

WINTAAI HOLDINGS LTD.

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

FINANCIAL HIGHLIGHTS (September 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 third quarter have been adjusted for the dividends. As of September 30th, the GAAP book value of Stonetrust Commercial Insurance Company ("Stonetrust") increased from \$195.10 million CAD on June 30th, 2023 to \$201.08 million CAD, a quarterly increase of 3.1%. In U.S. dollars, Stonetrust's book value increased from \$147.36 million USD to \$148.73 million USD, a quarterly increase of 0.9%. The difference in returns is due to the Canadian dollar depreciating against the U.S. dollar during the quarter, positively impacting the book value in CAD.

Please note that starting in 2024, we will no longer publish Stonetrust's GAAP book values as they would not be a true representation of our returns given dividend distributions.

The adjusted book value per share of Wintai Holdings Ltd. ("Wintai") increased from \$36.48 on June 30th, 2023 to \$37.57 CAD on September 30th, 2023, a quarterly increase of 3.0%. In US dollars, it increased from \$27.56 USD on June 30th, 2023 to \$27.79 USD on September 30th, 2023, a quarterly increase of 0.8%. For further details, please refer to the Wintai Q3 2023 quarterly financial statement and share price calculations prepared by Wintai's auditor McGovern Hurley.

Key Quarterly Figures

	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	June 30, 2023	Sept. 30, 2023	YTD % Change	Q3 % Change
Wintai Adjusted Book Value per Share (CAD)	\$31.05	\$32.72	\$33.92	\$35.09	\$36.48	\$37.57	10.8%	3.0%
Wintai Adjusted Book Value per Share (USD)	\$24.22	\$23.87	\$25.04	\$25.93	\$27.56	\$27.79	11.0%	0.8%
Stonetrust GAAP Book Value (CAD in Mils)	\$165.95	\$174.55	\$181.04	\$187.59	\$195.10	\$201.08	11.1%	3.1%
Stonetrust GAAP Book Value (USD in Mils)	\$129.48	\$127.35	\$133.66	\$138.62	\$147.36	\$148.73	11.3%	0.9%

Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of September 30th, 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	9,994,100	(5,905)
MBIA Global Funding LLC	2031-12-15	0.00%	19,680,000	7,779,542	7,714,560	(64,982)
Cleco Corporate Holdings LLC	2026-05-01	3.74%	5,000,000	4,726,000	4,662,850	(63,150)
Lamar Media Corp	2028-02-15	3.75%	4,925,000	4,932,958	4,359,019	(573,939)
Federal Home Loan Mortgage Group	2025-08-22	5.13%	4,000,000	4,000,005	3,956,080	(43,925)
B Riley Financial	2028-08-31	5.25%	203,523	5,057,282	3,708,189	(1,349,093)
Entergy Corporation	2026-09-01	2.95%	3,540,000	3,462,408	3,272,553	(189,855)
Lumen Technologies Inc	2027-02-15	4.00%	3,300,000	2,382,385	2,172,885	(209,500)
Lamar Media Corp	2031-01-15	3.63%	2,000,000	2,000,005	1,628,720	(371,285)
World Acceptance Corp	2026-11-01	7.00%	1,600,000	1,274,005	1,361,840	87,835

With the exceptions of Federal Farm Credit Banks, MBIA Global Fund, Federal Home Loan Mortgage Group, B. Riley Financial, and World Acceptance Corp, 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.

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Stonetrust Equity Securities

Below is a table highlighting the major investments in equity securities as of September 30th, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Berkshire Hathaway Inc	25	\$ 7,901,245	\$ 13,286,925	\$ 5,385,680
Alphabet Inc	76,640	1,999,885	10,104,984	8,105,099
Stellantis	426,388	3,464,884	8,156,802	4,691,919
Exor N V	90,021	4,000,022	7,948,854	3,948,832
Apple Inc	44,000	1,862,693	7,533,240	5,670,547
Pool Corp	10,636	1,253,830	3,787,480	2,533,649
EXCO Resources Inc	133,377	1,597,954	2,634,863	1,036,909
MBIA Inc	321,000	2,030,024	2,314,410	284,386
Hertz Global (Warrant)	329,049	2,694,384	2,013,780	(680,604)
Synchrony Financial	62,000	2,016,798	1,895,340	(121,458)
Moody's	5,899	583,551	1,865,087	1,281,536
Navient Corp	107,950	2,002,576	1,858,899	(143,677)
Wells Fargo	40,000	1,027,529	1,634,400	606,871

In addition, we had no naked call option position as of September 30th, 2023.

Wintaai Holdings Securities

At Wintaai, we held Synchrony Financial as of September 30th, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Synchrony Financial	22,500	\$ 297,637	\$ 687,825	\$ 390,188

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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 nine-month periods ending September 30, 2023 and 2022 on a GAAP basis are as follows:

All figures in \$USD

	Unaudited 3rd Quarter		Unaudited Nine Months	
	2023	2022	2023	2022
Gross premiums written	\$ 14,791,365	\$ 14,591,846	\$ 43,519,319	\$ 41,609,814
Net premiums written	\$ 14,029,390	\$ 13,903,341	\$ 41,314,913	\$ 39,633,942
Net premiums earned	\$ 13,172,841	\$ 12,459,072	\$ 38,184,233	\$ 35,789,379
Underwriting profit	\$ 2,495,704	\$ 6,244,216	\$ 7,042,485	\$ 13,315,281
Net investment income	1,757,447	805,486	5,226,755	2,502,466
Operating income	4,253,151	7,049,702	12,269,240	15,817,747
Net gain (losses) on investments ⁽¹⁾	(1,095,724)	(12,041,541)	8,507,750	(30,002,733)
Interest expense, bad debt expense & other income	(27,659)	(16,451)	(191,094)	(236,594)
Pre-tax income (loss)	3,129,768	(5,008,290)	20,585,896	(14,421,580)
Income tax (expense) benefit	(938,327)	2,973,774	(4,525,673)	5,264,556
Net income (loss)	\$ 2,191,441	\$ (2,034,516)	\$ 16,060,223	\$ (9,157,024)
Underwriting profit:				
Loss & LAE - accident year	59.8%	58.2%	58.8%	58.1%
Underwriting expenses	40.4%	37.4%	40.9%	38.7%
Combined ratio - accident year ⁽²⁾	100.3%	95.6%	99.6%	96.8%
Net (favorable) adverse reserve development	-19.2%	-45.7%	-18.1%	-34.0%
Combined ratio - calendar year ⁽²⁾	81.1%	49.9%	81.6%	62.8%
Ending Stockholders' Equity			\$ 138,686,874	\$ 127,346,203

⁽¹⁾ Net gains (losses) on investments include realized gains (losses) on disposals and changes in the unrealized gains (losses) recognized on equity investments.

⁽²⁾ 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 September 30, 2023, and 2022 were 81.1% and 49.9%, respectively. Net favorable loss development of approximately \$2.5 million and \$5.7 million was recognized during these periods, resulting in a reduction of the calendar year net combined ratios of 19.2% and 45.7%, respectively. The accident year net combined ratios for the quarters ending September 30, 2023, and 2022 were 100.3% and 95.6%, respectively.

The calendar year net combined ratios for the nine months ending September 30, 2023 and 2022 were 81.6% and 62.8%, respectively. Net favorable loss development of approximately \$6.9 million and \$12.2 million was recognized during these periods, resulting in a reduction of the calendar year net combined ratios of 18.1% and 34.0%, respectively. The accident year net combined ratios for the nine months ending September 30, 2023 and 2022 were 99.6% and 96.8%, respectively.

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Underwriting profit of \$2,495,704 for the third quarter of 2023 decreased from \$6,244,216 in the third quarter of 2022. A pre-tax net gain of \$3,129,768 was recognized during the third quarter of 2023 compared to a pre-tax net loss of \$5,008,290 being recognized in the third 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, which was somewhat offset by a drop in underwriting profit during the quarter. Net written premiums of \$14,029,390 for the third quarter of 2023 increased slightly from \$13,903,341 for the third quarter of 2022.

Underwriting profit of \$7,042,485 for the first nine months of 2023 decreased from \$13,315,281 in the first nine months of 2022. A pre-tax net gain of \$20,585,896 was recognized during the first nine months of 2023 compared to a pre-tax net loss of \$14,421,580 being recognized in the first nine 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, which was somewhat offset by a drop in underwriting profit during the period. Net written premiums of \$41,314,913 for the first nine months of 2023 increased 4.2% from \$39,633,942 for the first nine months of 2022.

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Loggerhead Reciprocal Interinsurance Exchange (LRIE)**Financial and Operating Results**

(\$ 000s, except for %)	Actual Statutory January - October 2023
Income Statement:	
Gross Written Premium	32,547
Net Written Premium	25,802
Net Earned Premium	21,628
Net X-CAT Loss & LAE	9,516
Net CAT Loss & LAE	3,366
Total Net Loss & LAE	12,882
Acquisition Costs	
Commissions – Net	4,079
Premium Tax	402
Underwriting Fee-AIF	2,557
General & Administrative	204
Total Acquisition Costs	7,241
Net Underwriting Income / (Loss)	1,505
Installment Fee Income	2
Net Investment Income	801
Income Before Interest & Taxes	2,306
Interest Expense	(2,700)
Income Before Taxes	(394)
Net (Excluding Catastrophe) Loss & LAE Ratio	44.0%
Catastrophe Loss Ratio	15.6%
Net Expense Ratio	28.1%
Combined Ratio (including Catastrophe Loss Ratio)	87.6%
Combined Ratio (excluding Catastrophe Loss Ratio)	72.1%
Policyholders Surplus:	
Member Contributions	559
Surplus Notes	30,000
Deferred Tax Asset/(Liability)	-
All Other Surplus	(4,740)
Total Policyholders Surplus	25,819

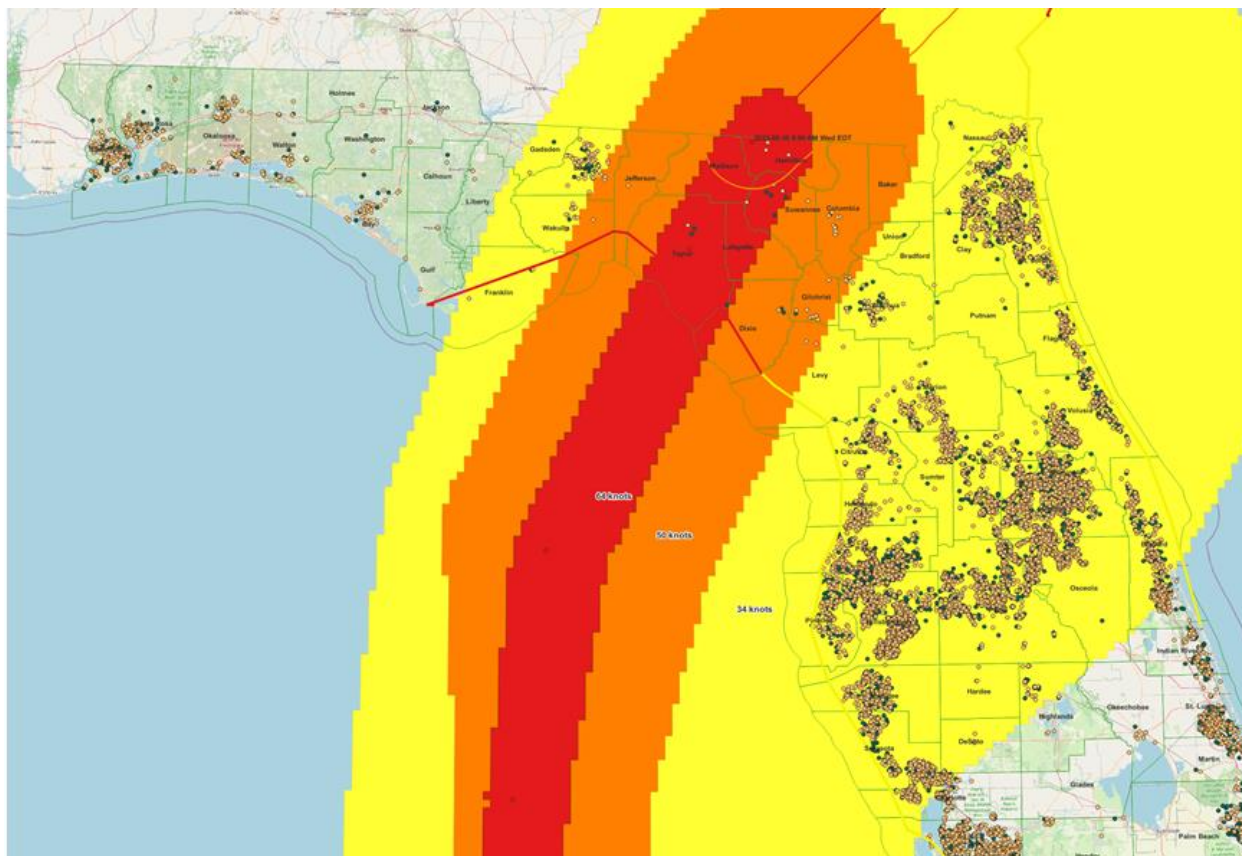
Gross written premiums for the first ten months of 2023 were \$32.5 million. The combined ratio was 87.6% (including Catastrophe).

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The Combined Ratio of LRIE (including Catastrophe Loss Ratio) for the 10-month ended October 31, 2023, was 87.6%.

Hurricane Idalia made landfall on Wednesday August 30th at 7:45am, about 20 miles (30 km) south of Perry, Florida, as a Category 3 hurricane, with sustained winds of 125 mph. The path that Idalia took was quite favorable to LRIE as we had very little exposure in the area that received hurricane and tropical storm wind speeds. The map below shows the wind speed zones and the location of our policies.



Color-coded wind speed:

- Red = 75+ mph sustained winds
- Orange = 57 - 74 mph sustained winds
- Yellow = 39 - 56 mph sustained winds

Update on the transaction with Progressive and LRIE

Loggerhead Reciprocal Interinsurance Exchange (LRIE) has signed agreements with Progressive, acquiring the renewal rights to approximately 100,000 policies they have set for non-renewal beginning May 1st, 2024. LRIE will accept those policies that meet its underwriting standards. We expect this deal to generate between \$150 million and \$250 million of gross written premium over the life of the renewal period.

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Update with AM Best

In the second quarter, we wrote:

“In late 2022, when Stonetrust purchased the \$30 million 9% Surplus Note of LRIE, Stonetrust’s rating agency, A. M. Best had no concerns. But they said that if Stonetrust or Wintaai purchased \$9 million of LRM for a 90% stake, then the A- rating that Stonetrust just got would be subjected to a review. I did not want to take a chance with Stonetrust’s A- rating, so I purchased 90% of LRM for \$9 million through another affiliate, Chou USA Inc. (unrelated to Wintaai Holdings Ltd. or Chou Associates Management Inc).”

Our intention is to have Wintaai America Inc (the U.S. subsidiary of Wintaai Holdings Ltd.) purchase, from Chou USA Inc., the 90% of LRM. We met the A.M. Best team in person in April of 2023 and made the case to transfer LRM (through its holding company LHC) to Wintaai America without jeopardizing Stonetrust’s A- rating as LRM is projected to be quite profitable in 2024 and beyond.

In October, A.M. Best responded and agreed that Stonetrust’s A- rating would not be affected if Chou USA transferred its 90% interest to Wintaai America. We expect the transfer to be concluded by December 31st, 2023, or the first quarter of 2024, subject to regulatory approvals.

The tax accountants are reviewing the most efficient and tax-effective way to make the transfer. We will update you shortly.

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%.

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Appendix

Date	Wintaai Holdings Adjusted Book Value per Share (CAD)	Wintaai Holdings Adjusted Book Value per Share (USD)
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
Sept. 30, 2023	\$37.57	\$27.79