Security National Financial Corporation Reports Financial Results for the Quarter Ended March 31, 2023

May 15, 2023

SALT LAKE CITY, May 15, 2023 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended March 31, 2023.

For the three months ended March 31, 2023, SNFC's after-tax earnings from operations decreased 61% from $3,229,000 in 2022 to $1,240,000 in 2023, on a 22% decrease in revenues to $79,501,000.

Scott M. Quist, President of the Company, said: "While we are never pleased with quarterly decreases in income, I think that a deeper analysis of our business segment performance is warranted. For our Life Insurance Segment this is the best Q1 performance in our history. That excellent performance is based upon two factors; increased investment income and improved efficiency. The increased investment income is due to both the much-publicized increase in interest rates and good execution of our longer-term investment strategies, such as our construction lending and portfolio lending products. The improved efficiency is evidenced by our good cost containment in an inflationary environment.

"In our Memorial Segment, we simply experienced a drop in case count as compared to 2022, which decline we believe is consistent with death rate declines in our market areas. So, we believe we have maintained market share. Our 12% drop in earnings is significantly less than our publicly-traded peers to which we have available comparable financial results. Depending upon which publicly-traded company we are comparing, we are from 22 to 35 percentage points better, as measured by changes in earnings before taxes.

"Our Mortgage Segment business continues to be negatively affected by the increase in interest rates. Compared to Q1 2022 our loan origination volume declined 50%. Having noted that decline, we nevertheless believe that we have gained market share as we compare ourselves to national data from the Mortgage Bankers Association and to other small to mid-sized independent mortgage banks. Consistent with that conclusion, we ended Q1 2023 with more producing loan officers than we had in Q1 2022. So, we believe our value propositions have gained traction on the loan production side of the profit equation. Our cost structure is still relatively high vis-a-vis our competitive peer group. However, some of those higher costs are related to the higher levels of services we deliberately offer to our loan officers and end customers. But, there is also no doubt that we must and can achieve greater efficiency as we continue to standardize our processes across our different marketing regions. We are fully engaged in that greater efficiency effort.

"Lastly, I would note that the fact we are profitable in this environment, albeit at a lower level than desired, reflects the balanced nature of our businesses. Increased interest rates have, without question, decimated our Mortgage Segment, but they have also provided an earnings boost to our Life Insurance Segment. In my opinion, despite the quarterly drop in death rates, our Memorial Segment provides a consistent growing and balancing factor in most economic environments. Thus, while I cannot say that I am pleased when our income goes down, I can say that I am very pleased with our team's performance in some tough business environments. The increased market share in our Mortgage Segment, better than peer group performance in our Memorial Segment, and best-ever financial performance in our Life Insurance Segment are not insignificant achievements."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended March 31, 2023, as compared to 2022, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2023	2022		2023	2022	
Life Insurance	$ 45,415,000	$ 41,502,000	9.4%	$ 3,684,000	$ 817,000	350.9%
Cemeteries/Mortuaries	$ 7,199,000	$ 7,463,000	(3.5%)	$ 1,784,000	$ 2,020,000	(11.7%)
Mortgages	$ 26,887,000	$ 53,461,000	(49.7%)	$ (3,883,000)	$ 1,607,000	(341.6%)
Total	$ 79,501,000	$102,426,000	(22.4%)	$ 1,585,000	$ 4,444,000	(64.3%)

Net earnings per common share was $.06 for the three months ended March 31, 2023, compared to net earnings of $.15 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was $14.11 as of March 31, 2023, compared to $13.88 as of December 31, 2022.

The Company has two classes of common stock outstanding, Class A and Class C. There were 21,050,778 Class A equivalent shares outstanding as of March 31, 2023.

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

Security National Financial Corporation

P.O. Box 57250
Salt Lake City, Utah 84157
Phone: (801) 264-1060

This press release contains statements that, if not verifiable historical fact, may be viewed as forward-looking statements that could predict future events or outcomes with respect to the Company and its business. The predictions in these statements will involve risk and uncertainties and, accordingly, actual results may differ significantly from the results discussed or implied in such forward-looking statements.

Source: Security National Financial Corporation