the installment method.

C. Real estate investments are reported at lower of cost or fair market value with the related charge to realized loss if applicable.

D. Common stock and mutual funds are reported at market and temporary changes in the market value of those securities are recognized as an unrealized gain (loss). Non-redeemable preferred stock is reported at cost.

E. Bonds are stated at amortized cost, since they are expected to be held until maturity.

F. Policy loans are reported at their outstanding principal balance.

G. Realized gains (losses) are determined on a specific identification basis and are credited (charged) to operations; unrealized gains (losses) are credited (charged) to the equity section.

Annuity policies - Annuities are accounted for in a manner consistent with accounting for interest bearing financial instruments. Premium receipts are not reported as revenue, rather as deposit liabilities for annuity contracts. The annuity products issued do not include fees or other such charges.

Cash and cash equivalents - The company considers all highly liquid investments with a maturity of one year or less at the time of reporting to be cash equivalents.

Restricted Securities - In accordance with the State of Arizona Insurance Regulations, Arizona municipal bonds were on deposit with the Arizona State Treasurer with an aggregate value of $557,677 at year end 2013 and $550,710 at year end 2012.

Policy Claims Pending - The liability for policy claims is based on the estimated cost of individual claims reported plus estimated claims incurred but unreported prior to December 31, 2013 and December 31, 2012, respectively.

Reinsurance - The Company had no agreements with nonaffiliated reinsurers or reinsured policies during the period covered by this report.

Estimates - The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) **CASH AND INVESTMENTS**

Cash: The Company has maintained various accounts at several banks with amounts not exceeding $250,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000 and unlimited coverage on checking accounts until the end of 2012. Beginning in 2013 the FDIC no longer provides unlimited coverage on checking accounts. Total cash in demand deposits exceeding FDIC insurance limits were $212,681 and $435 at December 31, 2013 and 2012, respectively. The money market funds utilized by the Company invest in short-term U.S. government and commercial paper securities.

Cash and short-term investments consist of the following:

December 31,	**2013**	2012
Certificate of Deposits	**1,244,543**	743,733
Money market funds	**27,181**	1,211,236
Demand deposits	**4,221,758**	3,573,636
Total cash & short term investments	**$5,493,481**	$5,528,605

Mortgage Loans consist of commercial, consumer and purchase money loans collateralized by real estate. The Company has a concentration of mortgage loans in central Arizona. The Company's lending policies allow for commercial and consumer loans up to 65% of appraised values at interest rates ranging from 8.99% to 12.50% and terms ranging from 1 to 15 years. Purchase money mortgages were provided to purchasers of Company owned real estate at rates from 7% to 12%. Purchase money mortgages are shown at the Company's unamortized cost of the real estate sold. The balance of the remaining installments is unamortized deferred gain, and is excluded from the mortgage loan assets. The deferred gain will be recognized as income, only as the installment payments are received.

December 31,	**2013**	2012
Commercial & consumer loans	**$31,929,703**	$28,061,094
Purchase Money Loans	**317,004**	550,057
Total mortgage loans	**32,246,707**	28,611,151
Remaining Deferred Gain	**179,347**	152,388
Annual Realized Deferred Gain	**86,245**	26,492

The Company has a valuation allowance for loans where it is probable that not all amounts due will be collectable. This allowance is comprised of the recorded value of the loan minus the fair market value of the collateral of high risk loans (more than 30 days delinquent). The valuation allowance was $0 and $68,324 as of December 31, 2013 and 2012, respectively. Recognizing that mortgage loans with loan-to-value rate greater than 50% pose a higher risk of loss on default, the Company created an allowance based on the additional interest paid by these loans. This allowance was $225,824 and $92,193 as of December 31, 2013 and 2012, respectively. Both allowances reduce Mortgage Loans and increase Unrealized Losses in the Statement of Financial Position.

Investments in Partnerships: On June 11, 2012, the Company invested $1,000,000 in Superstition Office, LLC, a commercial office property investment joint venture managed by The Cardon Group. The LLC purchased 42 commercial office properties in the

Phoenix metropolitan area. By 12-31-2013, the LLC had sold all 42 properties returning all of the Company's original investment along with $30,245 of investment income and $393,690 of realized gain.

On December 28, 2012, the Company purchased for $420,000 a 13% interest in Sugarloaf VII, LLC, a mortgage loan investment joint venture managed by The Cardon Group. The LLC has invested in a pool of 154 distressed residential mortgage loans with an unpaid principal balance of approximately $16,000,000. The favorable acquisition basis of these loans allows substantial flexibility to modify loans, conduct short sales, or otherwise liquidate the portfolio of assets profitably. In 2013 the Company received $51,680 of capital repayments.

In 2013 the Company invested $880,000 as a limited partner in the Window Rock Residential Recovery Fund, LP, a mortgage loan investment joint venture managed by The Cardon Group. The Company has a commitment to invest up to another $120,000. The Limited Partnership current investments include 1,638 mortgage loans and 483 REO properties. The favorable acquisition basis of these loans allows substantial flexibility to modify loans, conduct short sales, or otherwise liquidate the portfolio of assets profitably.

Total Investments in Partnerships were $1,261,522 in 2013 and $589,616 in 2012.

December 31,	**2013**	2012
Superstition Office, LLC	**0**	169,616
Sugarloaf VII, LLC	**381,522**	420,000
Window Rock Residential Recovery Fund LP	**880,000**	0
Total investments in partnerships	**1,261,522**	589,616

Real Estate: In May 2006, the Company entered into a real estate investment joint venture with Boa Sorte, LLC (managed by The Cardon Group) for the purchase of approximately 4,700 acres near Holbrook, Arizona. The Company's current cost of this investment is $986,035. In November 2007, the Company acquired 40 acres near Salome, Arizona for a total cost of $105,282. During 2009, the Company purchased a condo in Phoenix as investments for a total cost of $18,065. The Company acquired three properties through foreclosure during 2013 for $1,067,148. During 2013, the Company sold two properties acquired through foreclosure and one investment property, realizing gains of $53,124 and $4,761, respectively.

Land and Building: The office occupied by the company is located at 935 E. Main Street, Mesa, AZ. The Company acquired the building through a section 1031 property exchange and is valued as shown in the following schedule:

December 31,	**2013**	2012
Building cost	**$434,605**	$434,605
Improvements	**131,149**	131,149
Land cost	**75,450**	75,450
	$641,204	$641,204
Less deferred gain on 1031 exchange	**-446,621**	-446,621
Statement value of land and building	**$194,583**	$194,583

Since the book value of land and building does not exceed the estimate salvage value, no depreciation is taken on this property. An appraisal for this property was done in January 2013 and it was appraised at a fair market value of $660,000. The current market value exceeds the statement value of this property.

Fair Value Measurement Investments are being disclosed utilizing an established framework for measuring fair value, and an established fair value hierarchy which prioritizes valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels: ***Level 1 Investments*** use quoted prices in active markets for identical assets the entity has the ability to access. ***Level 2 Investments*** use inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has no such investments in Level 2 Investments. ***Level 3 Investments*** have no observable value for the assets and rely on managements own assumptions that market participants would use in pricing the asset. The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2013:

Investments	**Balance 12/31/2012**	**Additions**	**Retirements**	**Balance 12/31/2013**
Level 1 investments:				
Long term certificate of deposits	249,000	498,000	(249,000)	498,000
Unaffiliated common stock	43,721	502,089		545,810
Short-term investments	1,211,236		(1,184,055)	27,181
Certificates of deposit	743,733	1,244,543	(743,733)	1,244,543
Mutual Funds	1,399,846	3,087,889	(4,487,735)	0
Total Level 1	3,647,537	5,332,520	(6,664,524)	2,315,533
Level 3 Investments:				
Mortgage loans	28,611,151	13,162,000	(9,526,444)	32,246,707
Properties held for sale	4,470,679	1,077,186	(345,766)	5,202,099
Policy contract loans	102,989	16,161	(37,278)	81,872
Total level 3	33,184,819	14,255,347	(9,909,488)	37,530,678
Total Investments	36,832,356	19,587,867	(16,574,012)	39,846,211
Money market and checking accounts				4,221,758
Bonds carried at amortized cost				2,533,800
Partnership interests carried at cost less distributions				1,261,522
Total cash and investments				**47,863,291**

Management uses a market approach to determine the fair value of mortgage loans and properties held for sale. Loans are adjusted for changes in the market value of the property collateralized based on local market indices. Property held for sale is adjusted to the most recent appraisal preformed. The cost approach is used to determine the fair value of properties occupied by the Company and the policy contract loans.

(4) RESERVE FOR POLICY AND CONTRACT CLAIMS

The reserve reflects the liability for aggregate reserve amounts which, with additions from premiums to be received and with interest compounded annually at a level interest assumption of between 3.5% and 5.0% are calculated to be sufficient to meet policy obligations as they mature. During the second half of 2009, the Company began to offer fixed rate deferred annuities and in February 2013 began to also issue single premium immediate annuities. The Company had annuity contracts with reserves of $21,201,327 and $15,766,809 at December 31, 2013 and 2012, respectively.

(5) GUARANTEED INTEREST CONTRACTS

Guaranteed Interest Contracts (GICs) are amounts held on behalf of outside parties. Interest is paid yearly at a rate set by the Company, which is currently equal to the average 6-month CD rate as reported by the Federal Reserve, updated each month with a minimum rate of 4.0% through 2013 for contracts issued prior to June 2013 and 2.0% for contracts issued thereafter. Beginning January 1, 2014, the minimum guaranteed interest rate on all GICs is 2.0%. GICs are held primarily by stockholders of the Company. Contracts owned by stockholders represent 82% and 67% of all contracts at December 31, 2013 and 2012, respectively. GICs are renewed annually at the option of the Company and the terms of the contract can be changed by the Company with 30-day notice.

(6) STOCKHOLDERS' EQUITY

State of Arizona insurance regulations require the Company to keep a minimum capital of $400,000 and a minimum free surplus of $100,000. At December 31, 2013 and December 31, 2012, the Company had a capital amount of $924,657 and $923,839, respectively and free surplus of $16,497,867 and $15,890,513, respectively. Free surplus was reduced by the $5,999,952 and $5,821,076 cost of treasury stock for years 2013 & 2012, respectively.

In January 2014, the Board authorized the Company to purchase up to 300,000 shares of Company stock at 90% of the most recent available GAAP basis book value (adjusted for unpaid dividends), with this resolution to renew annually until revoked.

During 2013, treasury stock increased by the purchase of 56,391 shares of capital stock at prices ranging from $3.09 to $3.26 per share. During 2012, a total of 157,639 shares were purchased at prices of $3.02 to $3.13 per share. Stockholder equity per share was $3.63 at year end 2013 and $3.47 at year end 2012.

On February 18, 2014, the Board of Directors declared a cash dividend of 11.5 cents per share. The distribution will be made on April 08, 2014 to stockholders of record on March 31, 2014. A second semi-annual dividend is expected to be declared by the Board in August and paid in October.

(7) PARTICIPATING INSURANCE POLICIES

The allocation of dividends to participating policy owners is based on actuarial mortality rates with consideration for investment yields (which are subject to periodic review), issue ages, policy durations and premium charges. The mortality rates correspond with rates assumed in the calculation of the premium charges. Participating business comprised approximately 25% of total life insurance in force at December 31, 2013 and 24% at December 31, 2012.

(8) RELATED PARTIES

There is a significant inter-relationship between policyholders who are also stockholders and members of Company management and the Board of Directors. Nevertheless, no related party transactions involving this group have occurred during the years ended December 31, 2013 and 2012, other than ordinary compensation, expense reimbursements and similar items incurred in the ordinary course of business, except as follows:

1. Life Insurance premiums paid by Company officers and directors totaled 15.1% and 20.9% of total premiums paid in 2013 and 2012, respectively. Company officers and directors also owned 8.1% and 11.9% of total policy face value in 2013 and 2012, respectively.
2. A management education loan described in the 3rd paragraph of Note 10 below.
3. Wilford R. Cardon is a Company director and also a principal in all three investment partnerships detailed in Note 3, Investments in Partnerships.

(9) CASH FLOW RECONCILIATION

A reconciliation of net income to cash flows from operating activities is as follows:

December 31,	2013	2012
Net income	$1,855,800	$1,309,646
Adjustments to reconcile net income to net cash provided from operations		
Amortization of bond premiums	8,723	0
Unrealized gain on marketable securitites	176,207	33,669
Decrease in provision for impaired mortgages	-160,517	-147,306
(Increase) decrease in investment income due and accrued	-69,649	-50,319
(Increase) decrease in premiums deferred and uncollected	-439	-1,664
Decrease in other assets	-1,826	17
Decrease in reserves for policy and contract claims	15,056	-5,000
Decrease in commissions due and accrued	-17,350	18,000
Increase in accounts payable, accrued expenses and other	329,378	53,606
Increase (decrease) in policyholder funds	-547	3,604
Increase in income tax payable	141,300	13,148
Increase in life insurance and annuity reserve	5,384,123	3,704,453
Increase in deposit type accounts	0	727,574
Increase in deposits to deposit type accounts	38,536	-85,332
(Increase) decrease in deferred gains on installment sales	26,959	2,802
Net realized capital gains	-451,408	-118,899
Net cash from operations	$7,274,346	$5,457,999

(10) EMPLOYEE BENEFITS

Profit Sharing Plan - In 1993, the Company began to sponsor a qualified profit sharing plan available to full-time employees who meet the plan's eligibility requirements. The terms of the plan call for annual discretionary contributions by the Company as determined by the Board of Directors. Plan contributions were $71,270 for 2013 and $66,153 for 2012.

Stock Benefit Plan - In October 2007, the Company began an employee compensation in stock benefit plan available to full-time employees and directors. The terms of the plan allows employees or directors to specify up to 50% of their total compensation to be taken as shares of company stock. The allocation price of the stock is 100% of the (non-audited) GAAP book value for the month preceding enrollment. During 2013, 8,175 shares of Company common stock were purchased under the plan for a total of $28,061. The October 2013 enrollment stock price was $3.552 and as of December 31, 2013, $19,267 of employee and directors compensation had been set aside for stock purchase.

Employee Education Loan - A loan for employee educational expenses of $30,000 was authorized by the Board of Directors in September 2008. As of December 31, 2013 and 2012, the balance net of fringe benefit payments was $10,530 and $15,795, respectively. The balance of the loan is subject to future fringe benefit payments, and is therefore not included as an asset in this statement.

(11) CLAIMS AND CONTINGENCIES

The Company has various legal proceedings and claims pending that are common to its operations. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of the Company's legal counsel and management that they will not result in monetary damages that in the aggregate would be material to the business or operations of the Company.

(12) UNCERTAIN TAX POSITIONS

During 2010, the Company adopted the provisions of FASB Interpretation No. 48, as codified by the Financial Accounting Standards Board. This Interpretation requires entities, including nonprofit organizations, to evaluate uncertain tax provisions and record a liability for those positions in which it is more-likely-than-not that the position would result in an additional tax liability pursuant to an examination by the Internal Revenue Service. Management evaluates annually its tax positions related to unrelated business income, and if applicable adjusts its income tax provision accordingly. As of December 31, 2013, no uncertain tax positions have been identified and accordingly, no provision has been made.

(13) SPECIAL NOTE - Statutory Financial Statements

Each year, the Company files its financial statements with the Arizona Department of Insurance and the National Association of Insurance Commissioners (NAIC). They are prepared according to Standard Statutory Accounting Practices (SSAP) requirements, and are used by state regulators to review our Company's solvency and claims paying ability. We refer to these as the "statutory" financial statements, and they are audited each year by a qualified Certified Public Accounting firm.

The statutory financial statements differ in several respects with the financial statements provided herein (referred to as the Stockholders Financial Statements). Two significant additional reserves required in the Statutory Financial Statements include Asset Valuation Reserves ($1.2 million) and Interest Maintenance Reserves ($107,000). The Stockholders Financial Statements, although unaudited, are prepared in a manner primarily consistent with Generally Accepted Accounting Principles. The following table shows a comparison of the financial highlights of the Stockholders Financial Statements with the Statutory Financial Statements:

	2013 ***Stockholders*** Financial Statements	2013 ***Statutory*** Financial Statements
Total Assets	$48,791,770	$47,465,485
Total Liabilities	$31,369,246	$32,762,743
Total Stockholders Equity	$17,422,524	$14,702,742
Equity per Share	$3.63	$3.07
Annual Net Income	$1,855,800	$2,794,304
Net Income per Share	$0.39	$0.58

$0.21 of the Statutory Net Income per share is the result of the Company no longer being required to hold an Asset Adequacy Reserve of $1 million, resulting in an increase of $1 million in Statutory Net Income for 2013.

After April 8, 2014, the 2013 audited statutory financial statements will be available on the Company's website: www.AmericanSavingsLife.com/stock.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2013, the date in which the financial statements were available to be issued. No events or transactions occurred after year-end that require additional disclosure or adjustment to the financial statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report are forward-looking statements. Examples of forward-looking statements include (i) projections of revenues, income or lost earnings or loss per share and other financial items, (ii) statements of plans and objectives of the Company or its management, and (iii) statements of future economic performance. Words such as “believe”, “anticipates”, “expects”, “intends”, “may”, “will” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying these statements.

In addition, **all statements other than statements of historical facts that address activities that the Company expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements involve risk and uncertainties, which may cause actual results to differ materially from those in such statements.**

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