

Security National

Family of Companies



Security National Financial Corporation Reports Financial Results for the Year Ended December 31, 2020

March 31, 2021

SALT LAKE CITY, March 31, 2021 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the year ended December 31, 2020.

For the twelve months ended December 31, 2020, SNFC's after-tax earnings from operations increased 410% from \$10,894,000 in 2019 to \$55,597,000 in 2020, on a 70% increase in revenues to \$481,463,000.

Scott Quist, Chairman of the Board, President, and Chief Executive Officer of SNFC, said, "For the year total revenues increased 94%, profitability increased over 400%, and we achieved a 21% return on equity. Those spectacular results, delivered in difficult circumstances, reflect the excellence of our Company and its people. I applaud the efforts of all our teams in their considerable accomplishment. Most importantly, every business segment delivered impressive results.

"Our mortgage segment was able to take great advantage of the financial market circumstances presented this year. The pandemic-created interest rate declines spurred refinance volumes, made purchase transactions more affordable, and provided generally higher margins. However, taking advantage of the favorable conditions created great operational and staffing problems in the midst of the pandemic, where hiring and training were very difficult. Our hardworking staff met the challenge of the doubled volumes by increasing efficiency in a very difficult environment. Unexpectedly, towards the end of Q4 we were approached regarding the settlement of the 11-year-old Lehman litigation. The litigation had progressed to the point where expensive trial preparation was about to commence, and while we believed we had strong defenses to the claims, weighing the costs of trial versus the certainty of results via settlement, we elected to settle. While the settlement cost was ultimately greater than I anticipated, I feel strongly that the correct decision was to put the matter behind us. Lastly, during 2020 we kept our purchase mortgage strategy firmly in place. While the market naturally provided refinance transactions which we have taken advantage of, more notably we increased our purchase mortgage transactions by 60%. Suffice it to say, our Mortgage Segment provided spectacular results.

"Our Insurance Segment also provided spectacular results improving profitability 81% in, again, a very challenging year. While year-over-year death claim comparisons are difficult for a number of reasons, to include the acquisition of Kilpatrick Life and the vagaries inherent in determining COVID related claims, what I can say is that death claims increased 40% YOY. While it does seem that the pace of COVID related claims has been abating, I think it fair to say that COVID will continue to have a financial impact for some time to come. Offsetting that claims increase was improved investment income due to better cash utilization, increased asset size, the lease-up of our Center 53 office development, and improved operating costs. Companywide, we transitioned to an 85% work from home model which made the operational cost achievement more impressive. Our Kilpatrick Life Insurance Company acquisition has been integrated with much of that work being accomplished during difficult COVID related circumstances.

"Our Memorial segment also provided spectacular results with operational income increasing 83% YOY. Again, this was accomplished during difficult COVID related circumstances where, for a period of time, traditional funeral services were essentially banned and even when bans were lifted there were significant size and other restrictions placed upon the funeral services. Substantially contributing to that profit improvement was increased preneed cemetery sales, but basic mortuary and cemetery operations were also significant contributors. This excellent performance is not an isolated instance. It is instructive to note that our Memorial segment has achieved an average 24% compound annual growth rate in operational income over the last six years. In my view, such excellent financial results are the natural consequence of continuously providing superb customer care and consumer experience during very difficult times."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the twelve months ended December 31, 2020, as compared to 2019, for each of the three business segments:

| | Revenues | | | Earnings before Taxes | | |
|-----------------------|----------------|----------------|--------|-----------------------|---------------|----------|
| | 2020 | 2019 | | 2020 | 2019 | |
| Life Insurance | \$ 151,042,000 | \$ 125,739,000 | 20.1% | \$ 11,923,000 | \$ 6,566,000 | 81.6% |
| Cemeteries/Mortuaries | \$ 21,046,000 | \$ 16,502,000 | 27.5% | \$ 4,399,000 | \$ 2,660,000 | 65.4% |
| Mortgages | \$ 309,375,000 | \$ 140,820,000 | 119.7% | \$ 55,128,000 | \$ 4,718,000 | 1,068.5% |
| Total | \$ 481,463,000 | \$ 283,061,000 | 70.1% | \$ 71,450,000 | \$ 13,944,000 | 412.4% |

Net earnings per common share was \$2.88 for the twelve months ended December 31, 2020, compared to net earnings of \$.58 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$13.87 as of December 31, 2020, compared to \$10.86 as of December 31, 2019.

The Company has two classes of common stock outstanding, Class A and Class C. There were 19,036,549 Class A equivalent shares outstanding as of December 31, 2020.

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