

**AMERICAN SAVINGS
LIFE INSURANCE COMPANY**



Founded 1954



**2025
Annual Report**

We Are...

American Savings Life Insurance Company .

Our Vision

We Are Becoming...

The preferred life insurance company
commercial bridge loan provider

Our Purpose

Why We Exist...

We Help Build and Protect Legacies

Our Core Values

We Live These Values...

-
- Integrity
 - Partnership
 - Stewardship
 - Consideration
 - Professionalism
 - Growth Mindset

Our Founder's Principles

We Were Built on These Principles...

-
- ♦ Safe Investments
 - ♦ Mutual Respect
 - ♦ Stewardship of Stockholder Funds
 - ♦ Debt Avoidance
 - ♦ Dependable Dividends
 - ♦ High Ethical Standards
 - ♦ Prudent Growth
 - ♦ Availability of Funds

Chairman's Letter to Shareholders

Dear Shareholders,

I've had the privilege of serving as chairman of the board since 2018 and have been serving as a member on the board of directors since 2009. I am grateful for the other members of the board I get to work with. I feel their business experiences and their commitment to the company's success are integral in helping the company become the best it can be.

I wish to explain the board of directors approach to governance. Starting in 2018, the board worked on formalizing board and CEO expectations. Using the Carver Policy Model as a framework, the board defined some expectations for the company, the CEO, and described how the board should run. The outline of which has 4 main categories:

- 1) Ends** – Long term outcomes which the board expects the CEO to lead the company towards.
- 2) Executive Limits** - Boundaries upon management. In hopes of allowing staff creativity while also ensuring accountability.
- 3) Governance Policies** – Lists the expectations for board members and the board as a whole.
- 4) Board Delegation Policies** - An enumeration of board sponsored committees and which delegated authority is given to each committee.

I am pleased to report that the board

continues to review these governance documents and refer to them often.

The board takes responsibility for evaluating CEO performance, CEO compensation, and is also responsible for firing and hiring the CEO (the CEO is responsible for all other company employees). We use this framework to evaluate if the CEO is achieving the appropriate ends while keeping risks balanced.

The board continues to focus on shareholder value by focusing on company growth. The board desires consistent growth in profitability over sporadic returns. The board also desires quality in earnings as measured by our consistent adherence to our investment strategies. The board also values consistent dividends, and where profitability allows, consistent dividend growth.

A few years ago, the board approved a 10-year plan outlining company growth objectives, which our CEO felt was possible. Today, the board is elated at the progress that has been made so far. While no guarantee can be made for future results, the current business model (growth in annuities and loan participations) has proved to be an engine of revenue growth and is the primary driver in earnings growth these last few years. I expect this section of our business to continue to grow - and hopefully a lot.

It is my expectation that if the company can continue its trajectory of growth and consistent profitability growth, the value of the company's stock will also grow consistently.

Strategically, the board will keep considering how to help maximize the value of the company for our shareholders.

I am pleased to report that as a board, we continue to retain the core company values: a growth mindset, stewardship, consideration, professionalism and partnership.

Thank you for this opportunity to serve on the board of directors.



Heber Allen
Chairman of the Board



2026 Board of Directors and Officers



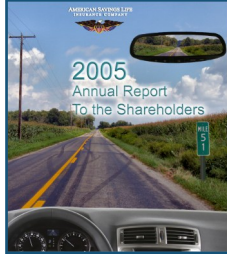
Back row: Kurt Tingey (Director), Paul Cardon (Director), Tracy Allen (Director), David Allen (Director Emeritus), Christopher Stapley (Director), David LeSueur (Director), Wayne Gardner (Director).
Front row: E. Paul Whetten (EVP/COO), Heber Allen (Chairman), Byron Allen (President/CEO), John Shirts (CFO).

President's Letter to Shareholders

April 10, 2026

Dear shareholders,

Long-time shareholders may find this year's annual report cover somewhat familiar. It is intentionally inspired by our 2005 annual report cover.



That earlier cover symbolized a forward-looking vision for the Company's bright future, while also reflecting—through the rearview mirror—on the strong legacy and solid foundation built during our first 51 years. Its significance marked the beginning of a new generation of leadership in 2006.

This letter offers an opportunity to reflect on the Company's key accomplishments over the past 20 years, as well as to share our perspective on the path ahead and how we intend to guide the Company into the future.

In the Rearview Mirror: The Foundation Enabling Today's Growth

Building upon the strong financial foundation and long-standing commitment to conservative investment

and operational principles, we have made deliberate, iterative progress .

While not every initiative produced the intended results, many of the initiatives over the past two decades have proven instrumental. They collectively established the capabilities, scale, and partnerships that are now driving the Company's recent growth and success.

Key milestones include:

- **2006** Established our lending subsidiary, American Life Financial.
- **2009** Began selling deferred annuities and began lending in TX.
- **2014** Expanded our lending to 6 states and completed our first loan participation sale to another life insurance company.
- **2016** Expanded lending footprint to 12 states.
- **2021** Increased maximum loan size to \$10 million and expanded our lending nationwide.
- **2022** Began regularly selling loan participations in large loans and actively growing our loan participation partnerships.
- **2023-2024** Increased maximum loan size to \$25 million+ and expanded our state licenses for selling annuities to 15 states.

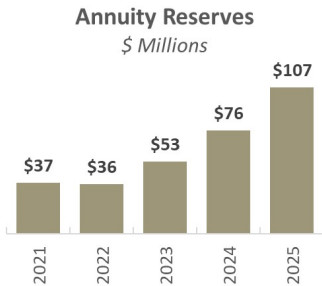
2022-2025:
The Early Years of Our
Current Growth Era

The iterative developments over the past two decades have enabled our current growth phase. The last four years have been the start of very significant growth, which we expect to continue for many years to come.

Key Areas of Growth

1 Annuity Reserves have nearly tripled from \$37 million to \$107 million.

This increase is the primary driver of our growth in assets. Most of these annuity reserves are invested in our commercial mortgage loans.



2 Our Company Loan Portfolio (excluding loan participations) also nearly tripled from \$44 million to \$121 million.

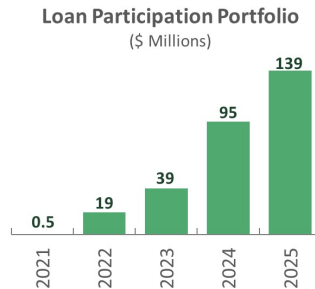
This growth has doubled mortgage loan interest income, from \$4.5 million in 2021 to over \$9 million in 2025.



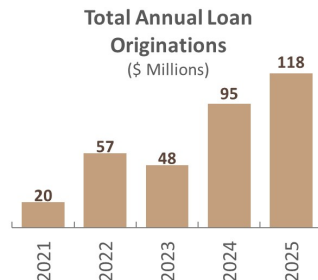
3 Loan Participation Portfolio grew from \$0.5 million to \$139 million.

This massive growth in capital invested by other insurance companies in our loans (called loan participations) allows us to earn loan origination fees and loan servicing fees on their invested capital.

In 2025, we earned \$1.2 million in fees resulting from loan participations.

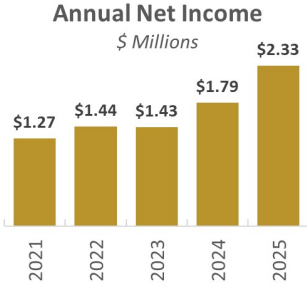


4 Annual Loan Originations grew nearly 600% from \$20 million to \$118 million.

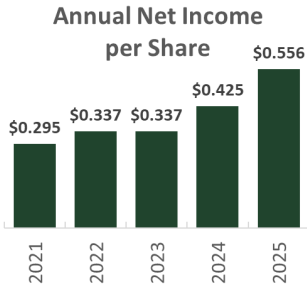


The Financial Results Of This Growth

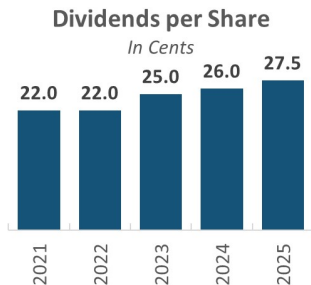
- 1 Annual Net Income** grew 84% from \$1.3 million to \$2.3 million.



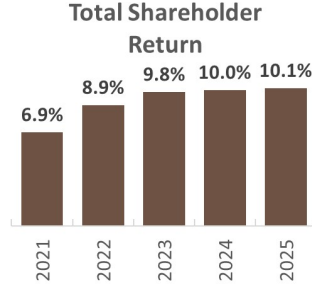
- 2 Net Income per share** grew 89% from 29.5¢ to 55.6¢.



- 3 Dividends per share** grew 25% from 22.0¢ to 27.5¢.



- 4 Total Shareholder Return** grew 47% from 6.9% to 10.1%.



Report on 2025 Goals

In last year's report we shared five goals for 2025. Here are the results:

- GOAL 1:** Grow our **total mortgage loan portfolio** (Company + loan participations) from \$185 million to \$250 million.
 - RESULTS:** Total loan portfolio grew to [\\$260 million](#).
- GOAL 2:** Originate \$125 million in new loans.
 - RESULTS:** Loan originations totaled [\\$118 million](#).
- GOAL 3:** Sell [\\$25 million](#) in **annuity premiums**.
 - RESULTS:** Sold [\\$33.8 million](#).
- GOAL 4:** Net Taxable Income Return on Equity (ROE) = 12.0%.
 - RESULTS:** Net Taxable Income ROE = [13.9%](#).
- GOAL 5:** Total Shareholder Return (TSR) = 9.4%.
 - RESULTS:** TSR = [10.1%](#).

Our Goals for 2026

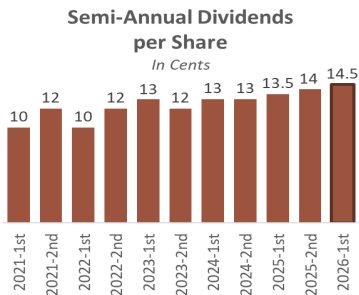
- **GOAL 1:** Grow total mortgage loan portfolio (Company + loan participations) from \$260 million to **\$350 million**.
- **GOAL 2:** Originate **\$175 million** in new loans.
- **GOAL 3:** Grow Annuity Reserves from \$107 million to **\$120 million**.
- **GOAL 4:** Net Taxable Income ROE = **15.0%**.
- **GOAL 5:** Total Shareholder Return = **12.0%**.

2025 & 2026 Dividends

Shareholders received two cash dividends in 2025, totaling 27.5¢ per share, which equals a **5.4% dividend yield**.

A **14.5¢ per share dividend** (up from 13.5¢ a year ago) was paid on April 10, 2026 and a second dividend is expected to be paid in October.

The year 2026 will be **the 44th consecutive year** we have paid cash dividends!



Annual Shareholders Meeting

All shareholders are invited to attend the 2026 Annual Shareholders Meeting beginning at **8:30 AM on Tuesday, May 19, 2026** at the Company's home office located at 935 E. Main St., Mesa, AZ. Come join us!

MAY 2026

SUN	MON	TUE	WED	THU	FRI	SAT
26	27	28	29	30	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
31	1	2	3	4	5	6

Looking Down the Road Ahead

We are committed to more fully realizing the Company's potential through disciplined growth, while maintaining exceptional capital strength.

Top Priority: Continued Growth Of Our Lending Business

Growing our lending business is our top priority because it is our core business and our differentiator. Plus, when combining our assets together with loan participation assets, we are able to make larger, higher quality loans while earning greater fee income from the larger loans and loan servicing fees.

In 2022, management presented to the board of directors a BHAG (big, hairy, audacious goal) of growing our loan portfolio from \$44 million at

beginning of 2022 to **over \$1 billion by the end of 2032 — over 20X growth!**

With our loan portfolio at \$260 million at year-end 2025, we are on track to achieve this goal!

To reach this audacious goal, we will need to grow our loan origination volume dramatically. We have already grown it from \$20 million in 2021 to \$118 million in 2025.

We will also need to grow the amount of capital that our loan participation partners (other life insurance companies) invest in our loans. We anticipate that at least 75% of our \$1 billion loan portfolio will be loan participation capital.

Although these are very ambitious goals, the progress being made toward them reflects the dedication of our team and gives us genuine confidence in the Company's trajectory!

How Will We Actually Do This?

There are many, many things that need to happen along the way for us to accomplish our goals. Some we know of now, and certainly more will become apparent with time. A few of the major priorities include:

Major technology enhancements:

Most of our systems are decades old and are no longer adequate for our larger, more complex business. Some progress has already been made, but much more remains. We will certainly leverage AI as much as possible, and we anticipate AI will become an extremely valuable enabler for the Company.

Growing our team:

We have been able to achieve this remarkable growth while only growing our team by +/- 12 additional employees over the last 20 years. Technology has enabled much of this, but even with AI, we will certainly have to continue to grow our team to reach our goals.

Growing our outside relationships:

This massive growth will also require deliberate expansion across all three of our key distribution relationships: annuity advisors, loan brokers, and loan participation partners.

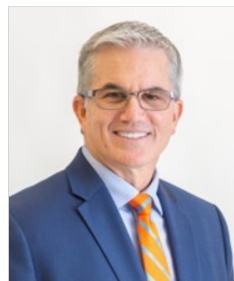
A True A-Team Effort

The growth and success we have enjoyed thus far have only been possible because of our amazing “A-Team” of all-star employees. They work diligently day in and day out to make this Company great. It is an honor to work side by side with all of them.

Finally, I look forward to the adventure we get to share together as we journey down the road in front of us. The opportunities are exciting indeed!

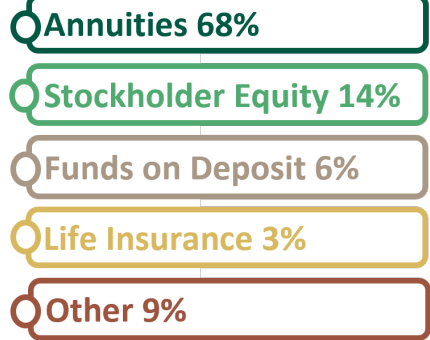
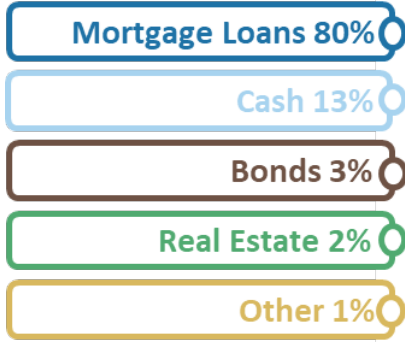


Byron Frihoff Allen,
President & CEO

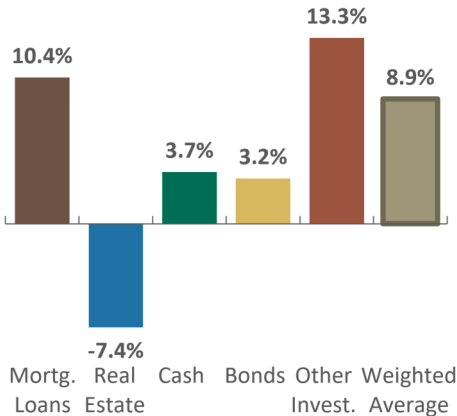


A Graphical Perspective of Our

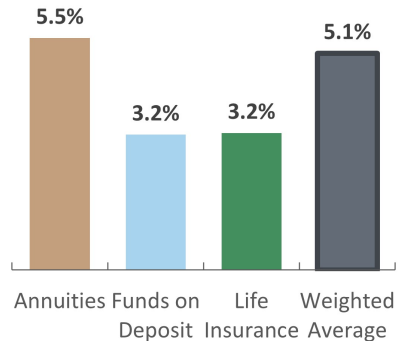
Overall Business



Yields on Investment by Type



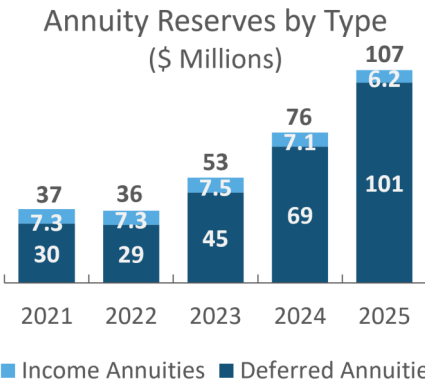
Avg. Cost of Capital (Policyholder Reserves)



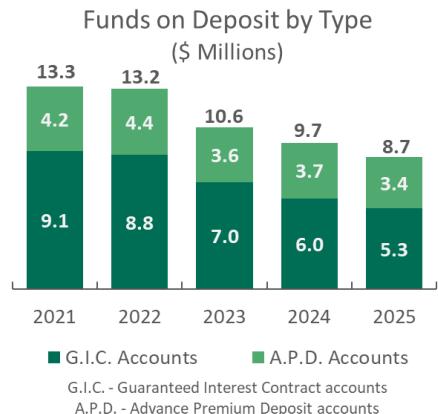
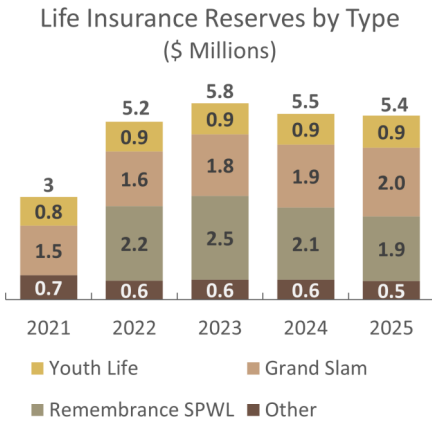
A Graphical Perspective of Our Life Insurance & Annuities Business



- **Deferred Annuities 83%**
- **Income Annuities 5%**
- **G.I.C. Accounts 4%**
- **A.P.D. Accounts 3%**
- **Life Insurance 5%**



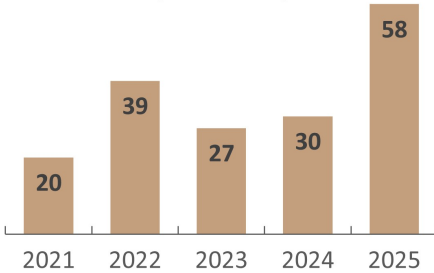
In 2023, upon the advice of our actuary, we made the strategic shift to focus our growth on short-term fixed annuities, since these are the best match with the duration of our mortgage loan investments. This is why there is declining life insurance reserves and increasing annuity reserves.



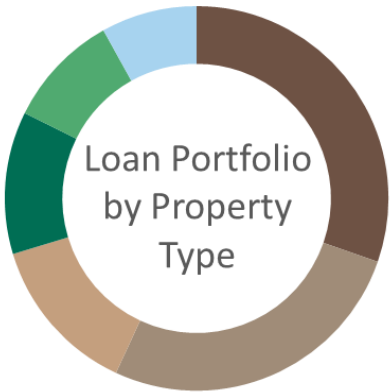
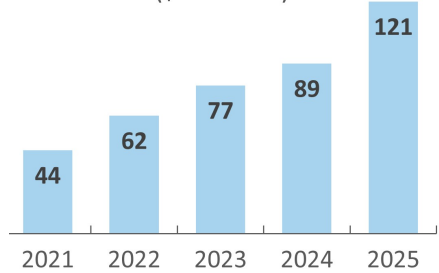
A Graphical Perspective of Our Mortgage Lending Business

(Company Assets Only)

Annual Loan Originations
(\$ Millions)

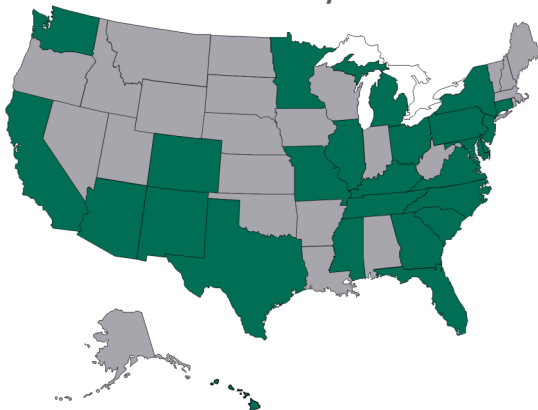


Total Loan Portfolio
(\$ Millions)



- Office 30%
- Retail/Mixed Use 27%
- Mixed Use 13%
- Multi Family/MHP 12%
- Hospitality 10%
- Industrial/Warehouse 8%

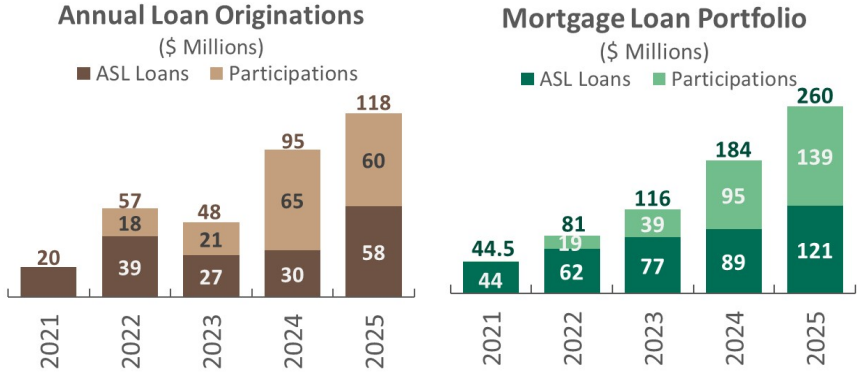
Loan Portfolio by State



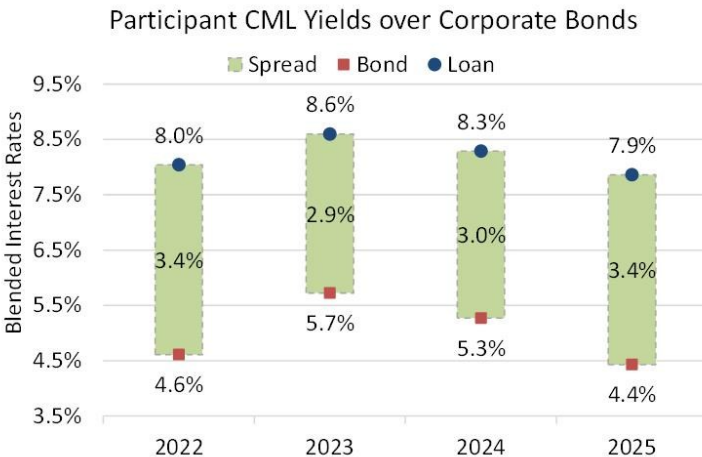
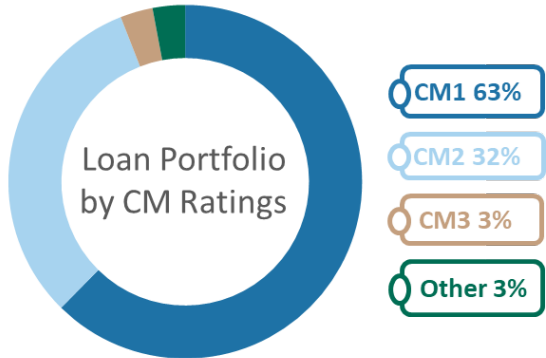
Top 5 States:
 AZ – 18.9%
 TX – 12.7%
 FL – 7.1%
 CA – 7.0%
 TN – 6.1%

A Graphical Perspective of Our Mortgage Lending Business

(Including Loan Participations)



The graph below illustrates the spread (difference) between the interest rates our Loan Participation Partners earned on all CM1 & CM2 participation loans vs. yields on similarly rated A- and BBB corporate bonds.



Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31: 2025, 2024, 2023, & 2021 (UNAUDITED)

	2025	2024	2023	2022	2021
Statement of Operations Data					
Total revenues	12,297,743	9,746,414	8,265,524	8,971,031	5,560,885
Total expenses	9,411,496	7,493,336	6,659,977	6,938,325	3,961,535
Net taxable income	2,886,247	2,253,078	1,605,547	2,032,706	1,599,349
Net income	2,328,604	1,791,545	1,433,104	1,441,645	1,268,349
Statement of Financial Position Data					
Total assets	158,137,731	120,877,813	99,364,790	77,321,255	75,039,776
Total reserves for life ins., annuities & deposits	121,037,224	90,882,316	69,440,624	54,983,313	53,505,777
Total liabilities	135,967,609	99,562,542	78,820,945	57,519,516	55,844,632
Total shareholders equity	22,170,122	21,315,272	20,543,845	19,801,739	19,195,144
Per Share Data					
Total shares outstanding	4,186,973	4,213,271	4,247,085	4,274,693	4,306,360
Net income per share	0.556	0.425	0.337	0.337	0.295
Dividends per share (DPS)	0.275	0.260	0.250	0.220	0.220
Book value (shareholders equity) per share (BVPS)	5.295	5.059	4.837	4.632	4.457
Key Performance Measurements					
Dividend yield (DPS / prior yr. BVPS)	5.44%	5.38%	5.40%	4.94%	5.03%
Investment yield (net inv. inc. / prior yr. assets)	10.01%	9.34%	9.19%	8.28%	7.17%
Return on equity (net income / prior yr. BVPS)	10.99%	8.79%	7.28%	7.57%	6.73%
Total shareholder return (DPS + BVPS incr. / prior yr. BVPS)	10.10%	9.97%	9.82%	8.86%	6.85%

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

Consolidated Statement of Operations

FOR THE YEARS ENDED DEC. 31: 2025, 2024, & 2023 (UNAUDITED)

REVENUES	2025	2024	2023
Premiums - Life insurance	171,824	169,564	539,103
Premiums - Life-contingent annuities	31,001	296,298	623,994
<u>Investment income net of expenses</u>			
Cash & cash equivalents	695,870	697,350	585,954
Mortgage loans	11,191,978	8,418,449	6,261,907
Real estate investments	-217,151	-82,113	-69,937
Bonds and common stock	160,558	171,327	196,307
Other investment income	7,021	-29,599	25,198
Realized capital gains/(losses)	256,641	105,136	102,997
TOTAL REVENUES	12,297,743	9,746,414	8,265,524
EXPENSES			
Policyholder benefits	717,077	585,360	355,810
Increase in life reserves & loading	-1,123	287,484	1,252,290
Policy acquisition costs	336,899	251,980	207,961
Interest on insurance and annuities	4,990,596	3,485,524	2,352,692
General expenses			
Salaries and wages	2,168,727	1,895,217	1,657,660
Employee benefits & taxes	461,926	373,248	302,683
Professional fees	311,785	300,231	276,860
Other expenses	425,608	314,291	221,564
TOTAL EXPENSES	9,411,496	7,493,336	6,659,977
NET TAXABLE INCOME	2,886,247	2,253,078	1,605,547
Federal income tax	-557,643	-461,533	-172,443
NET INCOME	2,328,604	1,791,545	1,433,104
Net income per share	\$0.556	\$0.425	\$0.337
OTHER COMPREHENSIVE INCOME (OCI)			
Unrealized gain/(loss) on common stock, net of tax	-153,099	160,397	297,725
COMPREHENSIVE INCOME	2,175,505	1,951,942	1,730,829
Comprehensive income per share	\$0.520	\$0.463	\$0.408
Total shares outstanding	4,186,973	4,213,271	4,247,085

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

Consolidated Statement of Financial Position

AS OF DEC 31: 2025, 2024, & 2023 (UNAUDITED)

ASSETS	2025	2024	2023
Cash & cash equivalents	20,220,310	18,660,349	10,644,161
Bonds	4,913,734	5,569,064	5,428,626
Common stock	1,612,176	2,042,380	1,772,624
Policy loans	125,085	100,326	100,207
Mortgage loans	120,963,368	88,924,266	77,326,691
Real estate investments	2,571,887	2,536,977	1,718,361
TOTAL CASH & INVESTED ASSETS	150,406,560	117,833,362	96,990,669
Accrued interest, deposits, & receivables	4,841,407	627,878	576,958
Deferred policy acquisition asset	1,111,590	1,003,621	683,992
Land, building, & office equipment	434,048	391,673	404,131
Deferred tax asset	1,344,126	1,021,280	709,039
TOTAL ASSETS	158,137,731	120,877,813	99,364,790
LIABILITIES			
Reserve for life policies	5,314,530	5,568,345	5,860,210
Reserve for annuities	107,027,249	75,697,157	52,944,386
Funds on deposit	8,695,445	9,616,814	10,636,028
Expenses due & accrued and other	646,771	618,749	479,654
Amounts held for others	14,283,614	8,061,476	5,900,667
Loans payable (line of credit)	0	0	3,000,000
TOTAL LIABILITIES	135,967,609	99,562,542	78,820,945
SHAREHOLDERS EQUITY			
Capital stock	935,501	934,154	933,280
Capital stock in excess of par	2,927,330	2,861,434	2,820,590
Retained earnings	27,033,957	26,063,490	25,147,336
Less treasury stock	-8,726,667	-8,543,806	-8,357,361
TOTAL SHAREHOLDERS EQUITY	22,170,122	21,315,272	20,543,845
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	158,137,731	120,877,813	99,364,790
Shares Outstanding	4,186,973	4,213,271	4,247,085
Equity Value Per Share	\$ 5.295	\$ 5.059	\$ 4.837

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

Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31: 2025, 2024, & 2023 (UNAUDITED)

OPERATING ACTIVITIES	2025	2024	2023
<i>Operating cash inflows</i>			
Life and annuities premiums received	33,968,980	30,927,441	28,226,763
Net investment income	11,547,341	8,810,334	6,731,679
<i>Total operating cash inflows</i>	45,516,321	39,737,775	34,958,442
<i>Operating cash outflows</i>			
Policyholder benefits & claims paid	-7,957,457	-11,905,179	-13,845,374
General expenses & commissions paid	-2,969,853	-2,826,143	-2,778,788
Dividends paid to policyholders	-71,213	-67,479	-63,851
Federal income taxes paid	-933,970	-752,050	-308,851
<i>Total operating cash outflows</i>	-11,932,493	-15,550,851	-16,996,864
<i>Net cash provided from operations</i>	33,583,828	24,186,924	17,961,578
INVESTING ACTIVITIES			
<i>Investment cash inflows</i>			
Bonds	583,426	541,453	683,756
Common stocks	787,408	308,623	210,444
Mortgage loans	25,095,331	19,695,329	11,046,234
Real estate investments	1,089,108	0	370,610
<i>Total investment cash inflows</i>	27,555,273	20,545,405	12,311,044
<i>Investment cash outflows</i>			
Bonds	0	-773,484	-483,755
Common stocks	-250,757	-286,758	-220,041
Mortgage loans	-58,356,680	-31,297,268	-23,779,810
Real estate investments	-15,562	-833,376	-59,409
<i>Total cost of investments acquired</i>	-58,622,999	-33,190,886	-24,543,015
Net change in policy loans	-24,759	-118	-987
<i>Net cash provided by investment activities</i>	-31,092,485	-12,645,599	-12,232,958
FINANCING ACTIVITIES			
Capital issued less treasury stock repurchased	-115,618	-144,727	-112,977
Net change in loans payable (line of credit)	0	-3,011,041	3,000,000
Funds on deposit received (paid)	-1,266,940	-1,409,294	-2,391,741
Net change in amounts held for others	6,216,613	2,160,809	0
Cash dividends paid	-1,156,850	-1,103,217	-1,064,903
Other financing cash flows	-4,608,587	-17,667	697,980
<i>Net financing cash flows</i>	-931,382	-3,525,137	128,359
Cash & cash equivalents, increase (decrease)	1,559,961	8,016,188	5,856,979
Cash & cash equivalents, beg. of year	18,660,349	10,644,161	4,787,183
Cash & cash equivalents, end of year	20,220,310	18,660,349	10,644,161

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

Statement of Changes in Stockholders Equity

FOR THE YEARS ENDED DEC 31: 2025 AND 2024 (UNAUDITED)

	Capital Stock	Capital In Excess of Par	Retained Earnings	Treasury Stock	Total
BALANCES, December 31, 2023	933,280	2,820,590	25,147,336	-8,357,361	20,543,845
Comprehensive income			1,951,942		1,951,942
Dividends declared & accrued			-1,103,217		-1,103,217
Issue employee compensation in stock	874	40,843			41,718
Repurchased capital stock				-186,445	-186,445
Other adjustments to equity			67,429		67,429
BALANCES, December 31, 2024	934,154	2,861,434	26,063,490	-8,543,806	21,315,272
Comprehensive income			2,175,505		2,175,505
Dividends declared & accrued			-1,156,848		-1,156,848
Issue employee compensation in stock	1,346	65,896			67,243
Repurchased capital stock				-182,860	-182,860
Other adjustments to equity			-48,189		-48,189
BALANCES, December 31, 2025	935,501	2,927,330	27,033,957	-8,726,667	22,170,122

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

Notes to the Consolidated 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, Arkansas, Iowa, Kansas, Louisiana, Missouri, Montana, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Texas, Utah, and Wisconsin. 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, a 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.

Basis of presentation - The Company’s unaudited consolidated financial statements have been prepared in accordance with both its internal accounting policies and U.S. generally accepted accounting principles (US GAAP). These policies, along with the accompanying statements and notes, are designed to provide clarity, transparency, and consistency for shareholders. Where applicable, references to authoritative guidance from the Financial Accounting Standards Board (FASB) will include the relevant Accounting Standards Codification (ASC) number, such as ASC 305.

Subsidiaries - The consolidated financial statements include the accounts of the Company and its wholly owned 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. All material intercompany accounts and transactions have been eliminated in consolidation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Cash & cash equivalents - According to ASC 305, the Company considers all highly liquid investments with a maturity of three months or less at the time of reporting to be cash equivalents.

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

Common stock is carried at fair value with unrealized gains and losses, net of taxes, reflected in comprehensive income.

Policy loans are reported at their outstanding principal balance per ASC 310.

Mortgage loans consist of non-consumer commercial mortgage loans collateralized by real estate, and are reported at outstanding principal balance or amortized cost. In instances where payments are overdue by more than 180 days, the mortgage may be written down if adequate evidence exists that the property value is lower than the amortized cost of the loan. In the event of foreclosure, the

Company removes the original mortgage from its accounts and records the real estate acquired at the lower of the real estate's fair value or the loan's amortized cost plus the costs to foreclose.

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

Deferred policy acquisition asset - The Company incurs costs to acquire and renew insurance business, with certain direct expenses capitalized as deferred acquisition costs (DAC). DAC includes commissions, a portion of employee compensation related to sales and underwriting, other essential direct costs. Indirect costs such as general advertising, market research, agent training, and unsuccessful sales efforts are expensed as incurred. DAC is amortized over the expected term of the contracts in accordance with ASC 944.

Reserve for life policies and annuities - The Company establishes liabilities for future policy benefits on life and annuity contracts based on the present value of expected payments, using assumptions such as mortality, morbidity, lapse rates, investment returns, and expenses, in accordance with ASC 944 and actuarial standards. The Company regularly reviews and adjusts liabilities based on actual experience, impacting benefit expense.

Funds on deposit with the Company consist 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. These funds are recorded as liabilities on our balance sheet and are measured at their face value according to ASC 340. Interest credited to these accounts is recognized as an expense in the period incurred. 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.

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

Amounts held for others - The Company holds funds on behalf of borrowers for three primary purposes: impounds, loan funds withheld, and other funds held including property insurance claim funds related to mortgage loan collateral. *Impounds* are collected for property taxes and insurance, held in escrow as a liability, and disbursed as needed. *Loan funds withheld* are contingent, classified as both an asset (included in mortgages) and a liability (released when borrowers meet conditions), and subject to borrower fees. *Property insurance claim funds* are held in trust and released only when borrowers satisfy specific requirements. All funds are maintained in interest-earning cash accounts.

Life and life-contingent annuities premiums from traditional participating life insurance policies and annuity contracts with life contingencies are recognized as revenue when due per ASC 944. The associated benefits and expenses are matched with revenue to result in the recognition of profits over the life of the policies and contracts.

Annuity premiums - Deferred annuities and fixed-period immediate annuities are accounted for in a manner consistent with accounting for interest bearing financial instruments in accordance with ASC 944. These annuity premium receipts are not reported as revenue, rather as deposit liabilities for annuity contracts.

Mortgage loan revenue - Interest income and servicing fees from mortgage loan assets are recognized on an accrual basis with offsetting allowances made for accounts deemed uncollectible. Interest income is reported net of participation. If a borrower's payment is over 180 days due, an allowance account increases such that interest income is no longer accrued. Non-interest income, such as origination, exit, and late fees are recognized as received. Servicing fees are accrued with interest revenue.

Investment gains (losses) are determined on a specific identification basis. Realized gains and losses are included in Net Income, while unrealized gains and losses are recorded in Comprehensive Income.

(3) ASSETS

Cash & 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. The Company invests in money market funds that are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The money market funds utilized by the Company invest in short-term U.S. government and agency securities. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. The amount of cash & cash equivalents as of December 31 was as follows:

	2025	2024
FDIC-insured cash deposits	\$ 15,226,454	\$ 9,817,011
Non-insured cash deposits	170,517	364,666
Money market funds	4,823,339	8,478,672
Total cash & cash equivalents	\$ 20,220,310	\$ 18,660,349

Bonds - The amortized cost of bonds as of December 31, by investment grade are as follows:

	2025		2024	
	Amortized Cost	% of Total	Amortized Cost	% of Total
AAA - A	\$ 4,237,058	86%	\$ 4,809,783	86%
BBB	676,676	14%	759,280	14%
BB	0	0%	0	0%
B	0	0%	0	0%
Total bonds	\$ 4,913,734	100%	\$ 5,569,063	100%

Notes to the Consolidated Financial Statements

The amortized cost, unrealized holding gains/losses, and fair value for all fixed income securities owned as of December 31, 2025 are as follows:

12/31/2025	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. government bonds	\$ 2,157,447	\$ 0	\$ -49,121	\$ 2,108,326
Municipal bonds	311,667	0	-48,171	263,496
Corporate & misc. debt securities	2,444,621	0	-248,973	2,195,648
Total	\$ 4,913,734	\$ 0	\$ -346,264	\$ 4,567,470

12/31/2024	Amortized Cost	Gains		Fair Value
		Gains	Losses	
U.S. government bonds	2,582,014	\$ 0	\$ -120,381	\$ 2,461,633
Municipal bonds	336,878	0	-46,961	289,917
Corporate & misc. debt securities	2,650,172	0	-338,974	2,311,198
Total	\$ 5,569,064	\$ 0	\$ -506,316	\$ 5,062,748

Insurance companies are required to hold bond deposits in trust with the state to ensure they have sufficient funds to cover claims and protect policyholders. These funds are set aside specifically to ensure that the insurance company can meet its obligations to policyholders and are usually subject to strict regulatory oversight. Restricted bonds had an aggregate value of \$1,451,811 at year end 2025 and \$1,462,486 at year end 2024.

Mortgage loans - The Company's lending policies allow for loans up to 65% of appraised values (LTV). The weighted average LTVs for new loans using the appraised property value in 2025 and 2024 were both 56%. The loans terms usually range from 2 to 5 years. The weighted average loan interest rates for loans originated during 2025 and 2024 were 8.3% and 8.6%, respectively. As of December 31, the distribution of the mortgage loan portfolio by property type were as follows:

<u>Property type</u>	2025		2024	
	Amount	% of Total	Amount	% of Total
Commercial	\$ 120,219,379	99.6%	\$ 86,578,041	97.4%
Residential	91,213	0.1%	1,084,728	1.2%
Land	402,776	0.3%	1,261,497	1.4%
Total mortgage loans	\$ 120,713,368	100%	\$ 88,924,266	100%

Notes to the Consolidated Financial Statements

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

<u>Aging</u>	2025		2024	
	Amount	Value of Land and Buildings	Amount	Value of Land and Buildings
In good standing	\$ 114,473,100	\$ 257,640,732	\$ 87,719,769	\$ 208,620,465
Greater than 90 days past due	4,978,198	10,180,000	0	0
In foreclosure, interest accruing	1,262,069	2,389,852	1,204,497	2,875,000
Total mortgage loans	<u>\$ 120,713,368</u>	<u>\$ 270,210,584</u>	\$ 88,924,266	\$ 211,495,465

The Company diversifies mortgage loan investments by geographic region and property type to reduce the risk of concentration. Mortgage loans are collateralized by properties located in 25 states in the U.S. The geographical distribution of our total net mortgage loan portfolios at amortized cost as of December 31 by top state:

Rank	State	% of Net Balance
1	AZ	18.9%
2	TX	12.7%
3	FL	7.1%
4	CA	7.0%
5	TN	6.1%
6	HI	5.4%
7	PA	4.8%
8	IL	4.1%
9	MS	3.9%
10	GA	3.6%

Real estate investments

Real estate investments as of December 31 is shown in the following schedule:

	2025	2024
Land	\$ 1,076,184	\$ 1,348,013
Buildings	1,560,081	1,228,962
Accumulated depreciation	-64,379	-39,998
Net properties available for sale	<u>\$ 2,571,887</u>	\$ 2,536,977

Accrued interest, deposits, & receivables

Accrued interest, deposits, and receivables consist of interest earned but not yet collected on mortgage loans, deposits held at third-party institutions, and other amounts due to the Company in the ordinary course of business. Beginning in 2025, this line also includes receivables from loan participants representing their pro-rata obligation to fund unreleased holdback amounts on participated mortgage loans.

Change in Holdback Loan Practice

The Company originates certain mortgage loans with holdback provisions, under which additional proceeds are advanced to the borrower upon satisfaction of specified conditions, typically property improvements or debt service coverage targets. These loans are participated, with investors sharing proportionally in both the funded balance and future holdback obligations. During 2025, the Company changed its business practice—not its accounting methodology—to collect each participant's holdback contribution only when a holdback is actually released to the borrower, rather than at loan closing. As a result, the Company now carries a receivable for committed but unreleased participant holdback obligations, which totaled \$3,839,431 at December 31, 2025 and is included in accrued interest, deposits, and receivables. The corresponding liability to borrowers for unreleased holdback funds is reflected in amounts held for others.

Land, building, and office equipment

Land, building, and office equipment as of December 31 is summarized in the following schedule:

	2025	2024
Properties occupied by the Company	\$ 848,480	\$ 809,439
Accumulated depreciation	-446,621	-446,621
Net properties occupied by the Company	\$ 401,859	\$ 362,818
Other property and equipment	\$ 125,072	\$ 99,926
Accumulated depreciation	-92,884	-71,071
Net other property and equipment	\$ 32,189	\$ 28,855
Total property, plant, and equipment	\$ 434,048	\$ 391,673

The office occupied by the Company is located at 935 E. Main Street, Mesa, AZ. The home office is recorded at amortized cost. An appraisal for this property was done in February 2024 and it was appraised at a fair market value of \$1,270,000.

Total depreciation expense for the years ended December 31, 2025 and 2024 was \$67,498 and \$37,135, respectively

(4) LIABILITIES

Reserve for life policies

The components of the reserve for life policies by policy type as of December 31 are as follows:

	2025	2024
Grand slam policies	\$ 2,020,021	\$ 1,853,579
Youth life policies	947,828	910,868
Remembrance policies	1,907,300	2,130,838
Other life insurance policies	350,033	586,803
Total reserve for life policies	5,225,182	5,482,088
Policy claims pending	11,000	11,000
Provision for policyholder's dividends	75,873	72,389
Premiums received in advance	2,475	2,868
Total net reserve for life policies	\$ 5,314,530	\$ 5,568,345

Reserve for annuities

The components of the reserve for annuities as of December 31 are as follows:

	2025	2024
Life-contingent immediate annuities	\$ 4,286,165	\$ 4,785,638
Fixed period immediate annuities	1,957,331	2,285,382
Deferred annuities	100,783,753	68,626,137
Total reserve for annuities	\$ 107,027,249	\$ 75,697,157

Funds on deposit

The components of funds on deposit as of December 31 are as follows:

	2025		2024	
	Amount	Interest Rate	Amount	Interest Rate
Advance Premium Deposits	\$ 3,398,607	4.0%	\$ 3,650,813	4.9%
Guaranteed Interest Contracts	5,008,677	3.0%	5,769,228	3.9%
Guaranteed Interest Accounts	274,533	4.0%	183,803	4.9%
Dividends on Deposit	13,627	4.0%	12,971	4.9%
Total Funds on deposit	\$ 8,695,445		\$ 9,616,814	

Amounts held for others

The components of amounts held for others as of December 31 are as follows:

	2025	2024
Loan funds withheld	\$ 8,489,469	\$ 3,730,890
Impounds collected	4,832,833	3,306,417
Other	961,312	1,024,169
Total amounts held for others	\$ 14,283,614	\$ 8,061,476

Loans payable (line of credit)

The Company has an unsecured line-of-credit agreement with a bank. The Board of Directors has approved the use of a line of credit up to \$10,000,000 for emergency liquidity and for short-term funding of investments. Borrowings under the line-of-credit agreement as of December 31, 2025 and 2024 amounted to \$0.

(5) 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. The following is a summary of capital and free surplus as of December 31:

	2025	2024
Capital	\$ 935,501	\$ 934,154
Free surplus	\$ 21,234,621	\$ 20,381,117

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. The following is an annual summary of stock purchases:

	2025	2024
# of shares purchased	39,761	42,556
Low price	\$ 4.55	\$ 4.23
High price	\$ 4.65	\$ 4.42

In February 2026, the Board of Directors declared a cash dividend of 14.5 cents per share. The distribution was made in April 2026. A second semi-annual dividend is expected to be declared by the Board in August and paid in October 2026.

Without prior approval of the Arizona state department of insurance, dividends to shareholders are limited to the lesser of (i) 10% of the Company's surplus as of December 31 of the preceding year or (ii) the net gain from operations for the twelve-month period ending on December 31 of the preceding year. The Company's dividend payments were not limited by these conditions in 2025. The company paid ordinary dividends totaling \$1,156,850 during 2025, with payments made in April and October.

(6) INCOME STATEMENT

Annuities premiums:

For the years ended December 31, the components of annuities premiums were the following:

	2025	2024
Life-contingent annuities premiums	\$ 31,001	\$ 296,298
Deferred and fixed-period immediate annuities premiums	33,743,985	30,454,991
Total annuities premiums	\$ 33,774,986	\$ 30,751,289

Loan points & servicing fees:

On any loan, the Company may earn two types of loan fees, sometimes called “points”: 1) origination fees: charged at closing. 2) exit fees: charged at payoff. Mortgage loans are routinely financed through participation (co-investors in the loan), where participants share in the cash flows of the loan *pari passu*, or in proportion to their investment. Participated loans represent a large and growing component of our mortgage loan portfolio and income. Participation loans have the added advantage of increasing the amount of fees earned from the participant’s portion of the loans, since the Company generally earns the origination and exit fees on the full loan.

In addition to the above fees, on participated loans, the Company earns: 3) servicing fees: a percentage earned over the life of the loan for servicing the participated portion.

For the years ended December 31, mortgage loan fees from points and servicing were the following:

<u>Earned on ASL Loans</u>	2025	2024
Origination fees	\$ 642,401	\$ 389,948
Exit fees (collected)	24,250	1,375
Total fees on ASL loans	\$ 666,651	\$ 391,323
<u>Earned on Participation Loans</u>	2025	2024
Origination fees	\$ 654,950	\$ 563,751
Exit fees (collected)	14,750	10,750
Servicing fees	520,077	271,290
Total fees on participant loans	\$ 1,189,777	\$ 845,791
Total points & servicing fees on all loans	\$ 1,856,429	\$ 1,237,115

Notes to the Consolidated Financial Statements

Exit fees that are not yet collected represent deferred income to be recognized in future years in our financial statements. As of December 31, 2025, deferred exit fees were as follows:

	Year of Origination			Total
	2025	2024	Prior	
Exit fees deferred	\$ 860,956	\$ 463,700	\$ 48,125	\$ 1,372,781

Employee Stock Purchase Plan - In October 2007, the Company began an employee stock purchase plan available to 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 2025, 13,463 shares of Company common stock were purchased under the plan for a total of \$67,242.62. The October 2025 enrollment stock price was \$5.172, and as of December 31, 2025, \$19,597 of employee and directors compensation had been set aside for stock purchase.

The components of employee benefits and taxes for the years ended in December 31 are as follows:

	2025	2024
Profit sharing plan	\$ 172,319	\$ 153,685
Employee welfare	119,189	77,574
Payroll taxes	170,418	141,989
Total employee benefits & taxes	\$ 461,926	\$ 373,248

Income Tax

The insurance companies are taxed as life insurers in accordance with the provisions of the Internal Revenue Code. The insurance companies are subject to state premium taxes and, accordingly, are exempt from state income taxes. The Company's subsidiaries are subject to both federal and state income taxes. Income and premium taxes incurred for the years ended December 31 consist of the following major components:

	2025	2024
Federal income tax	\$ 519,467	\$ 490,128
State income tax	-2,571	14,042
State premium tax	10,221	-58
Total income and premium tax expense	\$ 527,117	\$ 504,112

Management evaluates annually its tax positions related to unrelated business income, and if applicable adjusts its income tax provision accordingly as per ASC 740. As of December 31, 2025, no uncertain tax positions have been identified and accordingly, no provision has been made.

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 \$172,319 for 2025 and \$153,685 for 2024.

(7) RELATED PARTIES

No related party transactions involving members of Company management and the Board of Directors have occurred during the years ended December 31, 2025 and 2024, other than ordinary compensation, expense reimbursements and similar items incurred in the ordinary course of business, except as follows:

- a) Byron F. Allen is the President of the Company and also the Administrator and Co-Trustee of the Company's Profit Sharing Plan.
- b) E. Paul Whetten is the Executive Vice President of the Company and also the Co-Trustee of the Company's Profit Sharing Plan.
- c) A member of the Board of Directors, Heber E. Allen, provided additional consulting services for the Company during the year, for which he received additional compensation.
- d) A member of the Board of Directors, Heber Allen, is also a partner in Sanpete Software Solutions which provides IT and software consulting services to the company.

There is an insignificant relationship between policyholders who are also stockholders and members of Company management and the Board of Directors. Life insurance premiums paid by Company officers and directors totaled 1.50% and 1.30% of total premiums paid in 2025 and 2024, respectively. Company officers and directors also owned 0.19% and 0.23% of total policy face value in 2025 and 2024, respectively.

(8) 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.

(9) 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). One significant additional reserves required in the Statutory Financial Statements include Asset Valuation Reserves (\$2.4 million).

The following table shows a comparison of the financial highlights of the Stockholders Financial Statements with the Statutory Financial Statements:

	2025 <u>Stockholders</u> Financial Statements	2025 <u>Statutory</u> Financial Statements
Total assets	\$ 158,137,731	\$ 156,203,609
Total liabilities	\$ 135,967,609	\$ 140,305,800
Total stockholders' equity	\$ 22,170,122	\$ 15,897,810
Equity per share	\$ 5.30	\$ 3.80
Net income	\$ 2,328,604	\$ 1,724,998
Net income per share	\$ 0.56	\$ 0.41

After May 31, 2026, the 2025 audited statutory financial statements will be available on the Company's website: www.AmericanSavingsLife.com/stock.

(10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 1, 2026, 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.

(11) 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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY



480-835-5000 | 800-880-2112
935 E. Main St., Mesa, AZ 85203