

## WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
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### FINANCIAL HIGHLIGHTS (March 2024)

As of March 31<sup>st</sup>, 2024, after adjusting for dividends, Stonetrust's book value increased by 4.3% quarterly in U.S. dollars.

The adjusted book value per share of Wintai Holdings Ltd. ("Wintai") increased from \$39.81 on December 31<sup>st</sup>, 2023 to \$42.59 CAD on March 31<sup>st</sup>, 2024, a quarterly increase of 7.0%. In US dollars, it increased from \$30.10 USD on December 31<sup>st</sup>, 2023 to \$31.38 USD on March 31<sup>st</sup>, 2024, a quarterly increase of 4.2%. For further details, please refer to the Wintai Q1 2024 quarterly financial statement and share price calculations prepared by Wintai's auditor McGovern Hurley.

#### Key Quarterly Figures

|  | Dec. 31,<br>2022 | Mar. 31,<br>2023 | June 30,<br>2023 | Sept. 30,<br>2023 | Dec. 31,<br>2023 | Mar. 31,<br>2024 | YoY %<br>Change | Q1 %<br>Change |
|--|------------------|------------------|------------------|-------------------|------------------|------------------|-----------------|----------------|
| Wintai Adjusted Book Value per Share (CAD) | \$33.92          | \$35.09          | \$36.48          | \$37.57           | \$39.81          | \$42.59          | 21.4%           | 7.0%           |
| Wintai Adjusted Book Value per Share (USD) | \$25.04          | \$25.93          | \$27.56          | \$27.79           | \$30.10          | \$31.38          | 21.0%           | 4.2%           |

### Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of March 31<sup>st</sup>, 2024. All numbers are in USD.

| Company                          | Maturity   | Coupon | Par Value  | Cost Base | Market Value | Unrealized gains/(losses) |
|----------------------------------|------------|--------|------------|-----------|--------------|---------------------------|
| MBIA Global Funding LLC          | 2031-12-15 | 0.00%  | 19,680,000 | 7,779,542 | 7,675,200    | (104,342)                 |
| Cleco Corporate Holdings LLC     | 2026-05-01 | 3.74%  | 5,000,000  | 4,726,000 | 4,806,950    | 80,950                    |
| Lamar Media Corp                 | 2028-02-15 | 3.75%  | 4,925,000  | 4,932,958 | 4,602,216    | (330,742)                 |
| Federal Home Loan Mortgage Group | 2025-08-22 | 5.13%  | 4,000,000  | 4,000,005 | 3,987,280    | (12,725)                  |
| Entergy Corporation              | 2026-09-01 | 2.95%  | 3,540,000  | 3,462,408 | 3,363,991    | (98,417)                  |
| Lumen Technologies Inc           | 2027-02-15 | 4.00%  | 3,300,000  | 2,382,385 | 2,045,010    | (337,375)                 |
| Lamar Media Corp                 | 2031-01-15 | 3.63%  | 2,000,000  | 2,000,005 | 1,759,640    | (240,365)                 |
| World Acceptance Corp            | 2026-11-01 | 7.00%  | 1,600,000  | 1,274,005 | 1,494,512    | 220,507                   |
| Eagle Point Credit Company Inc   | 2029-01-31 | 5.38%  | 61,427     | 1,474,332 | 1,386,407    | (87,925)                  |

With the exceptions of MBIA Global Fund, Federal Home Loan Mortgage Group, World Acceptance Corp, and Eagle Point Credit Company, the remaining fixed-income securities are domiciled in Louisiana. We need a certain percentage of investable assets invested in Louisianan securities to qualify for the premium tax credits.

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### Stonetrust Equity Securities

Below is a table highlighting the major investments in equity securities as of March 31<sup>st</sup>, 2024. All numbers are in USD.

| Equity Holdings        | Shares  | Cost Base    | Market Value  | Unrealized gains/(losses) |
|------------------------|---------|--------------|---------------|---------------------------|
| Berkshire Hathaway Inc | 25      | \$ 7,901,245 | \$ 15,861,000 | \$ 7,959,755              |
| Stellantis             | 426,388 | 3,464,884    | 12,066,780    | 8,601,896                 |
| Alphabet Inc           | 76,640  | 1,999,885    | 11,669,206    | 9,669,322                 |
| Exor N V               | 90,021  | 4,000,022    | 10,014,836    | 6,014,814                 |
| Apple Inc              | 44,000  | 1,862,693    | 7,545,120     | 5,682,427                 |
| Pool Corp              | 10,636  | 1,253,830    | 4,291,626     | 3,037,796                 |
| Synchrony Financial    | 62,000  | 2,016,798    | 2,673,440     | 656,642                   |
| Moody's                | 5,899   | 583,551      | 2,318,484     | 1,734,933                 |
| Wells Fargo            | 40,000  | 1,027,529    | 2,318,400     | 1,290,871                 |
| Paypal Holdings        | 34,200  | 2,003,576    | 2,291,058     | 287,482                   |
| EXCO Resources Inc     | 133,377 | 1,597,954    | 2,248,069     | 650,116                   |
| MBIA Inc*              | 321,000 | -            | 2,169,960     | 2,169,960                 |
| Ally Financial         | 49,839  | 1,196,085    | 2,022,965     | 826,880                   |
| Liberty SiriusXM       | 66,750  | 2,011,456    | 1,983,143     | (28,313)                  |

\*Note: MBIA Inc paid a dividend of USD\$8 per share in December 2023. Our cost price was US\$6.32 per share. Stonetrust took \$6.32 per share as a return of capital and, thus, the cost base is zero.

In addition, we had the following call option position as of March 31<sup>st</sup>, 2024.

| Company               | Strike Price | Maturity | Contracts (in hundreds) | Average Cost Base | Market Value |
|-----------------------|--------------|----------|-------------------------|-------------------|--------------|
| Alibaba Group Holding | \$50.00      | Jan-25   | 385                     | \$991,980         | \$985,600    |

### Wintaai Holdings Securities

At Wintaai, we held Synchrony Financial as of March 31<sup>st</sup>, 2024. All numbers are in USD.

| Equity Holdings     | Shares | Cost Base  | Market Value | Unrealized gains/(losses) |
|---------------------|--------|------------|--------------|---------------------------|
| Synchrony Financial | 22,500 | \$ 297,637 | \$ 970,200   | \$ 672,563                |

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## Stonetrust's Financial and Operating Results – GAAP Basis

The consolidated results of the Stonetrust companies (Stonetrust Commercial Insurance Company and its wholly owned subsidiary, Stonetrust Premier Casualty Insurance Company) for the three-month periods ending March 31, 2024 and 2023 and years ending December 31, 2023 and 2022 on a GAAP basis are as follows:

*All figures in \$USD*

|  | Unaudited<br>1st Quarter |                       | Audited<br>Twelve Months |                       |
|--|--------------------------|-----------------------|--------------------------|-----------------------|
|  | 2024                     | 2023                  | 2023                     | 2022                  |
| Gross premiums written                               | \$ 15,793,419            | \$ 15,680,417         | \$ 55,420,395            | \$ 52,541,708         |
| Net premiums written                                 | \$ 15,030,620            | \$ 14,960,907         | \$ 52,428,842            | \$ 49,887,038         |
| Net premiums earned                                  | \$ 13,099,790            | \$ 12,421,945         | \$ 51,756,323            | \$ 48,074,432         |
| Underwriting profit                                  | \$ 1,827,567             | \$ 1,890,262          | \$ 11,518,250            | \$ 18,017,204         |
| Net investment income                                | 1,661,328                | 1,362,489             | 7,028,077                | 3,687,714             |
| <b>Operating income</b>                              | <b>3,488,895</b>         | <b>3,252,751</b>      | <b>18,546,327</b>        | <b>21,704,918</b>     |
| Net gain (losses) on investments <sup>(1)</sup>      | 6,131,141                | 3,412,979             | 15,695,818               | (25,634,483)          |
| Interest expense, bad debt expense & other income    | (142,336)                | (103,628)             | (365,074)                | (133,153)             |
| <b>Pre-tax income (loss)</b>                         | <b>9,477,700</b>         | <b>6,562,102</b>      | <b>33,877,071</b>        | <b>(4,062,718)</b>    |
| Income tax (expense) benefit                         | (2,041,156)              | (1,395,888)           | (7,491,389)              | 700,068               |
| <b>Net income (loss)</b>                             | <b>\$ 7,436,544</b>      | <b>\$ 5,166,214</b>   | <b>\$ 26,385,682</b>     | <b>\$ (3,362,650)</b> |
| <b>Underwriting profit:</b>                          |                          |                       |                          |                       |
| Loss & LAE - accident year                           | 57.8%                    | 56.4%                 | 59.0%                    | 57.8%                 |
| Underwriting expenses                                | 40.4%                    | 41.7%                 | 38.9%                    | 40.2%                 |
| <b>Combined ratio - accident year <sup>(2)</sup></b> | <b>98.2%</b>             | <b>98.0%</b>          | <b>97.9%</b>             | <b>98.0%</b>          |
| Net (favorable) adverse reserve development          | -12.1%                   | -13.3%                | -20.1%                   | -35.4%                |
| <b>Combined ratio - calendar year <sup>(2)</sup></b> | <b>86.0%</b>             | <b>84.8%</b>          | <b>77.7%</b>             | <b>62.5%</b>          |
| <b>Ending Stockholders' Equity</b>                   | <b>\$ 158,000,702</b>    | <b>\$ 128,574,717</b> | <b>\$ 151,118,474</b>    | <b>\$ 133,664,660</b> |

<sup>(1)</sup> Net gain (losses) on investments includes realized gains (losses) on disposals and changes in the unrealized gains (losses) recognized on equity investments.

<sup>(2)</sup> The combined ratio is the traditional performance measure of underwriting results for property and casualty companies and is calculated by the company as the sum of the loss ratio (claims losses and loss adjustment expenses expressed as a percentage of net premiums earned) and the expense ratio (commissions, premium acquisition costs and other underwriting expenses expressed as a percentage of net premiums earned). The accident year loss ratio excludes the net favorable or adverse development of reserves established for claims that occurred in previous accident years. The calendar year loss ratio includes the accident year's loss ratio and the net favorable or adverse development of reserves established for claims that occurred in previous accident years. The combined ratios shown in the exhibit above and discussion below are net of reinsurance.

The calendar year net combined ratios for the quarters ending March 31, 2024 and 2023 were 86.0% and 84.8%, respectively. Net favorable loss development of \$1.6 million and \$1.65 million was recognized during these periods resulting in a reduction of the calendar year net combined ratios of 12.1% and 13.3%, respectively. The accident year net combined ratios for the quarters ending March 31, 2024 and 2023 were 98.2% and 98.0%, respectively.

Underwriting profit of \$1,827,567 for the first quarter of 2024 decreased from \$1,890,262 in the first quarter of 2023 due to a slight decrease in favorable loss development recognized in 2024 vs. 2023. A pre-tax net gain of \$9,477,700 was recognized during the first quarter of 2024 as compared to a pre-tax net gain of

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\$6,562,102 being recognized in the first quarter of 2023. Net written premiums of \$15,030,620 for the first quarter of 2024 increased 0.5% from \$14,960,907 for the first quarter of 2023.

Net income was \$7,436,544 for the three months ending March 31, 2024 vs. \$5,166,214 for the three months ending March 31, 2023. The increase in net income was largely due to an increase in net investment income and gains recognized on the equity portfolio.

### Update with A.M. Best

In the second quarter of 2023, we wrote:

*“In late 2022, when Stonetrust purchased the \$30 million 9% Surplus Note of Loggerhead Reciprocal Insurance Exchange (LRIE), A. M. Best had no concerns. But they said that if Stonetrust or Wintai purchased \$9 million of Loggerhead Risk Management (LRM) for a 90% stake, then the A- rating that Stonetrust just got would be subjected to a review. I did not want to take a chance with Stonetrust’s A-rating, so I purchased 90% of LRM for \$9 million through another affiliate, Chou USA Inc. (unrelated to Wintai Holdings Ltd. or Chou Associates Management Inc).”*

In October, A.M. Best agreed that Stonetrust’s A- rating would not be affected if Chou USA Inc. transferred its 90% interest to Wintai America Inc. (the U.S. subsidiary of Wintai Holdings Ltd).

We have now received all necessary regulatory approvals. Subsequently, Chou USA Inc. and Wintai America Inc, were merged on May 1<sup>st</sup>, 2024, effectively giving Wintai America Inc. a 90% interest in LRM.

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**Loggerhead Reciprocal Interinsurance Exchange (LRIE)****Financial and Operating Results**

| (\$ 000s, except for %)                                  | <b>Actual Statutory<br/>Q1 2024</b> |
|--|-------------------------------------|
| <b>Income Statement:</b>                                 |                                     |
| <b>Gross Written Premium</b>                             | <b>19,916</b>                       |
| Net Written Premium                                      | 15,061                              |
| Net Earned Premium                                       | 8,433                               |
| Net X-CAT Loss & LAE                                     | 4,387                               |
| Net CAT Loss & LAE                                       | 1,030                               |
| <b>Total Net Loss &amp; LAE</b>                          | <b>5,417</b>                        |
| <b>Total Acquisition Costs</b>                           | <b>4,275</b>                        |
| <b>Net Underwriting Income / (Loss)</b>                  | <b>(1,260)</b>                      |
| Installment Fee Income                                   | 8                                   |
| Net Investment Income                                    | 759                                 |
| <b>Income Before Interest and Taxes</b>                  | <b>(492)</b>                        |
| Net (including Catastrophe) Loss & LAE Ratio             | 64.2%                               |
| Net Expense Ratio  | 28.4%                               |
| <b>Combined Ratio (including Catastrophe Loss Ratio)</b> | <b>92.6%</b>                        |
| Catastrophe Loss Ratio                                   | 12.2%                               |
| <b>Combined Ratio (excluding Catastrophe Loss Ratio)</b> | <b>80.4%</b>                        |
| <b>Policyholders Surplus:</b>                            |                                     |
|  | <b>Q1 2024</b>                      |
| Member Contributions                                     | 2,149                               |
| Surplus Notes  | 30,000                              |
| Deferred Tax Asset/(Liability)                           | -                                   |
| All Other Surplus  | (4,654)                             |
| Total Policyholders Surplus                              | 27,495                              |

Gross written premiums for the first quarter of 2024 were \$19.9 million. The combined ratio was 92.6% (including Catastrophe).

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### Loggerhead Risk Management LLC (LRM)

A reciprocal insurance exchange is managed by an entity known as an “Attorney in Fact.” In the case of LRIE, its Attorney in Fact is Loggerhead Risk Management, LLC (“LRM”).

I am happy to report that I can now publish the financial numbers of LRM due to Wintaa America Inc.’s 90% stake.

Last year, Loggerhead Reciprocal Interinsurance Exchange (LRIE) signed a deal with Progressive to acquire the renewal rights to approximately 100,000 policies they had set for non-renewal beginning May 1<sup>st</sup>, 2024. From that 100,000, LRIE will accept only those policies that meet its underwriting standards. We believe that a conversion ratio of 55% to 60% is achievable.

Below is the table that shows LRIE’s projected gross written premiums:

| (\$ 000s)              | ----- Forecasted ----- |         |
|------------------------|------------------------|---------|
|                        | 2024                   | 2025    |
| Gross written premiums | 199,720                | 298,313 |

The Progressive deal will significantly impact LRM's results. LRM charges fees of 20% of gross written premiums to manage LRIE. Therefore, this will significantly contribute to revenue generation. Instead of achieving this revenue base in 5 years, LRM will have it in 2025. Also, pre-tax income will rise correspondingly. We expect LRM to generate close to \$18 million pre-tax income in 2025.

Below is the table that shows LRM’s projected income statement:

| (\$ 000s)                    | ----- Forecasted ----- |               |
|------------------------------|------------------------|---------------|
|                              | 2024                   | 2025          |
| <b>Income Statement:</b>     |                        |               |
| Total revenue                | 20,962                 | 53,600        |
| Insurance operating expenses | (13,826)               | (35,357)      |
| <b>Pre-tax Income</b>        | <u>7,136</u>           | <u>18,243</u> |

### Subsequent Events

LRIE needs additional capital to fund the Progressive deal. Stonetrust has agreed to buy \$30 million in additional Surplus Notes. LRIE will retire the current Surplus Note with interest of 9% and issue a brand new \$60 million Surplus Note at an interest rate of 12%. The Florida and Nebraska regulators have approved the transaction. We expect the deal to close sometime in June 2024.

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**Appendix**

| <b>Date</b>    | <b>Wintaai Holdings<br/>Adjusted Book Value per<br/>Share (CAD)</b> | <b>Wintaai Holdings<br/>Adjusted Book Value per<br/>Share (USD)</b> |
|----------------|---|---|
| Dec. 31, 2018  | \$14.98   | \$10.98   |
| Mar. 31, 2019  | \$16.77   | \$12.56   |
| June 30, 2019  | \$17.44   | \$13.33   |
| Sept. 30, 2019 | \$18.04   | \$13.62   |
| Dec. 31, 2019  | \$19.41   | \$14.94   |
| Mar. 31, 2020  | \$15.70   | \$11.16   |
| June 30, 2020  | \$20.60   | \$15.13   |
| Sept. 30, 2020 | \$21.96   | \$16.48   |
| Dec. 31, 2020  | \$24.20   | \$19.01   |
| Mar. 31, 2021  | \$27.42   | \$21.81   |
| June 30, 2021  | \$29.44   | \$23.75   |
| Sept. 30, 2021 | \$31.23   | \$24.51   |
| Dec. 31, 2021  | \$33.50   | \$26.42   |
| Mar. 31, 2022  | \$32.32   | \$25.86   |
| June 30, 2022  | \$31.05   | \$24.22   |
| Sept. 30, 2022 | \$32.72   | \$23.87   |
| Dec. 31, 2022  | \$33.92   | \$25.05   |
| Mar. 31, 2023  | \$35.09   | \$25.93   |
| June. 30, 2023 | \$36.48   | \$27.56   |
| Sept. 30, 2023 | \$37.57   | \$27.79   |
| Dec. 31, 2023  | \$39.81   | \$30.10   |
| Mar. 31, 2024  | \$42.59   | \$31.38   |