

**SECURITY NATIONAL MORTGAGE COMPANY
2018 REVIEW**

**SECURITY NATIONAL FINANCIAL CORPORATION
SHAREHOLDERS MEETING
JUNE 28, 2019**

SECURITYNATIONAL MORTGAGE COMPANY

Statement of Operations

For the Year Ended December 31, 2018

Revenues:

| | |
|---------------------|--------------------|
| Mortgage fee income | \$ 109,670,471 |
| Interest fee income | 7,146,363 |
| Other income | 8,938,605 |
| Total Revenues | <u>125,755,439</u> |

Expenses:

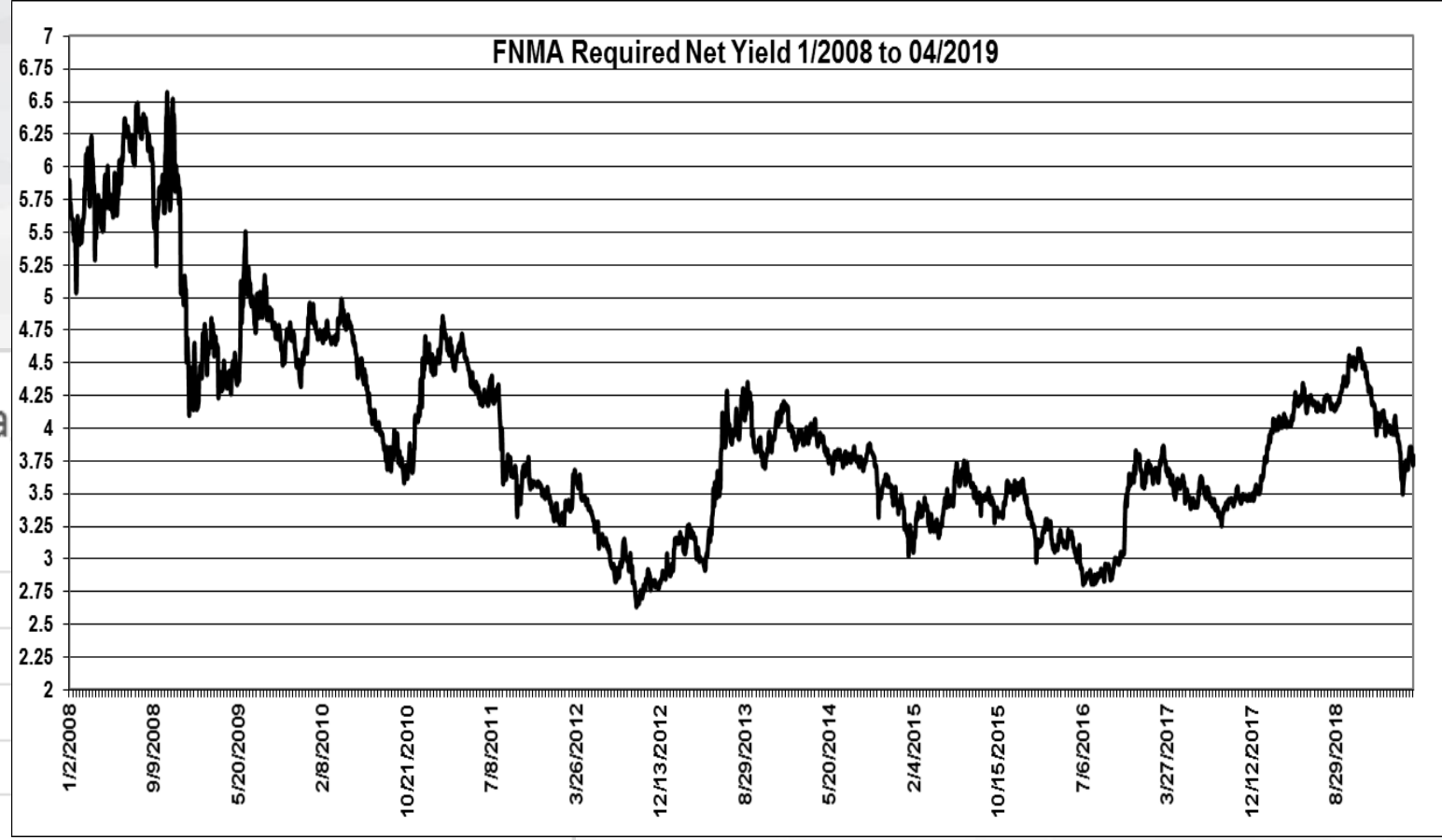
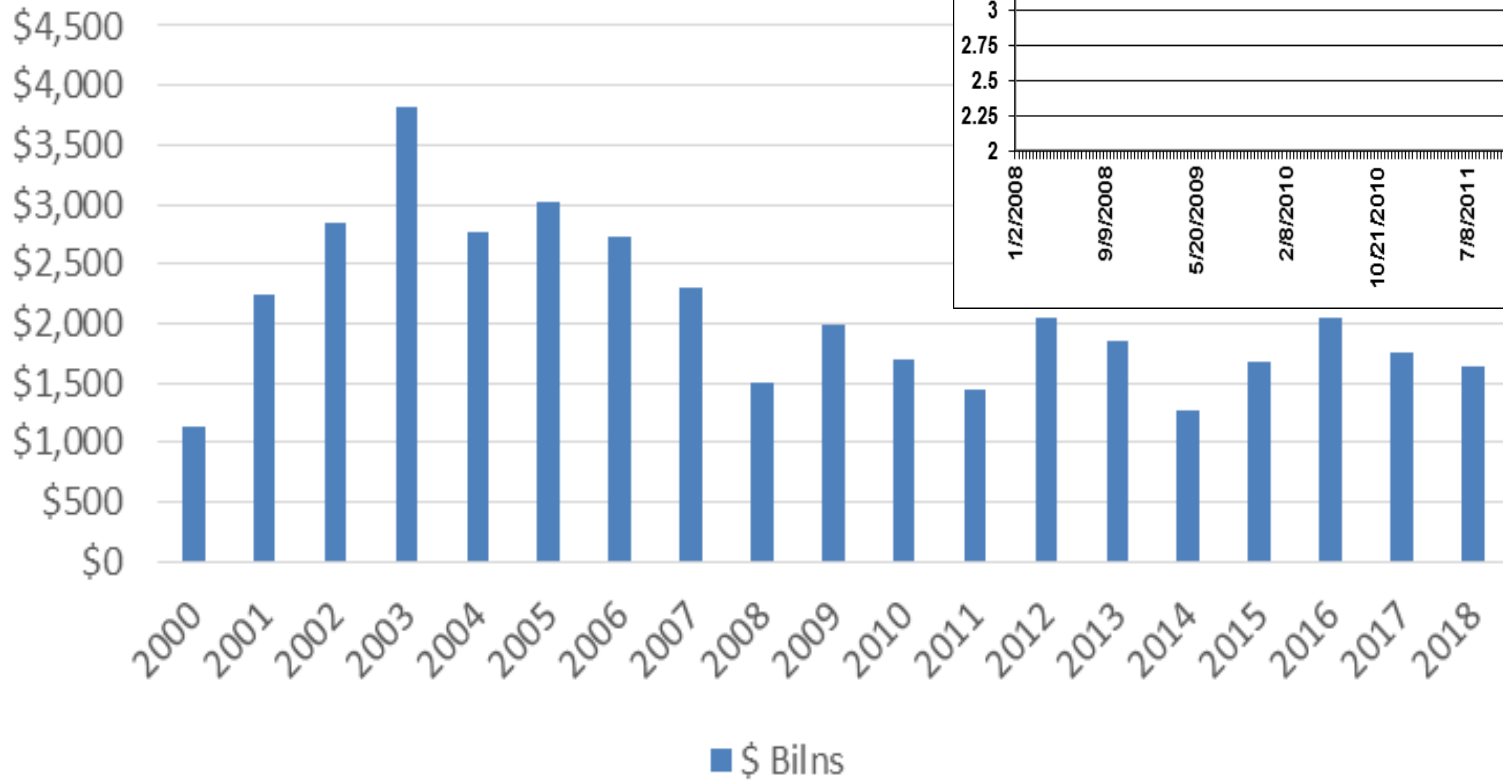
| | |
|----------------------------------|--------------------|
| Commissions | 32,794,985 |
| Interest expense | 7,040,251 |
| Salaries and benefits | 56,169,436 |
| Loan related costs | 7,209,816 |
| Other general and administrative | 30,112,161 |
| Total Expenses | <u>133,326,649</u> |

Loss Before Income Taxes (7,571,210)

Income Tax Benefit (1,727,582)

Net Loss \$ (5,843,628)

Single Family Residential Mortgage
\$ Billions



Single Family Residential Mortgage Originations \$ Billions

Chart of the Week - April 19, 2019

IMB Production Profit

■ Net Production Income (\$ per loan) ▲ Net Production Income (bps)

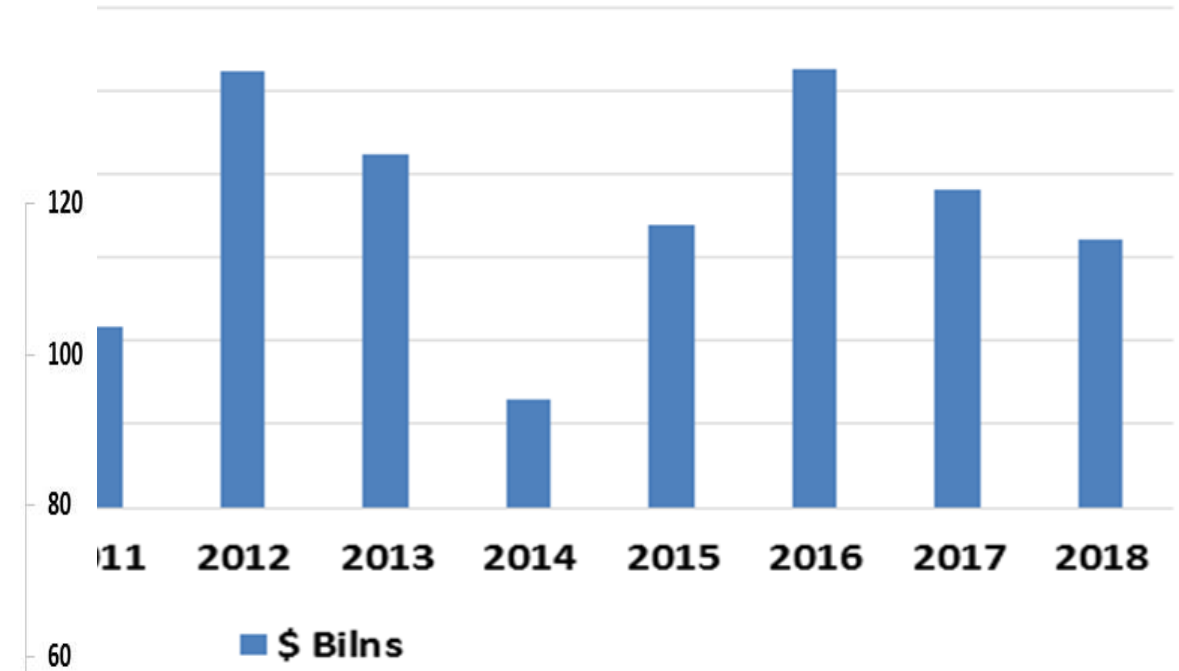
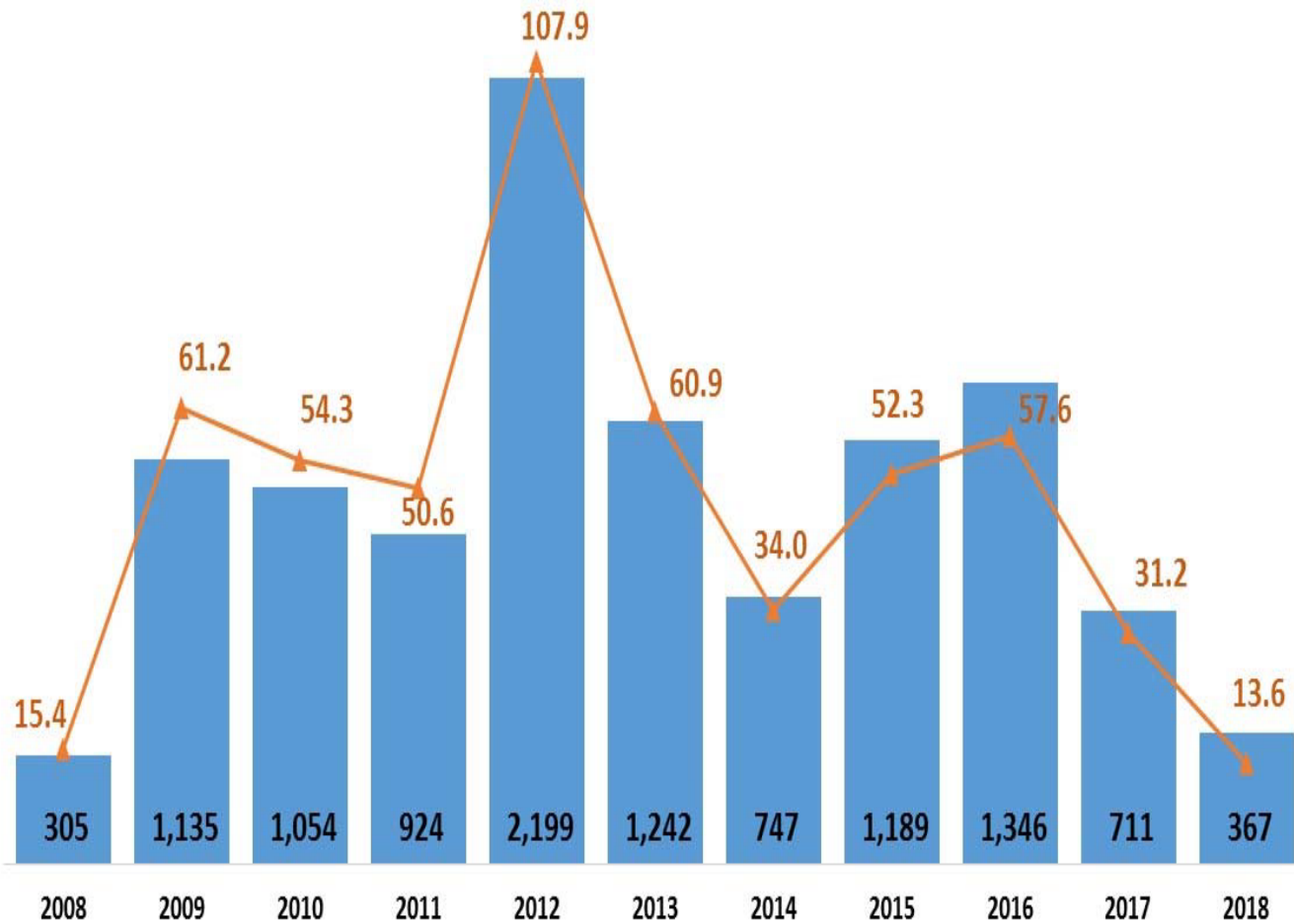


CHART 3 MORTGAGE BANKING PRODUCTION PROFITS

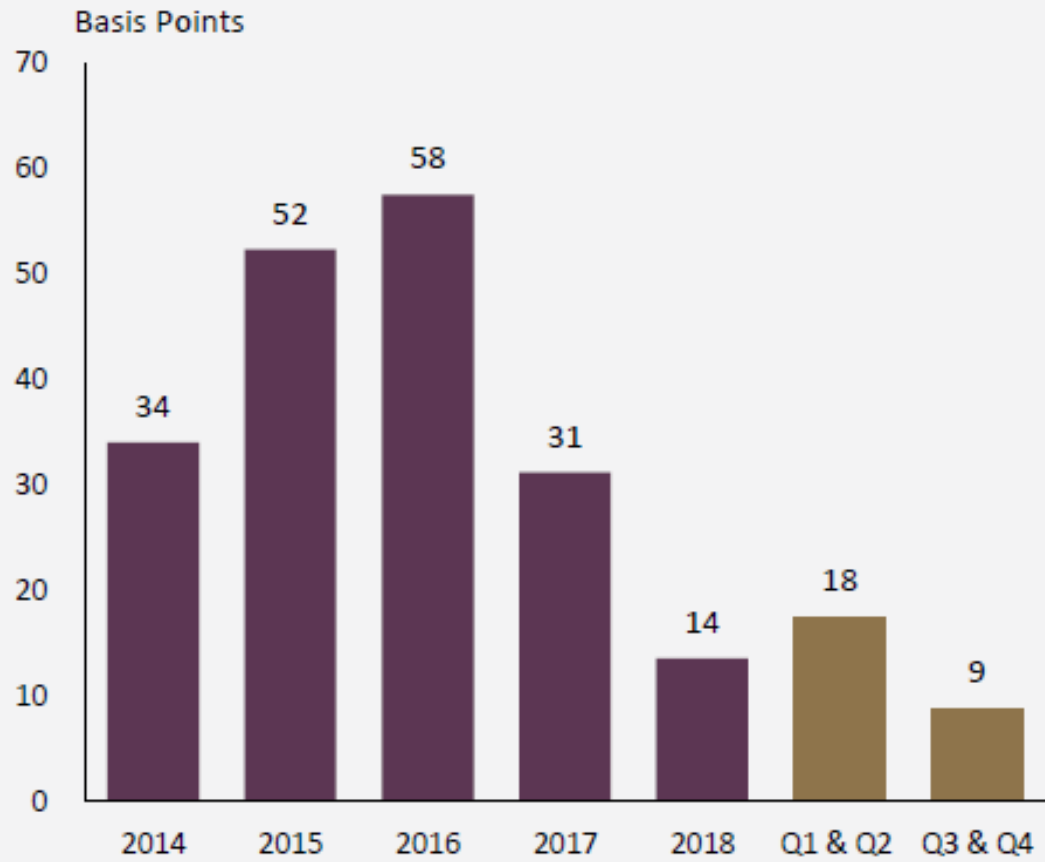


CHART 4 TOTAL PRODUCTION EXPENSES

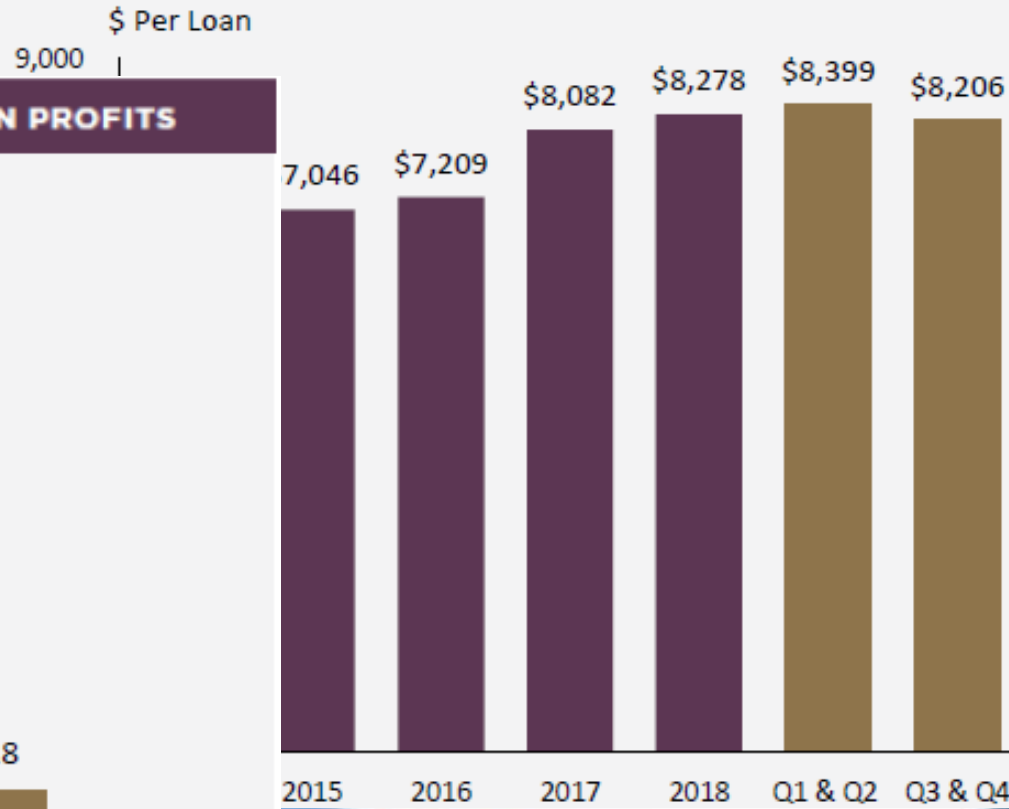
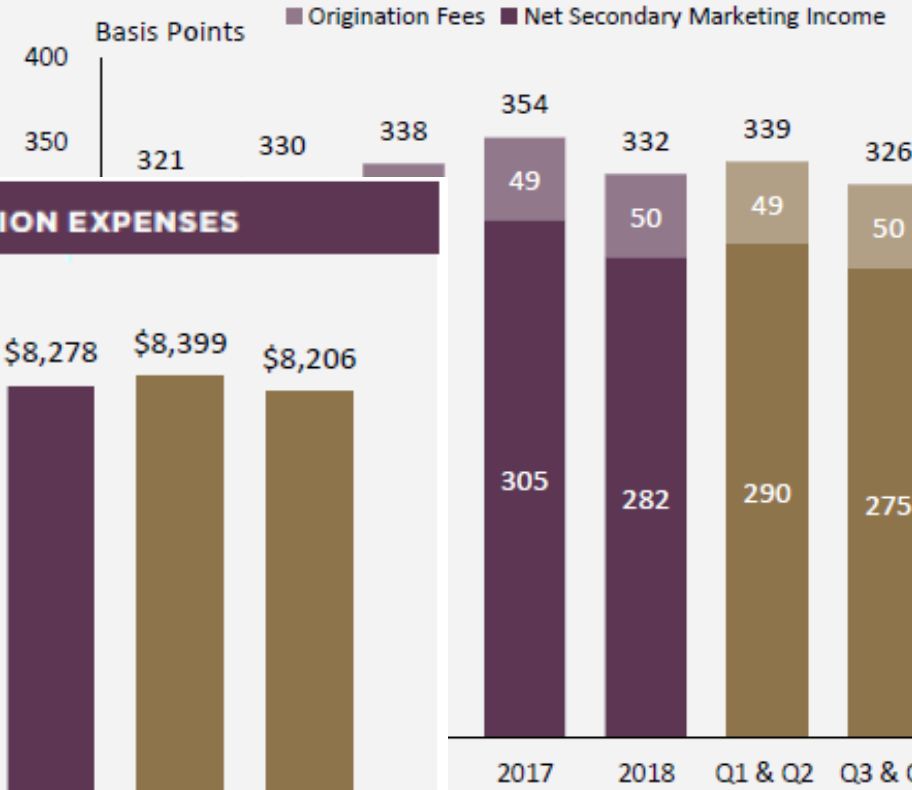
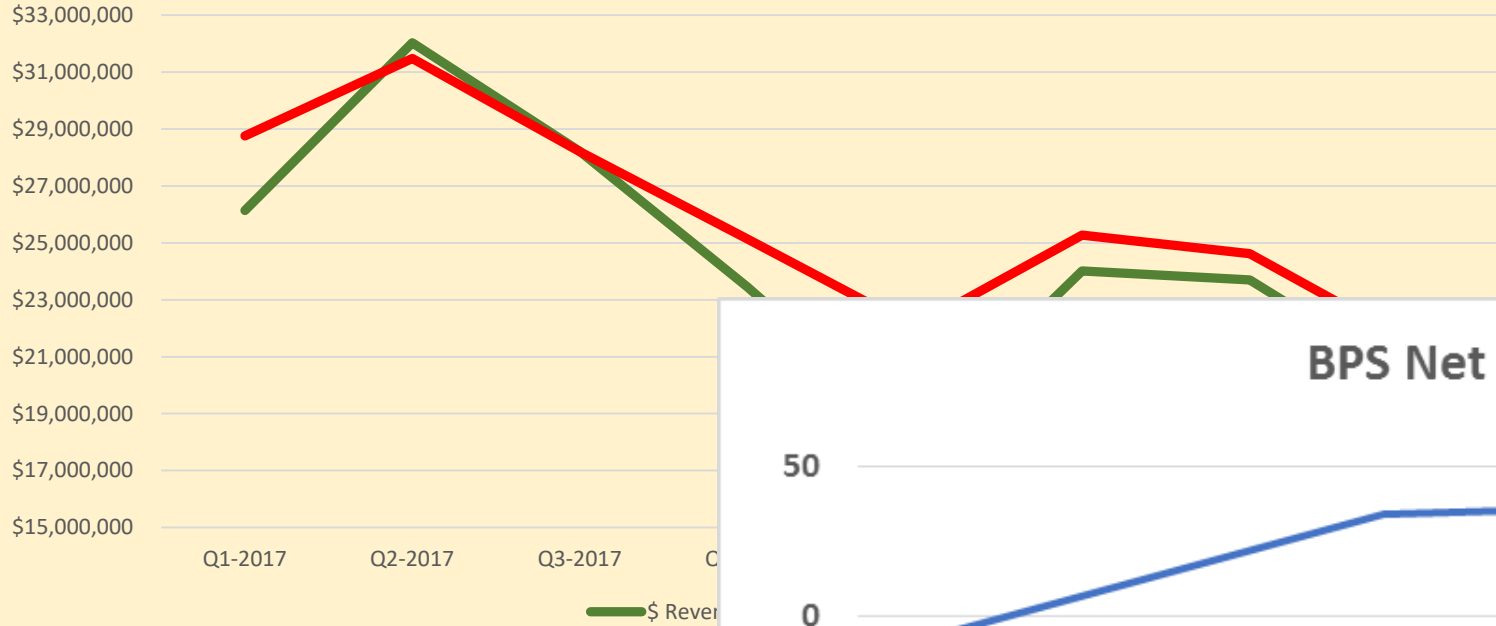


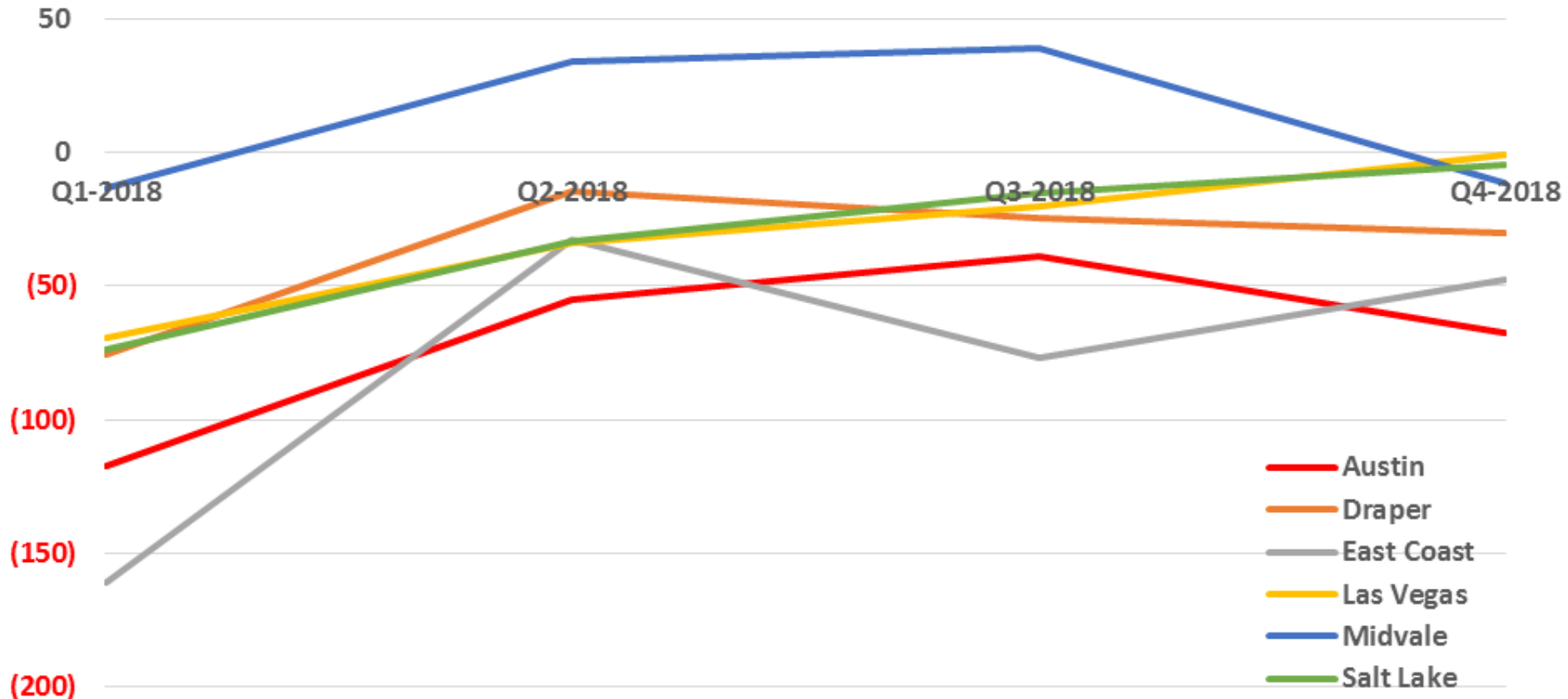
CHART 7 NET SECONDARY MARKETING INCOME AND ORIGINATION FEES



SNMC \$ Revenue and \$ Expense
2017-2018



BPS Net Revenue by Region



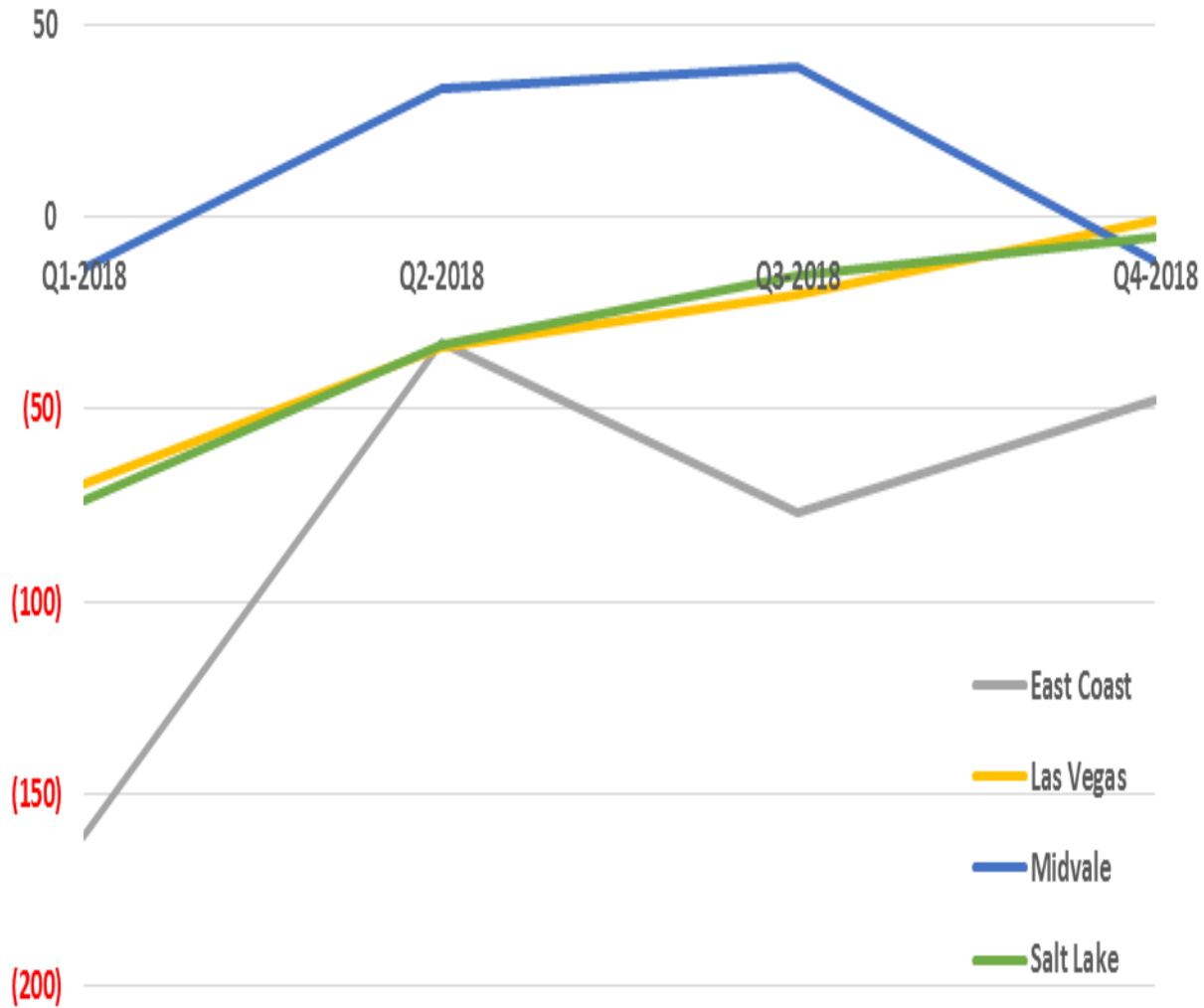
Net Revenue for

2016

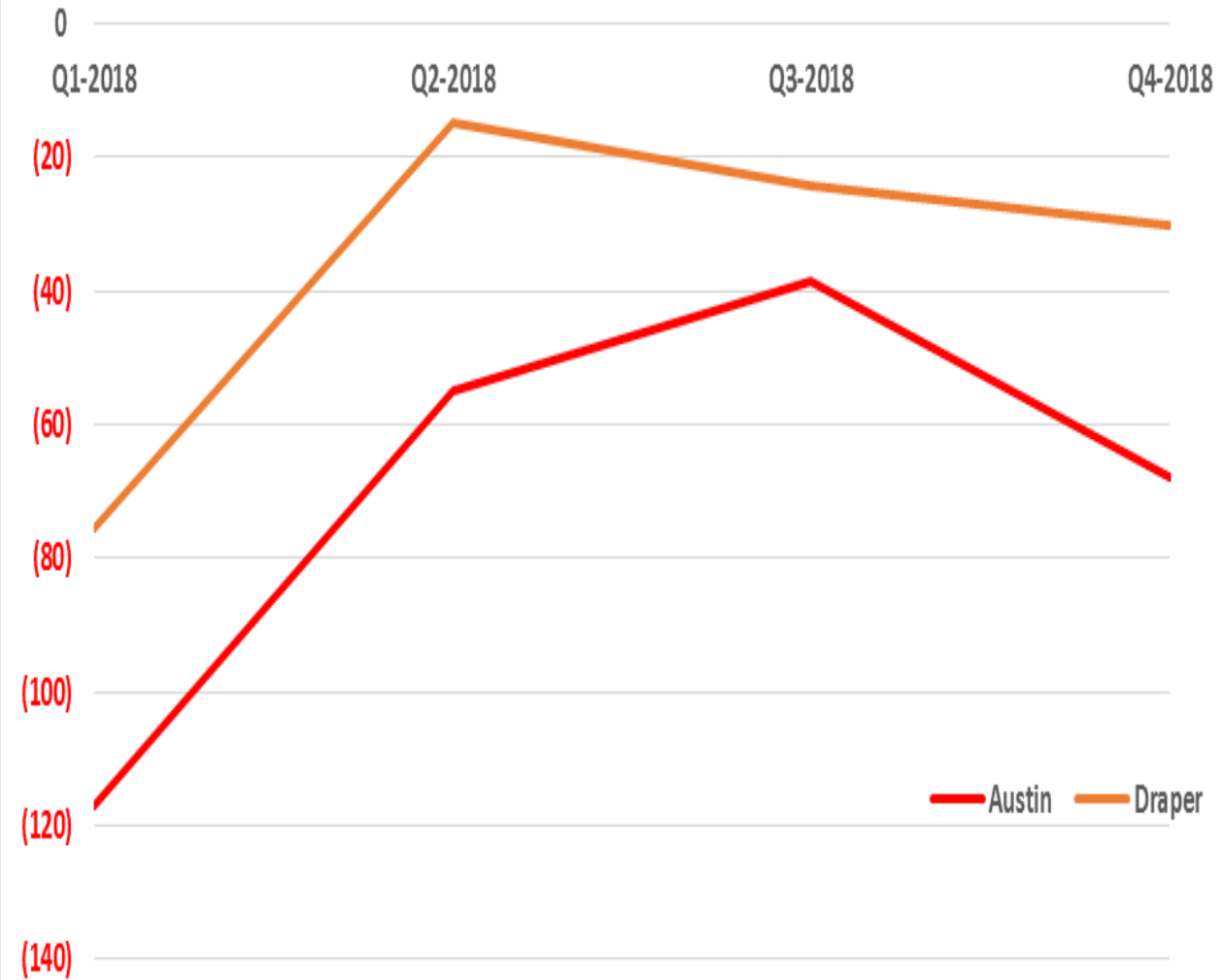
\$13,650,131

\$3

BPS Net Revenue by Region



BPS Net Revenue by Region



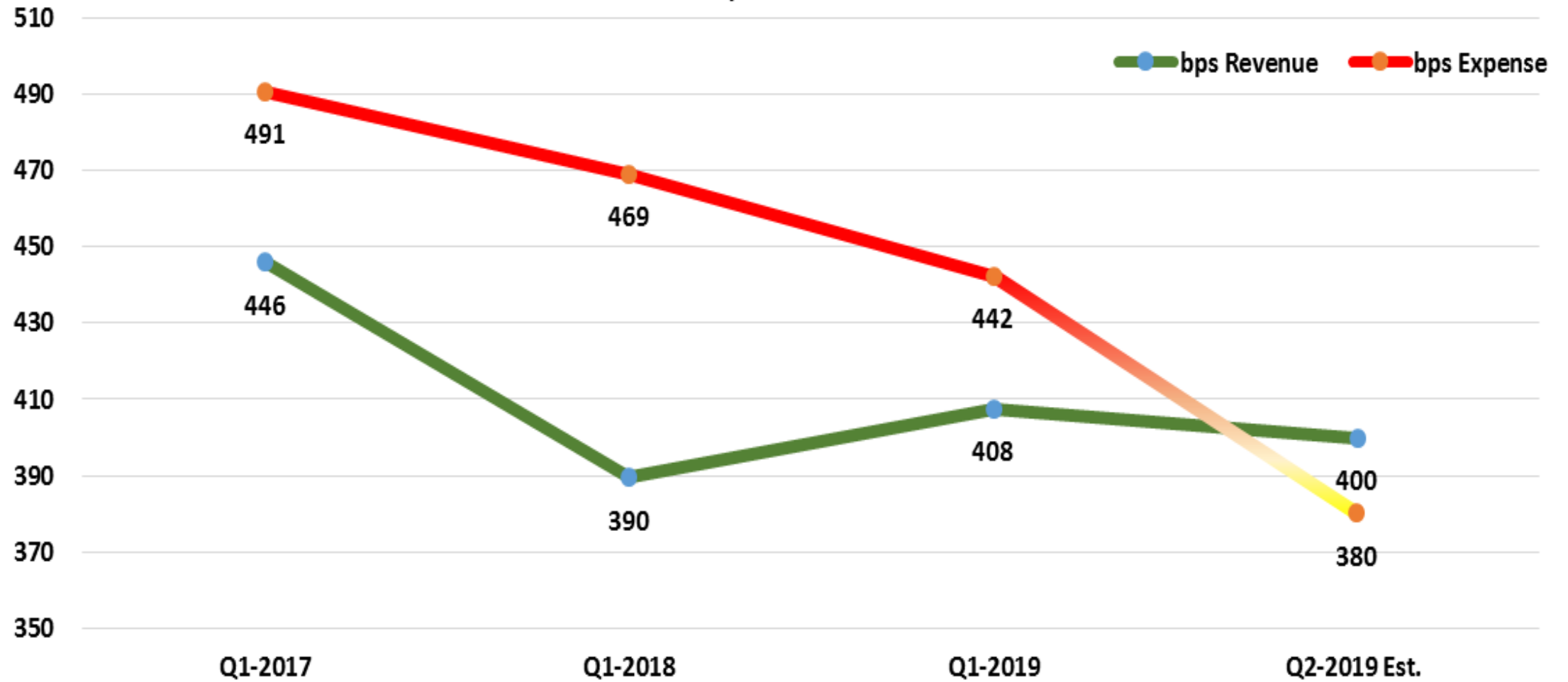
Changes made by the willing

Changes made to the unwilling

Q4-2018 1,061

End of Jan 2019 -300+

SNMC BPS Revenue & Expense Outlook 2017 - Q2 2019 Est



Summary:

- **General market conditions in 2017 and 2018 resulted in margin compression; lower per loan revenue and higher per loan expense across the mortgage industry**
- **Following a very poor performance in Q1 2018 SNMC accelerated efforts to return to profitability**
- **Results in Q1 2019 continuing into Q2 2019 show dramatic improvement on a quarter over quarter basis as a result of changes implemented**
- **SNMC management remains committed to longer term goals of sustainable volume growth at profitable levels.**