

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

GAAP BASIS

	<u>3/31/21</u>	<u>12/31/20</u>
<u>ASSETS</u>		
Investments:		
Bonds - available-for-sale, at fair value	\$ 61,971,799	\$ 67,174,179
Derivatives - options, at fair value	5,136,500	2,965,000
Equities - common stocks, at fair value	79,440,215	59,831,806
Total investments	<u>146,548,514</u>	<u>129,970,985</u>
Cash and cash equivalents	65,273,922	63,017,512
Premiums receivable	16,163,812	14,981,236
Reinsurance receivables and recoverables	4,547,686	4,518,352
Deferred policy acquisition costs	1,644,349	1,487,159
Deferred tax assets	-	-
Income taxes receivable	-	345,084
Accrued investment income	766,307	1,056,256
Property, plant and equipment	1,793,348	1,891,620
Receivable for securities	3,614,640	3,704,688
Other assets	<u>1,200,743</u>	<u>977,453</u>
Total assets	<u>\$ 241,553,321</u>	<u>\$ 221,950,345</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 81,505,949	\$ 81,201,025
Unearned premiums	20,893,963	18,918,876
Advance premiums	419,339	738,216
Ceded reinsurance payable	-	-
Insurance related taxes and assessments	3,434,837	3,343,052
Income taxes payable	1,358,699	29,570
Commissions payable	955,521	1,424,956
Deferred tax liability	7,197,645	5,089,749
Accounts payable and other liabilities	945,600	2,594,898
Payable for investments purchased	-	488,490
Due to parent	331,249	299,937
Security deposits	1,186,602	1,232,696
Derivatives - options - at fair value	3,201,937	1,332,125
Notes payable	3,915,825	3,914,485
Total liabilities	<u>125,347,166</u>	<u>120,608,075</u>
<u>STOCKHOLDER'S EQUITY</u>		
Common stock	2,500,000	2,500,000
Additional paid-in-capital	32,500,000	32,500,000
Retained earnings	76,993,775	61,792,946
Accumulated other comprehensive income (loss) - net	4,212,380	4,549,324
Total stockholder's equity	<u>116,206,155</u>	<u>101,342,270</u>
Total liabilities and stockholder's equity	<u>\$ 241,553,321</u>	<u>\$ 221,950,345</u>
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THESE STATEMENTS ARE UNAUDITED AND ARE FOR MANAGEMENT AND INTERNAL USE ONLY

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

GAAP BASIS

	Three Months Ended March 31, 2021	Year Ended December 31, 2020
<u>REVENUES</u>		
Net premiums earned	\$ 10,966,405	\$ 42,732,998
Net investment income	2,472,415	5,732,196
Net realized gains on securities:		
Net realized gains on securities	3,719,817	1,817,804
Net holding gains	11,049,242	6,559,820
Other income	58,722	918,219
Total revenues	<u>28,266,601</u>	<u>57,761,037</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	4,501,084	18,748,010
Underwriting and operating expenses	4,482,971	18,178,299
Bad debt expense	114,441	156,135
Interest expense	63,600	262,038
Total expenses	<u>9,162,096</u>	<u>37,344,482</u>
<u>INCOME BEFORE INCOME TAXES</u>	19,104,505	20,416,555
Income tax expense	<u>3,903,676</u>	<u>4,137,088</u>
<u>NET INCOME</u>	<u>15,200,829</u>	<u>16,279,467</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Urealized holding gains/(losses) arising during the period	2,499,943	10,505,026
Reclassification adjustment for (gain)/loss included in net income	(2,948,076)	(6,285,120)
Change in derivative instrument	21,622	(14,559)
Other comprehensive income/(loss) before taxes	<u>(426,511)</u>	<u>4,205,347</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	89,567	(883,123)
Other comprehensive income/(loss) net of taxes	<u>(336,944)</u>	<u>3,322,224</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 14,863,885</u>	<u>\$ 19,601,691</u>

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