

AMERICAN SAVINGS LIFE
INSURANCE COMPANY



August 31, 2011

Dear Shareholders,

We are pleased to announce that the Board of Directors has declared an 8 cent per share dividend to be paid on October 11, 2011 to shareholders of record on September 30, 2011. Together with the 9 cent per share dividend paid in April, **this equals a 5.16% dividend yield** on your stock's 12-31-2010 book value of \$3.29 per share.

Business Update and Financial Performance as of 7-31-2011:

Net Income: For the first 7 months, net income is \$490,000 (10 cents per share), which is down 4% from a year ago. The primary factors causing our reduced net income are non-performing assets, including (a) uninvested cash, (b) non-performing delinquent loans, and (c) non-performing real estate owned. Our top priority is to convert these non-performing assets to performing assets as soon as possible.

Real Estate Loan Investments: We set a goal of funding at least \$12 million in new loans this year but as of 7-31 we have only funded \$4.8 million. This has resulted in several million dollars targeted to be invested in mortgage loans earning bank interest rates of less than one percent. We continue to proactively seek out ways to invest these funds within our conservative lending parameters.

Annuity Sales: We have intentionally slowed our rate of annuity sales while we focus on our priority of investing our available capital in safe real estate loans. We have received \$900,000 in new annuity premiums so far this year and total annuities in force are \$11.9 million. We will continue to have our annuity sales be determined by our ability to find loans that meet our conservative loan parameters.

Loan Portfolio Performance: We have seen a steady improvement in our loan portfolio performance this year. Currently 83% of our \$25 million loan portfolio is current. Only 9% are in foreclosure and 60% of those are making monthly payments as they work with us to bring their loans out of foreclosure.

Foreclosures and Real Estate Owned (REO): So far this year we have foreclosed on seven properties totaling \$2 million, which have resulted in \$257,000 of realized losses. On the other hand, we have sold four of our REO properties totaling \$667,000, which has provided \$64,000 in realized gains plus another \$113,000 of unrealized gains (to be earned as payments are received from the financing we provided the buyers). Presently our total Real Estate Owned is \$5.25 million (14% of Total Assets).

In Conclusion

As the economy and real estate market continue to wallow, we can expect loan delinquencies and foreclosures to continue to impact Company earnings. Nevertheless, our investment strategy is time-proven over many decades and economic cycles. Overall our investment model has weathered the current economic and real estate market collapse quite favorably, which has allowed us to continue providing our shareholders with attractive dividend yields.

On behalf of the Board of Directors and management, I thank you for your continued support. If you have any questions about the Company, please feel free to call me personally. I always appreciate the opportunity to talk with our shareholders.

Sincerely,

Byron Frihoff Allen, President

FORWARD-LOOKING STATEMENTS: Certain statements contained in this letter 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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Key Financial Data

*7 months ending July 31, 2011 and July 31, 2010
(unaudited)*

	July 31, 2011	July 31, 2010
Key Balance Sheet Data		
Total Assets	\$ 37,129,154	\$ 34,533,360
Reserves for Life Ins+Annuities+GICs	\$ 19,827,084	\$ 16,697,988
Total Shareholders Equity	\$ 16,588,811	\$ 17,014,569
Key Income Statement Data		
Total Ins + Annuity Premiums	\$ 978,330	\$ 7,285,229
Total Revenues	\$ 2,872,486	\$ 8,903,683
Net Gain from Operations	\$ 744,872	\$ 756,600
Loan Write-downs/capital losses	\$ 256,970	\$ 121,030
Net Income year-to-date	\$ 488,779	\$ 509,032
Key Loan Portfolio Data		
Total Loan Portfolio	\$ 25,215,499	\$ 22,109,016
Total foreclosures year-to-date	\$ 2,025,284	\$ 909,000
<i>Foreclosures as % of loan portfolio</i>	8.0%	4.1%
Loan Write-downs/capital losses year-to-date	\$ 256,970	\$ 121,030
<i>Loan write-downs as % of loan portfolio</i>	1.0%	0.5%
<i>Loan write-downs as % of foreclosures</i>	12.7%	13.3%
Key Per Share Data		
Shareholders Equity per share	\$3.31	\$3.36
Year-to-date Net Income per share	\$0.10	\$0.10
Dividends per share (annual)	\$0.17	\$0.19

You can always stay informed of our current financial condition by going to the Company website: www.AmericanSavingsLife.com/stock. It is updated monthly with current (unaudited) financial figures.