

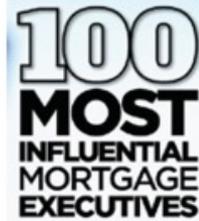
SECURITY NATIONAL FINANCIAL CORPORATION

Investor Presentation | First Quarter 2017

Security National



Security National Financial Corporation
www.SecurityNational.com



“Excellence” is our motto.

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Financial Corporation

Business Segments



Security National
Life Insurance Company



MEMORIAL
MORTUARIES & CEMETERIES



**Security
National**
MORTGAGE®

Security National Financial Corporation operates in three main business segments:

- 1. Life Insurance:** Five life insurance companies licensed in 38 states.
- 2. Cemetery and Mortuary:** Nine mortuaries, six cemeteries, one management agreement operating in 3 states.
- 3. Mortgage Banking:** Licensed in 45 states.

We have grown organically through increasing direct sales and through the acquisition of life insurance companies, funeral homes and cemeteries.

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Financial Corporation

Financial Snapshot

First Quarter 2017	
Assets	\$867M
Liabilities	\$737M
Stockholders Equity	\$130M
Book Value Per Share	\$8.63
IQ 2017 YTD Revenue	\$69M
Earnings After Tax	\$1.4M
Earnings Per Share (Q1)	\$0.10
Stock Price at 3/31/17	\$6.80

Security National



Security National Financial Corporation

10 Year Stock Price Trend vs. S&P 500



■ Security National Financial Corporation (SNFCA)
■ S&P 500

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Financial Corporation

Security National

Share Data

Year	Shares owned	Share Price	Stock Value
1997	1,000	\$1.92	\$1,920.00
2002	1,276	\$1.81	\$2,309.56
2007	1,629	\$4.79	\$7,802.91
2012	2,079	\$1.41	\$2,931.39
2017	2,653	\$6.80	\$17,918.00

As of April 1, 2017

13.15%

Avg. Compound 10yr Return
(Assumes Dividends Retained)

13.1%

Avg. Compound 20yr Return
(Assumes Dividends Retained)



Security National Financial Corporation
www.SecurityNational.com

Security National Financial Corporation

Key SNFCA Ratios

11.93%

Return on Equity
(5 yr avg.)

78%

Price/Book Value
(2017 Q1)

\$0.96

Earnings Per Share
(Trailing Four Quarters)

2.02%

Return on Assets
(5 yr avg.)

\$20.75

Revenue per share
(TTM)

6.76x

Price/Earnings
(Trailing Four Quarters)

Security National



Security National Financial Corporation

Equity Capital Structure

Equity Capital Structure			
Class A Common Stock	Par Value \$2.00	20,000,000	Authorized
		13,820,079	Outstanding
Class B Common Stock	Par Value \$1.00	5,000,000	Authorized
		0	Outstanding
Class C Common Stock (10 to 1 voting rights)	Par Value \$2.00	3,000,000	Authorized
		2,005,026	Outstanding

*As of May 11, 2017



Security National Financial Corporation
www.SecurityNational.com

Security National

Security National Financial Corporation

1st Quarter Comparison 2016 to 2017

	2016 Q1	% Change	2017 Q1
Total Revenues	\$67M	3.1%	\$69M
Total Benefits and Expenses	\$63M	6.4%	\$67M
Pre-Tax Earnings	\$4.2M	-46%	\$2.2M
Income Tax expense	(\$1.6M)	49%	(\$800k)
Net earnings	\$2.6M	-44%	\$1.5M
Earnings per share	\$0.18	-44.4%	\$0.10
Assets	\$749M	11.8%	\$867M

Security National



Security National Financial Corporation

Year End Comparison 2014 to 2016

	2014	2015	2016
Total Revenues	\$227M	\$285M	\$307M
Total Benefits and Expenses	\$214M	\$263M	\$286M
Pre-Tax Earnings	\$12.9M	\$21.2M	\$20.7M
Income Tax Expense	\$4.9M	\$7.7M	\$6.4M
After Tax Earnings	\$8.0M	\$13.5M	\$14.3M
Earnings Per Share	\$0.58	\$0.93	\$0.96
Assets	\$671M	\$750M	\$854M

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Financial Corporation

Snapshot by Segment

	2014				2015				2016			
	Life Insurance	Cemetery and Mortuary	Mortgage Banking	Total	Life Insurance	Cemetery and Mortuary	Mortgage Banking	Total	Life Insurance	Cemetery and Mortuary	Mortgage Banking	Total
Total Revenues	\$87.9M	\$13.7M	\$134M	\$227M	\$94.5M	\$13.6M	\$185M	\$284M	\$103M	\$13.6M	\$199M	\$307M
Total Benefits and Expense	\$79.40	\$13.1M	\$130M	\$214M	\$86.0M	\$12.7M	\$174M	\$263M	\$95M	\$12.4M	\$187M	\$286M
Income Tax Benefit (Expense)	\$(3.4M)	-	\$(1.5M)	\$(4.9M)	\$(3.1M)	-	\$(4.6M)	\$(7.7M)	\$(1.9M)	-	\$(4.5M)	\$(6.5M)
Net Earnings	\$5.00	\$0.6M	\$2.3M	\$14.3M	\$5.3M	\$0.9M	\$7.2M	\$13.5M	\$5.8M	\$1.2M	\$7.3M	\$14.3M

* Consolidated totals account for intersegment deductions



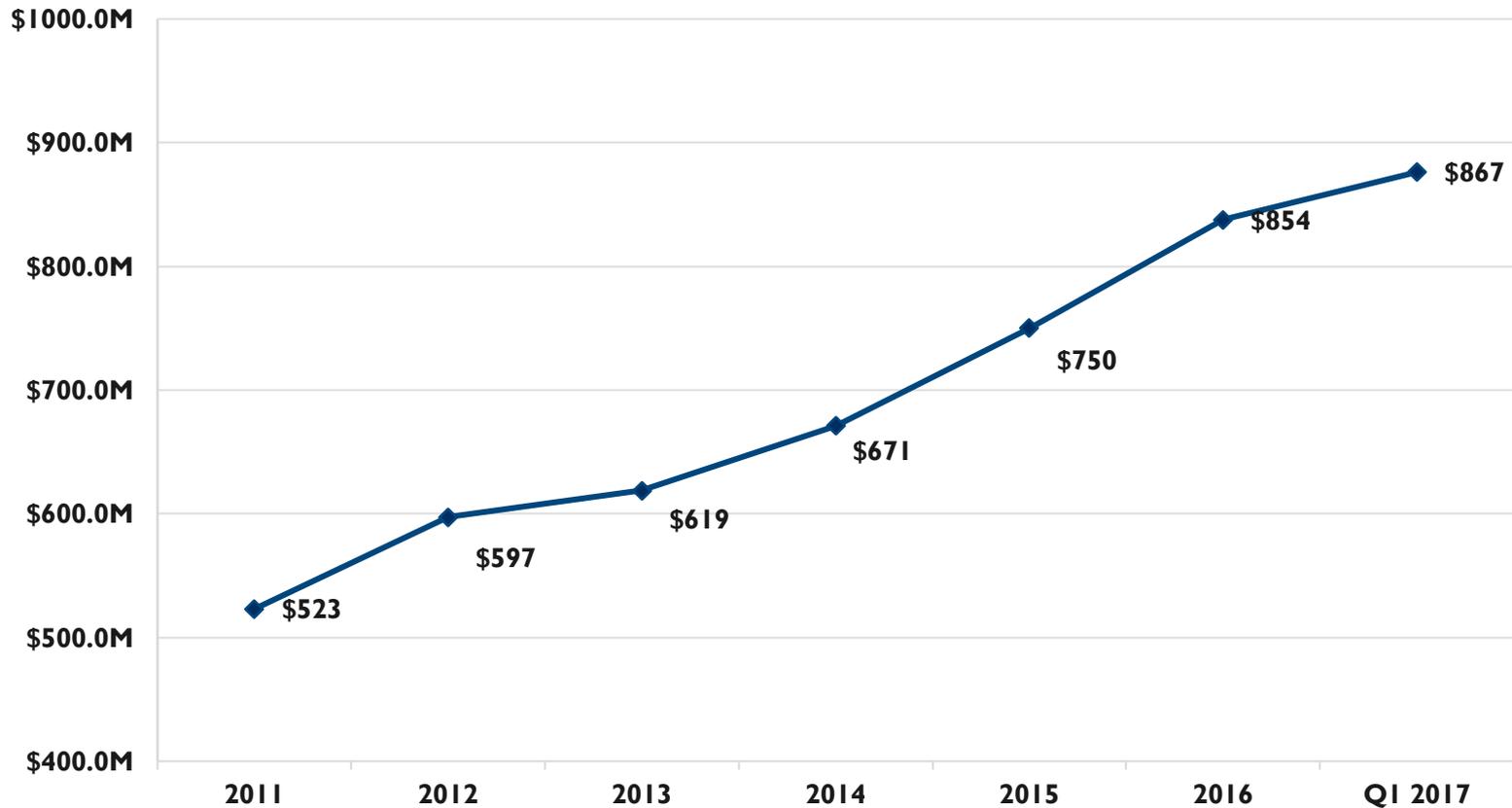
Security National Financial Corporation
www.SecurityNational.com

Security National

Security National Financial Corporation

Security National

Asset Growth



Security National Financial Corporation
www.SecurityNational.com



Security National
Life Insurance Company

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Life

Products

Security National Life sells products designed to fund an individual's funeral costs. These policies are sold through three major channels.

- **Preneed** is a policy where a funeral home agrees to accept the policy in exchange for furnishing a given set of services. Therefore the price of the services is effectively locked in.
- **Final Expense** is a non-growth policy that pays a specified death benefit at death without any funeral home guarantee.
- **Home Service** is a product specifically designed for a lower socio-economic group where, similar to final expense, a specified benefit is paid at death but the premiums are collected weekly or monthly generally at the home by the agent.

Annuities (Multi pay or Single Pay)

- Annuities are generally sold to people not qualifying for a life insurance product and have guaranteed interest rates currently at 1% per annum. The board of directors can approve rate increases at their discretion.



Life Insurance Segment Snapshot

Life Insurance Segment Snapshot

	2014	2015	2016	2017 Q1
Total Revenues	\$87.9M	\$94.5M	\$102.7M	\$29.2M
Total Benefits and Expenses	\$79.4M	\$86.1M	\$95.0M	\$27.3M
Pre-Tax Earnings	\$8.5M	\$8.5M	\$7.7M	\$1.9M
Pre-Tax Earnings Without Realized Gains	\$7.3M	\$6.2M	\$8.0M	\$1.9M
Income Tax Benefit (expense)	(\$3.4M)	(\$3.1M)	(\$2.0M)	(\$0.9M)
Net After Tax earnings	\$5.0M	\$5.3M	\$5.7M	\$1.0M
Assets	\$652M	\$721M	\$821M	\$834M

*Assets do not include Intercompany Eliminations.

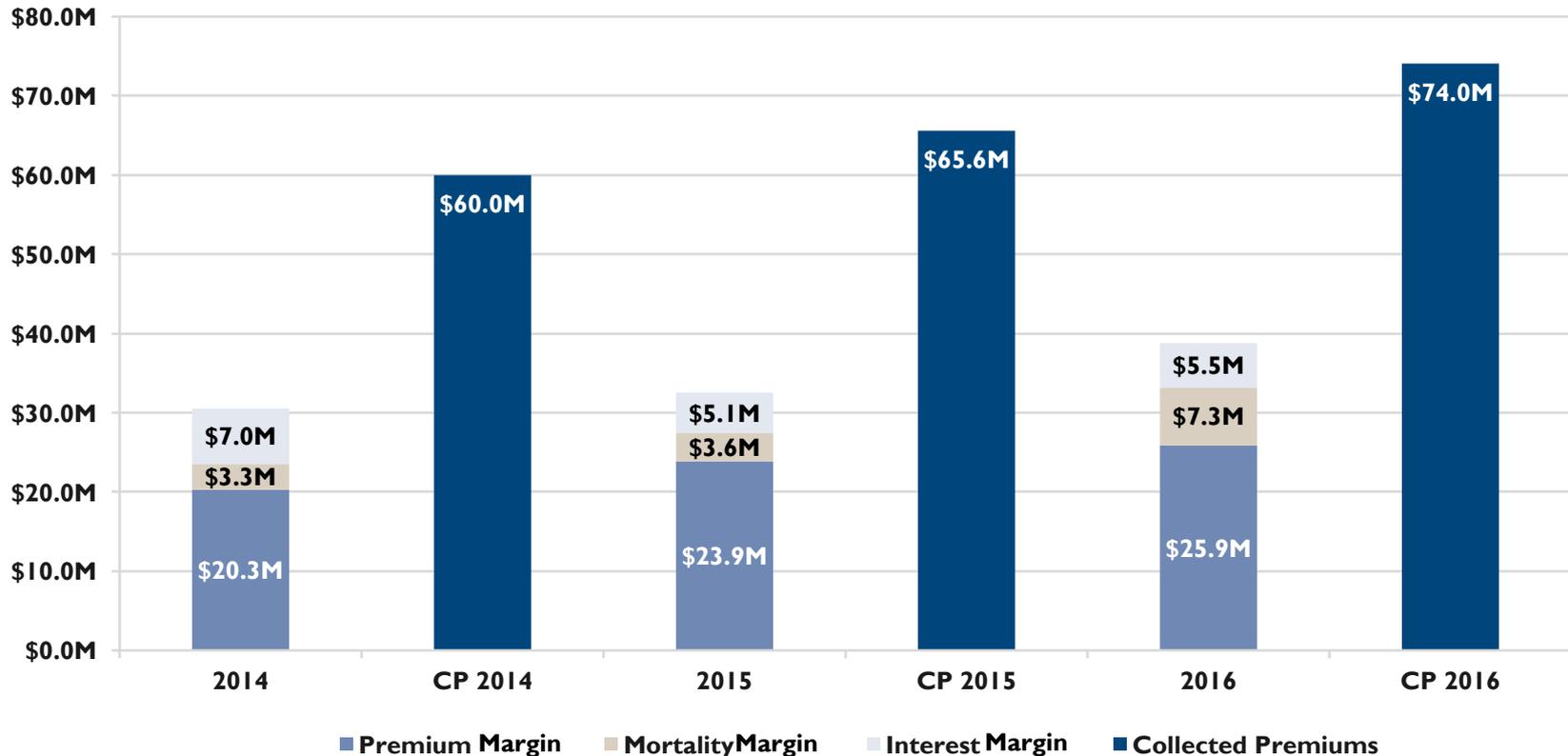


Security National Financial Corporation
www.SecurityNational.com

Security National

Security National Life Insurance Co.

Collected Premium Margins (Statutory Basis)

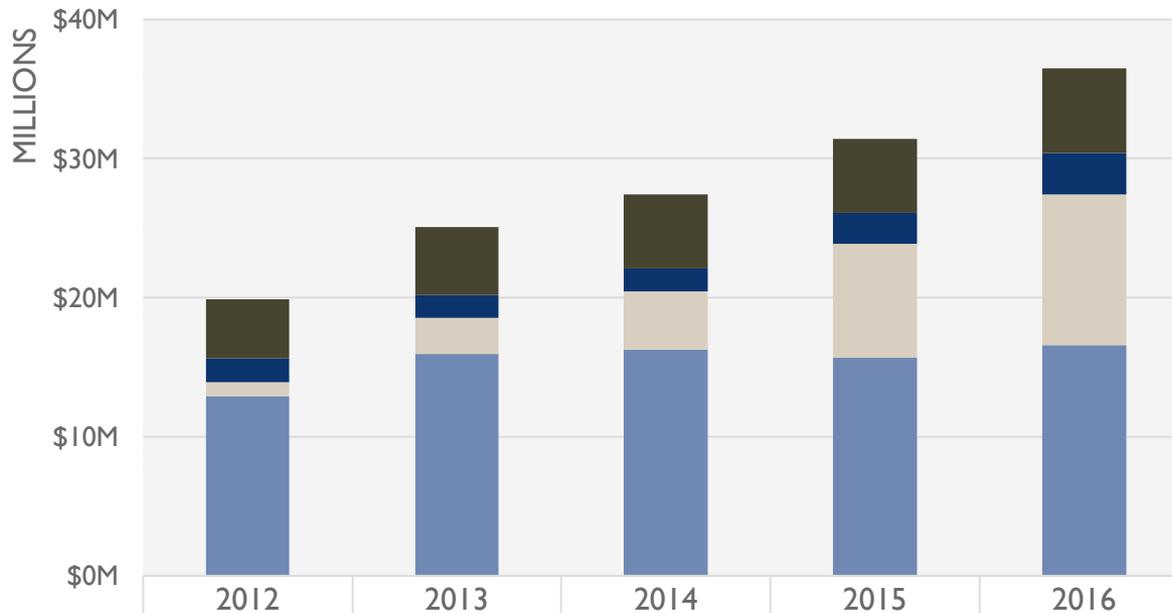


Security National



Building Our Salesforce

First Year Insurance & Annuity Annualized Premium Sales 2011-2016



	2012	2013	2014	2015	2016
■ Annuities	\$4,269,485	\$4,906,196	\$5,321,392	\$5,299,115	\$6,076,030
■ Home Service	\$1,679,956	\$1,594,193	\$1,599,596	\$2,227,267	\$2,950,118
■ Final Expense	\$1,006,957	\$2,627,012	\$4,192,708	\$8,163,722	\$10,854,186
■ Pre need	\$12,939,765	\$15,956,017	\$16,279,909	\$15,709,493	\$16,588,874

38
Number of States where
Licensed

>4,000
Sales Agents

84%
Sales Growth 2011 vs. 2016

20%
Avg. Sales Growth
2011-2016

Security National



Security National Life Acquisitions

Most Recent Acquisition



FIRST GUARANTY
INSURANCE COMPANY

Ashdown, AR

Headquarters

\$55M

Assets

\$1.6M

Annual Premium

~\$6.8M

Purchase Price

\$3.8M

Capital and Surplus

~\$3.0M

Net Price

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Life Insurance Co.

Enterprise Investment Philosophy/Strategy

Security National Life offers specialized financing sometimes in conjunction with Security National Mortgage. These products increase investment yield and offers Security National Mortgage loan officers additional products for their clients.

- **Security National Life Direct Loans-** 8.99% interest – 2-5 origination points – 65% LTV maximum, 5 year term. These are investment loans secured by residential real property. They cannot be used for primary residences but are attractive to investors.
- **Security National Construction lending-** The Company offers construction lending, generally in conjunction with a long term loan approval from SNMC. These loans have a 6% interest rate and 2 origination points – 80% LTV, 6 month term. SNL also offers Acquisition and Development loans to approved builders. Term and rate vary by situation – focus is on a generic residential product priced below 400K.
- **Security National Commercial Capital-** Commercial lending has been an ongoing investment activity. Security National Life offers bridge lending, SBA lending and various other sorts of commercial loans. Average yield without points is 6.74%
- **Mortgage Warehouse Lending**
- **Direct Real Estate Investments**

Security National





Security
National
MORTGAGE®

Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Mortgage

SNMC Growth

SNMC Offices 2011

\$1.4 Billion
LOAN VOLUME AND 8,072 UNITS

240
LOAN OFFICERS

70
OFFICES

40
STATES



SNMC Offices 2016

\$3.1 Billion
LOAN VOLUME AND 16,028 UNITS

678
LOAN OFFICERS

140
OFFICES

44
STATES



Security National



Security National Financial Corporation
www.SecurityNational.com

Mortgage Segment Snapshot

Mortgage Segment Snapshot

	2014	2015	2016	2017 Q1
Total Revenues	\$134M	\$185M	\$199M	\$39.6M
Total Benefits and Expenses	\$130M	\$174M	\$187M	\$41M
Income Tax Benefit (Expense)	(\$1.5M)	(\$4.6M)	(\$4.5M)	\$58K
Net Earnings (Loss)	\$2.3M	\$7.2M	\$7.3M	(\$92K)
Mortgage Servicing Rights	\$7.8M	\$12.7M	\$17.4M	\$19.4M

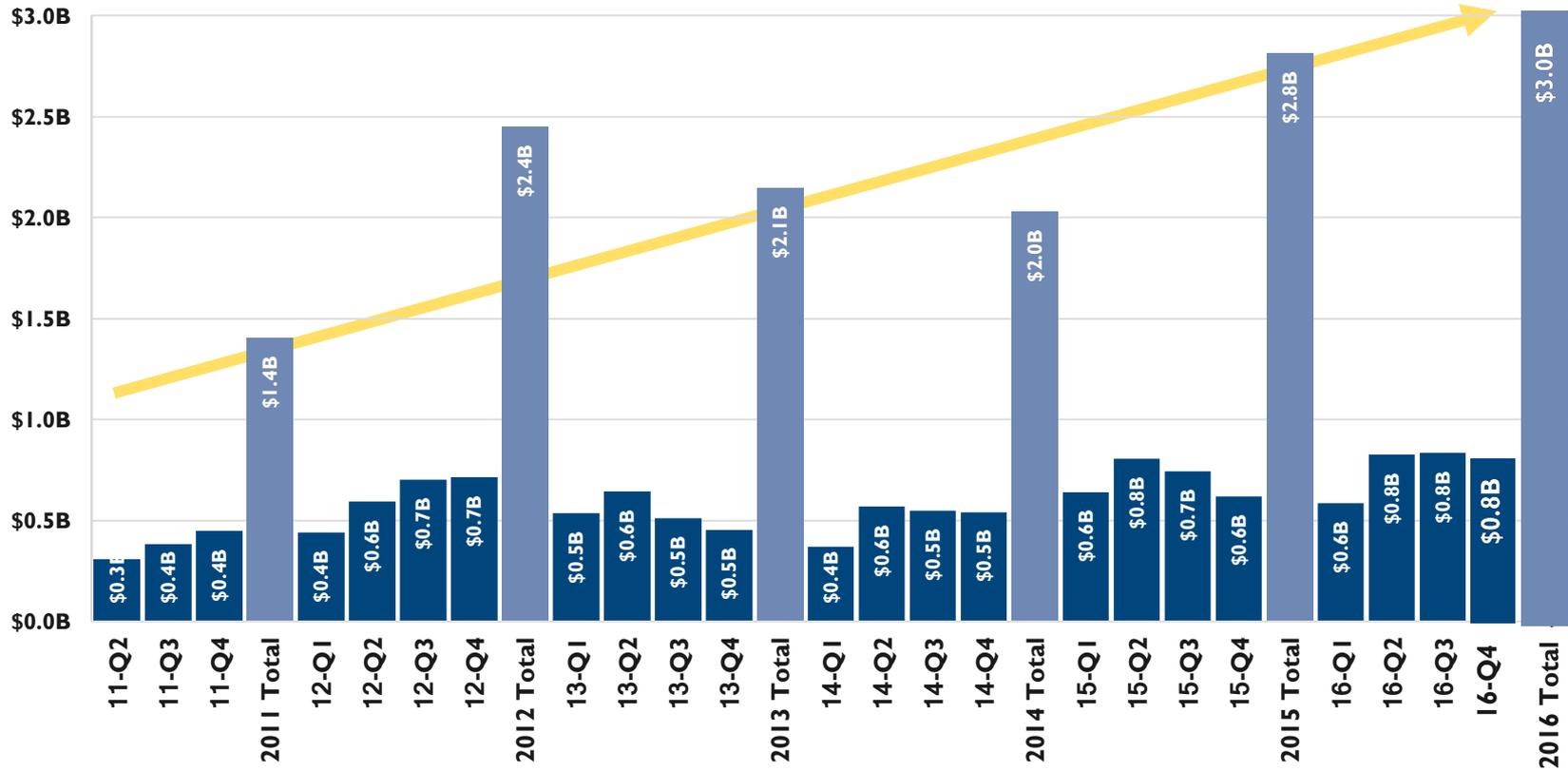
Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Mortgage

SNMC Funding Volume

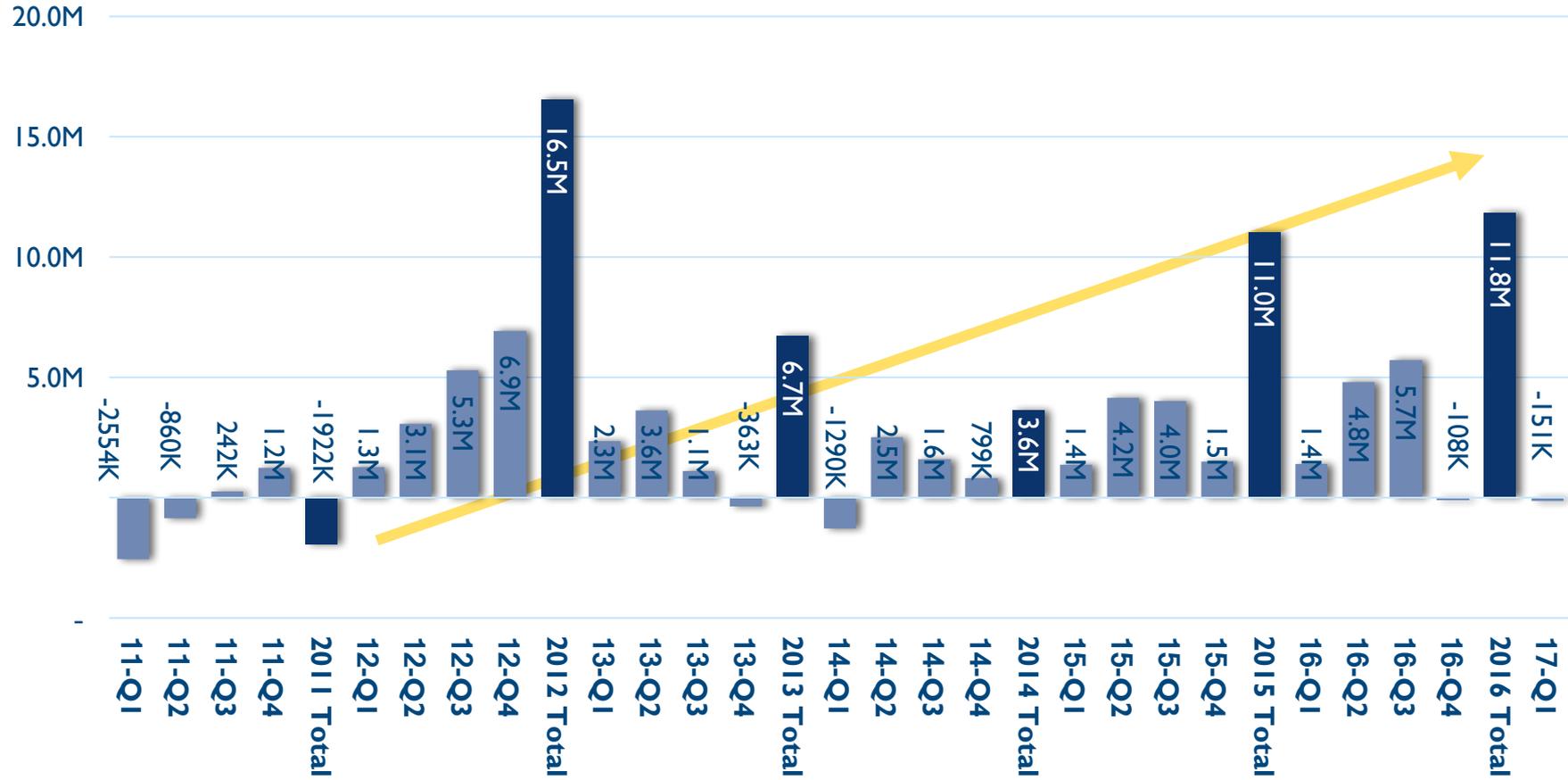


Security National



Security National Mortgage

Pre-Tax Net Income - 2011-2016

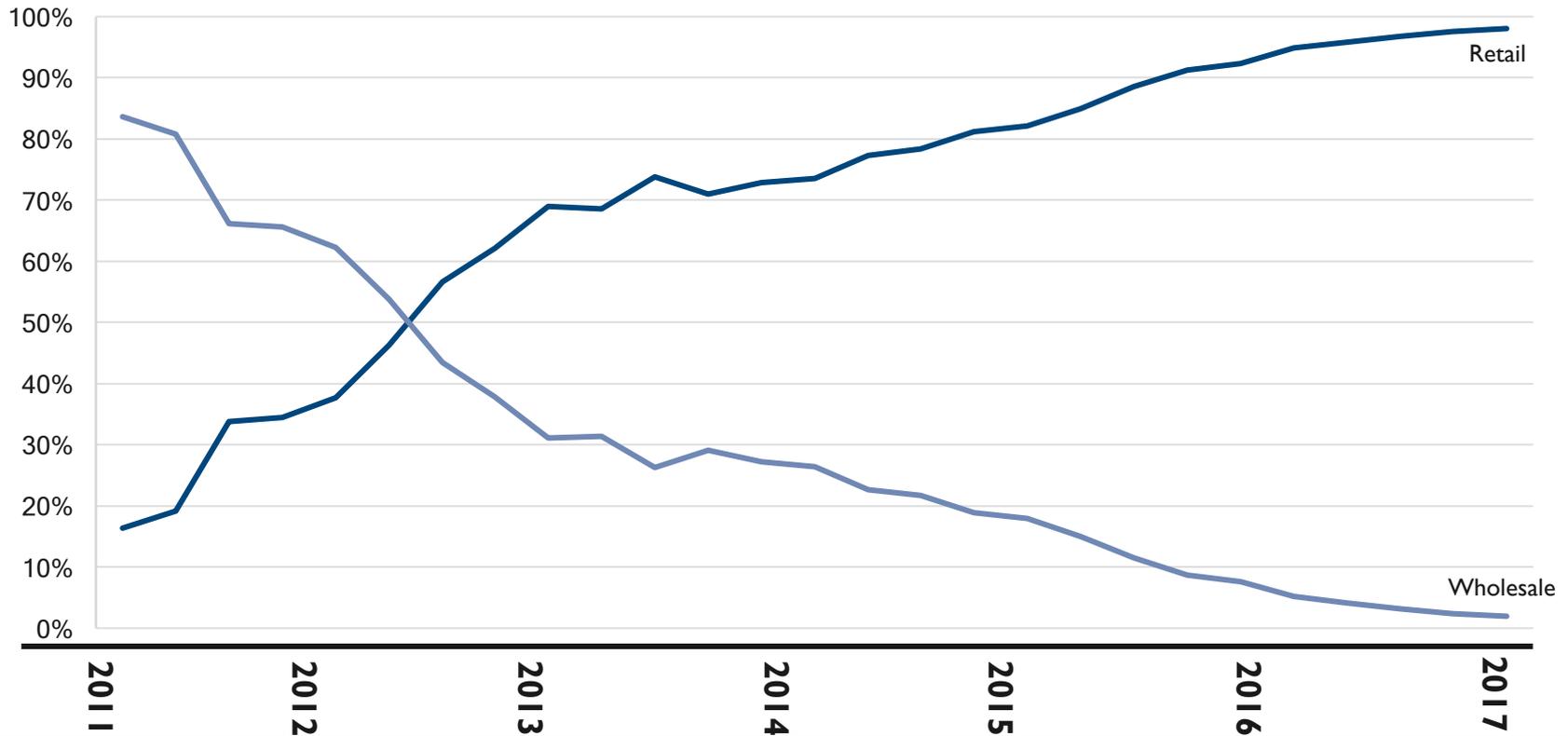


Security National



Security National Mortgage

Switch from Wholesale to Retail – Retail/Wholesale Production Mix



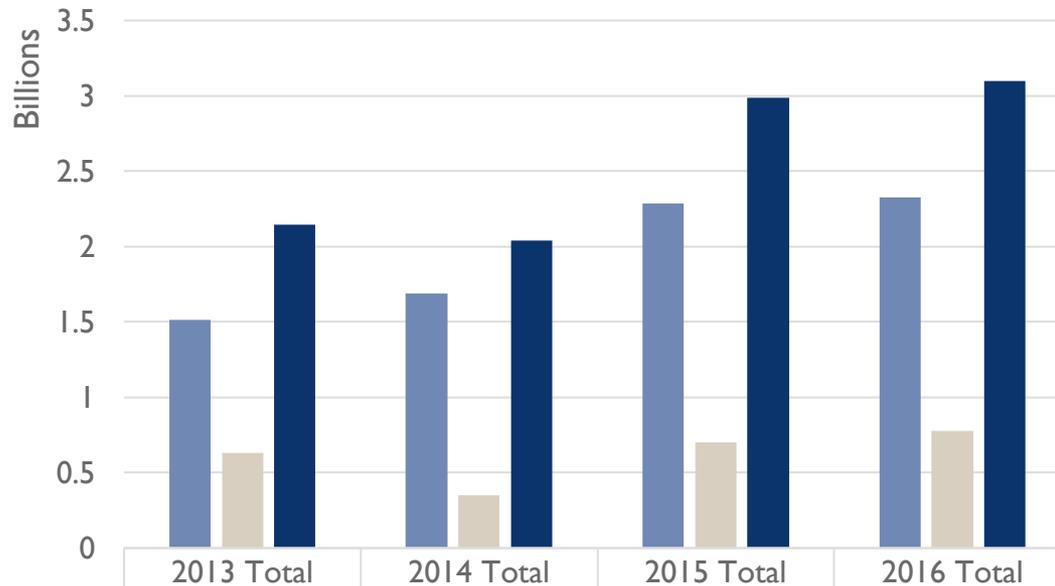
Security National



Security National Financial Corporation
www.SecurityNational.com

Security National Mortgage

Purchase/Refinance Mix



	2013 Total	2014 Total	2015 Total	2016 Total
■ Purchase	\$1,513,779,761	\$1,687,190,848	\$2,288,128,561	\$2,324,906,523
■ Refinance	\$628,972,865	\$350,420,637	\$698,488,401	\$774,291,111
■ Total	\$2,142,752,626	\$2,037,611,485	\$2,986,616,962	\$3,099,197,634

■ Purchase ■ Refinance ■ Total

Top States	Production %
Utah	34.06%
Texas	16.10%
Nevada	13.55%
Florida	12.33%
Arizona	8.54%
California	3.69%

Security National



Security National Mortgage

SNMC Servicing

Year	Volume Retained	End of Year UPB	Servicing Revenue	Servicing Profit
2012	\$407M	\$452M	\$0.5M	\$.3M
2013	\$348M	\$805M	\$1.8M	\$1.1M
2014	\$439M	\$1.2B	\$2.6M	\$1.1M
2015	\$846M	\$1.8B	\$4.2M	\$1.7M
2016	\$1.1B	\$2.6B	\$5.8M	\$2.0M

- Security National Mortgage Company retains approximately **35% of all servicing rights** for loans originated
- We believe yield will be in **excess of 15%**
- We believe we have used **conservative values**

Security National



Security National Financial Corporation
www.SecurityNational.com



MEMORIAL
MORTUARIES & CEMETERIES

Security National



Security National Financial Corporation
www.SecurityNational.com

Cemetery and Mortuary

Cemetery and Mortuary

Utah



Memorial Desert Mortuary
36 East 700 South
Salt Lake City, UT 84111



Memorial Holladay Cemetery
4900 South Memory Lane
Holladay, UT 84117



***Memorial Holladay
-Cottonwood Mortuary***
4670 S Highland Dr.
Holladay, UT 84117



***Memorial Lake Hills Mortuary
and Cemetery***
10055 South State Street
Sandy, UT 84070



***Memorial Lakeview Mortuary
and Cemetery***
1640 East Lakeview Drive
Bountiful, UT 84010



***Memorial Mountain View
Mortuary, Cemetery
and Pet Garden***
3115 East 7800 South
Cottonwood Heights,
UT 84121



Memorial Murray Mortuary
5850 South 900 East
Murray, UT 84121



***Memorial Redwood Mortuary
and Cemetery***
6500 Redwood Road
Taylorsville, UT 84123

Affordable Funerals & Cremations

- Two Utah locations

California

- One cemetery

Oregon (Mgmt Agreement)

- One cemetery and one mortuary

Cemetery/Mortuary Segment Snapshot

Cemetery/Mortuary Segment Snapshot

	2013	2014	2015	2016
Total Revenues	\$13.7M	\$13.7M	\$13.6M	\$13.6M
Total Benefits and Expenses	\$13.5M	\$13.1M	\$12.7M	\$12.4M
Net Earnings	\$0.2M	\$0.7M	\$0.9M	\$1.2M

Security National



Memorial

~1,000 Plots
per acre

\$1,800
Average sales price of a
plot

\$995
Basic Vault Sales Price

\$1,095
Open and Close Price

\$3.9M
Gross Revenue per acre

70%
Contribution Margin on
funeral services

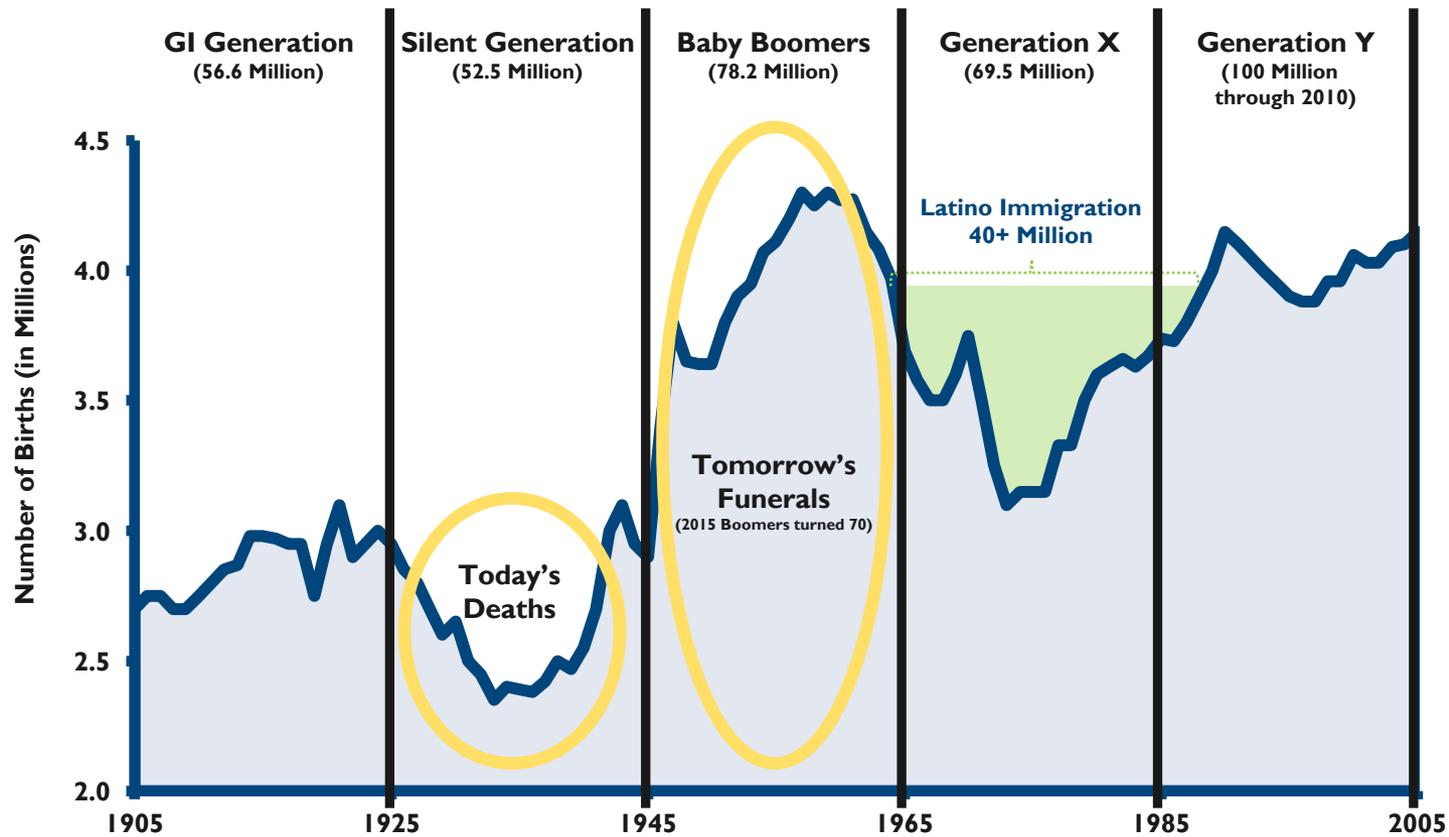
65%
Profit Margin on
merchandise

Security National



Security National Life Insurance Co.

Demographics – US Live Births (1905-2005)



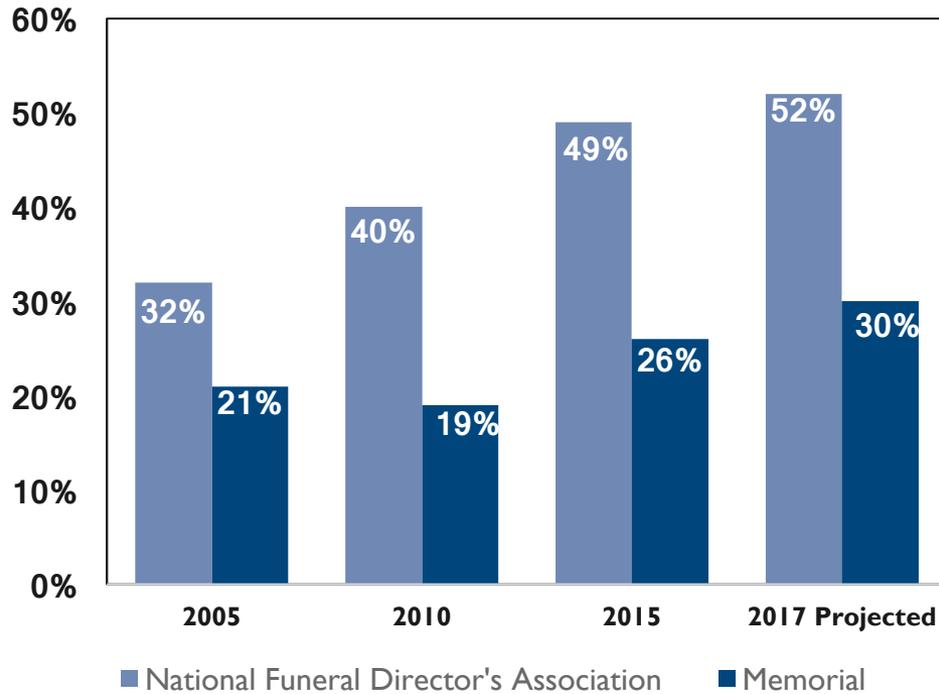
Security National



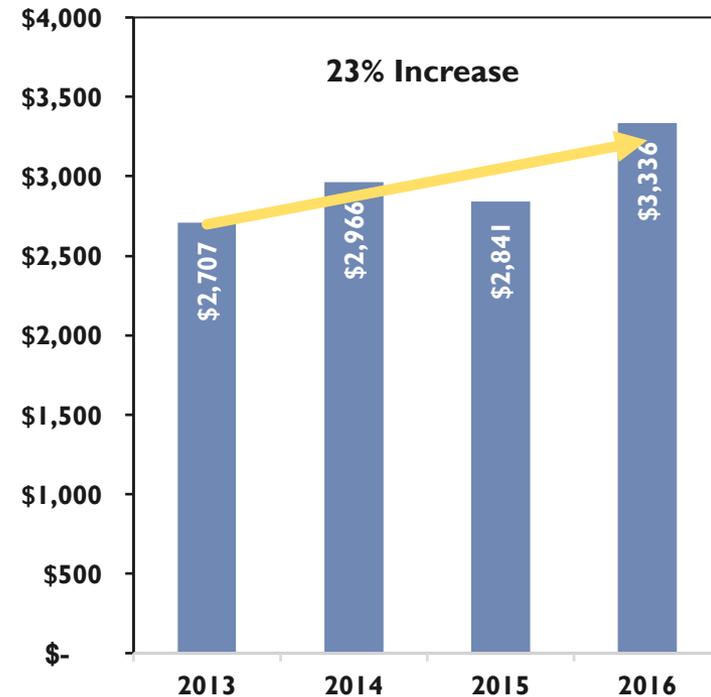
Memorial Utah

Cremation

Cremation Trends



Memorial Cremation Average



Security National





Security National
Financial Corporation

Security National



Security National Financial Corporation
www.SecurityNational.com