

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.

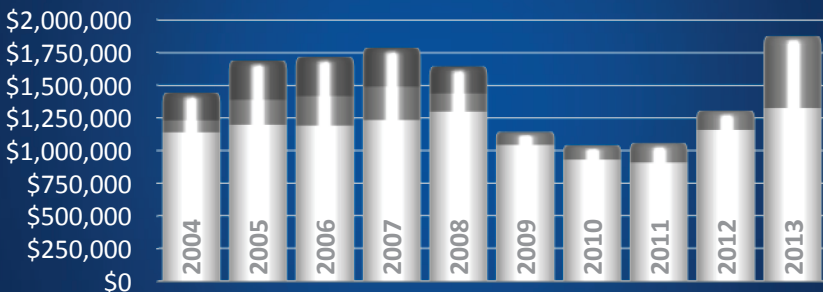
2013 Financial Results

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

Annual Operating Income & Capital Gains

■ Operating Income ■ Capital Gains (Excl. Vekol) ■ Vekol Wash Profits



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:

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.

2013 Performance Per Share

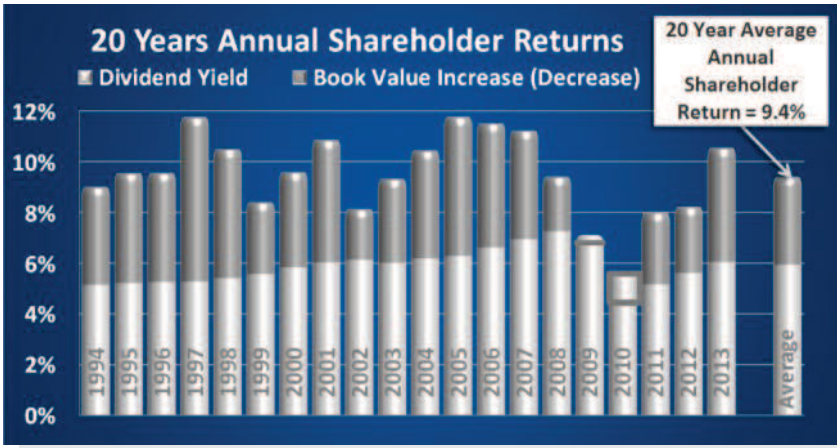
Dividends received: 21¢ = 6.1%
Book value increase: 16¢ = 4.6%
Total: 37¢ = 10.7%

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

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, Contoller; Byron Allen, President; Robert Allen, Vice-President; Gove Allen, Legal Counsel