

April 1, 2015

## **Security National Financial Corporation Reports Financial Results for the Year Ended December 31, 2014**

SALT LAKE CITY--(BUSINESS WIRE)-- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the fourth quarter and for the year ended December 31, 2014.

For the three months ended December 31, 2014, SNFC's pre-tax earnings from operations increased 2,827% from \$163,000 in 2013 to \$4,759,000 in 2014, on a 24% increase in revenues to \$71,237,000. After tax earnings increased 92% from \$1,487,000 in 2013 to \$2,854,000 in 2014.

For the twelve months ended December 31, 2014, SNFC's pre-tax earnings from operations increased 27% from \$9,823,000 in 2013 to \$12,481,000 in 2014, on a 5% increase in revenues to \$226,937,000. After tax earnings increased 2% from \$7,586,000 in 2013 to \$7,755,000 in 2014.

Scott Quist, Chairman of the Board, President and Chief Executive Officer of SNFC, said, "2014 was a very good year for the company where we accomplished a 27% increase in pre-tax earnings on a 5% increase in revenues. It should be noted that we gained significant momentum through the year, with the fourth quarter having a 24% increase in revenue and earnings rising almost 3,000% over 2013. Our tax rate for the year increased substantially due to our loss of the small company life insurance deduction. Unfortunately that higher tax rate is probably a reality that will be with us for some time. Nevertheless, our operating earnings showed great progress and increased momentum at year end.

"Our life insurance segment experienced an 18.85% increase in revenues and an almost 200% increase in profitability. Driving that profit was an increase in investment income. As we have deployed the cash from prior acquisitions, the investment income naturally has increased. Additionally, we have a very active process whereby we identify attractive fixed income opportunities, sometimes related to our mortgage business. As one example we have introduced an investor product which we call SNL Direct, which is a non-owner occupied residential loan having a maximum current loan to value ratio of 65%, and which bears interest at up to 9%. We have been originating this product for approximately 18 months and have originated a volume of about \$60,000,000, of which approximately \$40,000,000 has been sold into the secondary market. Those loans have experienced one default that has gone completely through the foreclosure process, which resulted in the sale of the property to a third party bidder for an amount in excess of the full loan balance. We perform and review all appraisals on that product using our own in house Appraisal Management Service. That is but one example of our higher yielding investment activities.

"While the increased investment income primarily drives our current improved profitability, it is the quality of our newly written insurance policies that will drive profitability over time. We diligently monitor persistency and mortality and are pleased to report that both have improved and are performing above product expectations. This has been especially gratifying as we have consistently increased our new life sales in the 10-20% range annually for the last number of years.

"Our mortgage segment also performed very well, originating slightly above \$2,000,000,000.00 in new originations in 2014. That was a slight decrease from 2013, but it should be noted that most market analysts believe that the overall mortgage market decreased almost 35% from 2013 to 2014. We also increased our servicing business and now service loans aggregating over \$1,000,000,000.00 in principal balance. We continue to believe that our purchase, realtor, and builder based marketing models are providing admirable results.

"Significantly, in 2014 we completed our repurchase obligations to two of our largest pre-2008 investors. Those obligations were paid out of loss reserves, demonstrating some accuracy in our accrual process.

"Increased regulatory oversight and requirements have added significantly to the cost of doing business. Even today we are continually adding staff to try to insure compliance with an increasingly complex environment.

"As has been noted in many of our filings, the operating results of our death care segment are difficult to analyze given the REO rental income and depreciation that is included in their statements. We have put much of our REO into that segment to take advantage of their property management expertise. In 2014 the EBITDA in our death care segment decreased to 12%, in comparison to an approximate 14% in 2013. In response we have sold an unprofitable unit, reorganized our pre-need sales force to include new management, and are currently reorganizing our mortuary management. I have seen great improvement over the last several months and am very optimistic.

"Lastly, I would note that, using the SEC disclosure criteria, \$1 invested in our stock at 12-31-2010 would have grown 332% to \$3.32 as of 12-31-2014, versus \$1 invested in the S&P 500 index which only would have grown 64% to \$1.64 over the same

time period."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the twelve months ended December 31, 2014, as compared to 2013, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2014	2013		2014	2013	
Life Insurance	\$ 81,773,000	\$ 68,804,000	18.85%	\$ 8,472,000	\$2,868,000	195.39%
Cemeteries/Mortuaries	\$ 12,457,000	\$ 12,380,000	0.62%	\$ 663,000	\$ 223,000	197.31%
Mortgages	<u>\$132,707,000</u>	<u>\$134,131,000</u>	(1.06%)	<u>\$ 3,346,000</u>	<u>\$6,732,000</u>	(50.29%)
Total	<u>\$226,937,000</u>	<u>\$215,315,000</u>	5.39%	<u>\$12,481,000</u>	<u>\$9,823,000</u>	27.05%

The following table shows the revenues and earnings (loss) before taxes for the three months ended December 31, 2014, as compared to 2013, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2014	2013		2014	2013	
Life Insurance	\$28,762,000	\$24,849,000	15.75%	\$3,638,000	\$ 511,000	612.53%
Cemeteries/Mortuaries	\$ 4,175,000	\$ 4,145,000	0.74%	\$ 431,000	\$ 26,000	1,563.83%
Mortgages	<u>\$38,300,000</u>	<u>\$28,288,000</u>	35.39%	<u>\$ 681,000</u>	<u>\$(374,000)</u>	82.11%
Total	<u>\$71,237,000</u>	<u>\$57,282,000</u>	24.36%	<u>\$4,750,000</u>	<u>\$ 163,000</u>	2,827.13%

Net earnings per common share was \$0.62 for the twelve months ended December 31, 2014, compared to net earnings of \$.61 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$7.54 as of December 31, 2014, compared to \$7.31 as of December 31, 2013.

The Company has two classes of common stock outstanding, Class A and Class C. There were 12,867,045 Class A equivalent shares outstanding as of December 31, 2014.

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

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