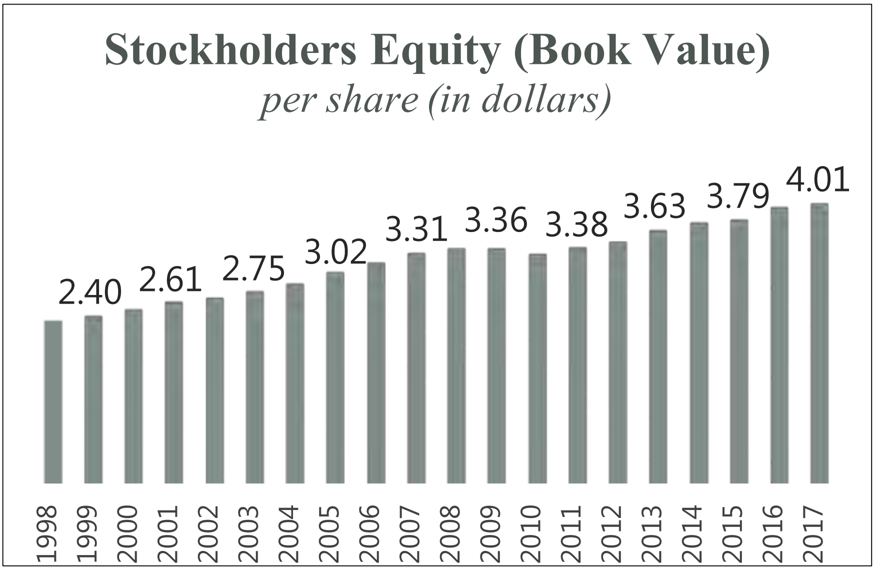
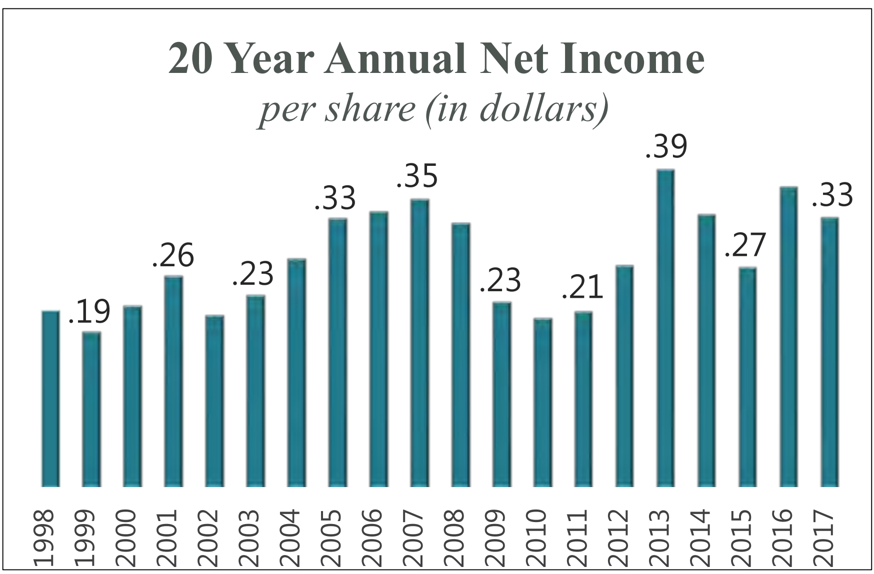
ANNUAL REPORT

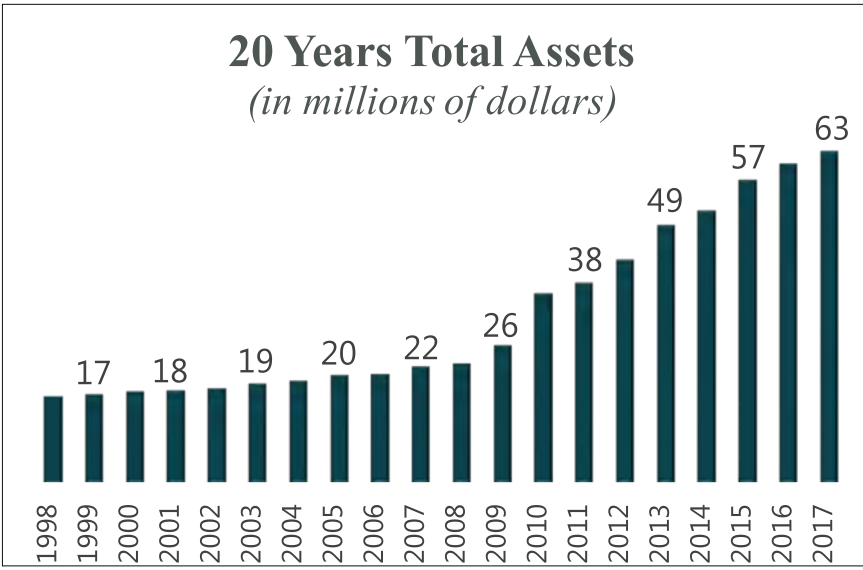
AMERICAN SAVINGS
LIFE INSURANCE COMPANY

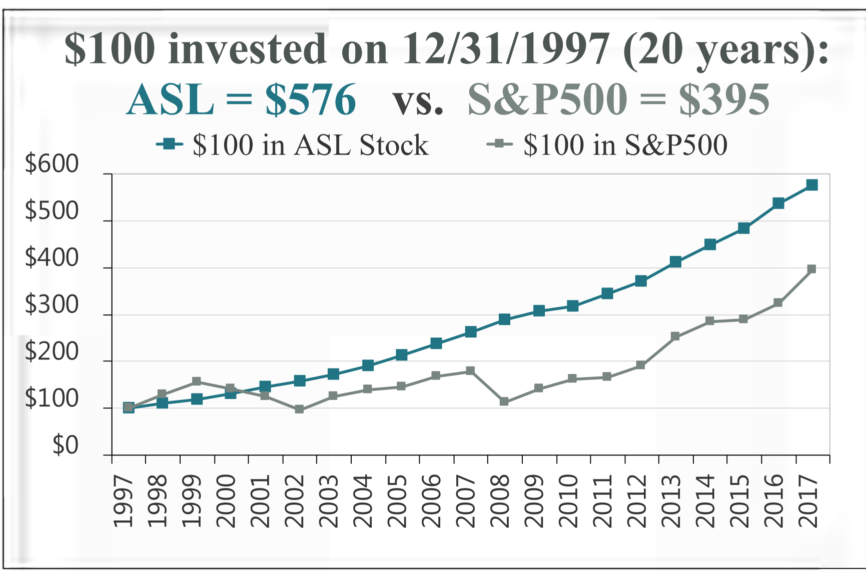
Founded 1954

20-YEAR PERFORMANCE







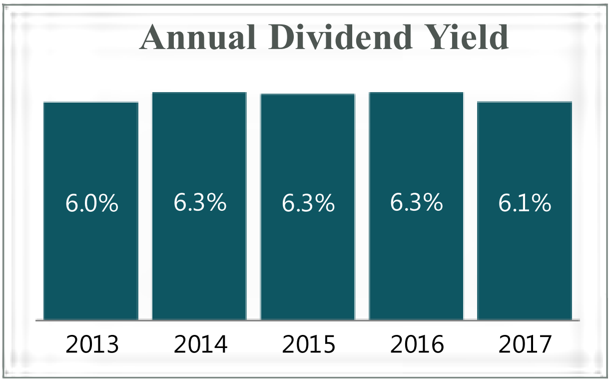


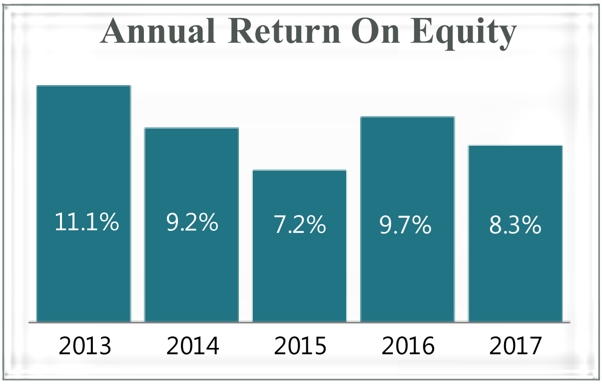
An investment of $100 in book value 20 years ago in ASL stock would have grown to $576 today while $100 in the stock market (S&P 500 index) would have only grown to $395 today.

5-YEAR PERFORMANCE

2017
Dividend
Yield
6.1%

Dividends per share
Beginning of Year Book Value per share



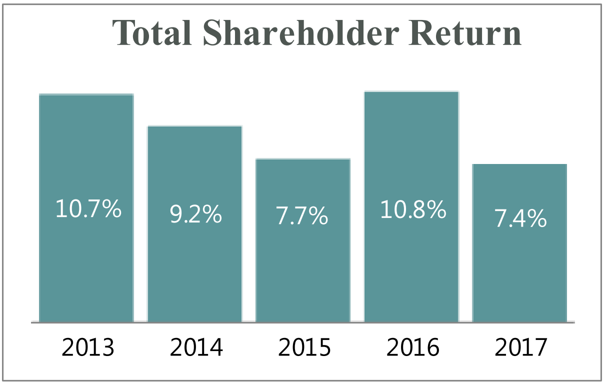


2017
Return On
Equity
8.3%

Net Income per share
Beginning of Year Book Value per share

2017 Total
Shareholder
Return
7.4%

Dividends + Incr. in Book Value per share
Beginning of Year Book Value per share



DEAR FELLOW SHAREHOLDERS,

Steven L. Stapley, one of our long-time employees, officers, and directors, was fond of saying:

"Keep your nose to the grindstone,
Your ear to the ground, and
Your shoulder to the wheel.
It's a heck of a position to work in, but…"

Steve's wisdom is a fitting introduction to this year's letter because it describes the efforts our team continually puts into everything we do (that, and I just happen to really like the quote).

Like every year ends up being, 2017 was a combination of successes and setbacks. It was also a year of sadness as we lost an irreplaceable contributor to American Savings Life Insurance Company.

The Passing of a Dear Friend

Wilford R. "Wil" Cardon, who had served as a Company Director since 2000, passed away on August 26, 2017 at the age of 46. Wil was a true friend to the Company as an invaluable source of business expertise and leadership for over 17 years. To me personally, Wil was an inspiring mentor and friend.

On multiple occasions I heard Wil share the following quotes, which are glimpses of the wisdom Wil frequently shared in company board meetings.

"What we say about others
says more about us
than it does about them."

"A good life means you plant trees,
the shade of which you will never
live to see."

Thank you, Wil, for the trees you planted for all of us. We will miss your contagious laugh and the love you shared with each of us. We love and miss you.

Successes and Setbacks

As mentioned, this year had its own share of setbacks and successes. Some of the setbacks that affected profitability this year include:

- Decline in our mortgage loan portfolio's average interest rates,
- Disappointing performance of some partnership investments,
- A net operating loss from our subsidiary mortgage company.

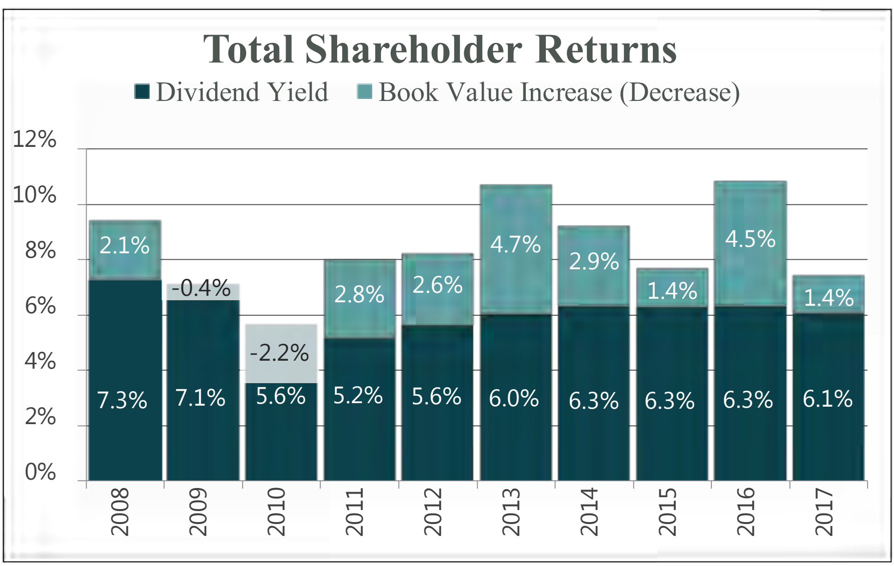
On the other hand, we are proud of the following successes:

- Record loans originated and growth of our loan portfolio to $40 million,
- Record amount of loan participations sold while keeping our investment capital optimally invested nearly all year,
- Increased diversification of liquid investments into bonds and common stocks and their performance.

We will discuss these setbacks and successes in greater detail in the following section "A Closer Look Under the Hood."

Your Stock's Performance

We believe the best way to measure your stock's performance is a calculation called "Total Shareholder Return." This shows what percentage return the dividends plus increased stock value (its book value) yielded on your stock's book value at the beginning of the year.



2017 provided you, our shareholders, with a Dividend Yield of 6.06% plus an additional 1.36% increase in your stock's book value for a **Total Shareholder Return of 7.42%**.

Over the last decade (which includes the Great Recession of 2008), the Company's Total Shareholder Return has been consistently positive with an average return of 8.16% for our shareholders.

First 2018 Semi-Annual Dividend Declared

The Board of Directors has declared a **12¢ per share** semi-annual dividend to be paid on April 6, 2018 to shareholders of record as of March 31, 2018. This is equivalent to an annualized **dividend yield of 6.1%**. The Board intends to declare the second semi-annual dividend in August, to be paid in October. This is the 36th consecutive year that we have paid cash dividends.

Goals for 2018

We have ambitious goals for 2018. They are (a) originating over $24,000,000 in new loans, (b) growing our net income to exceed $1,800,000, (c) deploying two new variations of our annuities, and (d) developing a life insurance sales plan and products.

Good, Better, Best

On behalf of our dedicated staff, the Management Team, and the Board of Directors, I pledge our best efforts to continue to make our good better and our better best.

"Good, better, best.
Never let it rest;
'Til your good is better
And your better is best."
- St. Jerome

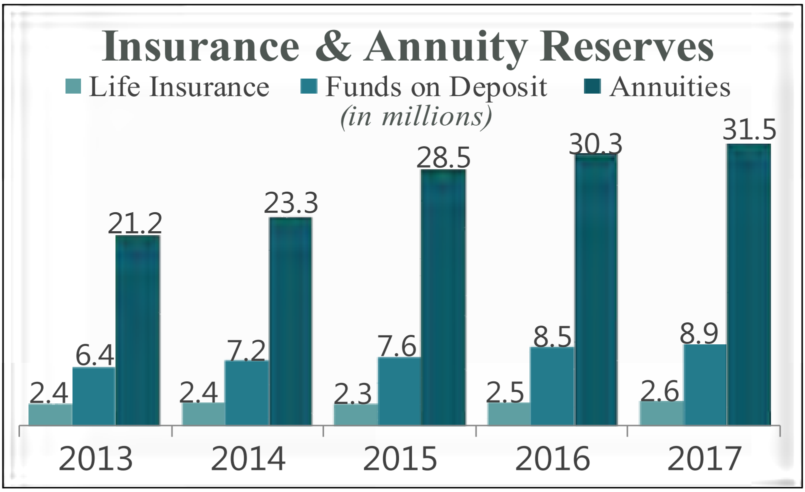
It is truly a privilege to be part of this amazing company and work with such a terrific team. As we continue to keep our nose to the grindstone, our ear to the ground and our shoulder to the wheel, we are together creating an even greater future!

Byron Frihoff Allen, President

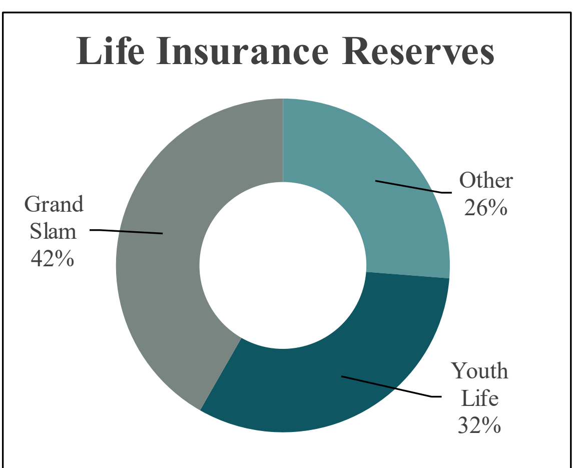
A CLOSER LOOK UNDER THE HOOD

INSURANCE & ANNUITIES:
Life Insurance, Funds on Deposit and Annuities

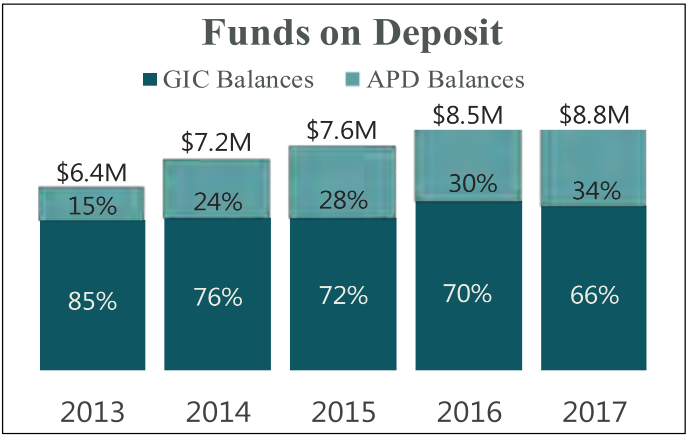
The chart below shows the reserves as of Dec 31, 2017 for our three types of reserves.



LIFE INSURANCE: 42% of our life insurance reserves are Grand Slam Insurance Plan policies, 32% are Youth Life Plan policies, and 26% are other life insurance policies.

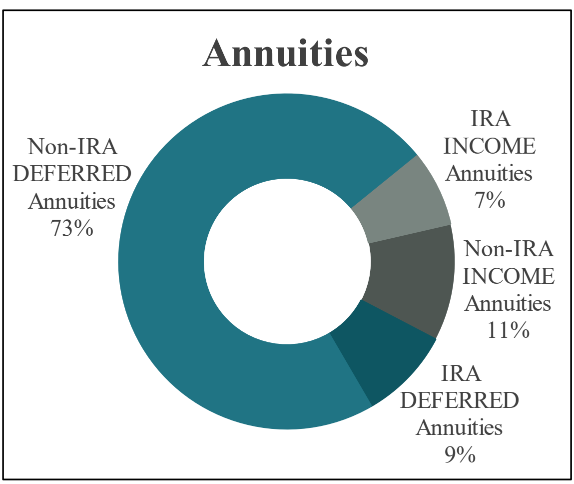


FUNDS ON DEPOSIT: 66% of the Funds on Deposit with the Company are Guaranteed Interest Contracts ("GICs", which currently pay 2.0% interest) and 34% are Advance Premium Deposit accounts ("APDs" which currently pay 4.0% interest).



ANNUITIES:

Deferred vs. Immediate: 82% of our Annuity Reserves are Deferred Annuities and 18% are Immediate/Income Annuities. The following chart shows these two annuity types broken down further into IRA (qualified) and non-IRA (non-qualified) annuities. We have continued to progress in our goal of diversifying our annuities by growing Income Annuities from 14% in 2016 to 18% of current total annuities.

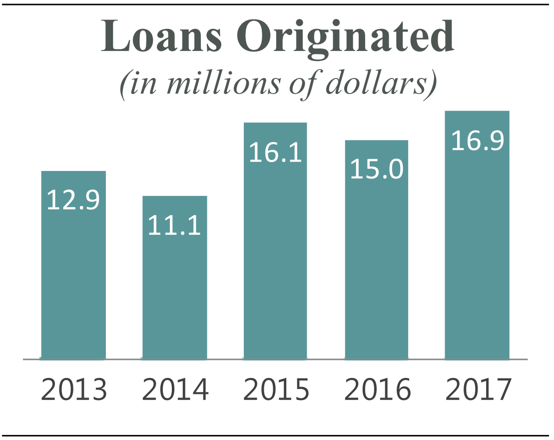


INVESTMENTS: Mortgage Loans

Since mortgage loans are by far our most important investment, let's analyze in detail the performance of our lending business and our mortgage loan portfolio.

LOAN ORIGINATIONS:

Total loan originations (new loans funded) in 2017 were a record $16,893,500, up 13% from 2016. Although this was a record, it was below our goal of $20,000,000 and was insufficient for our subsidiary mortgage company, American Life Financial, to operate at a profit.



In 2017 we increased our marketing budget and staff to generate and be able to originate a greater loan production. We have been improving our marketing strategy, our customer relationship management, our operational processes, etc. to increase our loan volume without lowering the qualify of our loans. We have made some great strides to this end and are optimistic that we will be able to achieve our 2018 goal of $24,000,000 in new loans.

LOAN PARTICIPATIONS:

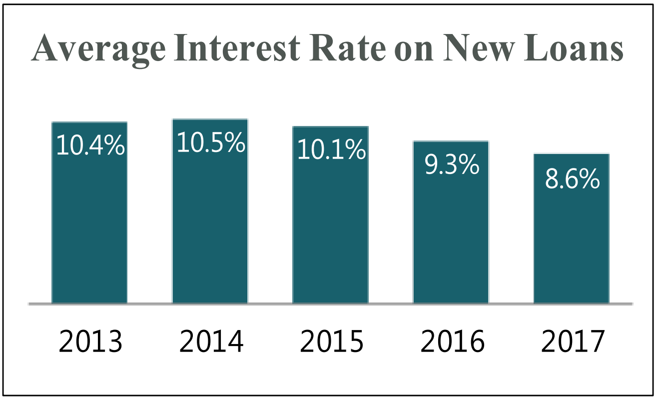
By selling a portion of our loans (loan participations) to other investors (currently other life insurance companies), we are able to grow our loan portfolio without the limits imposed by our own available capital. We also retain a percentage of interest on these loans, which provides us with an additional source of income.

Selling loan participations is an important part of our strategy to grow our loan business. In 2017 we successful sold over $4,000,000 in new loan participations and ended the year with a total of $3,300,000 in outstanding loan participations.

MORTGAGE LOAN INTEREST RATES

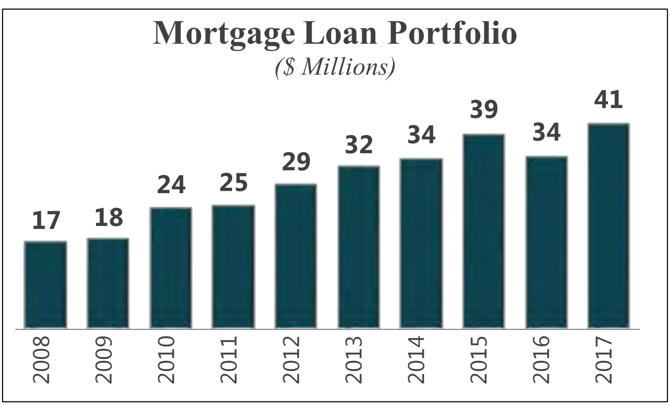
To remain competitive in the loan marketplace we have had to lower our interest rates over the past few years. As older, higher interest rate loans mature and are replaced by new loans at lower interest rates, our investment income from mortgage loans is being adversely impacted.

This chart shows how the average interest rates earned on our new mortgage loans originated each year have declined from an average of 10.5% in 2014 to an average of 8.6% in 2017. So far it appears that the average interest rate of loans originated in 2018 may increase somewhat.



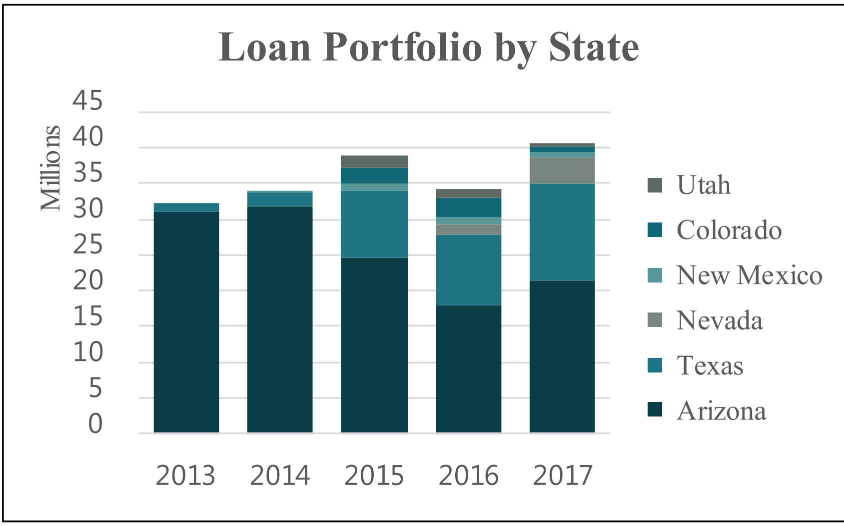
TOTAL MORTGAGE LOAN PORTFOLIO

The greatest factor that mostly offsets the lower interest rates on our mortgage loans is the fact that our loan portfolio has been increasing. So even though we are earning less interest on new loans, we have more loans.



MORTGAGE LOANS BY STATE

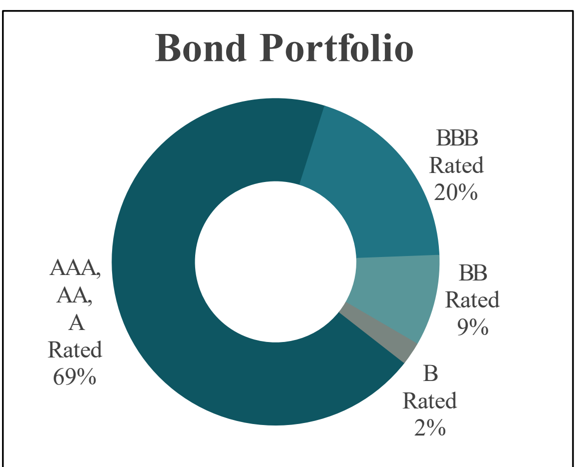
One of the ways we are diversifying our investment risk is by diversifying the location of our mortgage loans. In 2013 we began expanding our lending outside of Arizona into Texas, followed by the other southwest states of Nevada, New Mexico, Utah, and Colorado. The following chart shows how our mortgage loan portfolio has become more diversified across these six states.



OTHER INVESTMENTS

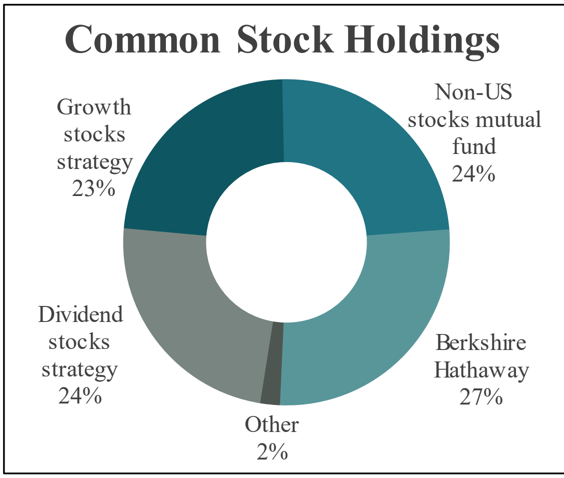
BOND PORTFOLIO

As part of our diversification strategy, we increased our bond portfolio during 2017 from $2,854,000 to $4,734,000 (7.5% of total assets). The increase in bonds during 2017 were short-term AAA rated, US government-guaranteed Ginnie Mae mortgage bonds. As of year-end 2017, our bond portfolio by credit rating is as follows:



COMMON STOCK PORTFOLIO

We increased our common stock investments from $625,000 to $1,106,000 (1.8% of total assets) and diversified our common stock investments into four investment strategies (see chart).



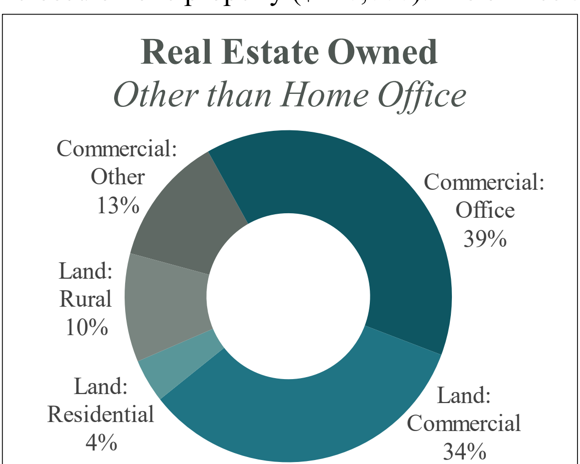
INVESTMENTS IN PARTNERSHIPS

Since 2012, we have invested in three real estate investment partnerships with The Cardon Group. The first investment was a tremendous success, yielding us a profit of over $400,000 on our $1,000,000 investment.

The next two investments totaling $1,300,000 were in partnerships which purchased distressed mortgages at steep discounts. We have thus far received $600,000 in distributions, $160,000 of which has been recognized as income. But in 2017 we booked a $40,000 net loss and further wrote down the book value of these investments by $118,000. We expect these last two partnership investments will still be profitable overall, but clearly they will not be as profitable as expected.

REAL ESTATE OWNED (REO)

During 2017 we sold four REO properties totaling $572,500 and we foreclosed on one property ($146,000). As of Dec 31, 2017, our Real Estate Owned (other than our home office) consists of 15 properties totaling $5,287,000.



It is also noteworthy that in February 2018, we foreclosed on 15 luxury residential condominiums in Houston, Texas with a cost basis of $2,810,000. The appraised values for these at the time we made the loans in 2015 totaled $4,274,000.

Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31: 2017, 2016, 2015, 2014 & 2013 (UNAUDITED)

	2017	2016	2015	2014	2013
Statement of Operations Data					
Total Revenues	6,516,213	5,248,331	5,735,130	4,588,938	5,168,250
Total Expenses	4,687,578	3,187,516	4,179,350	2,830,032	2,897,974
Net Taxable Income	1,828,635	2,060,815	1,555,780	1,758,907	2,270,276
Net Income	1,521,325	1,701,812	1,259,722	1,581,471	1,862,931
Statement of Financial Position Data					
Total Assets	62,825,904	60,583,811	57,454,701	51,594,041	48,787,488
Total Reserves for Life Ins, Annuities & Deposits	42,972,890	41,289,410	38,511,402	32,921,946	29,989,670
Total Liabilities	44,291,443	42,201,448	39,615,111	33,816,058	31,362,325
Total Shareholders Equity	18,534,460	18,382,363	17,839,590	17,777,982	17,425,162
Per Share Data					
Total Shares Outstanding	4,617,649	4,642,202	4,707,114	4,755,107	4,794,973
Earnings Per Share (EPS)	0.329	0.367	0.268	0.333	0.389
Dividends Per Share (DPS)	0.240	0.240	0.235	0.230	0.210
Book Value of Equity Per Share (BVPS)	4.014	3.960	3.790	3.739	3.634
Key Performance Measurements					
Dividend Yield *(DPS / prior yr. BVPS)*	6.06%	6.33%	6.29%	6.33%	6.05%
Investment Yield *(net inv. inc.+ cap. gains / prior yr. assets)*	7.85%	8.39%	8.43%	8.49%	10.89%
Return on Equity *(net income / prior yr. BVPS)*	8.32%	9.67%	7.16%	9.15%	11.19%
Total Shareholder Return *(DPS + BVPS incr. / prior yr. BVPS)*	7.42%	10.82%	7.66%	9.21%	10.72%

The Notes on pages 18-29 are an integral part of these financial statements.

Consolidated Statement of Operations

FOR THE YEARS ENDED DEC 31: 2017, 2016 & 2015 *(UNAUDITED)*

REVENUES	**2017**	**2016**	**2015**
Premiums - Life insurance	160,261	145,601	153,779
Premiums - Annuities w/ mortality risk	1,599,257	283,445	1,233,325
Investment income net of expenses *See Note 10 on pages 27-28*			
Cash & cash equivalents	86,411	88,522	53,368
Mortgage loans	4,631,953	4,573,927	4,106,479
Real estate owned	(152,227)	(153,009)	(49,775)
Marketable securities	122,917	98,682	112,620
Other investment income	37,212	105,478	20,352
Realized Capital Gains/(Losses)	30,429	105,686	104,981
TOTAL REVENUES	6,516,213	5,248,331	5,735,130
EXPENSES			
Policyholder benefits	103,192	101,340	338,537
Increase in life reserves & loading	1,874,778	510,595	1,327,381
Policy acquisition costs	73,046	(577)	138,933
Interest on insurance and annuities	1,098,363	1,135,619	1,021,497
General expenses			
Salaries and wages	1,045,840	999,625	924,635
Employee Benefits & Taxes	263,429	229,853	166,839
Professional fees	120,987	119,395	148,031
Other expenses	79,719	80,379	93,909
Taxes licenses and fees	28,225	11,286	19,588
TOTAL EXPENSES	4,687,578	3,187,516	4,179,350
NET TAXABLE INCOME	1,828,635	2,060,815	1,555,780
Federal Income Tax	(307,309)	(359,003)	(296,057)
NET INCOME	1,521,325	1,701,812	1,259,722
Total shares outstanding	4,617,649	4,642,202	4,707,114
Net Income per share	$ 0.329	$ 0.367	$ 0.268

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Consolidated Statement of Financial Position

FOR THE YEARS ENDED DEC 31: 2017, 2016, & 2015 *(UNAUDITED)*

ASSETS	**2017**	**2016**	**2015**
Cash and cash equivalents	6,591,709	9,062,109	9,006,084
Bond Mutual funds	2,699,169	5,717,127	35,472
Bonds	4,733,878	2,854,130	2,707,099
Common Stocks	1,105,732	625,435	584,644
Policy loans	79,511	73,717	71,194
Mortgage loans	40,580,656	34,280,588	38,834,109
Investments in partnerships	678,763	1,240,143	1,235,276
Real estate investments	5,151,078	5,658,534	3,951,410
TOTAL CASH & INVESTED ASSETS	61,620,495	**59,511,784**	**56,425,288**
Accrued interest & deposits	471,702	371,215	405,512
Deferred policy acquisition asset	335,715	350,056	303,980
Land, building & office equipment	203,896	205,658	206,994
Deferred tax asset	194,096	145,097	112,927
TOTAL ASSETS	62,825,904	**60,583,811**	**57,454,701**
LIABILITIES			
Reserve for life policies	2,592,828	2,480,149	2,402,078
Reserve for annuities	31,483,234	30,278,716	28,531,808
Funds on deposit (APD/GIC)	8,896,829	8,530,546	7,577,516
Expenses due & accrued and other	217,155	283,391	345,230
Amounts held by ASLIC for others	1,101,399	628,646	758,478
TOTAL LIABILITIES	44,291,443	**42,201,448**	**39,615,111**
SHAREHOLDERS EQUITY			
Capital stock	928,961	928,093	927,173
Capital stock in excess of par	2,640,296	2,607,542	2,574,241
Retained earnings	21,869,583	21,537,638	20,827,069
Other comprehensive income/(loss)	(155,571)	(60,361)	(113,137)
Less treasury stock	(6,748,810)	(6,630,549)	(6,375,756)
TOTAL SHAREHOLDERS EQUITY	18,534,460	**18,382,363**	**17,839,590**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	62,825,904	**60,583,811**	**57,454,701**
Shares Outstanding	4,617,649	**4,642,202**	**4,707,114**
Equity Value Per Share	$ 4.014	**$ 3.960**	**$ 3.790**

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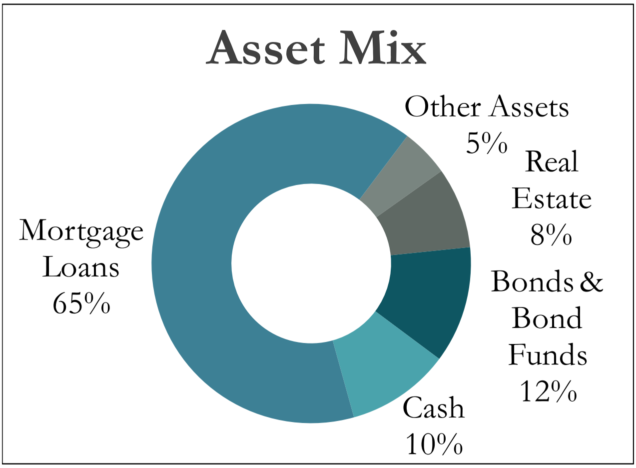
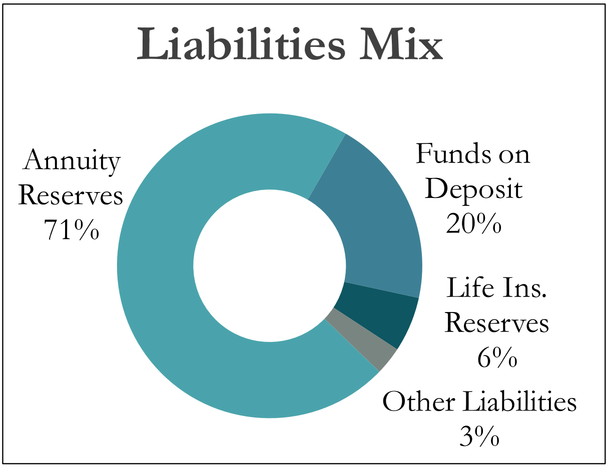
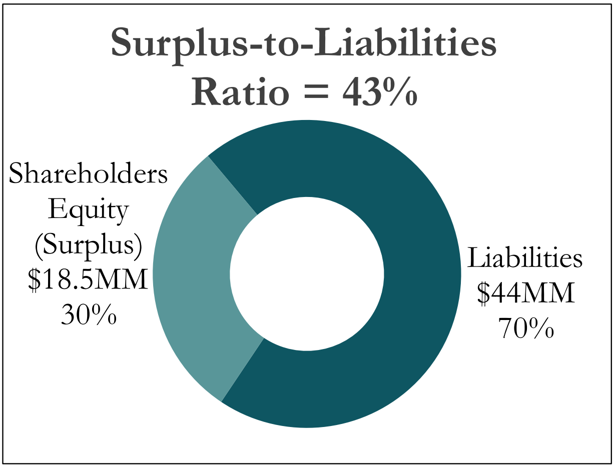
Statement of Financial Position—A Graphical View







Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31: 2017, 2016, & 2015 *(UNAUDITED)*

OPERATING ACTIVITIES	**2017**	**2016**	**2015**
Funds provided from operations			
Premiums received and annuity increases	$1,761,716	$2,448,693	$5,745,060
Net investment income (excl. realized gains)	4,552,455	4,618,992	3,989,368
Total funds provided from operations	6,314,171	9,734,428	9,734,428
Funds used in operations			
Benefits and loss related payments	(1,989,136)	(1,880,396)	(1,644,011)
Commissions & other expenses & taxes paid *(excluding federal income taxes)*	(1,419,188)	(1,329,949)	(1,142,613)
Dividends paid to policyholders	(42,526)	(39,333)	(39,157)
Federal income taxes paid *(excl. capital gains tax)*	(525,435)	(324,078)	(165,712)
Total funds (used) in operations	(3,976,285)	(3,573,757)	(2,991,493)
Net cash provided from operations	2,337,886	3,493,928	6,742,936
INVESTING ACTIVITIES			
Funds provided from investments sold, matured or repaid			
Bonds	697,639	175,580	362,295
Stocks	3,546,722	69,593	4,103,259
Mortgage Loans	12,255,972	16,218,858	11,217,226
Real Estate	537,181	1,308,239	1,235,475
Other invested assets	377,033	70,902	14,839
Total investment proceeds before capital gains tax	17,414,547	17,843,172	16,933,094
Cost of investments acquired			
Bonds, Mutual Funds & long term CD's	(2,725,764)	(365,037)	(274,825)
Stocks	(921,057)	(5,741,054)	(4,195,088)
Mortgage Loans	(18,333,880)	(14,365,604)	(16,000,382)
Real Estate and other invested assets	(146,376)	(247,920)	(39,238)
Total cost of investments acquired	(22,127,077)	(20,719,615)	(20,509,533)
(Increase) Decrease in policy loans	(5,794)	(2,523)	(3,182)
Net cash provided by investment activities	(4,718,324)	(2,878,966)	(3,579,621)
FINANCING ACTIVITIES			
Funds provided from (used for) financing activities			
Capital and paid in surplus net of treasury stock	(84,638)	(220,572)	(157,680)
Net deposits on deposit-type contracts	659,105	950,889	213,646
Cash dividends paid	(1,110,011)	(1,118,357)	(1,109,676)
Other cash provided (applied)	445,583	(170,898)	88,570
Net cash from (used for) financing activities	(89,962)	(558,938)	(965,140)
Increase (Decr.) in cash & short-term investments	(2,470,400)	56,025	2,198,175
Cash & short-term investments, beg. of year	9,062,109	9,006,084	6,807,909
Cash & short-term investments, end of year	6,591,709	9,062,109	9,006,084

The Notes on pages 18-29 are an integral part of these financial statements.

Statement of Changes in Stockholders Equity

FOR THE TWELVE MONTHS ENDED
DEC 31: 2017 AND 2016 (UNAUDITED)

	Capital Stock	Capital In Excess of Par	Accumulated Other Comprehensive Income (Loss)	Unassigned Surplus	Treasury Stock	Total
BALANCES, December 31, 2015	**927,173**	**2,574,241**	**(113,137)**	**20,827,069**	**(6,375,756)**	**17,839,590**
COMPREHENSIVE INCOME:						
Net Income				1,701,812		1,701,812
Change in unrealized investment gain/(loss)			52,776			52,776
Comprehensive income			52,776	1,701,812		1,754,588
Dividends declared & accrued				(1,118,357)		(1,118,357)
Issue employee compensation in stock	920	33,301				34,220
Repurchase Capital Stock (Treasury)					(254,793)	(254,793)
Change in Nonadmitted Assets				127,114		127,114
BALANCES, December 31, 2016	928,093	2,607,542	(60,361)	21,537,638	(6,630,549)	18,382,363
COMPREHENSIVE INCOME:						
Net Income				1,521,325		1,521,325
Change in unrealized investment gain/(loss)			(95,209)			(95,209)
Comprehensive income			(95,209)	1,521,325		1,426,116
Dividends declared & accrued				(1,110,011)		(1,110,011)
Issue employee compensation in stock	868	32,755				33,622
Repurchase Capital Stock (Treasury)					(118,261)	(118,261)
Change in Nonadmitted Assets				(79,369)		(79,369)
BALANCES, December 31, 2017	928,961	2,640,296	(155,571)	21,869,583	(6,748,810)	18,534,460

The Notes on pages 22-29 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.

Subsidiaries - American Savings Life Insurance Company owns 100% of ASL Financial Group, Inc., a holding company which owns 100% of American Life Financial Corporation, a licensed Arizona mortgage banker. 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 FASB Accounting Standards Codification Topic 944, Financial Services—Insurance:

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

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).

Policy loans are reported at their outstanding principal balance.

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

Receivables secured by real estate are reported at their outstanding principal balance, less deferred gains, which are recognized under the installment method.

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

Investment gains and (losses) are determined on a specific identification basis. Realized gains (losses) are credited (charged) to operations; unrealized gains (losses) are credited (charged) to Other Comprehensive Income (Loss) (OCI).

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 $522,719 at year end 2017 and $531,579 at year end 2016.

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, 2017 and December 31, 2016, respectively.

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

Annuity policies - **Deferred annuities and fixed-period immediate annuities** are accounted for in a manner consistent with accounting for interest bearing financial instruments. These annuity premium receipts are not reported as revenue, rather as deposit liabilities for annuity contracts. **Immediate annuities that contain mortality risk** are accounted for in a manner consistent with insurance contracts. These annuity premium receipts are reported as revenue when received from the policy holder. The annuity products issued do not include fees or other such charges.

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, thus affecting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) CASH AND INVESTMENTS

Cash and Cash Equivalents: 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 $1,505,734 and $2,224,490 at December 31, 2017 and 2016, respectively. The money market funds utilized by the Company invest in short-term U.S. government and commercial paper securities.

Cash and cash equivalents consist of the following:

December 31,	2017	2016
Certificate of Deposits	$ 995,000	$ 1,534,989
Money Market Funds	113,626	140,336
Demand Deposits	5,483,083	7,386,784
Total cash & cash equivalents	$ 6,591,709	$ 9,062,109

Bond Mutual Funds consist of Vanguard funds which invest in investment grade bonds with short-term maturities typically ranging from one to five years. These funds offer a low-cost, diversified approach to bond investing, providing broad exposure to corporate bonds, pooled consumer loans, and U.S. government bonds. Although short-term bond funds tend to have a higher yield than money market funds, the tradeoff has been that share price fluctuates. Additionally, increases in interest rates can cause the prices of the bonds in the portfolio to decrease and thus the fund's share price to decrease.

Bond mutual funds consist of the following:

December 31,	2017	2016
Vanguard ST Bond Index Fund	$ 896,960	$ 1,906,213
Vanguard ST Investment-Grade Fund	901,293	1,904,248
Vanguard ST Corporate Bond Index Fund	900,916	1,906,666
Total bond mutual funds	$ 2,699,169	$ 5,717,127

Bonds: In 2017, the Company invested in Government National Mortgage Association (GNMA or Ginne Mae) bonds. GNMA guarantees principal and interest on mortgage-backed securities (MBS) backed by loans insured by the Federal Housing Administration and the Department of Veterans Affairs. GNMA securities, like U.S. Treasuries, are guaranteed and backed by the full faith and credit of the U.S. government and generally are considered to be of the highest credit quality.

Bonds consist of the following:

December 31,	2017	2016
GNMA bonds	$ 1,760,005	$ 0
Municipal bonds	522,719	531,579
Corporate bonds	2,451,154	2,322,551
Total bonds	$ 4,733,878	$ 2,854,130

The amortized cost of bonds as of December 31, 2017 and 2016, by investment grade are as follows:

	2017		2016	
Bonds:	Amortized Cost	% of Total	Amortized Cost	% of Total
AAA to A	$ 3,282,412	69%	$ 1,097,117	38%
BBB	923,374	20%	1,222,554	43%
BB	426,936	9%	433,021	15%
B	101,156	2%	101,438	4%
Total bonds	$ 4,733,878	100%	$ 2,854,130	100%

Common Stock: The distribution of unrealized gains and losses on common stock as of December 31, 2017 and 2016, by investment strategy are as follows:

	2017		
Common stocks:	Cost	Unrealized Gain/(Loss)	Fair Value
Dividend stocks strategy	$ 222,958	$ 42,005	$ 264,963
Growth stocks strategy	243,146	13,411	256,557
Non-US stocks mutual fund	249,337	17,670	267,007
Berkshire Hathaway	256,685	40,915	297,600
Other	20,075	-470	19,605
Total common stocks	$ 992,202	$ 113,530	$ 1,105,732

	2016		
Common stocks:	Cost	Unrealized Gain/(Loss)	Fair Value
Dividend stocks strategy	$ 511,789	$ 45,827	$ 557,616
Growth stocks strategy	0	0	0
Non-US stocks mutual fund	0	0	0
Berkshire Hathaway	0	0	0
Other	5,859	61,959	67,818
Total common stocks	$ 517,649	$ 107,786	$ 625,435

Mortgage Loans consist of commercial, consumer and purchase money loans collateralized by real estate. The Company's lending policies allow for loans up to 65% of appraised values at interest rates ranging from 6.99% or more and terms ranging from one to 15 years. The weighted average lending rates for mortgage loans during 2017 and 2016 were 8.57% and 9.28%, respectively. At December 31 2017 and 2016, the distribution of the mortgage loan portfolio by property type and state are as follows:

	2017		2016	
Property type	Amount	% of Total	Amount	% of Total
Commercial	$ 20,500,526	50%	$ 20,166,854	59%
Residential	14,212,627	35%	10,032,290	29%
Land	5,972,902	15%	4,258,945	12%
Total mortgage loans	$ 40,686,055	100%	$ 34,458,089	100%
Valuation allowance	-105,399		-177,501	
Total net mortgage loans	$ 40,580,656		$ 34,280,588	

	2017		2016	
State	Amount	% of Total	Amount	% of Total
Arizona	$ 21,422,540	53%	$ 18,061,779	52%
Texas	13,712,859	34%	9,857,532	29%
Nevada	3,534,522	9%	1,646,925	5%
New Mexico	811,778	2%	833,585	2%
Colorado	752,761	2%	2,726,969	8%
Utah	451,595	1%	1,331,298	4%
Total mortgage loans	$ 40,686,055	100%	$ 34,458,089	100%
Valuation allowance	-105,399		-177,501	
Total net mortgage loans	$ 40,580,656		$ 34,280,588	

The Company establishes a specific valuation allowance when it is probable that based upon current information and events, the Company will be unable to collect all amounts due under the agreement. The specific valuation 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 specific valuation allowance as of December 31, 2017 and 2016.

Recognizing that mortgage loans with loan-to-value rate greater than 50% pose a higher risk of loss on default, the Company created a non-specific valuation allowance based on the additional interest paid by these loans. This allowance was $105,399 and $177,501 as of December 31, 2017 and 2016, respectively. Both allowances reduce Mortgage Loans and increase unrealized losses in the Statement of Financial Position.

The following is the composition of the mortgage receivable aging at year-end:

	2017		2016	
Mortgages:	Amount	Value of Land and Buildings	Amount	Value of Land and Buildings
In good standing	$ 35,877,349	$ 104,886,500	$ 33,396,569	$ 86,220,000
Greater than 90 days past due	43,338	120,000	1,009,727	2,210,000
In foreclosure, interest accruing	4,765,368	10,429,000	1,023,396	1,685,000
Total mortgage loans	$ 40,686,055	$ 115,435,500	$ 35,429,691	$ 90,115,000
Valuation allowance	-105,399		-177,501	
Total net mortgage loans	$ 40,580,656		$ 35,252,190	

Investments in Partnerships:

The Company holds a 13% interest in Sugarloaf VII, LLC and a 7% interest in Window Rock Residential Recovery Fund, LP, mortgage loan joint ventures managed by the Cardon Group. These joint ventures invest in distressed mortgage loans at discounted prices which allow substantial flexibility to modify loans, conduct short sales, or otherwise liquidate the portfolio of assets profitably. Investments in partnerships are summarized as follows:

2017	Total Contributed	Distributions: Income	Distributions: Rtn of Cap	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Book Value
Sugarloaf ①	$ 420,000	$ 133,733	$ 299,409	$ -57,000	$ 0	$ 63,591
Window Rock ②	880,000	24,526	140,830	0	-117,998	621,172
Total	$ 1,300,000	$ 158,259	$ 440,239	$ -57,000	$ -117,998	$ 684,763

2016	Total Contributed	Distributions: Income	Distributions: Rtn of Cap	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Book Value
Sugarloaf	$ 420,000	$ 115,068	$ 69,210	$ 0	$ 0	$ 350,790
Window Rock	880,000	24,526	0	0	9,353	889,353
Total	$ 1,300,000	$ 139,594	$ 69,210	$ 0	$ 9,353	$ 1,240,143

① An Other-Than-Temporary Impairment was recognized on Sugarloaf based on managements estimated liquidation value of $73K at June 30, 2017.

② Unrealized loss was due to Window Rock's September 30, 2017 year-to-date net loss of $1.4MM.

Real Estate consists of properties acquired in satisfaction of debt and real estate investments (excluding home office property). The following is a summary of real estate investments at year end:

	2017	2016
Real estate investments:	Amount	Amount
Property acquired in satisfaction of debt	$ 4,059,758	$ 4,567,214
Investments in real estate	1,091,320	1,091,320
Total real estate investments:	$ 5,151,078	$ 5,658,534

Real estate investments: December 31,		Amount 2017		Amount 2016
Number of foreclosures		1		6
Book value of foreclosures	$	146,376	$	2,982,257
Number of properties sold		4		6
Book value of properties sold	$	586,171	$	1,209,613
Net gains/(losses) from sale of real estate	$	-48,990	$	123,200
Write-downs (OTTI) on real estate	$	10,765	$	74,900

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 Level 2 Investments**. ***Level 3 Investments*** have no observable value for the assets and rely on Management's 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, 2017.

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 independently appraised value. The cost approach is used to determine the fair value of properties occupied by the Company and the policy contract loans.

Investments:		Balance 12/31/2016		Additions		Retirements		Balance 12/31/2017
Level 1 investments:								
Bond mutual funds	$	5,717,127	$	66,433	$	-3,084,391	$	2,699,169
Unaffiliated common stock		625,435		860,368		-380,072		1,105,732
Short-term investments		140,337		0		-140,337		0
Certificates of deposit		1,495,759		746,000		-1,246,759		995,000
Total Level 1		7,978,658		1,672,801		-4,851,558		4,799,901

Investments:	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
Level 3 Investments:				
Mortgage loans	34,280,588	18,557,577	-12,257,509	40,580,656
Real estate investments	5,658,534	146,376	-653,832	5,151,078
Partnership interests	1,240,143	0	-561,380	678,763
Policy contract loans	73,717	9,300	-3,506	79,511
Total level 3	41,252,982	18,713,253	-13,476,227	46,490,008
Total Investments	$ 49,231,640	$ 20,386,054	$ -18,327,786	$ 51,289,908
Money market and checking accounts				5,596,709
Bonds carried at amortized cost				4,733,878
Total cash and investments				$ 61,620,495

(4) LAND, BUILDING AND OFFICE EQUIPMENT

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. Since book value of the office occupied by the company was lower than the estimated salvage value at the time of the property exchange, depreciation was 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 following is a summary of the depreciated book value of our home office land, building and office equipment at year end:

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Home office - land	$ 71,622	$ 0	$ 0	$ 71,622
Home office - building	122,879	0	0	122,879
Office equipment	11,157	4,895	-6,658	9,395
Total	$ 205,658	$ 4,895	$ -6,658	$ 203,896

(5) DEFERRED TAX ASSET (LIABILITY)

The components of the net deferred tax asset / (liability) at December 31, 2017 and 2016 are as follows:

	2017	2016
Gross deferred tax assets	$ 1,256,816	$ 1,012,741
Statutory valuation allowance adjustments	-845,412	-638,175
Adjusted gross deferred tax assets	411,404	374,566
Deferred tax assets non-admitted	-253,576	-224,009
Net admitted deferred tax asset	157,828	150,557
Deferred tax liabilities	-93,844	-37,630
Net admitted deferred tax assets / (liabilities)	63,984	112,927
Current income tax recoverable/(payable)	130,112	32,170
Total deferred tax asset:	$ 194,096	$ 145,097

(6) LIFE INSURANCE POLICIES

Reserve for life policies 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 2.75% and 5.5%, are calculated to be sufficient to meet policy obligations as they mature. The components of the reserve for life policies by policy type at December 31, 2017 and 2016 are as follows:

Reserve for life policies:	2017	2016
Grand slam policies	$ 1,051,581	$ 883,047
Youth life policies	807,203	738,373
Other life insurance policies	660,576	797,888
Total reserve for life policies	2,519,359	2,419,307
Policy claims pending	20,000	14,050
Provision for policyholder dividends	46,503	42,535
Premiums received in advance	6,966	4,257
Total net reserve for life policies	$ 2,592,828	$ 2,480,149

Participating life 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 22% of total life insurance in force at December 31, 2017 and 22% at December 31, 2016. Policy dividends are determined annually by the Board.

(7) ANNUITIES

Reserve for Annuities consists of fixed-period immediate, life-contingent immediate, and deferred annuities. The components of the reserve for annuities at December 31, 2017 and 2016 are as follows:

Reserve for annuities	2017	2016
Life-contingent immediate annuities	$ 3,619,550	$ 2,124,760
Fixed-period immediate annuities	2,187,524	1,894,702
Deferred annuities	25,676,159	26,259,254
Total reserve for annuities	$ 31,483,234	$ 30,278,716

Annuity Premiums: As discussed in Note 2, deferred annuity and fixed-period immediate annuity premiums are not reported as revenue, rather as deposit liabilities for annuity contracts. The following is a summary of annuity premiums at year end:

Annuity premiums	2017	2016
Life-contingent immediate annuities	$ 1,599,257	$ 283,445
Fixed-period immediate annuities	602,543	403,489
Deferred annuities	0	1,994,834
Total annuity premiums	$ 2,201,800	$ 2,681,768

(8) FUNDS ON DEPOSIT

Funds on deposit with the Company consists of Advance Premium Deposits (APDs), Guaranteed Interest Contracts (GICs) and Dividends on Deposit (DODs). Funds on deposit are amounts held on behalf of outside parties. Interest is paid yearly at a rate set by the Company. Funds on deposit are renewed annually at the option of the Company and the terms of the contract can be changed by the Company with a 30-day notice. The components of funds on deposit at December 31, 2017 and 2016 are as follows:

	2017		2016	
Funds on deposit	Amount	Interest Rate	Amount	Interest Rate
Advance Premium Deposits	$ 3,072,382	4%	$ 2,570,007	4%
Guaranteed Interest Contracts	5,806,347	2%	5,940,868	2%
Dividends on Deposit	18,100	4%	19,670	4%
Total Funds on deposit	$ 8,896,829		$ 8,530,546	

(9) 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, 2017 and December 31, 2016, the Company had a capital amount of $928,961 and $928,093, respectively, and free surplus of $17,605,499 and $17,454,270, respectively. Free surplus was reduced by the $6,748,810 and $6,630,549 cost of treasury stock for years 2017 & 2016, respectively.

In January 2017, 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 2017, treasury stock increased by the purchase of 33,232 shares of capital stock at prices ranging from $3.49 to $3.60 per share. During 2016, a total of 74,110 shares were purchased at prices ranging from $3.33 to $3.53 per share. Stockholder equity per share was $4.01 at year end 2017 and $3.96 at year end 2016.

On February 20, 2018, the Board of Directors declared a cash dividend of 12.0 cents per share. The distribution will be made on April 06, 2018 to stockholders of record on March 31, 2018. A second semi-annual dividend is expected to be declared by the Board in August and paid in October.

(10) INVESTMENT INCOME NET OF EXPENSES

The components of investment income net of expenses at December 31, 2017 and 2016 are as follows:

Cash & cash equivalents

	2017	2016
Income	$ 94,787	$ 98,172
Expenses	-8,376	-9,651
Total	$ 86,411	$ 88,522

Mortgage loans

	2017	2016
Income	$ 4,765,962	$ 4,669,017
Expenses	-134,010	-95,090
Total	$ 4,631,953	$ 4,573,927

Real estate owned

	2017	2016
Income	$ 422,331	$ 349,037
Expenses	-574,558	-502,046
Total	$ -152,227	$ -153,009

Marketable securities

	2017	2016
Income	$ 142,613	$ 115,941
Expenses	-19,697	-17,259
Total	$ 122,917	$ 98,682

Other investment income

	2017	2016
Income	$ 47,228	$ 110,700
Expenses	-10,017	-5,222
Total	$ 37,212	$ 105,478

(11) EMPLOYEE BENEFITS & TAXES

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 $98,148 for 2017 and $86,558 for 2016.

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 100% 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 2017, 8,418 shares of Company common stock were purchased under the plan for a total of $32,786. The October 2017 enrollment stock price was $3.904 and as of December 31, 2017, $8,491 of employee and directors compensation had been set aside for stock purchase.

The components of employee benefits and taxes at December 31, 2017 and 2016 are as follows:

Employee benefits & taxes	2017	2016
Profit sharing plan	$ 98,148	$ 81,461
Employee welfare	80,562	65,470
Payroll taxes	84,718	82,922
Total employee benefits & taxes	$ 263,429	$ 229,853

(12) 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, 2017 and 2016, 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 12.8% and 12.5% of total premiums paid in 2017 and 2016, respectively. Company officers and directors also owned 5.4% and 5.8% of total policy face value in 2017 and 2016, respectively.

(13) 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.

(14) 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, 2017, no uncertain tax positions have been identified, and accordingly, no provision has been made.

(15) 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 ($12,020). These 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:

	2017 ***Stockholders*** Financial Statements		2017 ***Statutory*** Financial Statements	
Total Assets	$	62,825,904	$	61,554,810
Total Liabilities	$	44,291,443	$	45,900,746
Total Stockholders' Equity	$	18,534,460	$	15,654,064
Equity per Share	$	4.01	$	3.39
Annual Net Income	$	1,521,325	$	1,584,343
Net Income per Share	$	0.33	$	0.34

After April 30, 2018, the 2018 audited statutory financial statements will be available on the Company's website: www.AmericanSavingsLife.com/stock.

(16) SUBSEQUENT EVENTS

In February 2018, the Company foreclosed on 15 luxury residential condominiums in Houston, Texas with a cost basis of $2,810,000. The appraised values for these loans at the time of origination in 2015 were $4,274,000. As of December 31, 2017 real estate investments was 8.4% of total assets. After foreclosure of these condominiums, real estate investments are now 12.8% of total assets.

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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