

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

	<u>9/30/21</u>	<u>12/31/20</u>
<u>ASSETS</u>		
Investments:		
Bonds, at fair value	\$ 66,880,289	\$ 67,174,179
Derivatives, at fair value	3,927,600	2,965,000
Preferred stocks, at fair value	1,136,250	-
Common stocks, at fair value	87,275,743	59,831,806
Total investments	<u>159,219,882</u>	<u>129,970,985</u>
Cash and cash equivalents	70,369,497	63,017,512
Premiums receivable	16,277,145	14,981,236
Reinsurance receivables and recoverables	3,912,314	4,518,352
Deferred policy acquisition costs	1,688,141	1,487,159
Deferred tax assets	-	-
Income taxes receivable	-	345,084
Accrued investment income	731,328	1,056,256
Property, plant and equipment	1,517,400	1,891,620
Receivable for securities	5,962	3,704,688
Other assets	<u>1,565,341</u>	<u>977,453</u>
Total assets	<u>\$ 255,287,010</u>	<u>\$ 221,950,345</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 79,123,721	\$ 81,201,025
Unearned premiums	21,464,094	18,918,876
Advance premiums	250,060	738,216
Ceded reinsurance payable	7,544	-
Insurance related taxes and assessments	3,742,407	3,343,052
Income taxes payable	628,966	29,570
Commissions payable	1,079,636	1,424,956
Deferred tax liability	7,705,937	5,089,749
Accounts payable and other liabilities	1,940,336	2,594,898
Payable for investments purchased	-	488,490
Due to parent	348,995	299,937
Security deposits	1,174,470	1,232,696
Derivatives - at fair value	3,263,070	1,332,125
Notes payable	<u>3,918,505</u>	<u>3,914,485</u>
Total liabilities	<u>124,647,741</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	91,628,018	61,792,946
Accumulated other comprehensive income (loss) - net	<u>4,011,251</u>	<u>4,549,324</u>
Total stockholder's equity	<u>130,639,269</u>	<u>101,342,270</u>
Total liabilities and stockholder's equity	<u>\$ 255,287,010</u>	<u>\$ 221,950,345</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>Nine Months Ended June 30, 2021</u>	<u>Year Ended December 31, 2020</u>
<u>REVENUES</u>		
Net premiums earned	\$ 33,167,386	\$ 42,732,998
Net investment income	7,551,850	5,732,196
Net realized gains on securities:		
Net realized gains on securities	6,954,435	1,817,804
Net holding gains	13,987,265	6,559,820
Other income	161,751	918,219
Total revenues	<u>61,822,687</u>	<u>57,761,037</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	10,293,081	18,748,010
Underwriting and operating expenses	13,388,716	18,178,299
Bad debt expense	295,728	156,135
Interest expense	193,627	262,038
Total expenses	<u>24,171,152</u>	<u>37,344,482</u>
<u>INCOME BEFORE INCOME TAXES</u>	37,651,535	20,416,555
Income tax expense	<u>7,816,463</u>	<u>4,137,088</u>
<u>NET INCOME</u>	<u>29,835,072</u>	<u>16,279,467</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Unrealized holding gains/(losses) arising during the period	2,823,928	10,505,026
Reclassification adjustment for (gain)/loss included in net income	(3,567,320)	(6,285,120)
Change in derivative instrument	62,287	(14,559)
Other comprehensive income/(loss) before taxes	<u>(681,105)</u>	<u>4,205,347</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	143,032	(883,123)
Other comprehensive income/(loss) net of taxes	<u>(538,073)</u>	<u>3,322,224</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 29,296,999</u>	<u>\$ 19,601,691</u>

THESE STATEMENTS ARE UNAUDITED AND ARE FOR MANAGEMENT AND INTERNAL USE ONLY

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	-	-	29,835,072	-	29,835,072
Other comprehensive income - net	-	-	-	(538,073)	(538,073)
Balance, September 30, 2021	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 91,628,018</u>	<u>\$ 4,011,251</u>	<u>\$ 130,639,269</u>
	-	-	-	-	-

THESE STATEMENTS ARE UNAUDITED AND ARE FOR MANAGEMENT AND INTERNAL USE ONLY