

# Dear Fellow SHAREHOLDERS,

What a year 2022 was! It was one for the record books despite some very challenging macroeconomic conditions.

## **Inflation, Higher Interest Rates, & Economic Slowdown**

In last year's Annual Report we reported how the historically low interest rates, a red hot real estate market, and a robust economy were challenges to our profitability.

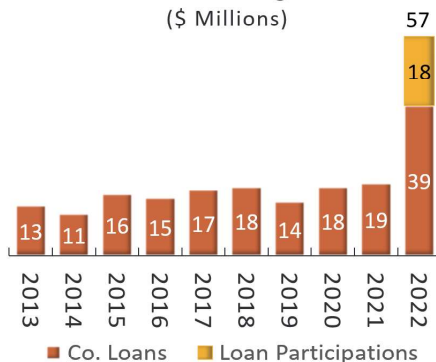
Ironically, all three of these conditions changed dramatically after last year's report was published. Although higher inflation is not a good thing, the resulting higher interest rates are a positive for our mortgage lending as well as for our annuity and deposit account customers.

Additionally, the slowdown in the economy and the real estate market reduced the pace of loan payoffs, keeping our funds invested longer in mortgages and helping our profitability.

## **Record Mortgage Lending**

We had a blowout year in loan originations compared to all prior years. Until 2022, we had never surpassed \$20 million in new loan originations. We ended 2022 with a total of \$57 million in loans funded, nearly tripling our prior record. This included \$39 million of Company loans and \$18 million of loan participations from other life insurance companies.

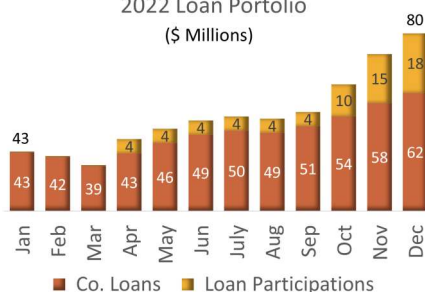
Annual Loan Originations  
(\$ Millions)



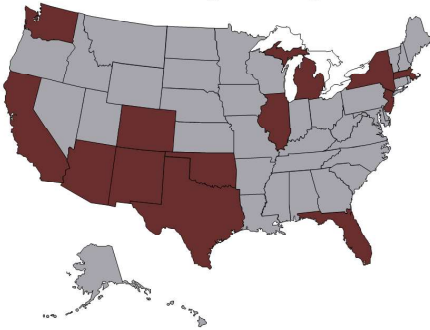
## **Record Loan Portfolio**

The higher loan origination volume combined with reduced loan payoffs resulted in a record Total Loan Portfolio of \$80 million at year-end. This includes \$62 million of Company loans and \$18 million of loan participations. Loan participations are becoming an increasingly important aspect of our lending. We earn fee income from the loan participations; plus, they enable us to make more and larger loans than we could with only Company assets.

2022 Loan Portfolio  
(\$ Millions)



## 2022 Loans Originated by State



### Larger Loans Nationwide

Two of the key factors that helped fuel the large increase in loan volume were that we increased our max loan amount to \$10 million and we expanded our lending area to be nationwide.

In 2022, we originated new loans in 13 different states (the brown colored states). This is more than twice as many states as in any previous year.

The average loan size in 2022 also increased to \$2.2 million, including three loans over \$9 million each. These larger loans were funded with a combination of Company assets and loan participations from other insurance companies.

### Report on 2022 Initiatives and Goals

We set out to accomplish a lot in 2022 and are pleased to return and report on these goals.

### 2022 Life Insurance Sales

Our 2022 goal for our new estate planning life insurance policy called The Remembrance policy was to sell \$1 million in Remembrance premiums. We more than doubled

that with over \$2.3 million in Remembrance premiums.

AMERICAN SAVINGS  
LIFE INSURANCE COMPANY



*Remembrance*

Single Premium Whole Life Insurance

### 2022 Online Marketing Initiative: A new podcast: FundingQuest

In 2022 we began developing a new marketing strategy for our lending business: A podcast in which I interview experts in various aspects of business loan funding (focused mainly on real estate loans) as well as other relevant and valuable topics for business owners.

The **FundingQuest** podcast's first episode aired in June 2022. As of the date of this letter we have published 25 episodes. To listen to our podcast, go to your favorite podcast app and search for FundingQuest (one word), and subscribe to hear me interview several experts in the field of loan funding for businesses and other topics of business interest.

We recently began publishing excerpts from the podcast interviews in short videos on **YouTube**.



Search for FundingQuest (one word) on YouTube and you'll find our channel with dozens of clips from these interviews, with more being published regularly.

The objective of these new online marketing efforts is to first provide valuable content for potential customers while also creating greater credibility and brand awareness for our loans through the different mediums of podcasts and videos.

### Rebranding our Lending

For over 15 years, we have used our trademarked lending brand, **Not So Hard Money** to advertise our loans. The catchy name helped us describe our loans as being not quite hard money, but not conforming loans either, and it has served us well over the years.

However, our loan product has been evolving away from hard money and becoming more of an institutional quality bridge loan. Instead of pointing out our loans' similarities to hard money, we needed our marketing efforts to emphasize the fact that American Life Financial is the lending arm of a nearly 70-year-old life insurance company. We realized that we had outgrown our brand and needed a new focus for our loan products.

Focusing on our position as a life insurance company gives us greater credibility in the marketplace and

is a better fit for the larger loans we are now making. We have stopped marketing our **NotSoHard-Money.com** website and are now using

[www.AmericanLifeFinancial.com](http://www.AmericanLifeFinancial.com).

We have also created this new logo for American Life Financial.



### Loan Origination Goal

In spite of our long history of annual loan originations not exceeding \$20 million, we set an ambitious goal of \$40 million in new loans for 2022.

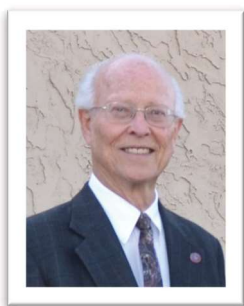
By expanding our lending nationwide and increasing our loans up to \$10 million, we nearly tripled our goal by making \$57 million in new loans!

We have set our sights even higher this year, with a goal to increase our new loans to \$76 million in 2023.

### In Memory of Steven L Stapley (1936—2022)

In the Company's history, few people have provided more years of service and greater contributions to the Company than Steven L. Stapley. Steven retired in 1999 after 38 years of employment with the Company. Steve provided decades of leadership as both a





Company Officer and a Director. After retiring he continued serving on the Board of Directors for another ten years.

Thank you Steve for your long career of dedicated service and for the countless contributions you provided. We will miss you, but your legacy and influence continue on.

### Your Stock's 2022 Performance

• **Net Taxable Income**  
= \$2,033,000

**+27%**

• **Net Income**  
= \$1,442,000

**+14%**

• **Comprehensive Income**  
= \$1,140,000

**-21%**

• **Dividend Yield**  
= 4.9%

**4.9%**

• **Total Shareholder Return** = 8.9%

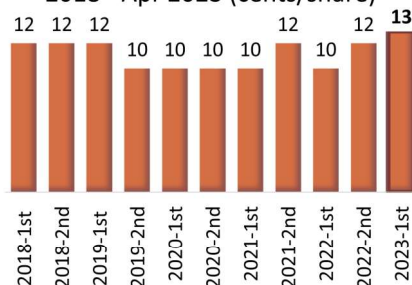
**8.9%**

### 2022 and 2023 Cash Dividends

Shareholders received two cash dividends in 2022 for a total of 22¢ per share. Together, these dividends equal a 4.9% yield on the 12/31/2021 stock book value.

### Semi-Annual Dividends

2018 - Apr 2023 (cents/share)



In addition to the cash dividends, your stock's 2022 book value also increased 4.0%, for a combined Total Shareholder Return of 8.9%.

The Board of Directors has declared **the first semi-annual 2023 dividend to be 13¢ per share**, to be paid on April 12, 2023 to shareholders of record as of March 31st. The Board intends to declare a second dividend in August, to be paid in October. The year 2023 will be **the 41st consecutive year** we have paid cash dividends.

### Annual Shareholders Meeting

All shareholders are invited to attend the 2023 Annual Shareholders Meeting at **9:00 AM on Tuesday, April 25, 2023** at the Company's home office located at **935 E. Main St., Mesa, AZ**. Come join us!

### April 2023

SUN	MON	TUES	WED	THUR	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## Opportunity within Uncertainty

With the dramatic changes occurring in the world around us, there is uncertainty about what the future holds. However, we see this uncertainty as an opportunity to continue to grow our time-tested business model and investment strategy. With the decline in bank lending there will be even greater need for our niche bridge loans.

Our investment strategy continues to be primarily investing in conservative commercial real estate bridge loans that we underwrite

and originate ourselves. This strategy has proven successful over many decades and economic cycles and we are confident that this will continue.

Thank you for your trust and support. I look forward to sharing this great Company's continued success with you!

*Sincerely yours,*  
*Byron F. Allen*

Byron Frihoff Allen, President

## 2022 Board of Directors

The affairs of the Company are overseen by the elected Board of Directors. The Board ensures the Company is being managed in the best interest of the shareholders through governance policies and oversight of Management.



Pictured from left to right (showing year began as Director or Advisor):  
*Back row: Tracy C. Allen (2014); Byron F. Allen (2006); Kurt Tingey (2012); Heber E. Allen (2009)* *Front row: Craig A. Cardon, (2019); Wayne L. Gardner (2017); Christopher Stapley (2020)*