

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**CONSOLIDATED BALANCE SHEETS****GAAP BASIS**

	<u>09/30/23</u>	<u>12/31/22</u>
<u>ASSETS</u>		
Investments:		
Bonds, at fair value	\$ 70,442,119	\$ 64,773,715
Collateral loan	30,000,000	30,000,000
Common stocks, at fair value	74,896,518	64,299,088
Total investments	<u>175,338,637</u>	<u>159,072,803</u>
Cash and cash equivalents	38,641,112	47,166,323
Premiums receivable	19,729,835	17,127,612
Reinsurance receivables and recoverables	3,458,057	3,133,057
Deferred policy acquisition costs	1,824,461	1,587,060
Right of use asset - leases	1,114,955	1,167,022
Income taxes receivable	1,272,147	302,771
Accrued investment income	3,551,540	1,153,866
Property, plant and equipment	814,415	1,046,549
Receivable for securities	-	3,104,795
Other assets	2,092,425	1,264,048
Total assets	<u>\$ 247,837,584</u>	<u>\$ 236,125,906</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 68,569,456	\$ 67,382,990
Unearned premiums	24,088,284	20,957,604
Advance premiums	493,809	1,051,614
Ceded reinsurance payable	113,185	231,969
Insurance related taxes and assessments	3,781,989	3,190,510
Income taxes payable	960,880	581,083
Commissions payable	1,328,982	1,375,316
Deferred tax liability	4,356,253	2,255,113
Accounts payable and other liabilities	2,449,599	2,970,564
Lease liability	1,126,661	1,175,818
Due to parent	351,276	271,969
Security deposits	1,089,321	990,297
Derivatives - at fair value	441,015	26,399
Total liabilities	<u>109,150,710</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	106,877,213	100,861,437
Accumulated other comprehensive income (loss) - net	(3,190,339)	(2,196,777)
Total stockholder's equity	<u>138,686,874</u>	<u>133,664,660</u>
Total liabilities and stockholder's equity	<u>\$ 247,837,584</u>	<u>\$ 236,125,906</u>

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

GAAP BASIS

	<u>Nine Months Ended September 30, 2023</u>	<u>Year Ended December 31, 2022</u>
<u>REVENUES</u>		
Net premiums earned	\$ 38,184,233	\$ 48,074,432
Net investment income	5,226,755	3,687,714
Net realized gains on securities:		
Net realized gains (losses) on securities	(3,488,380)	(1,198,335)
Net holding gains (losses)	11,996,130	(24,436,148)
Other income	178,761	222,079
Total revenues	<u>52,097,499</u>	<u>26,349,742</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	15,530,141	10,726,678
Underwriting and operating expenses	15,611,607	19,330,550
Bad debt expense	369,855	211,760
Interest expense	-	143,472
Total expenses	<u>31,511,603</u>	<u>30,412,460</u>
<u>INCOME (LOSS) BEFORE INCOME TAXES</u>	20,585,896	(4,062,718)
Income tax expense (benefit)	<u>4,525,673</u>	<u>(700,068)</u>
<u>NET INCOME (LOSS)</u>	<u>16,060,223</u>	<u>(3,362,650)</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Urealized holding gains/(losses) arising during the period	(1,374,078)	(6,496,776)
Reclassification adjustment for (gain)/loss included in net income	116,404	1,500,106
Change in derivative instrument	-	-
Other comprehensive income/(loss) before taxes	<u>(1,257,674)</u>	<u>(4,996,670)</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	264,112	1,049,300
Other comprehensive income/(loss) net of taxes	<u>(993,562)</u>	<u>(3,947,370)</u>
<u>COMPREHENSIVE INCOME (LOSS)</u>	<u>\$ 15,066,661</u>	<u>\$ (7,310,020)</u>

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

GAAP BASIS

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
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	-	-	16,060,223	-	16,060,223
Dividends paid	-	-	(10,044,447)	-	(10,044,447)
Other comprehensive income - net	-	-	-	(993,562)	(993,562)
Balance, September 30, 2023	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 106,877,213</u>	<u>\$ (3,190,339)</u>	<u>\$ 138,686,874</u>
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