

## WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

### FINANCIAL HIGHLIGHTS (June 2023)

In the first quarter of 2023, Stonetrust paid a dividend of \$10.04 million in USD (or \$13.59 million CAD), of which Wintai America received \$10 million in USD. Stonetrust's returns for the YTD and second quarter have been adjusted for the dividends. Going forward in 2024, we will not publish Stonetrust's returns because it distorts them unless the numbers are adjusted for the dividends. As of June 30th, the GAAP book value of Stonetrust Commercial Insurance Company ("Stonetrust") increased from \$187.59 million CAD on March 31st, 2023 to \$195.10 million CAD, a quarterly increase of 4.0%. In U.S. dollars, Stonetrust's book value increased from \$138.62 million USD to \$147.36 million USD, a quarterly increase of 6.3%. The difference in returns is due to the Canadian dollar appreciating against the U.S. dollar during the quarter, negatively impacting the book value in CAD.

The adjusted book value per share of Wintai Holdings Ltd. ("Wintai") increased from \$35.09 CAD on March 31<sup>st</sup>, 2023 to \$36.48 CAD on June 30<sup>th</sup>, 2023, a quarterly increase of 4.0%. In US dollars, it increased from \$25.93 USD on March 31<sup>st</sup>, 2023 to \$27.56 USD on June 30<sup>th</sup>, 2023, a quarterly increase of 6.3%. For further details, please refer to the Wintai Q2 2023 quarterly financial statement and share price calculations prepared by Wintai's auditor McGovern Hurley.

#### Key Quarterly Figures

	Mar. 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	June 30, 2023	YTD % Change	Q2 % Change
Wintai Adjusted Book Value per Share (CAD)	\$32.32	\$31.05	\$32.72	\$33.92	\$35.09	\$36.48	7.5%	4.0%
Wintai Adjusted Book Value per Share (USD)	\$25.86	\$24.22	\$23.87	\$25.05	\$25.93	\$27.56	10.0%	6.3%
Stonetrust GAAP Book Value (CAD in Mils)	\$172.67	\$165.95	\$174.55	\$181.04	\$187.59	\$195.10	7.8%	4.0%
Stonetrust GAAP Book Value (USD in Mils)	\$138.18	\$129.48	\$127.35	\$133.66	\$138.62	\$147.36	10.2%	6.3%

#### Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of June 30<sup>th</sup>, 2023. All numbers are in USD.

Company	Maturity	Coupon	Par Value	Cost Base	Market Value	Unrealized gains/(losses)
Federal Farm Credit Banks Funding Corp	2023-11-09	5.05%	10,000,000	10,000,005	9,977,700	(22,305)
MBIA Global Funding LLC	2031-12-15	0.00%	13,200,000	5,250,196	5,544,000	293,804
Cleco Corporate Holdings LLC	2026-05-01	3.74%	5,000,000	4,726,000	4,679,300	(46,700)
Lamar Media Corp	2028-02-15	3.75%	4,925,000	4,932,958	4,482,932	(450,026)
Federal Home Loan Mortgage Group	2025-08-22	5.13%	4,000,000	4,000,005	3,959,760	(40,245)
B Riley Financial	2028-08-31	5.25%	203,951	5,067,833	3,667,039	(1,400,794)
Entergy Corporation	2026-09-01	2.95%	3,540,000	3,462,408	3,268,057	(194,351)
Lumen Technologies Inc	2027-02-15	4.00%	3,300,000	2,382,385	2,467,443	85,058
Rain CII Carbon LLC	2025-04-01	7.25%	2,365,000	2,461,877	2,295,043	(166,834)
Lamar Media Corp	2031-01-15	3.63%	2,000,000	2,000,005	1,685,000	(315,005)

With the exceptions of Federal Farm Credit Banks, Federal Home Loan Mortgage Group, and B. Riley Financial, 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.

## WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

### Stonetrust Equity Securities

Below is a table highlighting the major investments in equity securities as of June 30<sup>th</sup>, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base		Unrealized gains/(losses)
Berkshire Hathaway Inc	25	\$ 7,901,245	\$ 12,945,250	\$ 5,044,005
Alphabet Inc	76,640	1,999,885	9,271,141	7,271,256
Apple Inc	44,000	1,862,693	8,534,680	6,671,987
Exor N V	90,021	4,000,022	8,036,625	4,036,603
Stellantis	426,388	3,464,884	7,478,846	4,013,962
Pool Corp	10,636	1,253,830	3,984,671	2,730,841
Hertz Global (Warrant)	329,049	2,694,384	3,320,104	625,720
EXCO Resources Inc	133,377	1,597,954	2,811,587	1,213,634
MBIA Inc	321,000	2,030,024	2,773,440	743,416
Synchrony Financial	62,000	2,016,798	2,103,040	86,242
Moody's	5,899	583,551	2,051,200	1,467,649
Navient Corp	107,950	2,002,576	2,005,711	3,135
Wells Fargo	40,000	1,027,529	1,707,200	679,671

In addition, we had no naked call option position as of June 30<sup>th</sup>, 2023.

### Wintaai Holdings Securities

At Wintaai, we held Synchrony Financial as of June 30<sup>th</sup>, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Synchrony Financial	22,500	\$ 297,637	\$ 763,200	\$ 465,563

# WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

## 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 and six-month periods ending June 30, 2023 and 2022 on a GAAP basis are as follows:

*All figures in \$USD*

	Unaudited 2nd Quarter		Unaudited Six Months	
	2023	2022	2023	2022
Gross premiums written	\$ 13,047,537	\$ 12,492,975	\$ 28,727,954	\$ 27,017,968
Net premiums written	\$ 12,324,616	\$ 11,847,987	\$ 27,285,523	\$ 25,730,601
Net premiums earned	\$ 12,589,447	\$ 11,720,161	\$ 25,011,392	\$ 23,330,307
Underwriting profit	\$ 2,656,519	\$ 3,371,435	\$ 4,546,781	\$ 7,071,065
Net investment income	2,106,819	944,035	3,469,308	1,696,980
<b>Operating income</b>	<b>4,763,338</b>	<b>4,315,470</b>	<b>8,016,089</b>	<b>8,768,045</b>
Net gain (losses) on investments <sup>(1)</sup>	6,190,495	(12,828,127)	9,603,474	(17,961,192)
Interest expense, bad debt expense & other income	(59,807)	(139,071)	(163,435)	(220,143)
<b>Pre-tax income (loss)</b>	<b>10,894,026</b>	<b>(8,651,728)</b>	<b>17,456,128</b>	<b>(9,413,290)</b>
Income tax (expense) benefit	(2,191,458)	1,916,429	(3,587,346)	2,290,782
<b>Net income (loss)</b>	<b>\$ 8,702,568</b>	<b>\$ (6,735,299)</b>	<b>\$ 13,868,782</b>	<b>\$ (7,122,508)</b>
<b>Underwriting profit:</b>				
Loss & LAE - accident year	60.0%	56.6%	58.2%	58.1%
Underwriting expenses	40.6%	40.0%	41.1%	39.4%
<b>Combined ratio - accident year <sup>(2)</sup></b>	<b>100.6%</b>	<b>96.5%</b>	<b>99.3%</b>	<b>97.5%</b>
Net (favorable) adverse reserve development	-21.7%	-25.3%	-17.5%	-27.8%
<b>Combined ratio - calendar year <sup>(2)</sup></b>	<b>78.9%</b>	<b>71.2%</b>	<b>81.8%</b>	<b>69.7%</b>
<b>Ending Stockholders' Equity</b>			<b>\$ 137,312,770</b>	<b>\$ 129,479,354</b>

<sup>(1)</sup>Net gains (losses) on investments include 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 June 30, 2023 and 2022 were 78.9% and 71.2%, respectively. Net favorable loss development of approximately \$2.7 million and \$3.0 million was recognized during these periods, resulting in a reduction of the calendar year net combined ratios of 21.7% and 25.3%, respectively. The accident year net combined ratios for the quarters ending June 30, 2023 and 2022 were 100.6% and 96.5%, respectively.

The calendar year net combined ratios for the six months ending June 30, 2023 and 2022 were 81.8% and 69.7%, respectively. Net favorable loss development of approximately \$4.4 million and \$6.5 million was recognized during these periods, resulting in a reduction of the calendar year net combined ratios of 17.5% and 27.8%, respectively. The accident year net combined ratios for the six months ending June 30, 2023 and 2022 were 99.3% and 97.5%, respectively.

## WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

---

Underwriting profit of \$2,656,519 for the second quarter of 2023 decreased from \$3,371,435 in the second quarter of 2022. A pre-tax net gain of \$10,894,026 was recognized during the second quarter of 2023 compared to a pre-tax net loss of \$8,651,728 being recognized in the second quarter of 2022. The increase in pre-tax net income can be attributed largely to net investment income and net realized holding gains on equity securities. Net written premiums of \$12,324,616 for the second quarter of 2023 increased 4.0% from \$11,847,987 for the second quarter of 2022.

Underwriting profit of \$4,546,781 for the first six months of 2023 decreased from \$7,071,065 in the first six months of 2022. A pre-tax net gain of \$17,456,128 was recognized during the first six months of 2023 compared to a pre-tax net loss of \$9,413,290 being recognized in the first six months of 2022. The increase in pre-tax net income can be attributed largely to net investment income, and net realized holding gains on equity securities. Net written premiums of \$27,285,523 for the first six months of 2023 increased 6.0% from \$25,730,601 for the first six months of 2022.

### **Loggerhead Reciprocal Interinsurance Exchange (LRIE)**

The insurance terms are confusing, and you may ask:

**WHAT IS A RECIPROCAL?** *A reciprocal insurance exchange is one of the ways insurance organizations can be structured and capitalized. In a traditional “stock” insurance company, capital is provided by shareholders, who invest for a profit. A reciprocal has no shareholders. Instead, the insurer is owned and financed by its policyholders, also known as “Members.” As a Member, a portion of your annual payments are set aside as capital or “surplus” for the insurer. Apart from this, start-up capital was provided as debt in the form of surplus notes issued to third-parties. The reciprocal structure is common. Some well-known companies that organize themselves as reciprocals include USAA and Farmers.*

Stonetrust purchased a \$30 million 9% Surplus Note of LRIE. This is the initial capital that will allow LRIE to start writing business in Florida. The operation started on December 1<sup>st</sup>, 2022, and so far, they have met expectations. The Surplus Note was structured to qualify for Louisiana Premium Tax Credits.

Florida was hit by Hurricane Ian and, as a result, it created huge capacity constraints in the insurance industry. LRIE was created to take advantage of this situation. It was founded and led by experienced stalwarts, CEO Jim Santo and COO Todd Dixon. Jim and Todd’s great track record at AAA (pronounced as “Triple A”) starting in 2008 showed us what they could accomplish, and right away, we were sold on their idea. Usually, a start-up company fights to get premiums, but here, other insurance companies are approaching LRIE to get the insurance premiums off their books.

LRIE’s gross premium will come from three distinct sources: rollover from insurance companies, Citizens (Florida State Insurance Company) depopulation, and new business. This was how one rollover was executed. In 2022, Loggerhead Insurance entered into a quota share reinsurance agreement and replacement policy offer with an insurance company. The quota share reinsurance agreement began on December 1, 2022, and the replacement policies began on April 1, 2023, effective dates. For rollovers, the management team looks at two fundamental assumptions: the **assumed gross average premium** and the **assumed conversion rate**. The management team is confident in the gross average premium assumption, while the conversion rate has more variability and is assumed between 40% and 80%. The management team expects to use the same template with other insurance companies on rollovers.

## WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

---

### LRIE's Financial and Operating Results

(\$ 000s, except for %)	Actual STAT	Actual STAT
Income Statement:	January - April 2023	January - July 2023
<i>Gross Premium Written</i>	9,411	19,186
Net Premium Written	8,321	15,862
Net Premium Earned	2,602	16,258
Combined Ratio	102.2%	85.6%
<b>Policyholders Surplus:</b>		
Member Contributions	162	1,049
Surplus Notes	30,000	30,000
Deferred Tax Asset/(Liability)	-	-
All Other Surplus	(3,344)	(835)
Total Policyholders Surplus	26,818	30,214

Gross written premiums for the first seven months 2023 were \$19.2 million. The combined ratio was 85.6% (including Catastrophe).

Although we are excited with how the operations are progressing with LRIE, it is still at an early stage, and as they say, "One swallow does not make a summer."

### FDIC Insured on Cash Deposits

We hold large amounts of cash at Stonetrust and Loggerhead. We have reached an agreement with a bank that, in the aggregate, all the cash in the operating and investment accounts of Stonetrust and Loggerhead will be FDIC insured, up to \$150 million. The current interest rate on those accounts is just over 5%.

**WINTAAI HOLDINGS LTD.**

110 Sheppard Ave. East  
Suite 301 Box 18  
Toronto ON, M2N 6Y8, Canada

---

**Appendix**

<b>Date</b>	<b>Wintaai Holdings Adjusted Book Value per Share (CAD)</b>	<b>Wintaai Holdings Adjusted Book Value per 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