

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

GAAP BASIS

	<u>06/30/23</u>	<u>12/31/22</u>
<u>ASSETS</u>		
Investments:		
Bonds, at fair value	\$ 71,212,770	\$ 64,773,715
Collateral loan	30,000,000	30,000,000
Common stocks, at fair value	76,461,350	64,299,088
Total investments	<u>177,674,120</u>	<u>159,072,803</u>
Cash and cash equivalents	34,736,668	47,166,323
Premiums receivable	18,561,467	17,127,612
Reinsurance receivables and recoverables	3,133,057	3,133,057
Deferred policy acquisition costs	1,758,598	1,587,060
Right of use asset - leases	1,085,739	1,167,022
Income taxes receivable	1,762,002	302,771
Accrued investment income	2,651,949	1,153,866
Property, plant and equipment	891,793	1,046,549
Receivable for securities	410,000	3,104,795
Other assets	<u>1,769,502</u>	<u>1,264,048</u>
 Total assets	 <u>\$ 244,434,895</u>	 <u>\$ 236,125,906</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 68,415,863	\$ 67,382,990
Unearned premiums	23,231,736	20,957,604
Advance premiums	529,779	1,051,614
Ceded reinsurance payable	48,284	231,969
Insurance related taxes and assessments	2,988,455	3,190,510
Income taxes payable	591,996	581,083
Commissions payable	1,162,805	1,375,316
Deferred tax liability	4,993,931	2,255,113
Accounts payable and other liabilities	1,829,001	2,970,564
Lease liability	1,097,774	1,175,818
Due to parent	349,575	271,969
Security deposits	1,035,951	990,297
Derivatives - at fair value	846,975	26,399
Total liabilities	<u>107,122,125</u>	<u>102,461,246</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	104,685,772	100,861,437
Accumulated other comprehensive income (loss) - net	<u>(2,373,002)</u>	<u>(2,196,777)</u>
Total stockholder's equity	<u>137,312,770</u>	<u>133,664,660</u>
 Total liabilities and stockholder's equity	 <u>\$ 244,434,895</u>	 <u>\$ 236,125,906</u>

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

	<u>Six Months Ended June 30, 2023</u>	<u>Year Ended December 31, 2022</u>
<u>REVENUES</u>		
Net premiums earned	\$ 25,011,392	\$ 48,074,432
Net investment income	3,469,308	3,687,714
Net realized gains on securities:		
Net realized gains (losses) on securities	(3,551,529)	(1,198,335)
Net holding gains (losses)	13,155,003	(24,436,148)
Other income	120,208	222,079
Total revenues	<u>38,204,382</u>	<u>26,349,742</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	10,176,189	10,726,678
Underwriting and operating expenses	10,288,422	19,330,550
Bad debt expense	283,643	211,760
Interest expense	-	143,472
Total expenses	<u>20,748,254</u>	<u>30,412,460</u>
<u>INCOME (LOSS) BEFORE INCOME TAXES</u>	17,456,128	(4,062,718)
Income tax expense (benefit)	<u>3,587,346</u>	<u>(700,068)</u>
<u>NET INCOME (LOSS)</u>	<u>13,868,782</u>	<u>(3,362,650)</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Unrealized holding gains/(losses) arising during the period	(169,815)	(6,496,776)
Reclassification adjustment for (gain)/loss included in net income	(53,255)	1,500,106
Change in derivative instrument	-	-
Other comprehensive income/(loss) before taxes	<u>(223,070)</u>	<u>(4,996,670)</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	46,845	1,049,300
Other comprehensive income/(loss) net of taxes	<u>(176,225)</u>	<u>(3,947,370)</u>
<u>COMPREHENSIVE INCOME (LOSS)</u>	<u>\$ 13,692,557</u>	<u>\$ (7,310,020)</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, 2021	\$ 2,500,000	\$ 32,500,000	\$ 104,224,087	\$ 1,750,593	\$ 140,974,680
Net income	-	-	(3,362,650)	-	(3,362,650)
Other comprehensive income - net	-	-	-	(3,947,370)	(3,947,370)
Balance, December 31, 2022	\$ 2,500,000	\$ 32,500,000	\$ 100,861,437	\$ (2,196,777)	\$ 133,664,660
Net income	-	-	13,868,782	-	13,868,782
Dividends paid	-	-	(10,044,447)	-	(10,044,447)
Other comprehensive income - net	-	-	-	(176,225)	(176,225)
Balance, June 30, 2023	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 104,685,772</u>	<u>\$ (2,373,002)</u>	<u>\$ 137,312,770</u>
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