

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

GAAP BASIS

	<u>6/30/21</u>	<u>12/31/20</u>
<u>ASSETS</u>		
Investments:		
Bonds - available-for-sale, at fair value	\$ 61,641,295	\$ 67,174,179
Derivatives - options, at fair value	3,441,000	2,965,000
Equities - common stocks, at fair value	87,612,969	59,831,806
Total investments	<u>152,695,264</u>	<u>129,970,985</u>
Cash and cash equivalents	74,409,321	63,017,512
Premiums receivable	15,512,197	14,981,236
Reinsurance receivables and recoverables	4,301,113	4,518,352
Deferred policy acquisition costs	1,610,212	1,487,159
Deferred tax assets	-	-
Income taxes receivable	-	345,084
Accrued investment income	1,588,889	1,056,256
Property, plant and equipment	1,642,140	1,891,620
Receivable for securities	403,661	3,704,688
Other assets	<u>1,907,420</u>	<u>977,453</u>
Total assets	<u>\$ 254,070,217</u>	<u>\$ 221,950,345</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 81,855,274	\$ 81,201,025
Unearned premiums	20,488,108	18,918,876
Advance premiums	540,678	738,216
Ceded reinsurance payable	4,528	-
Insurance related taxes and assessments	3,489,893	3,343,052
Income taxes payable	1,287,972	29,570
Commissions payable	1,019,604	1,424,956
Deferred tax liability	8,009,581	5,089,749
Accounts payable and other liabilities	1,714,195	2,594,898
Payable for investments purchased	-	488,490
Due to parent	338,818	299,937
Security deposits	1,193,389	1,232,696
Derivatives - options - at fair value	3,595,328	1,332,125
Notes payable	3,917,165	3,914,485
Total liabilities	<u>127,454,533</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	87,024,198	61,792,946
Accumulated other comprehensive income (loss) - net	4,591,486	4,549,324
Total stockholder's equity	<u>126,615,684</u>	<u>101,342,270</u>
Total liabilities and stockholder's equity	<u>\$ 254,070,217</u>	<u>\$ 221,950,345</u>

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STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

GAAP BASIS

	<u>Six Months Ended June 30, 2021</u>	<u>Year Ended December 31, 2020</u>
<u>REVENUES</u>		
Net premiums earned	\$ 22,105,522	\$ 42,732,998
Net investment income	5,456,382	5,732,196
Net realized gains on securities:		
Net realized gains on securities	7,484,001	1,817,804
Net holding gains	13,985,332	6,559,820
Other income	111,304	918,219
Total revenues	<u>49,142,541</u>	<u>57,761,037</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	7,854,302	18,748,010
Underwriting and operating expenses	9,113,663	18,178,299
Bad debt expense	230,602	156,135
Interest expense	128,613	262,038
Total expenses	<u>17,327,180</u>	<u>37,344,482</u>
<u>INCOME BEFORE INCOME TAXES</u>	31,815,361	20,416,555
Income tax expense	<u>6,584,109</u>	<u>4,137,088</u>
<u>NET INCOME</u>	<u>25,231,252</u>	<u>16,279,467</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Urealized holding gains/(losses) arising during the period	3,604,866	10,505,026
Reclassification adjustment for (gain)/loss included in net income	(3,594,613)	(6,285,120)
Change in derivative instrument	43,118	(14,559)
Other comprehensive income/(loss) before taxes	<u>53,371</u>	<u>4,205,347</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	<u>(11,209)</u>	<u>(883,123)</u>
Other comprehensive income/(loss) net of taxes	<u>42,162</u>	<u>3,322,224</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 25,273,414</u>	<u>\$ 19,601,691</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, 2019	\$ 2,500,000	\$ 32,500,000	\$ 48,513,479	\$ 1,227,100	\$ 84,740,579
Net income	-	-	16,279,467	-	16,279,467
Dividends paid	-	-	(3,000,000)	-	(3,000,000)
Other comprehensive income - net	-	-	-	3,322,224	3,322,224
Balance, December 31, 2020	\$ 2,500,000	\$ 32,500,000	\$ 61,792,946	\$ 4,549,324	\$ 101,342,270
Net income	-	-	25,231,252	-	25,231,252
Other comprehensive income - net	-	-	-	42,162	42,162
Balance, June 30, 2021	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 87,024,198</u>	<u>\$ 4,591,486</u>	<u>\$ 126,615,684</u>
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