

AMERICAN SAVINGS LIFE INSURANCE COMPANY



October 5, 2012

Dear Shareholders,

We are pleased to provide the enclosed 10 cent per share dividend as your second semi-annual dividend for 2012. Together with the 9 cent per share dividend paid in April, **this equals a 5.6% dividend yield** on your stock's 12-31-2011 book value of \$3.38 per share. In addition to this dividend yield your stockholders equity is on track to increase approximately 1.5% this year. Combined, your return on investment on your American Savings Life Ins. Co. stock is projected to be approximately 7% for the year.

Business Update and Financial Performance as of 9-30-2012

Net Income: For the first 9 months, net income is \$965,000 (19.5 cents per share). 2012 net income is anticipated to be approximately 15% greater than the prior year. The primary reasons for our improving net income include: (a) increased income from our growing annuities business, (b) lower loan delinquencies and foreclosures, and (c) improving performance of real estate owned.

Annuity Sales: We have increase our annuity sales to \$2.3 million in premiums year-to-date while increasing our mortgage loan portfolio \$3 million. This brings our total annuities in force to \$14.4 million (a 19% increase over the first 9 months) and our mortgage loan portfolio has increased to \$27.5 million. The annuity business is profitable for the Company since our total investment yield is several percentage points higher than the overall average interest rate of 4.5% that we pay on our annuity portfolio.

Loan Portfolio Performance and Foreclosures: So far this year current loans have averaged 88% of our loan portfolio and only 5% is currently in the process of foreclosure. So far we have only foreclosed on one loan (in January) for \$173,000. This compares to \$1.6 million of foreclosures in 2011.

Performance of Real Estate Owned (REO): We have sold three REO properties this year for a combined realized capital gain of \$77,000 and another \$29,000 of unrealized gains to be earned as payments are received from the financing we provided the buyers. Our total Real Estate Owned is \$5.3 million.

New Income Annuity! We have recently completed development of our **new B.E.S.T. Income Annuity** and are beginning to market it to Arizona residents. We are in the process of filing it with the Utah Insurance Department so we expect to soon begin selling it in Utah as well. This is an exciting new annuity that provides guaranteed lifetime payments you never have to worry about outliving. For example, a 75 year old male will receive 10.24% of his paid premium every year for the rest of his life! I invite you to call me personally if you are interested in learning more.

In Conclusion

We are pleased to be able to report these successes and the marked improvement over the prior couple of years. It finally appears that the major impact of the Great Recession is behind us and we are on a trajectory of improving profitability. If you have any questions about the Company, please feel free to call me personally. I genuinely appreciate the opportunity to talk with our shareholders.

Sincerely,

Byron Frihoff Allen, President

Please note the Forward-Looking Statements disclosure on the reverse side.

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

*9 months ending September 30, 2012 and September 30, 2011
(unaudited)*

	Sep 30, 2012	Sep 30, 2011
Key Balance Sheet Data		
Total Assets	\$ 40,949,000	\$ 37,573,000
Reserves for Life Ins + Annuities + GICs	\$ 22,556,000	\$ 19,661,000
Total Shareholders Equity	\$ 16,682,000	\$ 16,450,000
Key Income Statement Data		
Total Ins + Annuity Premiums	\$ 2,479,000	\$ 1,021,000
Total Revenues	\$ 5,094,000	\$ 3,487,000
Net Gain from Operations	\$ 1,040,000	\$ 971,000
Realized Gains (Losses) from Real Estate	\$ 128,000	(\$ 220,000)
Net Income year-to-date	\$ 965,000	\$ 651,000
Key Loan Portfolio Data		
Total Loan Portfolio	\$ 27,507,000	\$ 24,942,000
Total foreclosures year-to-date	\$ 173,000	\$ 1,491,000
<i>Foreclosures as % of loan portfolio</i>	0.6%	6.0%
Key Per Share Data		
Shareholders Equity per share	\$3.38	\$3.28
Year-to-date Net Income per share	\$0.20	\$0.13
Dividends per share (annual)	\$0.19	\$0.17

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.