

# Security National

Family of Companies



## Security National Financial Corporation Reports Financial Results for the Quarter Ended June 30, 2020

August 17, 2020

SALT LAKE CITY, Aug. 17, 2020 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended June 30, 2020.

For the three months ended June 30, 2020, SNFC's after-tax earnings from operations increased 490.7% from \$3,480,000 in 2019 to \$20,557,000 in 2020, on a 73.4% increase in revenues to \$118,662,000. SNFC's after tax earnings for the six months ended June 30, 2020 increased 306.3% to \$21,982,000 from \$5,410,000 in 2019.

Scott M. Quist, President of the Company, said, "We are pleased with the operational performance of our company for the second quarter, and year-to-date. Any time profitability is up approximately 500% quarter over quarter, up essentially 300% YOY, and earning a 13% return on equity for the first half of the year, we should be pleased. For Q2 all of our business segments delivered very solid results.

"The majority of our income improvement came from our mortgage segment. The economic disruptions caused by the pandemic have done several things. First, interest rates decreased considerably since January 1, which not only spurred refinance volumes but also made purchase transactions more affordable. Both factors led to significantly increased origination volume. Second, because of broad pandemic related economic disruptions, the secondary markets have provided generally higher margins on the sale of loans for those institutions having the financial wherewithal to take advantage. I think it fair to say that in the first half of 2020 mortgage banks that had a strong and liquid capital base and vibrant sales force were economically rewarded.

"Our insurance segment's operational income is considerably more nuanced. Our Kilpatrick Life Insurance Company acquisition (approximately \$200,000,000 asset size), which closed last December, is getting close to being fully integrated. Kilpatrick experienced losses during the first four months of 2020, as was anticipated, but now appears to be profitable. Considerable work has been done with our excellent sales forces to implement needed compensation and organization changes. The same is true for internal operations. However, during the same period that Kilpatrick was becoming profitable, the effects of Covid-19 related death claims became more pronounced throughout our insurance segment. Suffice it to say that YTD our insurance segment's overall death claims are up by about 15% over 2019 levels and were up for the month of June by approximately 50% over June 2019. I don't know whether the 50% number is a fair predictor of the future, but obviously Covid-19 claims are having, and will continue to have, an impact. Lastly, obtaining necessary investment yields within acceptable risk tolerances is becoming more difficult in this low interest rate environment. We do not anticipate those economic circumstances changing over the near term.

"Our Memorial segment delivered a very solid Q2 and YTD with operational income increasing 42% YTD over 2019. Much of that improvement, but not all, was driven by increasing preneed cemetery sales. This excellent performance is not an isolated instance. It is instructive to note that our Memorial segment has achieved an average 24% compound annual growth rate in operational income over the last four years. In my view, such excellent financial results are the consequence of continuously providing superb customer care and consumer experience during very difficult times."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended June 30, 2020, as compared to 2019, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2020	2019		2020	2019	
Life Insurance	\$ 37,789,000	\$ 28,607,000	32.1%	\$ 3,670,000	\$ 1,219,000	201.1%
Cemeteries/Mortuaries	\$ 5,306,000	\$ 4,543,000	16.8%	\$ 1,549,000	\$ 1,024,000	51.3%
Mortgages	\$ 75,567,000	\$ 35,295,000	114.1%	\$ 21,975,000	\$ 2,381,000	822.9%
Total	\$ 118,662,000	\$ 68,445,000	73.4%	\$ 27,194,000	\$ 4,624,000	488.1%

For the six months ended June 30, 2020:

	Revenues			Earnings before Taxes		
	2020	2019		2020	2019	
Life Insurance	\$ 70,994,000	\$ 59,112,000	20.1%	\$ 601,000	\$ 3,304,000	(81.8%)

Cemeteries/Mortuaries	\$ 9,320,000	\$ 8,902,000	4.7%	\$ 1,653,000	\$ 2,209,000	(25.2%)
Mortgages	<u>\$ 117,957,000</u>	<u>\$ 61,925,000</u>	90.5%	<u>\$ 26,414,000</u>	<u>\$ 1,543,000</u>	1,611.9%
Total	<u>\$ 198,271,000</u>	<u>\$ 129,939,000</u>	52.6%	<u>\$ 28,668,000</u>	<u>\$ 7,056,000</u>	306.3%

Net earnings per common share was \$1.10 for the three months ended June 30, 2020, compared to net earnings of \$0.19 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$11.87 as of June 30, 2020, compared to \$10.86 as of December 31, 2019.

The Company has two classes of common stock outstanding, Class A and Class C. There were 18,759,149 Class A equivalent shares outstanding as of June 30, 2020.

If there are any questions, please contact Mr. Garrett S. Sill, Mr. Brian Nelsen or Mr. Scott Quist at:

Security National Financial Corporation  
P.O. Box 57250  
Salt Lake City, Utah 84157  
Phone (801) 264-1060  
Fax (801) 265-9882



**Security National**  
*Financial Corporation*

Source: Security National Financial Corporation