

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

GAAP BASIS

	<u>09/30/22</u>	<u>12/31/21</u>
<u>ASSETS</u>		
Investments:		
Bonds, at fair value	\$ 35,417,273	\$ 56,579,498
Derivatives, at fair value	-	4,179,000
Preferred stocks, at fair value	811,800	1,148,400
Common stocks, at fair value	75,348,059	96,495,101
Total investments	<u>111,577,132</u>	<u>158,401,999</u>
Cash and cash equivalents	96,178,389	79,776,289
Premiums receivable	18,333,120	15,143,697
Reinsurance receivables and recoverables	2,933,427	3,541,570
Deferred policy acquisition costs	1,778,121	1,497,427
Deferred tax assets	476,410	-
Income taxes receivable - federal	955,400	790,472
Accrued investment income	343,485	682,160
Property, plant and equipment	1,123,927	1,382,254
Receivable for securities	1,740,000	-
Other assets	1,264,665	1,607,284
 Total assets	 <u>\$ 236,704,076</u>	 <u>\$ 262,823,152</u>
<u>LIABILITIES</u>		
Losses and loss adjustment expenses	\$ 69,576,570	\$ 74,875,388
Unearned premiums	22,989,562	19,144,998
Advance premiums	523,465	847,871
Ceded reinsurance payable	158,847	40,982
Insurance related taxes and assessments	3,302,209	3,207,713
Income taxes payable - state	261,434	698,298
Commissions payable	1,217,695	1,193,982
Deferred tax liability	-	8,843,159
Accounts payable and other liabilities	2,348,360	2,781,962
Payable for securities	-	-
Due to parent	231,357	347,265
Security deposits	1,007,079	993,964
Derivatives - at fair value	7,741,295	4,953,044
Notes payable	-	3,919,846
Total liabilities	<u>109,357,873</u>	<u>121,848,472</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	95,067,063	104,224,087
Accumulated other comprehensive income (loss) - net	(2,720,860)	1,750,593
Total stockholder's equity	<u>127,346,203</u>	<u>140,974,680</u>
 Total liabilities and stockholder's equity	 <u>\$ 236,704,076</u>	 <u>\$ 262,823,152</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 September 30, 2022</u>	<u>Year Ended December 31, 2021</u>
<u>REVENUES</u>		
Net premiums earned	\$ 35,789,379	\$ 44,777,401
Net investment income	2,502,466	8,405,400
Net realized gains on securities:		
Net realized gains (losses) on securities	(2,674,446)	9,117,456
Net holding gains (losses)	(27,328,287)	21,778,935
Other income	162,924	209,316
Total revenues	<u>8,452,036</u>	<u>84,288,508</u>
<u>EXPENSES</u>		
Losses and loss adjustment expenses	8,615,338	11,214,434
Underwriting and operating expenses	13,858,760	18,441,121
Bad debt expense	256,046	220,115
Interest expense	143,472	231,410
Total expenses	<u>22,873,616</u>	<u>30,107,080</u>
<u>INCOME (LOSS) BEFORE INCOME TAXES</u>	(14,421,580)	54,181,428
Income tax expense (benefit)	<u>(5,264,556)</u>	<u>11,750,287</u>
<u>NET INCOME (LOSS)</u>	<u>(9,157,024)</u>	<u>42,431,141</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS) - NET</u>		
Unrealized holding gains/(losses) arising during the period	(6,186,473)	2,492,687
Reclassification adjustment for (gain)/loss included in net income	526,407	(6,097,672)
Change in derivative instrument	-	62,287
Other comprehensive income/(loss) before taxes	<u>(5,660,066)</u>	<u>(3,542,698)</u>
Income tax (expense)/benefit related to other comprehensive income/(loss)	1,188,613	743,967
Other comprehensive income/(loss) net of taxes	<u>(4,471,453)</u>	<u>(2,798,731)</u>
<u>COMPREHENSIVE INCOME (LOSS)</u>	<u>\$ (13,628,477)</u>	<u>\$ 39,632,410</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, 2020	\$ 2,500,000	\$ 32,500,000	\$ 61,792,946	\$ 4,549,324	\$ 101,342,270
Net income	-	-	42,431,141	-	42,431,141
Other comprehensive income - net	-	-	-	(2,798,731)	(2,798,731)
Balance, December 31, 2021	\$ 2,500,000	\$ 32,500,000	\$ 104,224,087	\$ 1,750,593	\$ 140,974,680
Net income	-	-	(9,157,024)	-	(9,157,024)
Other comprehensive income - net	-	-	-	(4,471,453)	(4,471,453)
Balance, September 30, 2022	<u>\$ 2,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 95,067,063</u>	<u>\$ (2,720,860)</u>	<u>\$ 127,346,203</u>
	-	-	-	-	-

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