Security National Financial Corporation

April 3, 2017

Security National Financial Corporation Reports Financial Results for the Year Ended December 31, 2016

SALT LAKE CITY, April 03, 2017 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ:SNFCA) announced financial results for the year ended December 31, 2016.

For the twelve months ended December 31, 2016, SNFC's after-tax earnings from operations increased 5.9% from $13,479,000 in 2015 to $14,280,000 in 2016, on an 8% increase in revenues to $307,208,000.

Scott Quist, Chairman of the Board, President and Chief Executive Officer of SNFC, said, "Even though we lost some earnings increase momentum in the 4th quarter due to the post-election rapid rise in interest rates, 2016 was a very solid year for our Company. 2016 was the second-best year in company history for after-tax earnings, is the first year we have topped $300,000,000 in annual revenue, our return on equity topped 15%, we accomplished the acquisition of First Guaranty Insurance Company, we settled a longstanding dispute with the Department of Justice relating to mortgage loans originated prior to 2008, and we settled two suits involving the bankrupt Lehman Brothers. Ignoring realized gains our operating earnings increased 11% over 2015."

Mr. Quist went on to say, "Looking at our Life Segment, per the table below, profitability decreased 9% year over year. That is not the full story. Removing realized gains for comparison purposes, on an operations basis our pre-tax profit actually increased 28% on a 10% revenue increase. First-year life insurance sales continue to be robust with a 15% increase in first-year sales as measured by premium volume and a 21% increase as measured by application count.

"As alluded to, the post-election rapid rise in interest rates hurt our Mortgage Segment profitability. Rapid rises in interest rates are difficult to hedge against because the rise in rates changes the loan origination to closing pull through metrics. Essentially, loans that are locked at the lower interest rates close at a higher than anticipated rate, and therefore not hedged, thereby causing losses. I think it fair to say that industry wide there were several mortgage companies that were thrown into a loss position due to the rise in rates. While our Mortgage Segment did suffer in the 4th quarter, we still were profitable for the quarter, and profitability for the year essentially equaled 2015's, which I took as a victory given the circumstances. For the year, revenue increased 7.3%. We continue to believe that our emphasis on purchase related loans is the more sustainable strategy and that our realtor and builder based marketing models are providing admirable results.

"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 its statements. We have put much of our REO into that segment to take advantage of its property management expertise. Referring now to only the operational results of our Death Care Segment for 2016, we improved profitability 35% on basically a 6% revenue increase, and EBITDA as a percentage of gross revenue increased to over 15%. Our preneed cemetery sales, which are a primary profit driver, showed significant improvement, particularly in the 4th quarter, and I am quite optimistic that preneed cemetery sales will improve even more in the future."

Lastly, Mr. Quist said, "I would note that, using the SEC disclosure criteria, $100 invested in our stock at 12-31-2011 would have grown 507% to $507.00 as of 12-31-2016, versus $100 invested in the S&P 500 index which only would have grown 78% to $178.00 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, 2016, as compared to 2015, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2016	2015		2016	2015	
Life Insurance	$ 95,605,000	$ 86,925,000	10.0%	$ 7,704,000	$ 8,465,000	(9.0%)
Cemeteries/Mortuaries	$ 12,880,000	$ 12,487,000	3.1%	$ 1,219,000	$ 914,000	33.4%
Mortgages	$ 198,723,000	$ 185,152,000	7.3%	$ 11,817,000	$ 11,846,000	(0.2%)

Total	$ 307,208,000	$ 284,564,000	8.0%	$ 20,740,000	$ 21,225,000	(2.3%)

Net earnings per common share was $0.94 for the twelve months ended December 31, 2016, compared to net earnings of $0.90 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was $8.54 as of December 31, 2016, compared to $8.01 as of December 31, 2015.

The Company has two classes of common stock outstanding, Class A and Class C. There were 15,017,113 Class A equivalent shares outstanding as of December 31, 2016.

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

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Source: Security National Financial Corporation