

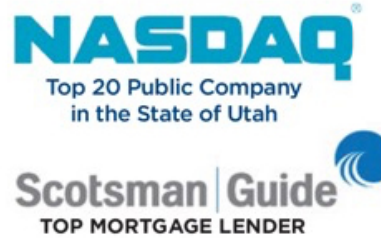
SECURITY NATIONAL FINANCIAL CORPORATION

Investor Presentation | March 9, 2017

Security National



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“Excellence” is our motto.

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Business Segments



Security National
Life Insurance Company



MEMORIAL
MORTUARIES & CEMETERIES



**Security
National**
MORTGAGE®

Security National Financial Corporation operates in three main business segments:

- 1. Life Insurance:** Five life insurance companies licensed in 38 states.
- 2. Cemetery and Mortuary:** Nine mortuaries, six cemeteries, one management agreement operating in 3 states.
- 3. Mortgage Banking:** Licensed in 45 states.

We have grown organically through increasing direct sales and through the acquisition of life insurance companies, funeral homes and cemeteries.

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Financial Snapshot

Third Quarter 2016	
Assets	\$838M
Liabilities	\$712M
Stockholders Equity	\$126M
Book Value Per Share	\$8.89
3Q 2016 YTD Revenue	\$233M
Earnings After Tax	\$12.4M
Earnings Per Share (Q3)	\$0.37
Earnings Per Share (YTD Q3)	\$0.89
Stock Price at 9/30/16	\$5.58

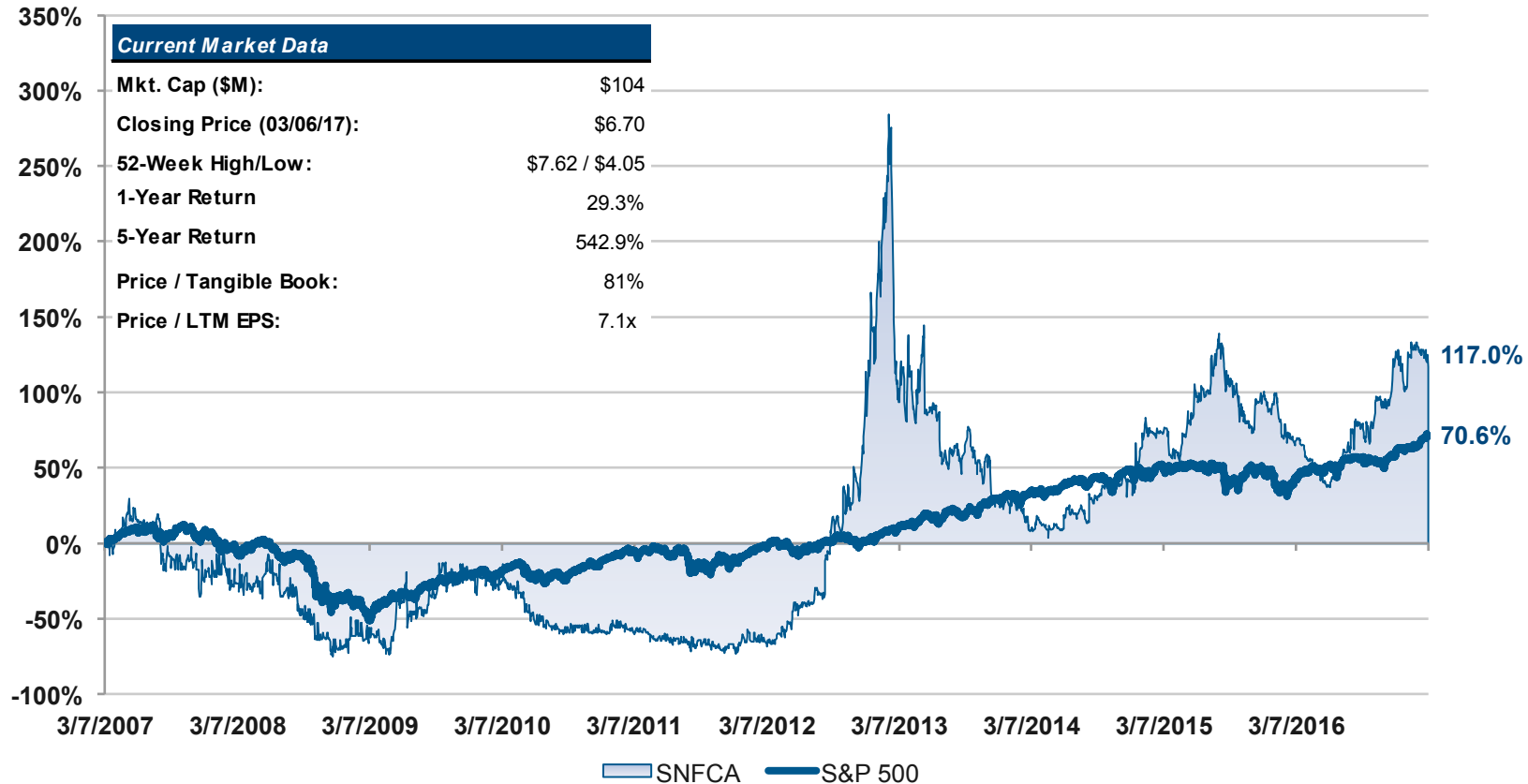
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10 Year Stock Price Trend vs. S&P 500



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Share Data

Year	Shares owned	Share Price	Stock Value
1997	1,000	\$1.53	\$1,530.00
2002	1,276	\$1.20	\$1,531.20
2007	1,629	\$3.23	\$5,261.67
2012	2,079	\$1.07	\$2,224.53
2017	2,653	\$6.85	\$18,173.05

13.20%

Avg. Compound 10yr Return
(Assumes Dividends Retained)

13.17%

Avg. Compound 20yr Return
(Assumes Dividends Retained)

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Key SNFCA Ratios

12.12%

Return on Equity
(5 yr avg.)

66%

Price/Book Value
(2016 Q3 YTD)

\$1.03

Earnings Per Share
(Trailing Four Quarters)

2.28%

Return on Assets
(5 yr avg.)

72%

Price/Tangible Book Value
(2016 Q3 YTD)

5.42x

Price/Earnings
(Trailing Four Quarters)

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Equity Capital Structure

Equity Capital Structure			
Class A Common Stock	Par Value \$2.00	20,000,000	Authorized
		13,819,000	Outstanding
Class B Common Stock	Par Value \$1.00	5,000,000	Authorized
		0	Outstanding
Class C Common Stock (10 to 1 voting rights)	Par Value \$2.00	3,000,000	Authorized
		1,902,222	Outstanding

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**As of November 14, 2016*



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3rd Quarter YTD Comparison 2015 to 2016

	2015 Q3 YTD	% Change	2016 Q3 YTD
Total Revenues	\$216M	8.1%	\$233M
Total Benefits and Expenses	\$199M	8.0%	\$214M
Pre-Tax Earnings	\$17.0M	9.5%	\$18.6M
Income Tax expense	(\$6.4M)	(3.4%)	(\$6.2M)
Net earnings	\$10.6M	17.3%	\$12.4M
Earnings per share	\$0.78	14.1%	\$0.89
Assets	\$749M	11.8%	\$838M

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Year End Comparison 2013 to 2015

	2013	2014	2015
Total Revenues	\$215M	\$227M	\$283M
Total Benefits and Expenses	\$206M	\$215M	\$263M
Pre-Tax Earnings	\$9.8M	\$12.5M	\$19.8M
Income Tax Expense	\$2.2M	\$4.7M	\$7.2M
After Tax Earnings	\$7.6M	\$7.8M	\$12.6M
Earnings Per Share	\$0.58	\$0.59	\$0.92
Assets	\$619M	\$671M	\$750M

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Snapshot by Segment

	2013				2014				2015			
	Life Insurance	Cemetery & Mortuary	Mortgage Banking	Total	Life Insurance	Cemetery & Mortuary	Mortgage Banking	Total	Life Insurance	Cemetery & Mortuary	Mortgage Banking	Total
Total Revenues	\$76M	\$13.7M	\$134M	\$215M	\$87.9M	\$13.7M	\$133M	\$227M	\$94.5M	\$13.6M	\$184M	\$283M
Total Benefits and Expenses	\$73.1M	\$13.5M	\$128M	\$205M	\$79.4M	\$13M	\$130M	\$214M	\$86M	\$12.7M	\$173M	\$263M
Income Tax Benefit (Expense)	\$0.4M	-	-\$2.6M	-\$2.2M	-\$3.4M	-	-\$1.2M	-\$4.7M	-\$3.1M	-	-\$4M	-\$7.1M
Net Earnings (Loss)	\$3.2M	\$0.2M	\$4M	\$7.5M	\$5M	\$0.6M	\$2M	\$7.7M	\$5.3M	\$0.9M	\$6.3M	\$12M

* Consolidated totals account for intersegment deductions

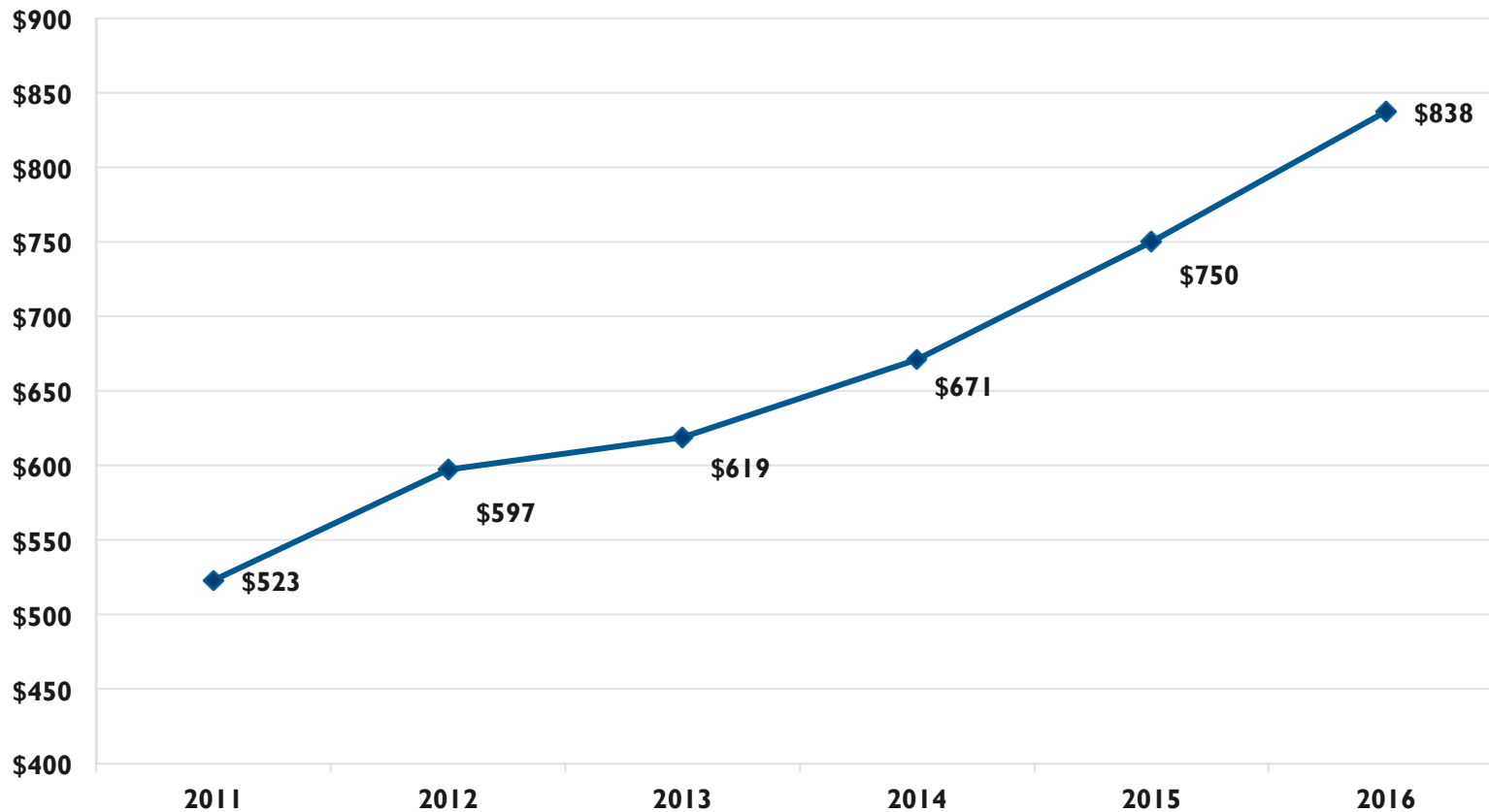
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Asset Growth



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Security National Life

Products

Security National Life sells products designed to fund an individual's funeral costs. These policies are sold through three major channels.

- **Preneed** is a policy where a funeral home agrees to accept the policy in exchange for furnishing a given set of services. Therefore the price of the services is effectively locked in.
- **Final Expense** is a non-growth policy that pays a specified death benefit at death without any funeral home guarantee.
- **Home Service** is a product specifically designed for a lower socio-economic group where, similar to final expense, a specified benefit is paid at death but the premiums are collected weekly or monthly generally at the home by the agent.

Annuities (Multi pay or Single Pay)

- Annuities are generally sold to people not qualifying for a life insurance product and have guaranteed interest rates currently at 1% per annum. The board of directors can approve rate increases at their discretion.

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Life Insurance Segment Snapshot

Life Insurance Segment Snapshot

	2013	2014	2015	2016 Q3 YTD
Total Revenues	\$76.0M	\$87.9M	\$94.5M	\$80.4M
Total Benefits and Expenses	\$73.2M	\$79.4M	\$86.1M	\$74.7M
Pre-Tax Earnings	\$3.7M	\$8.5M	\$8.5M	\$5.7M
Pre-Tax Earnings Without Realized Gains	\$2.3M	\$7.3M	\$6.2M	\$5.7M
Income Tax Benefit (expense)	\$0.4M	(\$3.4M)	(\$3.1M)	(\$1.8M)
Net After Tax earnings	\$3.3M	\$5.0M	\$5.3M	\$3.8M
Assets	\$592M	\$652M	\$721M	\$800M

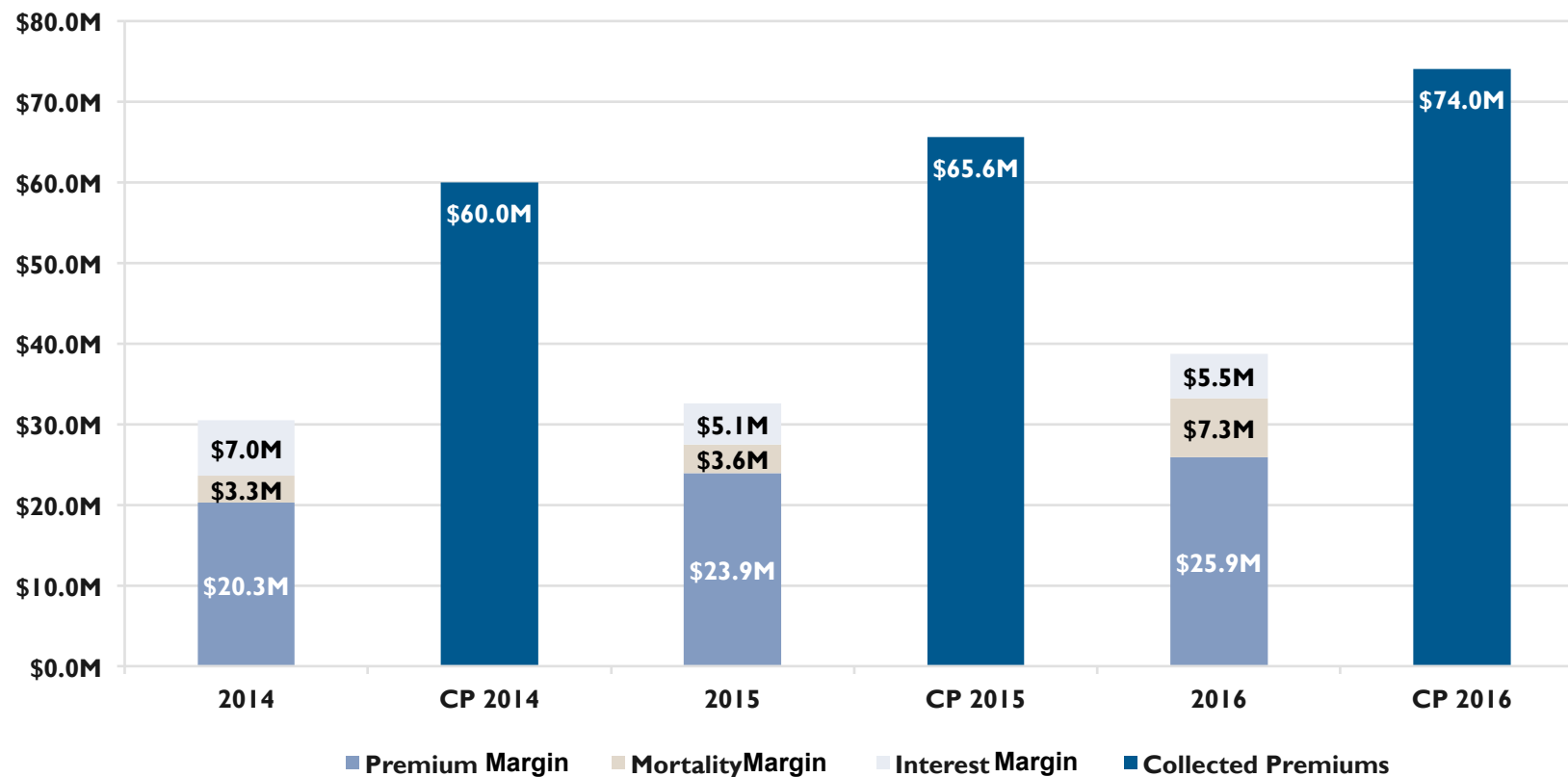
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Security National Life Insurance Co.

Collected Premium Margins (Statutory Basis)



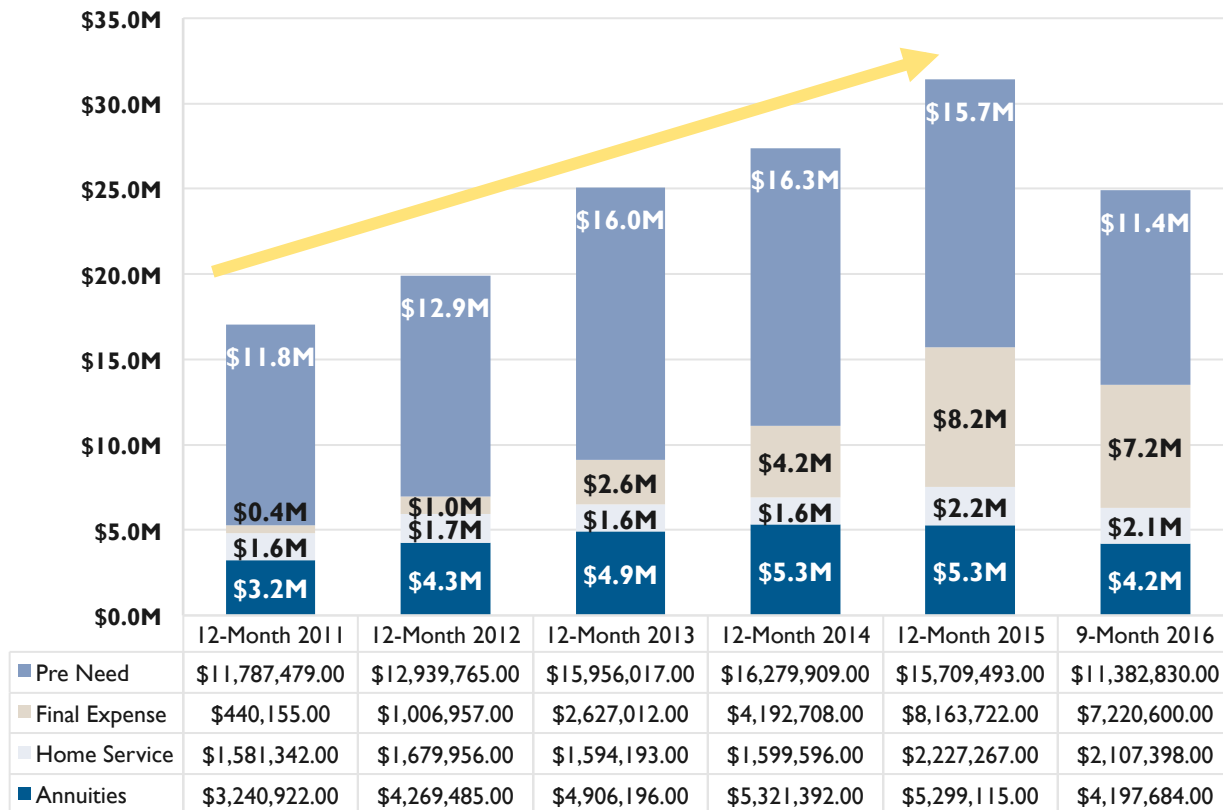
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Building Our Salesforce

First Year Insurance & Annuity Annualized Premium Sales 2011-2016



38
Number of States where
Licensed

>4,000
Sales Agents

84%
Sales Growth 2011 vs. 2015

20%
Avg. Sales Growth
2011-2016

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Security National Life Acquisitions

Most Recent Acquisition



Ashdown, AR
Headquarters

\$55M
Assets

\$1.6M
Annual Premium

~\$6.8M
Purchase Price

\$3.8M
Capital and Surplus

~\$3.0M
Net Price

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Enterprise Investment Philosophy/Strategy

Security National Life offers specialized financing sometimes in conjunction with Security National Mortgage. These products increase investment yield and offers Security National Mortgage loan officers additional products for their clients.

- **Security National Life Direct Loans-** 8.99% interest – 2-5 origination points – 65% LTV maximum, 5 year term. These are investment loans secured by residential real property. They cannot be used for primary residences but are attractive to investors.
- **Security National Construction lending-** The Company offers construction lending, generally in conjunction with a long term loan approval from SNMC. These loans have a 6% interest rate and 2 origination points – 80% LTV, 6 month term. SNL also offers Acquisition and Development loans to approved builders. Term and rate vary by situation – focus is on a generic residential product priced below 400K.
- **Security National Commercial Capital-** Commercial lending has been an ongoing investment activity. Security National Life offers bridge lending, SBA lending and various other sorts of commercial loans. Average yield without points is 6.74%
- **Mortgage Warehouse Lending**
- **Direct Real Estate Investments**

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Security National Mortgage

SNMC Growth

SNMC Offices 2011

\$1.4 Billion
LOAN VOLUME AND 8,072 UNITS



SNMC Offices 2016

\$3.1 Billion
LOAN VOLUME AND 16,028 UNITS



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Mortgage Segment Snapshot

Mortgage Segment Snapshot

	2013	2014	2015	2016 Q3 YTD
Total Revenues	\$135M	\$133M	\$184M	\$153M
Total Benefits and Expenses	\$128M	\$130M	\$174M	\$141M
Income Tax Benefit (Expense)	(\$2.6M)	(\$1.3M)	(\$4.1M)	(\$4.4M)
Net Earnings (Loss)	\$4.1M	\$2.0M	\$6.4M	\$7.3M
Mortgage Servicing Rights	\$4.8M	\$7.8M	\$12.7M	\$17.4M

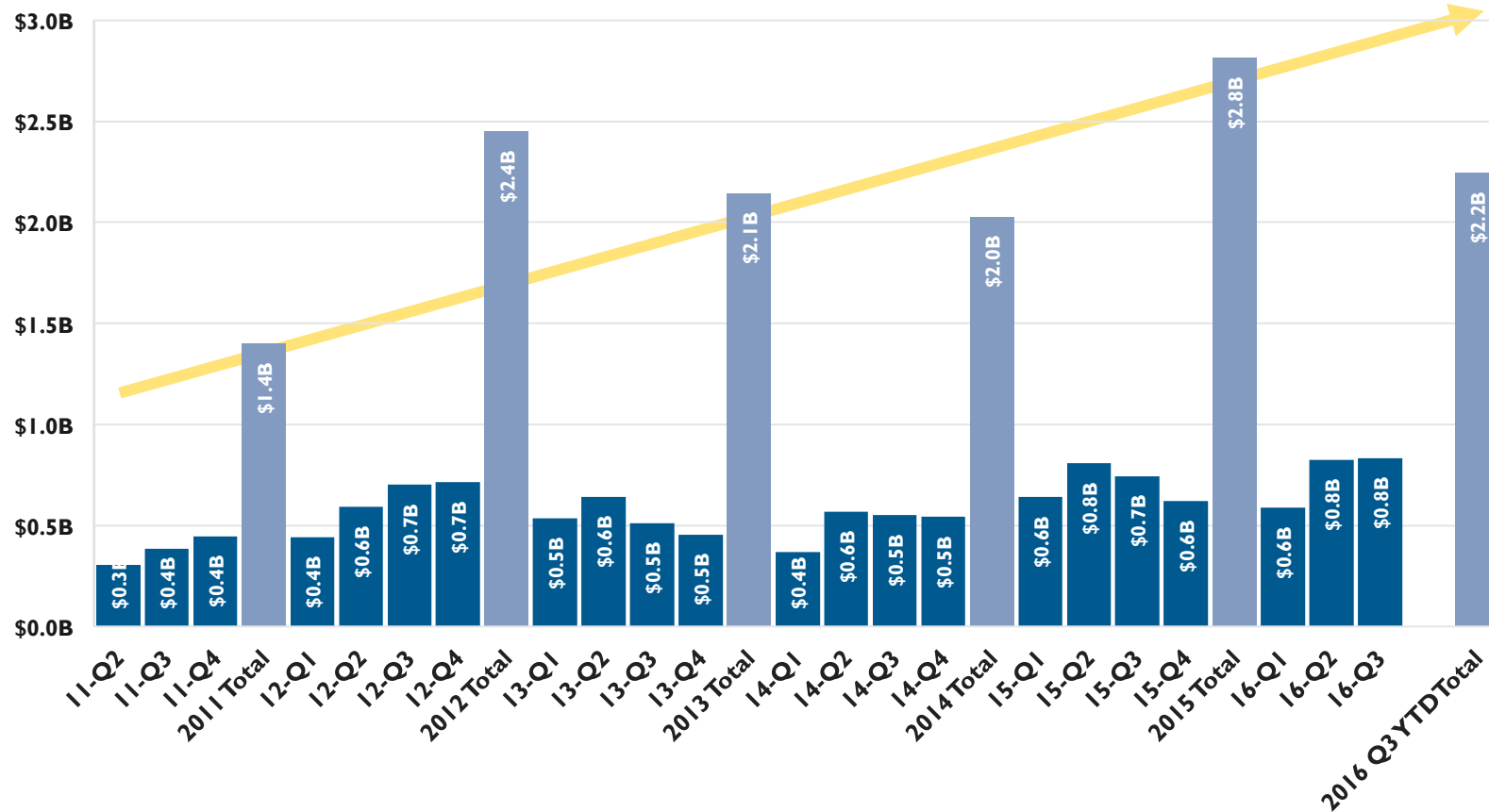
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SNMC Funding Volume



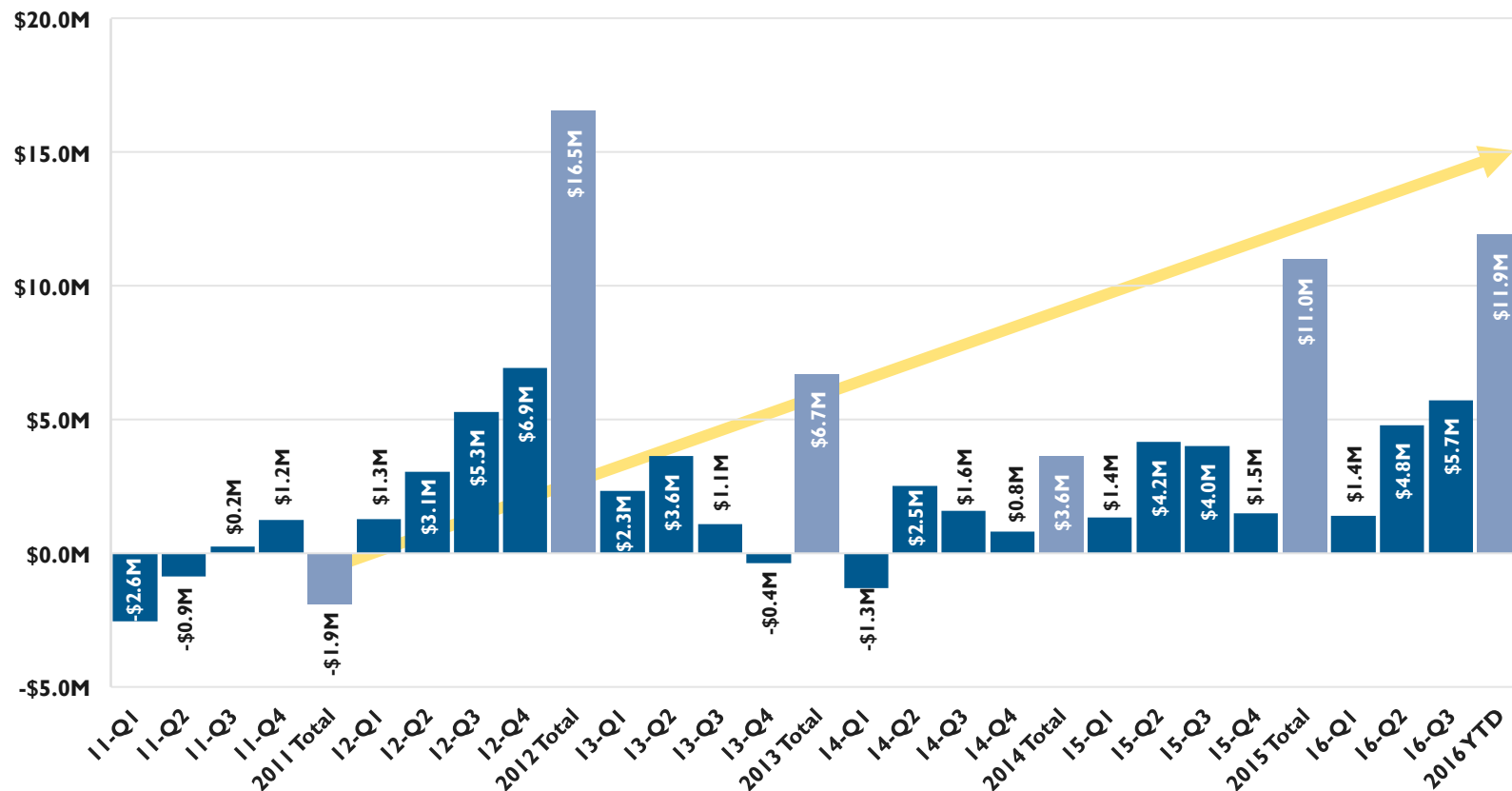
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Pre-Tax Net Income - 2011-2016



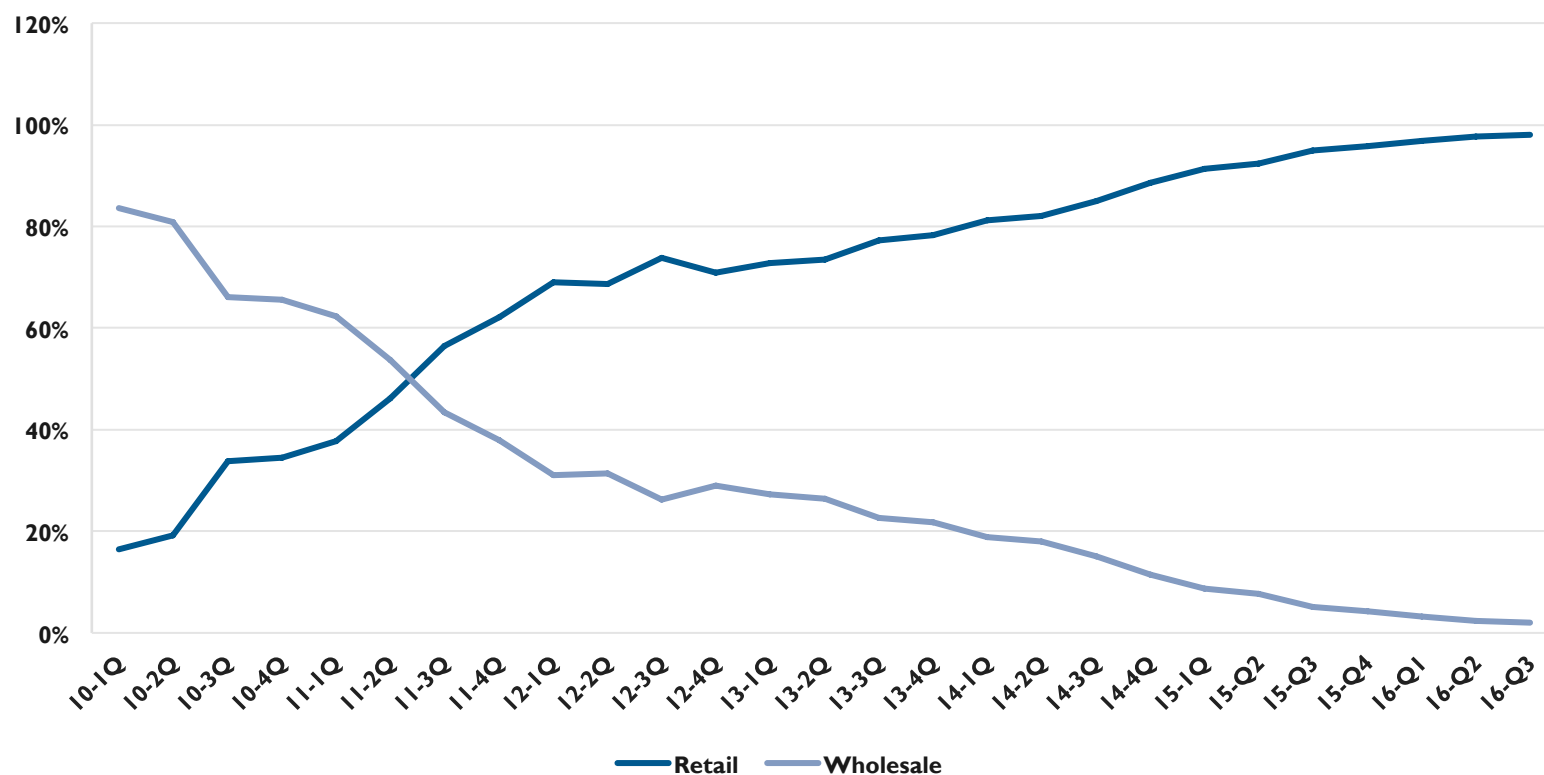
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Switch from Wholesale to Retail – Retail/Wholesale Production Mix



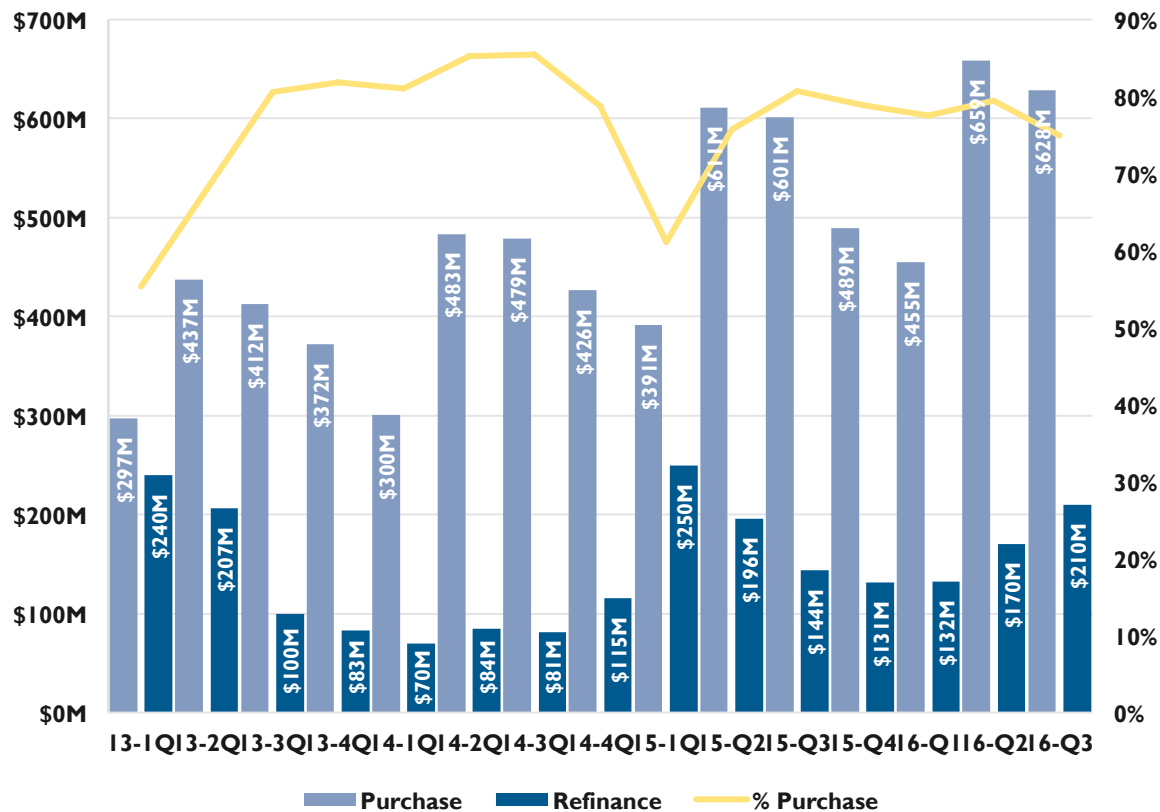
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Purchase/Refinance Mix



Top States	Production %
Utah	37.57%
Texas	16.95%
Nevada	11.38%
Florida	10.54%
Arizona	8.12%
California	3.98%
Washington	3.31%

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SNMC Servicing

Year	Volume Retained	End of Year UPB	Servicing Revenue	Servicing Profit
2012	\$407M	\$452M	\$0.5M	\$0.3M
2013	\$348M	\$805M	\$1.8M	\$1.1M
2014	\$439M	\$1.2B	\$2.6M	\$1.1M
2015	\$846M	\$1.8B	\$4.2M	\$1.7M
2016 Q3 YTD	\$887M	\$2.5B	\$4.4M	\$1.6M

- Security National Mortgage Company retains approximately **35% of all servicing rights** for loans originated
- We believe yield will be in **excess of 15%**
- We believe we have used **conservative values**

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Cemetery and Mortuary

Cemetery and Mortuary

Utah



Memorial Desert Mortuary
36 East 700 South
Salt Lake City, UT 84111



Memorial Holladay Cemetery
4900 South Memory Lane
Holladay, UT 84117



**Memorial Holladay
-Cottonwood Mortuary**
4670 S Highland Dr.
Holladay, UT 84117



**Memorial Lake Hills Mortuary
and Cemetery**
10055 South State Street
Sandy, UT 84070



**Memorial Lakeview Mortuary
and Cemetery**
1640 East Lakeview Drive
Bountiful, UT 84010



**Memorial Mountain View
Mortuary, Cemetery
and Pet Garden**
3115 East 7800 South
Cottonwood Heights,
UT 84121



Memorial Murray Mortuary
5850 South 900 East
Murray, UT 84121



**Memorial Redwood Mortuary
and Cemetery**
6500 Redwood Road
Taylorsville, UT 84123

Affordable Funerals & Cremations

- Two Utah locations

California

- One cemetery

Oregon (Mgmt Agreement)

- One cemetery and one mortuary

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Cemetery/Mortuary Segment Snapshot

Cemetery/Mortuary Segment Snapshot

	2013	2014	2015	2016 Q3 YTD
Total Revenues	\$13.7M	\$13.7M	\$13.6M	\$10.7M
Total Benefits and Expenses	\$13.5M	\$13.1M	\$12.7M	\$9.4M
Net Earnings	\$0.2M	\$0.7M	\$0.9M	\$1.3M

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Memorial

~1,000 Plots
per acre

\$1,800
Average sales price of a plot

\$995
Basic Vault Sales Price

\$1,095
Open and Close Price

\$3.9M
Gross Revenue per acre

70%
Contribution Margin on
funeral services

65%
Profit Margin on
merchandise

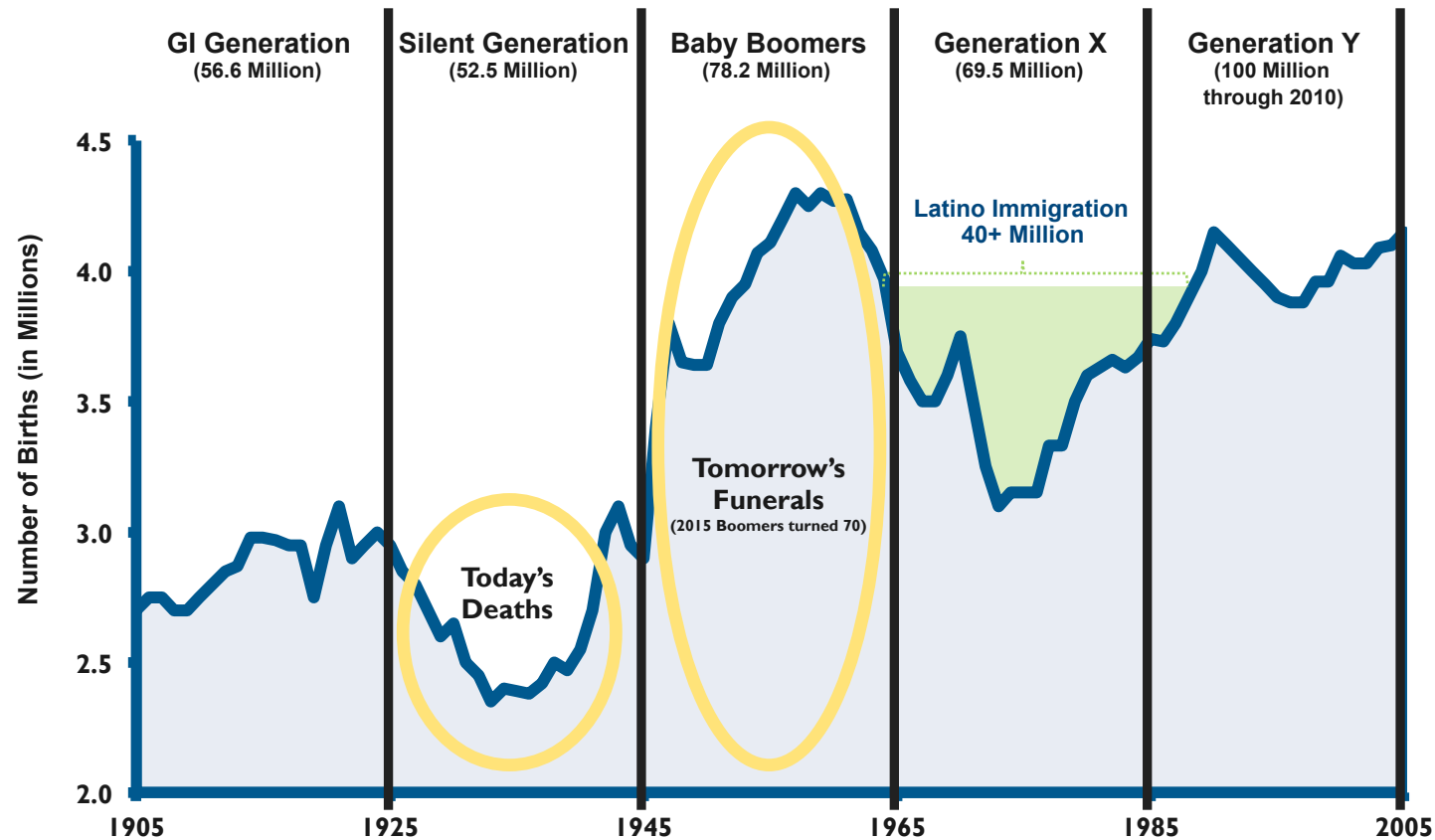
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Security National Life Insurance Co.

Demographics – US Live Births (1905-2005)



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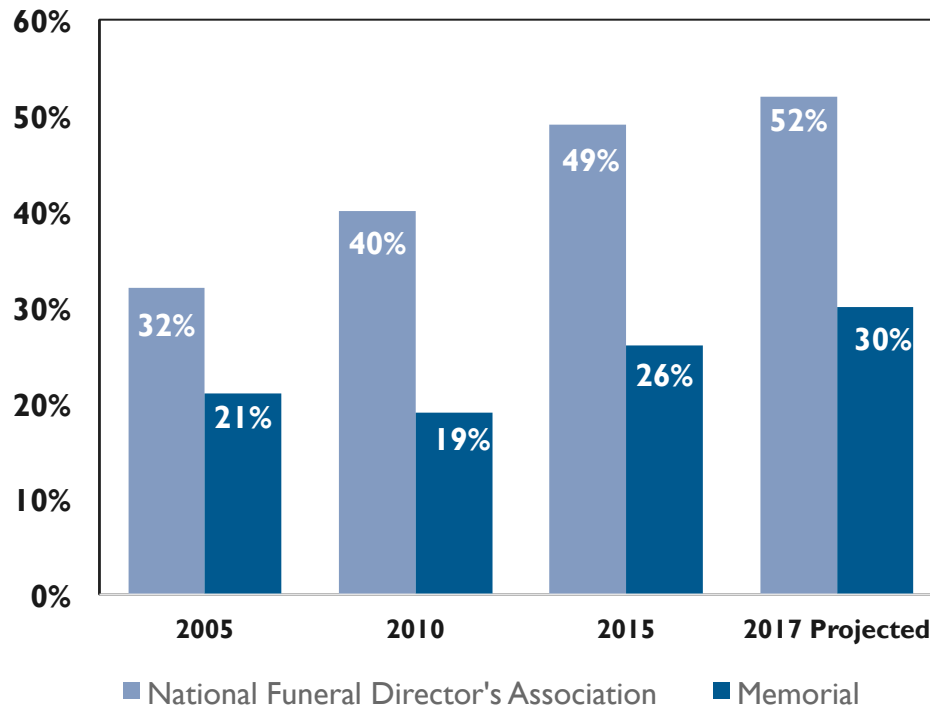


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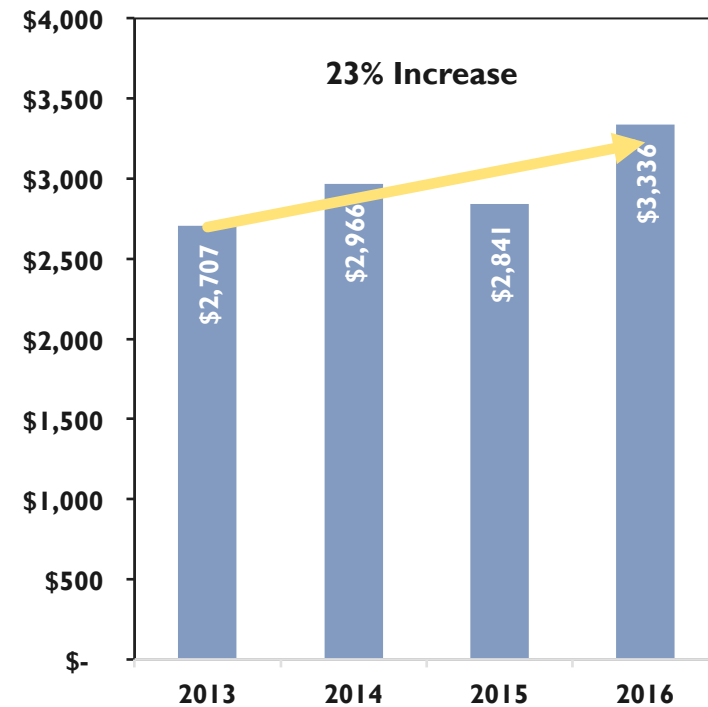
Memorial Utah

Cremation

Cremation Trends



Memorial Cremation Average



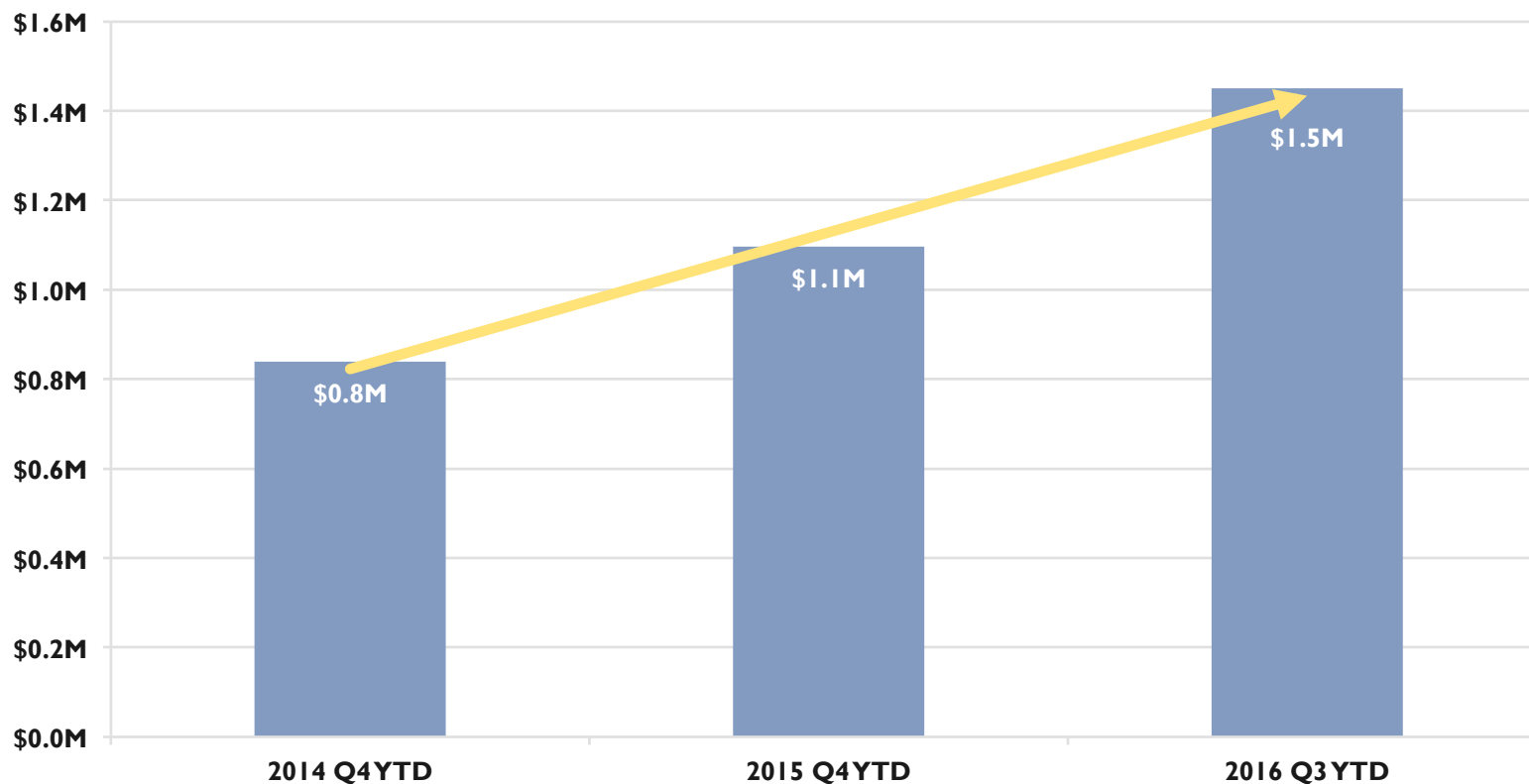
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Memorial Utah

Memorial Division YTD Net Income



**Excluding depreciation and realized gains*

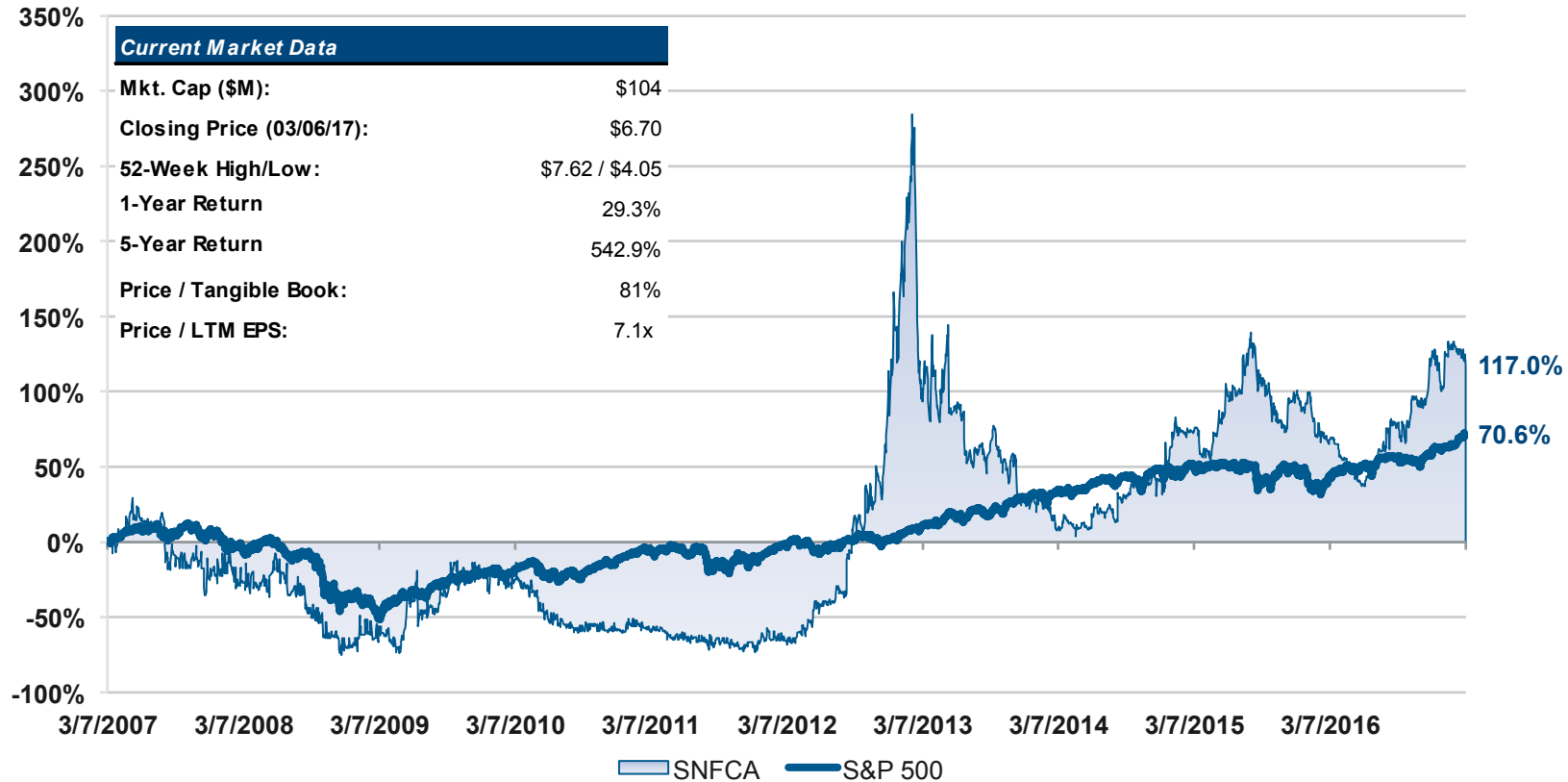
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10 Year Stock Price Trend vs. S&P 500



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