Security National Financial Corporation

May 15, 2017

Security National Financial Corporation Reports Financial Results for the Quarter Ended March 31, 2017

SALT LAKE CITY, May 15, 2017 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ:SNFCA) announced financial results for the quarter ended March 31, 2017.

For the three months ended March 31, 2017, SNFC's after-tax earnings from operations decreased 45.9% from $4,192,000 in 2016 to $2,268,000 in 2017, on an 3.1% increase in revenues to $69,452,000.

Scott Quist, Chairman of the Board, President and Chief Executive Officer of SNFC, said, "While the first quarter has to be considered disappointing since we experienced a decrease over prior year earnings, it does nevertheless have some very bright high points. Our Life segment and our Memorial segment each had its best first quarter ever. The obvious issue was in our Mortgage segment.

"Our Mortgage segment, after having delivered excellent results for the last several years, struggled with profitability in the first quarter. The main issue is our considered strategy for growth versus the market changes we have seen come to a head over the last 5 months. Our goal is always double-digit profitable growth and we undertook expansion plans, with their attendant costs, with that goal in mind. We did anticipate rising rates with our purchase mortgage strategy, but did not anticipate the rather severe housing inventory issues and the consequent lack of growth in purchase mortgage volume that we have experienced in almost all of our markets. By way of illustration, CBRE estimates that since 2010 in Utah, one of our major markets, there have been approximately 30,000 more household formations than dwellings constructed. Salt Lake area home closings declined significantly year-over-year despite an apparent increase in buyer demand.

"It is axiomatic that if there is not a home to buy, a mortgage is not needed. We clearly saw household growth and the consequent need for purchase transactions, and positioned ourselves well in that market, but we have been stymied by the lower than expected activity which has resulted from inventory shortages. Margins have been compressed, as we expected, due to the rise in interest rates and decline in refinance's, but the costs that were undertaken with purchase mortgage expansion in mind are simply too high for our volume. Our pipelines are full of approved borrowers with no available home to buy. We are working to bring our strategy back into line with what the market can provide.

"On a positive note, our Life segment's first year sales remain strong and on track, mortality and persistency are within assumptions, expenses remain at acceptable levels even after absorbing the First Guaranty Insurance Company acquisition costs, and our investment returns are good. On the Memorial side, despite a nationwide low death rate during the first quarter, preneed sales are improving and we saw our operational profit increase significantly due to a customer centered focus for both at need and preneed sales."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended March 31, 2017, as compared to 2016, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2017	2016		2017	2016	
Life Insurance	$ 26,159,000	$ 22,075,000	18.5%	$ 1,869,000	$ 1,065,000	75.5%
Cemeteries/Mortuaries	$ 3,605,000	$ 3,331,000	8.2%	$ 759,000	$ 469,000	61.8%
Mortgages	$ 39,688,000	$ 41,949,000	(5.4%)	$ (360,000)	$ 2,658,000	(113.5%)
Total	$ 69,452,000	$ 67,355,000	3.1%	$ 2,268,000	$ 4,192,000	(45.9%)

Net earnings per common share was $0.09 for the three months ended March 31, 2017, compared to net earnings of $0.17 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was $8.64 as of March 31, 2017, compared to $8.54 as of March 31, 2016.

The Company has two classes of common stock outstanding, Class A and Class C. There were 15,035,153 Class A equivalent shares outstanding as of March 31, 2017.

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

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