

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

GAAP BASIS

	<u>03/31/22</u>	<u>12/31/21</u>
<u>ASSETS</u>		
Investments:		
Bonds, at fair value	\$ 39,554,085	\$ 56,579,498
Derivatives, at fair value	766,875	4,179,000
Preferred stocks, at fair value	948,600	1,148,400
Common stocks, at fair value	95,468,614	96,495,101
Total investments	<u>136,738,174</u>	<u>158,401,999</u>
Cash and cash equivalents	95,203,247	79,776,289
Premiums receivable	16,632,879	15,143,697
Reinsurance receivables and recoverables	2,904,566	3,541,570
Deferred policy acquisition costs	1,675,708	1,497,427
Income taxes receivable - federal	-	790,472
Accrued investment income	379,922	682,160
Property, plant and equipment	1,278,682	1,382,254
Other assets	<u>2,130,005</u>	<u>1,607,284</u>
Total assets	<u>\$ 256,943,183</u>	<u>\$ 262,823,152</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 73,178,683	\$ 74,875,388
Unearned premiums	21,417,468	19,144,998
Advance premiums	657,777	847,871
Ceded reinsurance payable	36,704	40,982
Insurance related taxes and assessments	2,552,298	3,207,713
Income taxes payable - state	1,748,479	698,298
Commissions payable	962,523	1,193,982
Deferred tax liability	6,458,955	8,843,159
Accounts payable and other liabilities	1,239,564	2,781,962
Due to parent	300,786	347,265
Security deposits	1,066,383	993,964
Derivatives - at fair value	5,216,395	4,953,044
Notes payable	3,925,207	3,919,846
Total liabilities	<u>118,761,222</u>	<u>121,848,472</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	103,836,878	104,224,087
Accumulated other comprehensive income (loss) - net	(654,917)	1,750,593
Total stockholder's equity	<u>138,181,961</u>	<u>140,974,680</u>
Total liabilities and stockholder's equity	<u>\$ 256,943,183</u>	<u>\$ 262,823,152</u>

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STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

GAAP BASIS

	<u>Three Months Ended March 31, 2022</u>	<u>Year Ended December 31, 2021</u>
<u>REVENUES</u>		
Net premiums earned	\$ 11,610,146	\$ 44,777,401
Net investment income	752,945	8,405,400
Net realized gains on securities:		
Net realized gains on securities	860,527	9,117,456
Net holding gains	(5,993,592)	21,778,935
Other income	61,342	209,316
Total revenues	<u>7,291,368</u>	<u>84,288,508</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	3,398,834	11,214,434
Underwriting and operating expenses	4,511,682	18,441,121
Bad debt expense	100,387	220,115
Interest expense	42,027	231,410
Total expenses	<u>8,052,930</u>	<u>30,107,080</u>
<u>INCOME BEFORE INCOME TAXES</u>	(761,562)	54,181,428
Income tax expense	<u>(374,353)</u>	<u>11,750,287</u>
<u>NET INCOME</u>	<u>(387,209)</u>	<u>42,431,141</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Urealized holding gains/(losses) arising during the period	(2,253,409)	2,492,687
Reclassification adjustment for (gain)/loss included in net income	(791,539)	(6,097,672)
Change in derivative instrument	-	62,287
Other comprehensive income/(loss) before taxes	<u>(3,044,948)</u>	<u>(3,542,698)</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	639,438	743,967
Other comprehensive income/(loss) net of taxes	<u>(2,405,510)</u>	<u>(2,798,731)</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ (2,792,719)</u>	<u>\$ 39,632,410</u>

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STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

GAAP BASIS

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
Balance, December 31, 2020	\$ 2,500,000	\$ 32,500,000	\$ 61,792,946	\$ 4,549,324	\$ 101,342,270
Net income	-	-	42,431,141	-	42,431,141
Other comprehensive income - net	-	-	-	(2,798,731)	(2,798,731)
Balance, December 31, 2021	\$ 2,500,000	\$ 32,500,000	\$ 104,224,087	\$ 1,750,593	\$ 140,974,680
Net income	-	-	(387,209)	-	(387,209)
Other comprehensive income - net	-	-	-	(2,405,510)	(2,405,510)
Balance, March 31, 2022	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 103,836,878</u>	<u>\$ (654,917)</u>	<u>\$ 138,181,961</u>
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