

November 14, 2017

Security National Financial Corporation Reports Financial Results For the Third Quarter of 2017

SALT LAKE CITY, Nov. 14, 2017 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ:SNFCA) announced financial results for the quarter ended September 30, 2017.

For the three months ended September 30, 2017, SNFC's pre-tax earnings from operations decreased from \$6,574,000 in 2016 to \$1,138,000 in 2017, on a 13% decrease in revenues to \$71,972,000. After tax earnings also decreased from \$4,183,000 in 2016 to \$1,097,000 in 2017.

Scott Quist, Chairman of the Board, and Chief Executive Officer of the Company, commenting on the current earnings, said:

"While we are not pleased with any year over year decline in profitability, I would note that this quarter we surpassed a significant financial milestone with our assets growing to over \$1 billion for the first time. Furthermore, I think it's important to note that even with the decrease in earnings, our ytd pre-tax return on equity is essentially 8%.

"Nevertheless, this year continues to be challenging for our Company. To our understanding, the mortgage market has continued to contract nationwide. For Security National, our 2017 Q3 dollar volume, as compared to 2016 Q3, declined 16%. But, I would note that using the 2017 Q3 reports of major regional publicly-traded banks as a comparison, one reported a volume decrease of 22%, another reported a decrease of 48%, and a third announced it was exiting the business altogether, presumably due to market conditions. Our goal is absolutely to grow profitability, but we are experiencing margin compression and it is taking time to adjust many of the fixed costs that are the nature of the mortgage business.

"On the life insurance side, we are experiencing 16.5% higher death claims than in 2016. Our analysis shows those claims primarily coming from business older than 5 years, and some older than 10 years. Thus, we continue to believe that our underwriting and new business quality are good. We have experienced a general decline in investment income due to the reduced mortgage volumes in our mortgage segment, the impairment of some energy related bonds that we inherited through a business acquisition, and the amortization of financing fees received on residential construction loans over the life of the loan (less than one year) rather than recognizing them when received. Additionally, our depreciation and interest costs related to the Center 53 development have increased since receiving our certificate of occupancy for Building 1. We continue to believe that there is good market acceptance of our Center 53 development, but do not anticipate the first building to be leased up until well into 2018.

"Our cemetery and mortuary segment continues to see a 7 to 8% decrease in case counts versus 2016. We believe that this decline is consistent with our local market because we see a higher decline in the pre-need related deaths than in the at need related deaths. Our sales force has worked hard to make up for the revenue decline attributable to the decreased case counts by increasing pre-need sales."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended September 30, 2017, as compared to 2016 for each of the segments:

	Revenues			Earnings before Taxes		
	2017	2016	%	2017	2016	%
Life Insurance	\$ 25,230,000	\$ 24,972,000	1.0%	\$ 523,000	\$ 2,140,000	(75.6%)
Cemeteries/Mortuaries	2,988,000	2,901,000	3.0%	237,000	55,000	330.9%
Mortgages	43,754,000	55,076,000	(20.6%)	378,000	4,379,000	(91.4%)
Total	\$ 71,972,000	\$ 82,949,000	(13.2%)	\$ 1,138,000	\$ 6,574,000	(82.7%)

For the nine months ended September 30, 2017:

	Revenues			Earnings before Taxes		
	2017	2016	%	2017	2016	%
Life Insurance	\$ 77,112,000	\$ 70,617,000	9.2%	\$ 4,825,000	\$ 5,785,000	(16.6%)
Cemeteries/Mortuaries	9,907,000	10,045,000	(1.4%)	1,332,000	1,284,000	3.7%
Mortgages	128,954,000	151,830,000	(15.1%)	1,873,000	11,561,000	(83.8%)
Total	<u>\$ 215,973,000</u>	<u>\$ 232,492,000</u>	(7.1%)	<u>\$ 8,030,000</u>	<u>\$ 18,630,000</u>	(56.9%)

The net gain per common share was \$.07 for the three months ended September 30, 2017, compared to a net gain of \$.27 per share for the same period last year, as adjusted for the effect of annual stock dividends. Book value per common share was \$9.13 as of September 30, 2017, compared to \$8.83 as of December 31, 2016. The Company has two classes of common stock outstanding, Class A and Class C. As of September 30, 2017, there were 15,265,500 shares outstanding.

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

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Source: Security National Financial Corporation

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