60 YEARS

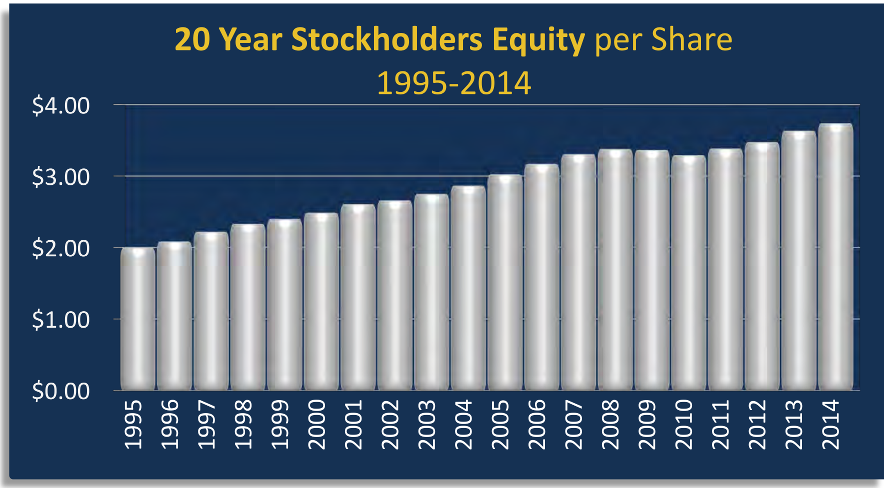
1954 - 2014

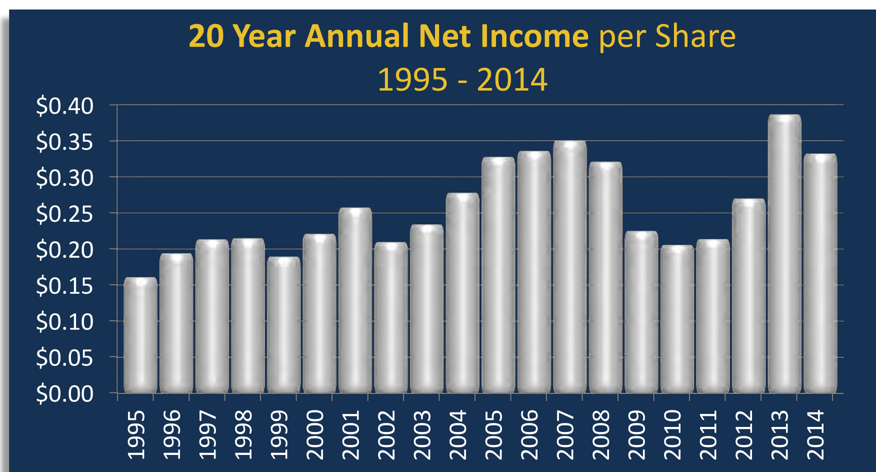
2014 ANNUAL REPORT

AMERICAN SAVINGS
LIFE INSURANCE COMPANY

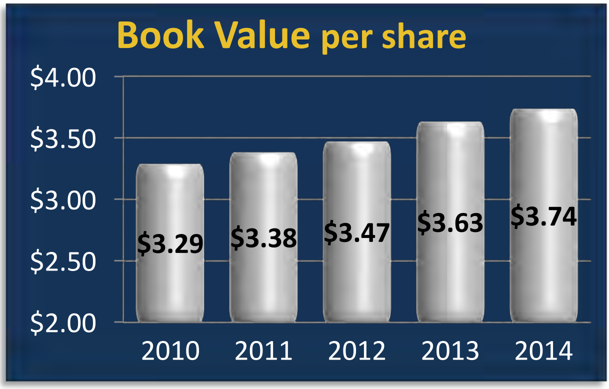
Founded 1954

A Tradition of FINANCIAL STRENGTH



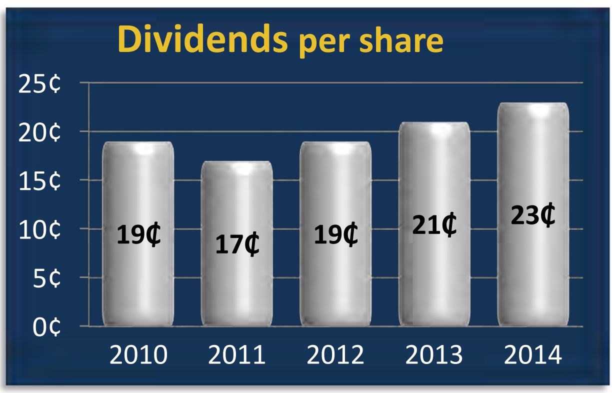


Financial HIGHLIGHTS



Book Value per share increased

2.9%



Dividends per share increased

9.5%

Total Assets increased

5.7%

Dear Fellow SHAREHOLDERS,

60 YEARS 1954 - 2014

March 2015

The year 2014 was a successful year in several ways:

1) As shareholders, we enjoyed a **total return of 9.2%**, which was comprised of a dividend yield of 6.3% and an increase in per share book value of 2.9%. Our average total return over the last 20 years has been 9.4%.

2) **Total Assets increased 5.7%** ($2.8 million), which brought our Total Assets past the 50 million dollar milestone to $51.6 million. Over the last six years (since we began selling annuities), we have grown Total Assets nearly $30 million, equaling an average annual growth rate of 21% per year.

3) We became approved to accept qualified money for our annuities so we are now selling **IRA annuities** to AZ and UT residents. This allows us to tap into the large pool of retirement funds for our annuity products.

4) We sold our first **loan participations** to another life insurance company and have received interest from several more life insurance companies. These companies recognize that we have a unique niche and want to participate in some of our loans (buy a part of the loan). We expect loan participations to become a profitable and important method of providing capital for funding loan opportunities.

5) We continue **diversifying our geographic lending area**. Ten percent of all loans originated in 2014 were in states other than Arizona. Our goal for 2015 is to have 25% of loans originated be in states other than Arizona (primarily Texas). Geographic diversification of our real estate loans should help us be less susceptible to local real estate market corrections and economic recessions.

First 2015 Semi-Annual Dividend Declared

The Board of Directors has declared an 11.5¢ per share semi-annual dividend to be paid on April 9, 2015 to shareholders of record as of March 31, 2015. This is equivalent to an annualized dividend yield of 6.2%.

The Board intends to declare the second semi-annual dividend in August, to be paid in October. The year 2015 will be the 33rd consecutive year that we have paid cash dividends. Over these 33 years the dividends have increased an average of 5.3% per year.

Building on Our Firm Foundation of 60 Years

On April 6, 2014, American Savings Life Insurance Company celebrated 60 years of business. The Company's first 60 years have provided valuable life insurance coverage and real estate loans to thousands of customers.

As we continue to grow we are able to expand the number of people our Company benefits. We are able to provide better retirement income to more retirees. We are able to provide our unique *Not So Hard Money™* real estate loans to more business owners or real estate investors. As long as we continue to follow the same conservative principles we have established over the last 60 years, this growth will provide for even greater success for all stakeholders of the Company (our shareholders, our customers, our agents and our employees).

The first 60 years delivered substantial value to our shareholders and now provides a firm financial foundation for the Company's future growth. We look forward to continuing the Company's long tradition of creating attractive and dependable shareholder returns while continuing the prudent growth we have produced the past six years.

Indeed, we are very confident about our Company's future. Our investment model described on pages 5-6 has been well tested over the past seven years and has proven to be a successful model. We have developed a unique and rewarding niche within our industry; one that we are confident will continue to benefit all stakeholders in our Company's success.

On behalf of the board of directors and the management team, I want to personally thank you for your trust and support. I am extremely grateful for the opportunity to work with our tremendous staff as together we continue to build an even brighter future on the firm foundation created over the past 60 years.

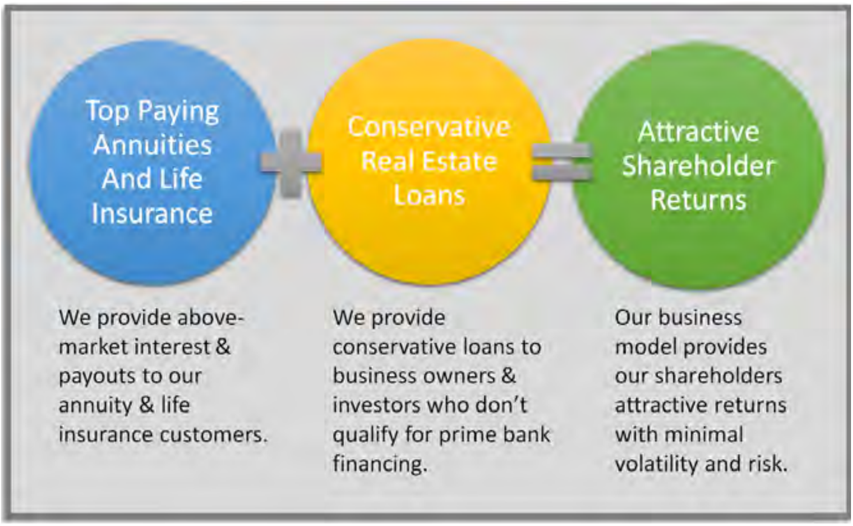
Byron Frihoff Allen, President

Company OVERVIEW

WHO ARE WE?

American Savings Life Insurance Company (ASL) is a legal reserve life insurance company founded in 1954 with our home offices in Mesa, Arizona. We sell whole life insurance and fixed annuities and we invest a significant part of our assets in a niche real estate lending model we call *Not So Hard Money*^{TM} loans.

WHAT VALUE DO WE PROVIDE?



HOW ARE WE DIFFERENT?

1) We have a unique, time-proven investment model.

Over the last sixty years the Company has developed a unique business model. From the day Frihoff Allen founded ASL, real estate lending has been a major part of the Company's investment strategy. Our unique lending model is different than typical bank or life insurance companies, yet we believe it is superior in several ways.

First, we underwrite all of our loans based primarily on **loaning a conservative percentage of the property's value** (Loan-To-Value or LTV). In point of fact, our current average loan amount is less than 55% of the appraised value of the property securing our loan. Compared to bank loans that are typically 75% LTV or higher, our lower

LTV provides us with a significantly greater cushion of safety in case of foreclosure.

Second, **we earn higher interest rates** than conventional commercial loans. The average interest rate we currently earn on our loans is over 10% per annum. We are able to charge higher interest rates because we will make loans where the borrower or the property is "outside the box" of traditional lenders' normal guidelines, but are still good loans. We believe our successful track record is prima facie evidence that our lending model provides superior risk adjusted returns.

Third, we believe that "how" we lend is critically important. **We are "old school lenders."** We underwrite each loan ourselves in-house with salaried employees who are not motivated by commissions to have the Company make risky loans. We inspect every property and meet the borrowers in person. We also have a committee of experienced lenders approve every loan.

Finally, **the proof is in the pudding**. Over the last 20 years, we made 450 mortgage loans totaling over $110 million. Of these, we took back through foreclosure 36 loans ($7.5 million), which equals eight percent of the 450 loans (6.7% of the total amount loaned). Furthermore, we often resell these properties for a gain.

2) We pay above-market interest on our products.

There are three primary reasons we are able to profitably pay interest rates on our life insurance and annuity products that are higher than our competitors.

First, **we have lower overhead** than our competitors. This Company was founded on conservative fiscal principles and those continue to this day. Come visit us at our home office and you will see firsthand our frugal nature! No fancy offices, corporate perks or big executive compensation packages here!

Second, **we have lower sales costs** than our competition. Our philosophy is to make our policies as attractive to the customer as possible. Doing this makes it easier for agents to sell our products. The commissions we pay to agents, while competitive, are not as high as many other companies pay. Also unlike most other insurance companies, we do not have multiple layers of sales managers that all need to be paid out of policy sales. Both of these factors keep our sales cost minimal.

Third, **we earn a higher return on invested assets** than our competitors by investing a majority of our assets in mortgage loans as described above.

Management's Discussion & ANALYSIS OF OPERATIONS

REPORT ON LINES OF BUSINESS

Life Insurance and Annuity Business

Annuities

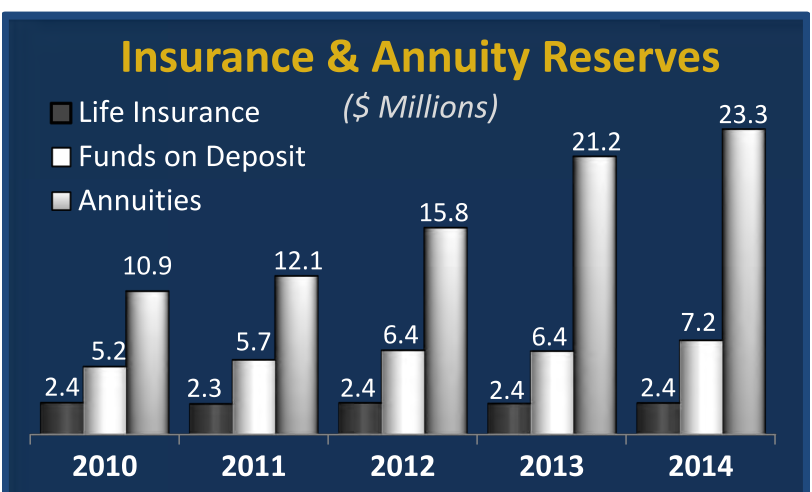
In 2014 we sold $2.2 million in annuities, consisting of $1.5 million of Deferred Annuities and $0.7 million of Income Annuities.

One significant development with our annuity business in 2014 was that we received approval from the IRS to accept qualified funds (retirement account funds) and issue IRA annuities. We expect these will become an increasingly significant part of our annuity sales in future years.

Life Insurance

2014 life insurance sales totaled $1.3 million of insurance coverage (face value). Due in large part to the attractive 4.0% interest rate we pay on funds deposited in Advance Premium Deposit accounts, we sold $1.2 million in Youth Life policies (amount of insurance or "face").

Growing our life insurance sales in a meaningful way is certainly part of our strategic plans; however, for 2015 our primary focus will remain on increasing our annuity business and increasing our lending capabilities to handle higher loan volumes.



Funds on Deposit

Total Funds on Deposit (which includes Guaranteed Interest Contracts "GICs" and Advance Premium Deposit accounts "APDs") increased $825,000 to $7.2 million. Ninety percent of this increase was in APDs associated with new Youth Life policy sales. This is because we pay a minimum guaranteed interest rate of 4.0% per annum on APDs. This is the driving force behind most of our Youth Life sales.

With the current interest rate on our GICs at 2.0% and 4.0% on our APDs, our weighted average interest rate on our total Funds on Deposit averaged 2.4% during 2014. Plus, we do not pay any sales commissions on these accounts. Funds on Deposit are currently our least expensive source of investment capital.

INVESTMENTS

Mortgage Lending

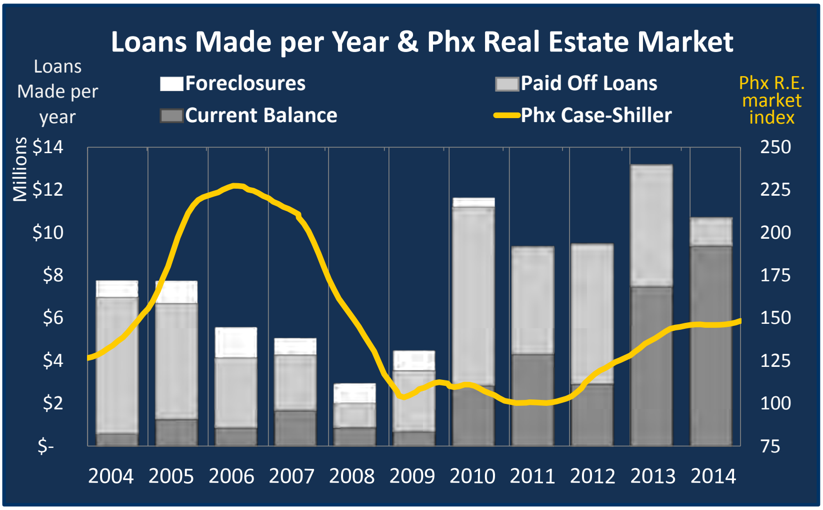
Through our subsidiary mortgage company, American Life Financial Corporation, we originated $11.1 million of real estate loans in 2014.

Our mortgage loan portfolio maintained an average of $33.1 million throughout 2014, which is $4 million greater than 2013's average total mortgage loans. Maintaining this higher loan portfolio balance throughout 2014 increased our interest on mortgage loans nearly $320,000 over the prior year.

Total interest income on mortgage loans in 2014 equaled 11.1% of the average total mortgage loans. Additionally, Mortgage Loan Fees of $394,000 (primarily loan origination fees) equaled an additional 1.2% return, for a total yield of 12.3% on our average mortgage loan portfolio in 2014.

The chart below shows the amount of loans made each year since 2005, compared to the Phoenix, AZ real estate market (Case-Shiller Index). The total bar height represents the total Company loans made each year, with the dark gray part representing the amount of each year's loans that remained outstanding as of December 31, 2014. The light gray represents the loans paid off and the white part represents the amount of loans from each year that were foreclosures. It is noteworthy that no loans made after 2010 have been foreclosed.

This chart also illustrates that almost all (84% to be precise) of our current loan portfolio was originated after the real estate market crash of 2007-2008. With these lower market values, we are confident our loan portfolio is well secured with minimal risk of loss from foreclosures.



Real Estate Owned

2014 was an underperforming year for our real estate portfolio. We cancelled the leases on our two highest rent paying properties because we expected to sell both properties. Unfortunately, neither property sold in 2014. The decreased rental income plus higher than usual investment expenses on improving our REOs resulted in a loss on Real Estate of $125,000 in 2014.

2015 is looking more promising, however. We have now leased our highest rent property as well as increased our leased space in our home office. We expect our rental income to increase substantially and to sell several of our REO properties in 2015.

Investment Partnerships

As of December 31, 2014, we have $1.25 million invested in limited partnerships which acquired large portfolios of mortgage loans from banks at steep discounts. One of these investments ($370,000) is consistently selling assets and making distributions each quarter. The other partnership ($880,000) is still in the early stage of its life cycle and has not begun to make distributions.

We do not accrue income on these investments so currently the $880,000 portion is a non-performing asset. These investments have an expected duration of approximately five years and we believe they will eventually provide us with very favorable returns.

ANALYSIS OF OUR BUSINESS MODEL

Liquidity Risk and Strategy

By having a majority of our assets invested in mortgage loans, our business model has one business risk greater than any other; liquidity risk. This is particularly relevant since over half ($28 million) of our $52 million of assets are deferred annuities and funds on deposit; all of which can be requested to be withdrawn by our customers at any time.

Currently, 50% of these funds would incur surrender penalties if they were to withdraw more than 10%. These surrender penalties are typically an effective deterrent from early withdrawals. The other half, however, have no surrender penalties.

Since we invest the majority of our assets in real estate mortgages and mortgage contracts are not immediately marketable, we have put into place several layers or tiers of liquidity to ensure we will always be able to timely honor withdrawal requests.

The first tier of liquidity is our **significant positive cash flow**. With our mortgage loan portfolio earning over 11% interest and with an average 25% of our loan portfolio paying off each year, our mortgage loans typically generate on average nearly $1 million of cash flow each month.

The second tier of liquidity is the assets we have designated as "**Emergency Liquidity Funds**." This amount is calculated based on the amount of annuities and funds on deposit we have and if they have surrender charges or not. Our Emergency Liquidity Funds are currently $6 million. We keep 50% of this in cash and 50% in marketable securities (primarily investment grade bonds).

The third tier of liquidity is our mortgage loan origination pipeline. At any given time we have funds we have designated as "**Investable Funds**," which we typically invest in real estate loans. These funds typically range from $2 million to $4 million. In the unlikely event that we were to receive withdrawal requests that exceed our Emergency Liquidity Funds, we would use these Investable Funds to honor withdrawal requests.

The fourth tier of liquidity is our **bank line of credit**, which provides us with $3 million of immediately available cash.

The fifth tier of liquidity is our ability to replace withdrawn annuities or funds on deposit with **new annuities or funds on deposit**. We have demonstrated over the past several years that we have increased annuity premiums primarily by increasing our marketing efforts. Furthermore, we currently pay no sales commissions for funds on deposit. If we were to offer even just a modest sales commission on these, we expect we could easily generate as much funds as we would need.

The sixth tier of liquidity is to **sell some of our mortgage loans**. We have relationships with dozens of lenders and investors (both private and institutional) whose business it is to purchase mortgage loans similar to ours. Additionally, we recently began selling loan participations to other life insurance companies. We expect that we could liquidate as many mortgages as necessary within a matter of weeks through either selling loan participations or selling whole loans.

In conclusion, with liquidity being the biggest risk to our business model, we are quite confident that we have a liquidity strategy that is sufficient to handle any realistic liquidity emergency scenario.

Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, 2012, 2011 & 2010 (UNAUDITED)

	2014	2013	2012	2011	2010
Statement of Operations Data					
Total Revenues	**$ 4,249,153**	$ 4,206,003	$ 3,756,368	$ 3,311,689	$ 2,838,806
Total Expenses	**2,558,243**	2,529,820	2,309,204	2,164,373	1,766,928
Net Gain From Operations	**1,690,909**	1,676,183	1,447,163	1,147,315	1,071,877
Net Income	**1,581,173**	1,855,800	1,309,646	1,069,334	1,041,605
Statement of Financial Position Data					
Total Assets	**$ 50,492,175**	$ 47,863,291	$ 42,387,711	$ 37,939,125	$ 35,940,253
Total Reserves for Life Ins, Annuities & Deposits	**32,866,624**	29,923,137	24,600,659	24,600,659	18,528,453
Total Liabilities	**33,820,044**	31,369,246	25,573,359	21,032,914	19,302,223
Total Shareholders Equity	**17,774,963**	17,422,524	16,814,352	16,906,211	16,638,030
Per Share Data					
Total shares outstanding	**4,755,107**	4,794,973	4,843,189	4,995,265	5,056,348
Net Income per share	**$ 0.333**	$ 0.387	$ 0.270	$ 0.214	$ 0.206
Dividends per share	**$ 0.230**	$ 0.210	$ 0.190	$ 0.170	$ 0.190
Shareholder Equity per share	**$ 3.738**	$ 3.633	$ 3.472	$ 3.384	$ 3.291
Key Performance Measurements					
Dividend Yield *(Dividends / prior yr. equity per share)*	**6.3%**	6.0%	5.6%	5.2%	5.6%
Investment Yield *(Net Inv.Inc.+Cap.Gains/prior yr. assets)*	**8.7%**	11.0%	9.9%	9.3%	12.4%
Return on Equity *(Net Income / prior yr. equity per share)*	**9.2%**	11.1%	8.0%	6.5%	6.1%
Total Shareholder Return *(dividends+equity incr. / prior year equity per share)*	**9.2%**	10.7%	8.2%	8.0%	3.1%

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

Consolidated Statement of Operations

FOR THE YEARS ENDED DEC 31, 2014, 2013 & 2012 *(UNAUDITED)*

REVENUES	**2014**	2013	2012
Life insurance premiums	**$ 149,894**	$ 147,287	$ 176,845
Interest income			
Interest on cash & equivalents	**38,019**	35,650	50,687
Interest on policy loans	**3,722**	3,417	5,170
Mortgage loan interest	**3,680,436**	3,361,320	3,086,081
Investment income net of expenses			
Mortgage loan fees	**394,179**	422,245	341,111
Income on Real Estate Owned	**(125,159)**	19,144	21,552
Other investment income	**108,062**	216,940	74,921
TOTAL REVENUES	**4,249,153**	4,206,003	3,756,368
EXPENSES			
Death benefits	**52,390**	70,194	49,356
Policyholder benefits & dividends	**96,791**	184,395	74,525
Incr(decr) in life reserves & loading	**39,494**	(48,734)	79,848
Policy acquisition costs (deferred)	**105,738**	(34,133)	187
Commissions and Advertising	**53,145**	124,905	68,868
Interest on insurance and annuities	**912,784**	1,003,075	826,646
General Expenses			
Salaries and wages	**837,857**	802,474	715,467
Welfare Plan	**65,943**	60,014	66,132
Profit Sharing Plan	**78,189**	71,270	66,153
Professional Service fees	**117,811**	111,640	202,037
Other expenses	**109,801**	99,761	82,008
Taxes Licences and Fees	**88,301**	84,958	77,977
TOTAL EXPENSES	**2,558,243**	2,529,820	2,309,204
NET GAIN FROM OPERATIONS	**1,690,909**	1,676,183	1,447,163
Realized Gain on Real Estate & Securities	**70,644**	589,242	183,010
Federal Income Tax Paid	**(180,380)**	(409,626)	(320,527)
NET INCOME	**1,581,173**	1,855,800	1,309,646
Total shares outstanding	**4,755,107**	4,794,973	4,843,189
Net Income per share	**0.333**	0.387	0.270

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

Consolidated Statement of Financial Position

FOR THE YEARS ENDED DEC 31, 2014, 2013, & 2012 *(UNAUDITED)*

ASSETS	**2014**	**2013**	**2012**
Cash and cash equivalents	**$ 6,807,909**	$ 5,493,481	$ 5,528,605
Long term certificates of deposit	**249,000**	498,000	249,000
Bonds	**2,544,930**	2,533,800	1,950,556
Common & preferred stock	**557,846**	545,810	43,721
Policy loans	**68,011**	81,872	102,989
Mortgage loans	**33,877,599**	32,246,707	28,611,151
Investments in partnerships	**1,250,115**	1,261,522	589,617
Real estate investments & receivables	**5,136,765**	5,202,099	4,470,679
TOTAL CASH & INVESTED ASSETS	**50,492,175**	**47,863,291**	**41,546,318**
Accured interest & deposits	**409,333**	392,277	319,569
Deferred policy acqusition asset	**288,926**	305,380	286,260
Land and building	**194,583**	194,583	194,583
Office equipment	**27,632**	32,895	35,411
Deferred tax asset	**105,102**	0	0
Income tax refundable	**77,257**	3,344	5,571
TOTAL ASSETS	**51,595,008**	**48,791,770**	**42,387,711**
LIABILITIES			
Reserves for life policies	**2,404,210**	2,364,224	2,413,524
Reserves for annuities	**23,280,196**	21,201,327	15,766,809
Insurance policy claims pending	**9,050**	24,106	9,050
Policy holder & GIC funds on deposit	**7,182,218**	6,357,586	6,420,326
Other policy holder liabilities	**46,272**	42,428	42,976
Taxes & expenses due & accrued	**197,751**	187,902	156,081
Unearned investment income	**4,812**	4,042	4,464
Amounts held by ASLIC for others	**695,485**	942,482	656,151
Income tax payable	**50**	245,149	103,978
TOTAL LIABILITIES	**33,820,044**	**31,369,246**	**25,573,359**
SHAREHOLDERS EQUITY			
Capital stock	**926,230**	924,657	923,839
Capital stock in excess of par	**2,540,611**	2,486,066	2,458,823
Stock notes & Employee receivables	**(5,265)**	(10,580)	(11,597)
Retained earnings	**20,743,256**	20,194,609	19,369,171
Unrealized gain (loss) on securities	**(246,367)**	(172,276)	(104,808)
Less treasury stock	**(6,183,502)**	(5,999,952)	(5,821,076)
TOTAL SHAREHOLDERS EQUITY	**17,774,963**	**17,422,524**	**16,814,352**
TOTAL LIABILITIES AND SHARE-HOLDERS EQUITY	**51,595,008**	**48,791,770**	**42,387,711**
Shares Outstanding	**4,755,107**	**4,794,973**	**4,843,189**
Equity Value Per Share	**$3.738**	**$3.633**	**$3.472**

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

Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31, 2014, 2013, & 2012 *(UNAUDITED)*

OPERATING ACTIVITIES	**2014**	**2013**	**2012**
Funds provided from operations			
Premiums received and annuity increases	**$ 2,356,030**	$ 6,742,881	$ 3,801,030
Net investment income (excl. realized gains)	**3,925,195**	3,791,843	3,515,637
Total funds provided from operations	**6,281,225**	10,534,724	7,316,667
Funds used in operations			
Benefits and loss related payments	**(1,189,092)**	(2,089,944)	(913,419)
Commissions & other expenses & taxes paid *(excluding federal income taxes)*	**(1,055,084)**	(977,981)	(630,503)
Dividends paid to policyholders	**(36,893)**	(36,980)	(37,109)
Federal income taxes paid *(excl. capital gains tax)*	**(502,740)**	(155,474)	(277,637)
Total funds (used) in operations	**(2,783,810)**	(3,260,379)	(1,858,668)
NET CASH PROVIDED FROM OPERATIONS	**3,497,416**	7,274,346	5,457,999
INVESTING ACTIVITIES			
Funds provided from investments sold, matured or repaid			
Bonds	**695,500**	249,000	500,848
Stocks	**50,640**	1,381,996	6,911
Mortgage Loans	**8,878,870**	8,298,476	4,018,396
Real Estate	**166,087**	766,682	441,784
Other invested assets	**11,407**	208,095	830,383
Total investment proceeds before capital gains tax	**9,802,504**	10,904,249	5,798,322
Cost of investments acquired			
Bonds, Mutual funds & long term CD's	**(473,160)**	(2,489,813)	(2,185,554)
Stocks	**(48,521)**	(502,089)	0
Mortgage Loans	**(10,694,500)**	(13,107,000)	(8,038,367)
Real Estate and other invested assets	**(1,087)**	(910,888)	(1,464,943)
Total cost of investments acquired	**(11,217,268)**	(17,009,790)	(11,688,864)
(Increase) Decrease in policy loans	**13,861**	21,116	11,016
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(1,400,904)**	(6,084,425)	(5,879,526)
FINANCING ACTIVITIES			
Funds provided from (used for) financing activities			
Capital and paid in surplus net of treasury stock	**(127,432)**	(149,798)	(467,855)
Net deposits on deposit-type contracts	**666,288**	(62,740)	121,761
Cash dividends paid	**(1,100,157)**	(1,012,506)	(941,209)
Other cash provided (applied)	**(221,722)**	0	0
Net cash provided from (used for) financing activities	**(783,024)**	(1,225,044)	(1,287,303)
Increase (Decr.) in cash & short-term investments	**1,313,488**	(35,124)	(1,708,830)
Cash & short-term investments, beg. of year	**5,493,481**	5,528,605	7,237,435
Cash & short-term investments, end of year	**6,806,969**	5,493,481	5,528,605

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

Statement of Changes in Stockholders Equity

FOR THE TWELVE MONTHS ENDED
DEC 31, 2014 AND 2013 (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, 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
Change in 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 Nonadmitted 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**
COMPREHENSIVE INCOME:							
Net Income				1,612,397			1,612,397
Change in unrealized investment gain or (loss)			(74,091)				(74,091)
Comprehensive income			(74,091)	1,612,397			1,538,306
Dividends declared & accrued				(1,100,157)			(1,100,157)
Issue employee compensation in stock	1,573	54,545					56,118
Repurchase Capital Stock (Treasury)						(183,550)	(183,550)
Change in Nonadmitted Assets				36,408	5,315		41,723
BALANCES, December 31, 2014	**926,230**	**2,540,611**	**(246,366)**	**20,743,255**	**(5,264)**	**(6,183,502)**	**17,774,963**

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 $548,940 at year end 2014 and $557,677 at year end 2013.

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, 2014 and December 31, 2013, 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. Total cash in demand deposits exceeding FDIC insurance limits were $1,118,682 and $212,681 at December 31, 2014 and 2013, 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,	2014	2013
Certificate of Deposits	**$ 1,491,708**	$ 1,244,543
Money market funds	**231,370**	27,181
Demand deposits	**5,084,831**	4,221,758
Total cash & short term investments	**6,807,909**	5,493,481

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 6.99% 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.

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 $0 as of December 31, 2014 and 2013, 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 $315,771 and $225,824 as of December 31, 2014 and 2013, respectively. Both allowances reduce Mortgage Loans and increase Unrealized Losses in the Statement of Financial Position.

December 31,	**2014**	2013
Commercial & consumer loans	**$33,497,524**	$31,929,703
Purchase Money Loans	**380,075**	317,004
Total mortgage loans	**33,877,599**	32,246,707
Remaining Deferred Gain	**140,636**	179,347
Annual Realized Deferred Gain	**17,508**	86,245

Investments in Partnerships:

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 2014 the Company received $11,407 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 $1,250,115 in 2013 and $1,261,522 in 2013.

December 31,	**2014**	2013
Sugarloaf VII, LLC	**370,115**	381,522
Window Rock Residential Recovery Fund LP	**880,000**	880,000
Total investments in partnerships	**1,250,115**	1,261,522

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. The Company acquired two properties through foreclosure during 2014 for $207,856. During 2014, the Company sold one property acquired through foreclosure and one investment property, realizing a loss of $1,091 and gain of $11,744, 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,	2014	2013
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.

Investments	**Balance 12/31/2013**	**Additions**	**Retirements**	**Balance 12/31/2014**
Level 1 investments:				
Long term certificate of deposits	498,000	249,000	(498,000)	249,000
Unaffiliated common stock	545,810	62,676	(50,640)	557,846
Short-term investments	27,181	4,015,212	(3,811,023)	231,370
Certificates of deposit	1,244,543	1,491,708	(1,244,543)	1,491,708
Total Level 1	2,315,533	5,818,597	(5,604,205)	2,529,924
Level 3 Investments:				
Mortgage loans	32,246,707	10,694,500	(9,063,608)	33,877,599
Properties held for sale	5,202,099	210,485	(275,819)	5,136,765
Policy contract loans	81,872	4,397	(18,258)	68,011
Total level 3	37,530,678	10,909,382	(9,357,686)	39,082,374
Total Investments	39,846,211	16,727,979	(14,961,891)	41,612,299
Money market and checking accounts				5,084,831
Bonds carried at amortized cost				2,544,930
Partnership interests carried at cost less distributions				1,250,115
Total cash and investments				**50,492,175**

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 table above presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2014.

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) DEFERRED TAX ASSET (LIABILITY)

The components of the net deferred tax asset / (liability) at December 31, 2014 are as follows:

Gross deferred tax assets	**$1,439,613**
Statutory valuation allowance adjustments	**-898,174**
Adjusted gross deferred tax assets	**541,439**
Deferred tax assets non-admitted	**-428,208**
Net admitted deferred tax asset	**113,231**
Deferred tax liabilities	**-8,128**
Net admitted deferred tax assets / (liabilities)	**105,103**

(5) 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 $23,280,196 and $21,201,327 at December 31, 2014 and 2013, respectively.

(6) 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 82% of all contracts at December 31, 2014 and 2013, 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.

(7) 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, 2014 and December 31, 2013, the Company had a capital amount of $926,230 and $924,657, respectively and free surplus of $16,848,733 and $16,497,867, respectively. Free surplus was reduced by the $6,183,502 and $5,999,952 cost of treasury stock for years 2014 & 2013, respectively.

In January 2015, 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 2014, treasury stock increased by the purchase of 55,595 shares of capital stock at prices ranging from $3.24 to $3.26 per share. During 2014, a total of 56,391 shares were purchased at prices of $3.09 to $3.37 per share. Stockholder equity per share was $3.74 at year end 2014 and $3.63 at year end 2013.

On February 17, 2015, the Board of Directors declared a cash dividend of 11.5 cents per share. The distribution will be made on April 09, 2015 to stockholders of record on March 31, 2015. A second semi-annual dividend is expected to be declared by the Board in August and paid in October.

(8) 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 24% of total life insurance in force at December 31, 2014 and 25% at December 31, 2013.

(9) 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, 2014 and 2013, other than ordinary compensation, expense reimbursements and similar items incurred in the ordinary course of business, except as follows:

a) Life Insurance premiums paid by Company officers and directors totaled 12.6% and 15.1% of total premiums paid in 2013 and 2012, respectively. Company officers and directors also owned 7.5% and 8.1% of total policy face value in 2013 and 2012, respectively.
b) A management education loan described in the 3rd paragraph of Note 9 below.

c) Wilford R. Cardon is a Company director and also a principal in the investment partnerships detailed in Note 3, Investments in Partnerships.

(10) CASH FLOW RECONCILIATION

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

December 31,	2014	2013
Net income	$1,581,173	$1,855,800
Adjustments to reconcile net income to net cash provided from operations		
Depreciation	35,668	0
Amortization of bond premiums	11,230	8,723
Unrealized gain on marketable securitites	15,856	176,207
Bad debt expense related to mortgage loan receivables	0	-160,517
(Increase) decrease in investment income due and accrued	-12,626	-69,649
(Increase) decrease in premiums deferred and uncollected	323	-439
(Increase) Decrease in other assets	9	-1,826
(Increase) decrease in reserves for policy and contract claims	-15,056	15,056
Increase (decrease) in commissions due and accrued	6,991	-17,350
Increase (decrease) in accounts payable, accrued expenses and other	-490,432	329,378
Increase (decrease) in policyholder funds	3,845	-547
Increase (decrease) in income tax payable	-322,316	141,300
Increase in life insurance and annuity reserve	2,118,855	5,384,123
Increase in deposits to deposit type accounts	660,535	38,536
Increase (decrease) in deferred gains on installment sales	-38,711	26,959
Net realized capital gains	-57,928	-451,408
Net cash from operations	$3,497,416	$7,274,346

(11) 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 $78,189 for 2014 and $71,270 for 2013.

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 2014, 15,729 shares of Company common stock were purchased under the plan for a total of $56,118. The October 2014 enrollment stock price was $3.642 and as of December 31, 2014, $10,521 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, 2014 and 2013, the balance net of fringe benefit payments was $5,265 and $10,530, respectively. The balance of the loan is subject to future fringe benefit payments, and is therefore not included as an asset in this statement.

(12) 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.

(13) 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, 2014, no uncertain tax positions have been identified and accordingly, no provision has been made.

(14) 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 ($1.5 million) and Interest Maintenance Reserves ($98,000). 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:

	2014 ***Stockholders*** Financial Statements	2014 ***Statutory*** Financial Statements
Total Assets	**$51,595,008**	$49,972,455
Total Liabilities	**$33,820,044**	$35,437,498
Total Stockholders Equity	**$17,774,963**	$14,534,958
Equity per Share	**$3.74**	$3.06
Annual Net Income	**$1,581,173**	$1,621,672
Net Income per Share	**$0.33**	$0.34

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

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2015, 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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