GOOD THINGS COME TO THOSE WHO WAIT

TIME WAITS FOR NO MAN

ACTIONS SPEAK LOUDER THAN WORDS

THE PEN IS MIGHTIER THAN THE SWORD

LIFE IS WHAT YOU MAKE OF IT

WHAT WILL BE, WILL BE

2015

ANNUAL REPORT

THE EARLY BIRD GETS THE WORM

THE SECOND MOUSE GETS THE CHEESE

A PENNY SAVED IS A PENNY EARNED

PENNY WISE AND POUND FOOLISH

WINNERS NEVER QUIT

QUIT WHILE YOU ARE AHEAD

NOTHING VENTURED, NOTHING GAINED

BETTER SAFE THAN SORRY

LOOK BEFORE YOU LEAP

HE WHO HESITATES IS LOST

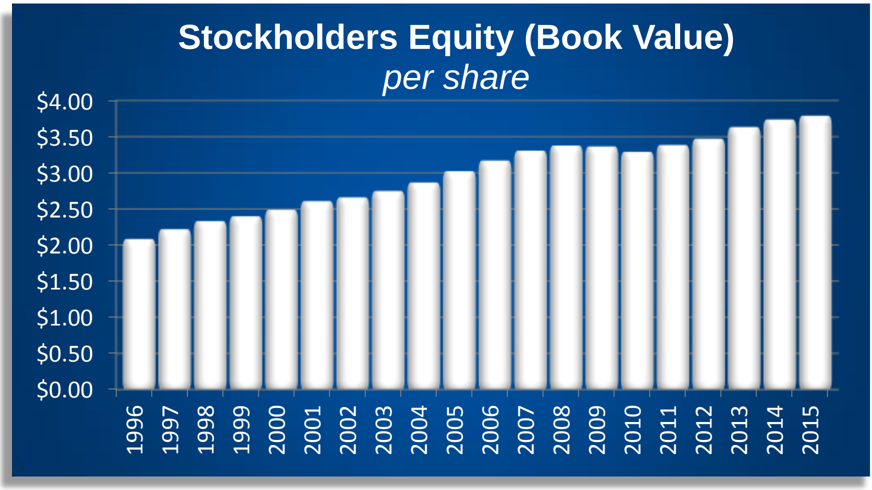
GOOD THINGS COME IN SMALL PACKAGES

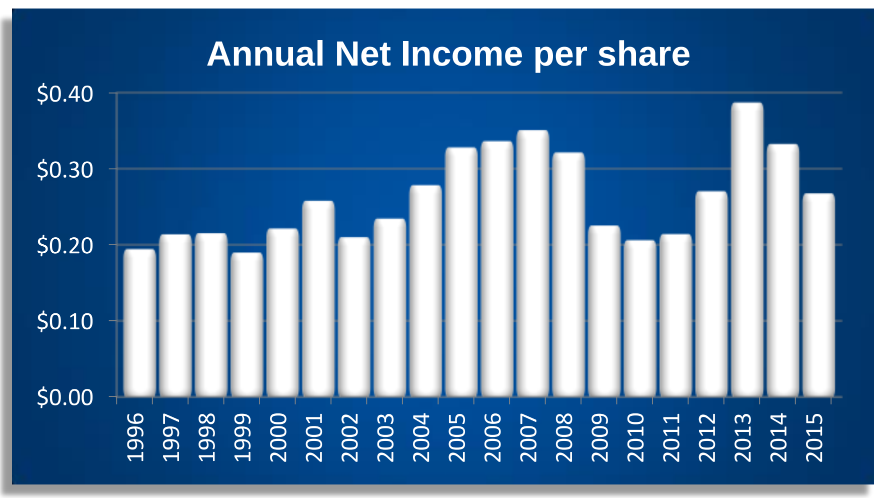
THE BIGGER THE BETTER

AMERICAN SAVINGS
LIFE INSURANCE COMPANY

Founded 1954

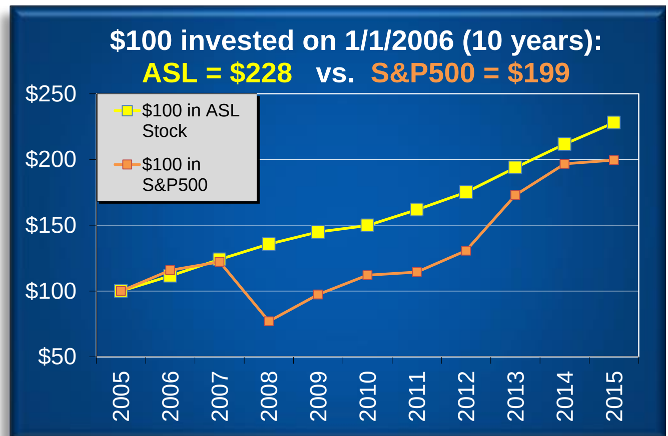
A Tradition of FINANCIAL STRENGTH





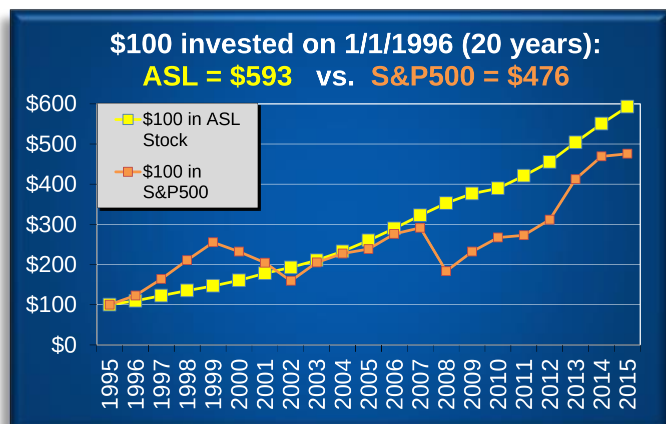
Over the past 10 years, Total Assets have increased 182% or an average of 18% per year.

This growth is primarily from the sale of annuities.



The first line graph illustrates how your $100 book value of ASL stock 10 years ago has grown to $228 today (including dividends paid & increase in book value).

The same $100 investment in the S&P 500 general stock market index would have grown to $199 today.



Similarly, $100 in book value 20 years ago in ASL stock has grown to $593 today while $100 in the S&P 500 stock market index has only grown to $476 today.

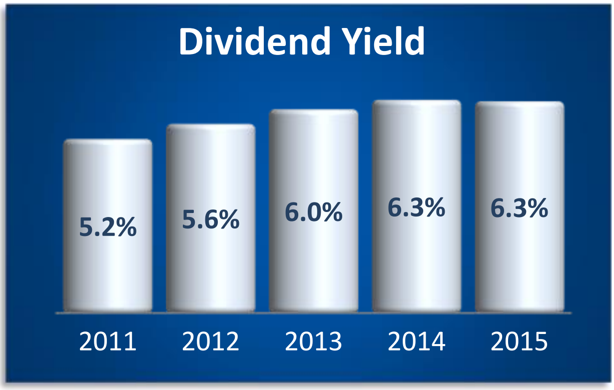
Key Performance Measurements

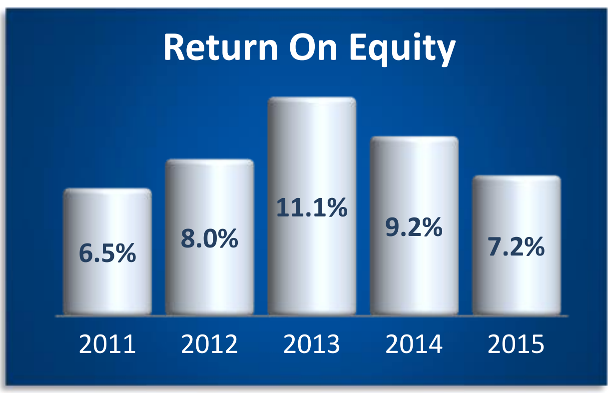
2015 Dividend Yield

6.3%

Dividends per share

Beginning of Year Book Value per share





2015 Return On Equity

7.2%

Net Income per share

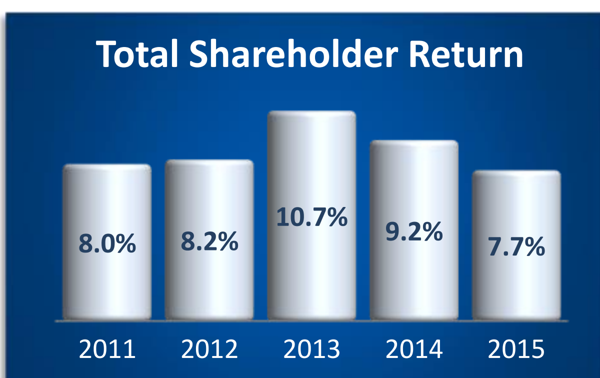
Beginning of Year Book Value per share

2015 Total Shareholder Return

7.7%

Dividends + Incr. in Book Value per share

Beginning of Year Book Value per share



Dear Fellow SHAREHOLDERS,

March 2016

The Battle of the Proverbs

As the cover illustrates, there is no shortage of sage proverbs that embody the wisdom of the ages. So how is it that so many contradict each other? Which one is right and which one is wrong?

The inspiration for listing some of the many contradicting proverbs on the cover of this year's Annual Report stems from the challenge we are experiencing as the Company grows.

On one hand, we recognize the wisdom in "sticking to your knitting" or "do what you do best" or "focus on your core competencies."

On the other hand, we recognize that as the business grows and times change, we need to evolve our business. "Nothing remains constant except change itself." One of my favorite quotes on change is by Robert C. Gallagher; "Change is inevitable; except from a vending machine."

Diversification vs. "Diworsification"

We recognize that as the business grows, the need to diversify our business grows as well. If we are able to do it correctly, diversification has the potential to decrease the vulnerability of our business and volatility in our investment performance by "not putting all our eggs in one basket."

On the other hand, if not done wisely, diversification can end up being "diworsification," a term coined by the legendary investor Peter Lynch. This happens when a business diversifies too widely, thereby destroying their original business because the Company's time, energy and resources are diverted from the core business that initially made them great.

As you read through this year's Annual Report we hope you will notice the ways we are **diversifying** our business. Only time will tell if all of these are beneficial but we believe they will be (or we wouldn't be doing them!).

2015: A Year of Challenges; A Year of Successes

The year 2015 was both a challenging and successful year for several reasons.

A Year of Challenges


Randal Jones, Controller
Apr 14, 1957 - Apr 21, 2015

Last year we experienced a sudden and tragic loss when Randal Jones, our Controller and 27-year long employee passed away from a massive heart attack on April 21, 2015. Randy was a member of the Executive Management Team and definitely a key member of our team. He will long be missed by all of us and impossible to replace. Our sincerest sorrow and support go out to his wife and children.

It was not an easy task to find someone capable of assuming the responsibilities of such a key employee with such specialized and technical industry accounting knowledge. It became doubly difficult when soon after Randy's passing, Lei Lei, the other half of our two-person accounting team, had a family emergency that took her back to China to care for her parents full-time. In two short months we went from a smooth running Accounting Department to no Accounting Department at all.

It took several months and two tries to finally find the right person who was qualified to assume our Controller responsibilities. Her name is Brandi Murobayashi and she was able to bring our Accounting Department up to speed and properly functioning in short order. She is performing exceptionally well and we really couldn't be more pleased with her brilliant mind, tremendous capabilities and diligent work ethic. We have also hired an Assistant Controller, Robert Messick, who likewise is excelling. So finally, after a very challenging year, we once again have a first class accounting team!

Another challenge last year was that we began the year with an unusually large amount of loan payoffs and annuity sales while having lackluster loan originations the first half of the year. This imbalance resulted in our retaining on average $8 million of idle cash not earning income during the first six months. The second half of the year our lending took off and we were able to get most of our excess cash lent out, but alas, the damage was already done. For the entire year we had an average of $4 million more in cash than optimal, which resulted in approximately $400,000 less interest income for the year than if they had been timely invested.

A Year of Successes

The **expansion of our lending** into five other Southwest states continued to develop in 2015. In fact, 82% of the loans we funded in 2015 were in states other than our home state of Arizona (see the graph on page 10). Our success in diversifying our lending into these other states also boosted our 2015 loan originations to a record level of $16 million. It is also helping us achieve **our goal to diversify** our mortgages beyond just the Phoenix real estate market. (See pages 10 and 11 for a more detailed report of our mortgage business.

We were also successful in selling **our two new annuity products**: IRA annuities and our B.E.S.T. Income Annuities. With 64% of all Income Annuities sold in 2015 being IRA annuities, it is clear that the introduction of our IRA annuities is helping us toward **our goal to diversify** our annuity business by growing our income annuities to eventually become a significant part of our total annuities.

We also were successful in reducing by 30% ($1,145,000) our Real Estate Owned (other than our home office) by selling five properties we had previously acquired through foreclosure. (See page 12 for further information on our real estate sales.)

First 2016 Semi-Annual Dividend Declared

The Board of Directors has declared a **12¢ per share** semi-annual dividend to be paid on April 8, 2016 to shareholders of record as of March 31, 2016. This is equivalent to an annualized **dividend yield of 6.3%**.

The Board intends to declare the second semi-annual dividend in August, to be paid in October. The year 2016 will be the 34th consecutive year that we have paid cash dividends. Over these 34 years the dividends have increased an average of 5.3% per year.

2016 and Beyond: Looking Good!

This year is starting out strong with nearly $40 million in mortgage loans and our measured growth will soon lead us past the $60 million mark of Total Assets. We are striving to **diversify** our business in smart ways that complement our core business and improve our long-term stability as we continue to grow our business.

Our growth allows us to **do more good for more people.** We are able to provide more and more retirees with superior annuities that offer greater retirement income. We are likewise able to provide our unique *Not So*

Hard Money™ real estate loans to more business owners and real estate investors. Our profitable growth will also provide for even greater opportunities for success for our agents, our employees, and you, our shareholders.

We know that the Company's long tradition of creating attractive and dependable shareholder returns is a direct result of the superior products and service our dedicated staff provides our customers. We truly have an outstanding team who share a strong commitment to serve our customers.

On behalf of the Board of Directors and the Management Team, I extend my warmest and most sincere "thank you!" to all of our devoted employees and agents, our loyal customers and our supportive shareholders.

Byron Frihoff Allen, President

Board of Directors

Back row: (L-to-R): Steven L. Stapley, Gove L. Allen (legal counsel), David K. Allen, Kurt Tingey (Advisor)
Front row: Byron F. Allen, Robert E. Allen (Vice-Pres), F. Grant Allen, Tracy C. Allen, Wilford R. Cardon **Not pictured**: Heber E. Allen

Further REVIEW & ANALYSIS

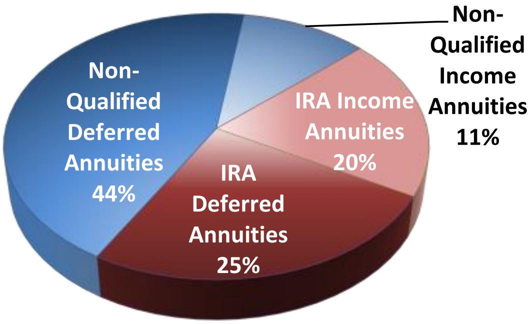
ANNUITIES

We received $5.6 million of annuity premiums in 2015.

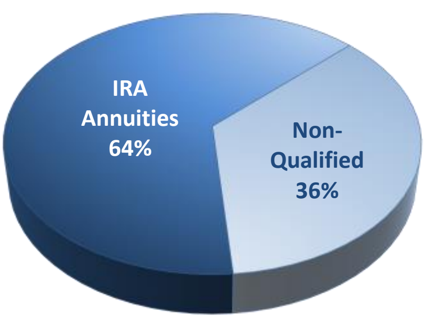
30% were Income Annuities and 70% were Deferred Annuities.

55% were Traditional (Non-Qualified) Annuities and 45% were IRA Annuities.

Types of Annuities Sold in 2015



Income Annuities Sold in 2015



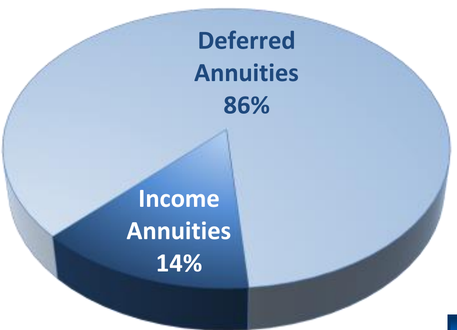
With 64% of the Income Annuities sold in 2015 being our new IRA Annuities, they are helping us considerably to sell our Income Annuities.

It is our goal to **diversify** our annuity business by growing our Income Annuities to become a significant part of our annuities.

As the pie chart on the right shows, Deferred Annuities are the vast majority of our annuities.

This is primarily because we have been selling Deferred Annuities since 2009 and only began selling Income Annuities in 2013.

Total Annuities by Type



RESERVES:
Insurance, Funds on Deposit and Annuities

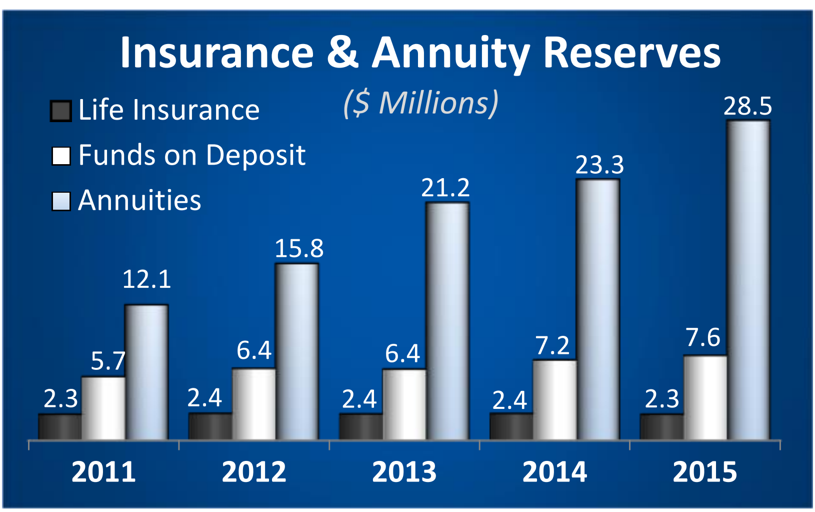
The chart below shows the reserves as of Dec 31, 2015 for our three types of reserves. As one can see, our annuity reserves have been the fastest growing part of our reserves.

In 2013 we began **diversifying** our annuities by introducing our Income Annuity. **Income Annuities** differ from Deferred Annuities because they provide guaranteed lifetime income in exchange for not having any lump sum withdrawal options. Deferred Annuities are more similar to bank CDs where they earn interest and can be withdrawn upon request (although subject to a fee if withdrawn prematurely).

In 2015 we further **diversified** our annuity offerings by getting approved by the IRS to accept qualified funds as premiums for our **IRA Annuities**.

Beginning in 2016 we are now turning the majority of our attention to developing our **life insurance sales**. This part of our business has suffered as we have focused on developing our annuities, but no longer! We are currently in the process of working with our agents to develop a viable plan and product that will fill a need in the life insurance marketplace.

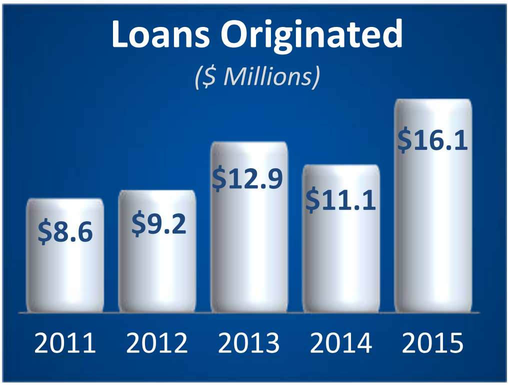
The sale of life insurance will be an important part of our **diversification** plan.



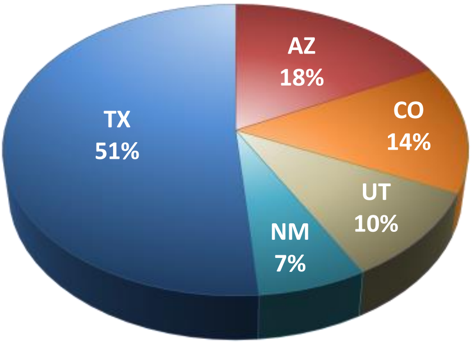
INVESTMENTS: Mortgage Loans

With $16.1 million in loans funded, 2015 was a record year for loan originations.

The pie chart below shows how our recent expansion into the other southwestern states has been very successful.



2015 Loans ($) Funded by State



There were two primary reasons we expanded our lending to include the other southwestern states (shown below):

First, this enlarges the pool of potential loans we are able to consider. Our home state of Arizona only has 6.4 million residents; whereas, when we include all 6 states, we now have a population seven times greater to whom we can now market our loans.

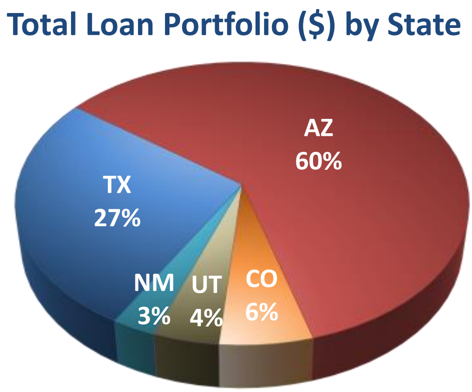
The second reason we expanded our lending area is to **diversify** the location of our loans. Even though the entire country is affected by economic recessions and real estate market fluctuations, different local real estate markets are affected to differing extents. We now have 15 metropolitan areas in our lending area instead of only two previously.

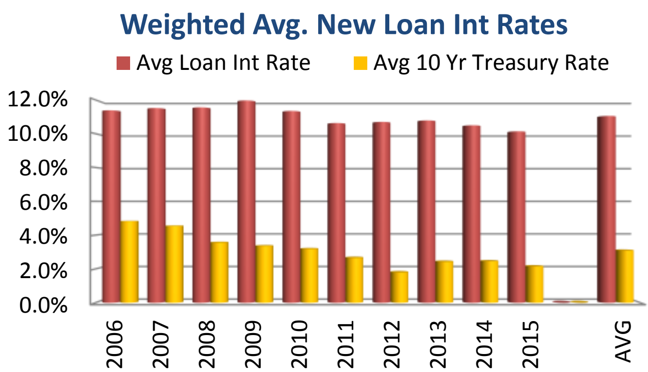
This geographic **diversification** is also beneficial in the event natural disasters were to affect one area's local economy or real estate market.

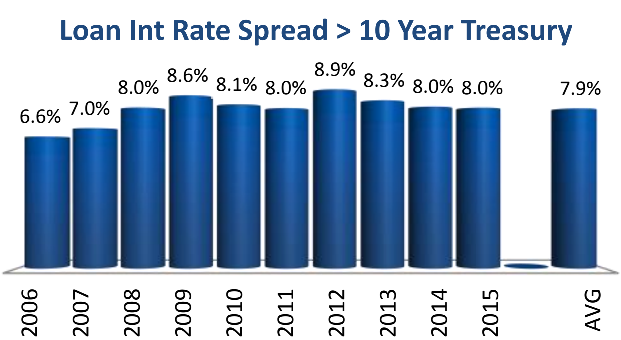
INVESTMENTS: Mortgage Loans

Although 82% of the loans originated in 2015 were in states other than Arizona, most of our loans were originated in prior years, so currently 60% of our loans are still in Arizona.

As we continue to market our ***Not So Hard Money***™ loans in these other states, we will continue to **diversify** the location of our mortgage loan investments.







The charts on the left show how the average interest rates on our *Not So Hard Money*™ mortgage loans have remained on average 8% above the benchmark 10-year Treasury rate.

Considering the long-term profitable performance of our loans, they provide a very attractive risk adjusted return.

INVESTMENTS: Real Estate Owned (REOs)

During 2015, we sold five of our REO properties that we had previously acquired through foreclosure. These properties totaled a reduction in our REOs of $1.15 million, which was a 30% reduction of our "other than home office Real Estate Owned." Here is a breakdown of the profit and loss components now that we have sold these properties.

Realized Gains from sale of REOs:	$85,000
Prior Asset Write-Downs:	($320,000)
Rents - Expenses while REOs:	$217,000
Net Profits at time of sale of REOs:	**($18,000)**
Deferred Gain from seller financing:	$129,000
Net Profits including Deferred Gain:	**$111,000**

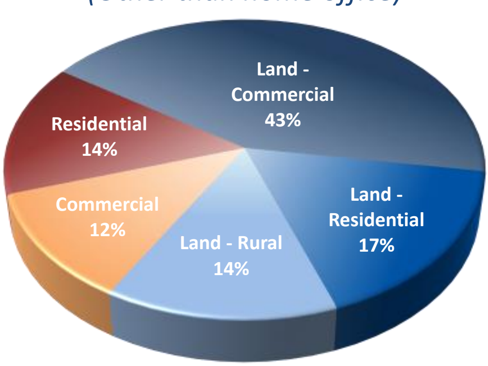
Three of the properties were sold for all cash and two were sold with an average of 40% cash down and 60% seller financing. The "Deferred Gain from seller financing" will be recognized as the seller financed loan balances are paid down.

As of Dec 31, 2015, our remaining Real Estate Owned (other than our home office) consist of 17 properties totaling $3,950,000.

As this pie chart illustrates, 74% of our REOs are land (the blue slices).

Real Estate Owned

(Other than home office)



Land has been the slowest property type to rebound from the real estate market crash. Therefore, we regularly evaluate each property to determine if we should market the property more aggressively or continue to allow demand (and prices) for the properties to return to more normal levels.

Two of the five properties sold in 2015 were residential lots.

Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, 2013, 2012, & 2011 (UNAUDITED)

	2015	2014	2013	2012	2011
Statement of Operations Data					
Total Revenues	$ **4,444,118**	$ 4,249,153	$ 4,206,003	$ 3,756,368	$ 3,311,689
Total Expenses	**2,993,370**	2,558,243	2,529,820	2,309,204	2,164,373
Net Gain From Operations	**1,450,748**	1,690,909	1,676,183	1,447,163	1,147,315
Net Income	**1,259,722**	1,581,173	1,855,800	1,309,646	1,069,333
Statement of Financial Position Data					
Total Assets	$ **57,454,700**	$ 51,595,008	$ 48,791,770	$ 42,387,711	$ 37,939,125
Total Reserves for Life Ins, Annuities & Deposits	**38,448,595**	32,866,624	29,923,137	24,600,659	24,600,659
Total Liabilities	**39,615,111**	33,820,044	31,369,246	25,573,359	21,032,914
Total Shareholders Equity	**17,839,589**	17,774,963	17,422,524	16,814,352	16,906,211
Per Share Data					
Total shares outstanding	**4,707,114**	4,755,107	4,794,973	4,843,189	4,995,265
Net Income per share	$ **0.268**	$ 0.333	$ 0.387	$ 0.270	$ 0.214
Dividends per share	$ **0.235**	$ 0.230	$ 0.210	$ 0.190	$ 0.170
Shareholder Equity per share	$ **3.790**	$ 3.738	$ 3.633	$ 3.472	$ 3.384
Key Performance Measurements					
Dividend Yield *(dividends / prior yr. equity per share)*	**6.3%**	6.3%	6.0%	5.6%	5.2%
Investment Yield *(net inv.inc.+ cap. Gains / prior yr. assets)*	**8.5%**	8.5%	11.0%	9.9%	9.3%
Return on Equity *(net income / prior yr. equity per share)*	**7.2%**	9.2%	11.1%	8.0%	6.5%
Total Shareholder Return *(dividends + equity incr. / prior year equity per share)*	**7.7%**	9.2%	10.7%	8.2%	8.0%

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

Consolidated Statement of Operations

FOR THE YEARS ENDED DEC 31, 2015, 2014 & 2013 *(UNAUDITED)*

REVENUES	**2015**	2014	2013
Life insurance premiums	**153,779**	149,894	147,287
Interest income			
Interest on cash & cash equivalents	**41,331**	38,019	35,650
Interest on policy loans	**3,542**	3,722	3,417
Interest on mortgage loans	**3,697,185**	3,680,436	3,361,320
Investment income net of expenses			
Mortgage loan fees	**427,703**	394,179	422,245
Income on real estate owned	**(49,775)**	(125,159)	19,144
Other investment income	**170,353**	108,062	216,940
TOTAL REVENUES	**4,444,118**	4,249,153	4,206,003
EXPENSES			
Death benefits	**181,000**	52,390	70,194
Policyholder benefits & dividends	**157,537**	96,791	184,395
Incr/(decr) in life reserves & loading	**(64,159)**	39,494	(48,734)
Policy acquisition costs (deferred)	**158,216**	105,738	(34,133)
Commissions and Advertising	**159,237**	53,145	124,905
Interest on insurance and annuities	**1,020,999**	912,784	1,003,075
General expenses			
Salaries and wages	**924,635**	837,857	802,474
Welfare Plan	**24,997**	65,943	60,014
Profit Sharing Plan	**70,983**	78,189	71,270
Professional fees	**148,031**	117,811	111,640
Other expenses	**121,397**	109,801	99,761
Taxes licenses and fees	**90,498**	88,301	84,958
TOTAL EXPENSES	**2,993,370**	2,558,243	2,529,820
NET GAIN FROM OPERATIONS	**1,450,748**	1,690,909	1,676,183
Realized gain on real estate & securities	**104,981**	70,644	589,242
Federal income tax paid	**(296,007)**	(180,380)	(409,626)
NET INCOME	**1,259,722**	1,581,173	1,855,800
Total shares outstanding	**4,707,114**	4,755,107	4,794,973
Net Income per share	**0.268**	0.333	0.387

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

Consolidated Statement of Financial Position

FOR THE YEARS ENDED DEC 31, 2015, 2014, & 2013 *(UNAUDITED)*

ASSETS	**2015**	**2014**	**2013**
Cash and cash equivalents	**$ 9,006,084**	$ 6,807,909	$ 5,493,481
Long term certificates of deposit	**0**	249,000	498,000
Bonds	**2,707,099**	2,544,930	2,533,800
Mutual funds	**35,472**	0	0
Common & preferred stock	**584,644**	557,846	545,810
Policy loans	**71,194**	68,011	81,872
Mortgage loans	**38,834,108**	33,877,599	32,246,707
Investments in partnerships	**1,235,276**	1,250,115	1,261,522
Real estate investments & receivables	**3,951,410**	5,136,765	5,202,099
TOTAL CASH & INVESTED ASSETS	**56,425,287**	**50,492,175**	**47,863,291**
Accrued interest & deposits	**405,512**	409,333	392,277
Deferred policy acquisition asset	**303,980**	288,926	305,380
Land and building	**194,501**	194,583	194,583
Office equipment	**12,493**	27,632	32,895
Deferred tax asset	**112,927**	105,102	0
Income tax refundable	**0**	77,257	3,344
TOTAL ASSETS	**57,454,700**	**51,595,008**	**48,791,770**
LIABILITIES			
Reserve for life policies	**2,339,271**	2,404,210	2,364,224
Reserves for annuities	**28,531,808**	23,280,196	21,201,327
Insurance policy claims pending	**19,050**	9,050	24,106
Funds on deposit (APD/GIC/DOD)	**7,577,516**	7,182,218	6,357,586
Other policyholder liabilities	**100,961**	46,272	42,428
Taxes & expenses due & accrued	**205,706**	197,751	187,902
Unearned investment income	**3,981**	4,812	4,042
Amounts held for others	**783,728**	695,485	942,482
Income tax payable	**53,088**	50	245,149
TOTAL LIABILITIES	**39,615,111**	**33,820,044**	**31,369,246**
SHAREHOLDERS EQUITY			
Capital stock	**927,173**	926,230	924,657
Capital stock in excess of par	**2,574,241**	2,540,611	2,486,066
Stock notes & employee receivables	**(167)**	(5,265)	(10,580)
Retained earnings	**20,827,235**	20,743,256	20,194,609
Unrealized gain (loss) on securities/loans	**(113,137)**	(246,367)	(172,276)
Less treasury stock	**(6,375,756)**	(6,183,502)	(5,999,952)
TOTAL SHAREHOLDERS EQUITY	**17,839,589**	**17,774,963**	**17,422,524**
TOTAL LIABILITIES AND SHARE-HOLDERS EQUITY	**57,454,700**	**51,595,008**	**48,791,770**
Shares Outstanding	**4,707,114**	**4,755,107**	**4,794,973**
Equity Value Per Share	**$ 3.790**	**$ 3.738**	**$ 3.633**

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

Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31, 2015, 2014, & 2013 *(UNAUDITED)*

OPERATING ACTIVITIES	**2015**	2014	2013
Funds provided from operations			
Premiums received and annuity increases	**$5,745,060**	$2,356,030	$6,742,881
Net investment income (excl. realized gains)	**3,989,368**	3,925,195	3,791,843
Total funds provided from operations	**9,734,428**	6,281,225	10,534,724
Funds used in operations			
Benefits and loss related payments	**(1,644,011)**	(1,189,092)	(2,089,944)
Commissions & other expenses & taxes paid *(excluding federal income taxes)*	**(1,142,613)**	(1,055,084)	(977,981)
Dividends paid to policyholders	**(39,157)**	(36,893)	(36,980)
Federal income taxes paid *(excl. capital gains tax)*	**(165,712)**	(502,740)	(155,474)
Total funds (used) in operations	**(2,991,493)**	(2,783,810)	(3,260,379)
NET CASH PROVIDED FROM OPERATIONS	**6,742,936**	3,497,416	7,274,346
INVESTING ACTIVITIES			
Funds provided from investments sold, matured or repaid			
Bonds	**362,295**	695,500	249,000
Stocks	**4,103,259**	50,640	1,381,996
Mortgage Loans	**11,217,226**	8,878,870	8,298,476
Real Estate	**1,235,475**	166,087	766,682
Other invested assets	**14,839**	11,407	208,095
Total investment proceeds before capital gains tax	**16,933,094**	9,802,504	10,904,249
Cost of investments acquired			
Bonds, Mutual funds & long term CD's	**(274,825)**	(473,160)	(2,489,813)
Stocks	**(4,195,088)**	(48,521)	(502,089)
Mortgage Loans	**(16,000,382)**	(10,694,500)	(13,107,000)
Real Estate and other invested assets	**(39,238)**	(1,087)	(910,888)
Total cost of investments acquired	**(20,509,533)**	(11,217,268)	(17,009,790)
(Increase) Decrease in policy loans	**(3,182)**	13,861	21,116
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(3,579,621)**	(1,400,904)	(6,084,425)
FINANCING ACTIVITIES			
Funds provided from (used for) financing activities			
Capital and paid in surplus net of treasury stock	**(157,680)**	(127,432)	(149,798)
Net deposits on deposit-type contracts	**213,646**	666,288	(62,740)
Cash dividends paid	**(1,109,676)**	(1,100,157)	(1,012,506)
Other cash provided (applied)	**88,570**	(221,722)	0
Net cash provided from (used for) financing activities	**(965,140)**	(783,024)	(1,225,044)
Increase (Decr.) in cash & short-term investments	**2,198,175**	1,313,488	(35,124)
Cash & short-term investments, beg. of year	**6,807,909**	5,493,481	5,528,605
Cash & short-term investments, end of year	**9,006,084**	6,806,969	5,493,481

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

Statement of Changes in Stockholders Equity

FOR THE TWELVE MONTHS ENDED
DEC 31, 2015 AND 2014 (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, 2013	**924,657**	**2,486,066**	**(172,275)**	**20,194,607**	**(10,579)**	**(5,999,952)**	**17,422,524**
COMPREHENSIVE INCOME:							
Net Income				1,581,173			1,581,173
Change in unrealized investment gain or (loss)			(74,092)				(74,092)
Comprehensive income			(74,092)	1,581,173			1,507,081
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				67,633	5,314		72,948
BALANCES, December 31, 2014	**926,230**	**2,540,611**	**(246,367)**	**20,743,256**	**(5,265)**	**(6,183,502)**	**17,774,964**
COMPREHENSIVE INCOME:							
Net Income				1,259,722			1,259,722
Change in unrealized investment gain or (loss)			133,230				133,230
Comprehensive income			133,230	1,259,722			1,392,952
Dividends declared & accrued				(1,109,676)			(1,109,676)
Issue employee compensation in stock	943	33,630					34,573
Repurchase Capital Stock (Treasury)						(192,254)	(192,254)
Change in Nonadmitted Assets				(66,068)	5,098		(60,970)
BALANCES, December 31, 2015	**927,173**	**2,574,241**	**(113,137)**	**20,827,235**	**(167)**	**(6,375,756)**	**17,839,590**

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 $540,318 at year end 2015 and $548,940 at year end 2014.

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, 2015 and December 31, 2014, 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 $1,652,250 and $1,118,682 at December 31, 2015 and 2014, 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,	**2015**	2014
Certificate of Deposits	**$ 1,493,723**	$ 1,491,708
Money market funds	**474,997**	231,370
Demand deposits	**7,037,364**	5,084,831
Total cash & short term investments	**$9,006,084**	6,807,909

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). No loans required a valuation allowance as of December 31, 2015 and 2014, 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 $173,664 and $315,771 as of December 31, 2015 and 2014, respectively. Both allowances reduce Mortgage Loans and increase Unrealized Losses in the Statement of Financial Position.

December 31,	2015	2014
Commercial & consumer loans	$38,218,944	$33,497,524
Purchase Money Loans	615,164	380,075
Total mortgage loans	38,834,108	33,877,599
Remaining Deferred Gain	252,954	140,636
Annual Realized Deferred Gain	25,525	17,508

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 137 distressed residential mortgage loans with an unpaid principal balance of approximately $5,711,660. 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 2015 the Company received $14,839 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 Limited Partnership current investments include 2,642 mortgage loans and 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 $1,235,276 in 2015 and $1,250,115 in 2014.

December 31,	2015	2014
Sugarloaf VII, LLC	355,276	370,115
Window Rock Residential Recovery Fund LP	880,000	880,000
Total investments in partnerships	1,235,276	1,250,115

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 2015, the Company sold five properties acquired through foreclosure and two investment properties, realizing a loss of $46,099 and gain of $140,198 respectively. In 2015, the Company also recognized an other-than-temporaryimpairment on a property acquired through foreclosure, realizing a loss of $52,157.

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,	2015	2014
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 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 table below presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2015.

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.

Investments	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Level 1 investments:				
Long term CDs	249,000	0	(249,000)	**0**
Mutual Funds	0	5,371,231	(5,335,759)	**35,472**
Unaffiliated common stock	557,846	157,826	(131,028)	**584,644**
Short-term investments	231,370	4,583,708	(4,340,081)	**474,997**
Certificates of deposit	1,491,708	1,495,210	(1,493,195)	**1,493,723**
Total Level 1	2,529,924	11,607,975	(11,549,063)	**2,588,836**
Level 3 Investments:				
Mortgage loans	33,877,599	16,000,382	(11,043,873)	**38,834,108**
Properties held for sale	5,136,765	39,238	(1,224,593)	**3,951,410**
Policy contract loans	68,011	6,611	(3,428)	**71,194**
Total level 3	39,082,374	16,046,231	(12,271,894)	**42,856,712**
Total Investments	41,612,299	27,654,206	(23,820,957)	**45,445,548**
Money market and checking accounts				**7,037,364**
Bonds carried at amortized cost				**2,707,099**
Partnership interests carried at cost less distributions				**1,235,276**
Total cash and investments				**56,425,287**

(4) DEFERRED TAX ASSET (LIABILITY)

The components of the net deferred tax asset / (liability) at December 31, 2015 are as follows:

Gross deferred tax assets	**$ 1,012,740**
Statutory valuation allowance adjustments	**(638,175)**
Adjusted gross deferred tax assets	**374,566**
Deferred tax assets non-admitted	**(224,009)**
Net admitted deferred tax asset	**150,556**
Deferred tax liabilities	**(37,630)**
Net admitted deferred tax assets / (liabilities)	**112,927**

(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 interest rate deferred annuities and in February 2013 began to also issue single premium immediate annuities. The Company had annuity contracts with reserves of $28,531,808 and $23,280,196 at December 31, 2015 and 2014, 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 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, 2015 and 2014, 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 $300,000 and a minimum free surplus of $150,000. At December 31, 2015 and December 31, 2014, the Company had a capital amount of $927,173 and $926,230, respectively and free surplus of $16,912,416 and $16,848,733, respectively. Free surplus was reduced by the $6,375,756 and $6,183,502 cost of treasury stock for years 2015 & 2014, 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 2015, treasury stock increased by the purchase of 57,429 shares of capital stock at prices ranging from $3.26 to $3.42 per share. During 2014, a total of 55,595 shares were purchased at prices ranging from $3.24 to $3.26 per share. Stockholder equity per share was $3.79 at year end 2015 and $3.74 at year end 2014.

On February 16, 2016, the Board of Directors declared a cash dividend of 12.0 cents per share. The distribution will be made on April 08, 2016 to stockholders of record on March 31, 2016. 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 29% of total life insurance in force at December 31, 2015 and 24% at December 31, 2014.

(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, 2015 and 2014, 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 12.5% and 12.6% of total premiums paid in 2015 and 2014, respectively. Company officers and directors also owned 5.8% and 7.5% of total policy face value in 2015 and 2014, respectively.
b) A management education loan described in the 3rd paragraph of Note 10 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) 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 $65,886 for 2015 and $78,189 for 2014.

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 2015, 9,436 shares of Company common stock were purchased under the plan for a total of $34,574. The October 2015 enrollment stock price was $3.684 and as of December 31, 2015, $8,998 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, 2015 and 2014, the balance net of fringe benefit payments was $0 and 5,265, respectively. The balance of the loan was 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, 2015, 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 ($1.3 million) and Interest Maintenance Reserves ($10,124). 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:

	2015 ***Stockholders*** Financial Statements	2015 ***Statutory*** Financial Statements
Total Assets	**$57,454,700**	$55,536,840
Total Liabilities	**$39,615,111**	$40,953,936
Total Stockholders Equity	**$17,839,589**	$14,582,904
Equity per Share	**$3.79**	$3.10
Annual Net Income	**$1,259,722**	$1,264,062
Net Income per Share	**$0.27**	$0.27

After April 30, 2016, the 2015 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 March 1, 2016, 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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