Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Trisura Group Ltd. for the three months ended March 31, 2022. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022 and the audited Consolidated Financial Statements for the year ended December 31, 2021.

Unless the context indicates otherwise, references in this MD&A to the "Company" refer to Trisura Group Ltd. and references to "us", "we" or "our" refer to the Company and its subsidiaries and consolidated entities.

The Company's Condensed Interim Consolidated Financial Statements are in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. In this MD&A, all references to "$" are to Canadian dollars unless otherwise specified or the context otherwise requires.

This MD&A is dated May 5, 2022. Additional information is available on SEDAR at www.sedar.com.

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SECTION 1 - OVERVIEW

OUR BUSINESS

Our Company is a leading specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, and Fronting segments of the market. Our operating subsidiaries include a Canadian specialty insurance company and a US specialty insurance company. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 16 years of operation, with a newly launched US surety platform integrated with our Canadian team. Our US specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states. Our US specialty insurance company can also write business on an admitted basis in 48 states. We continue the process of applying for licenses in the remaining states.

Our Company has an experienced management team, strong partnerships with brokers, program administrators and reinsurers, and a specialized underwriting focus. We plan to grow by building our business in the US and through expansion of our Canadian business both organically and through strategic acquisitions. We believe our Company can capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform.

SECTION 2 – FINANCIAL HIGHLIGHTS IN Q1 2022

- ✓ GPW of $481.4 million in the quarter demonstrated continued momentum across the platform with contributions from sustained growth in Canada and a significant expansion of US Fronting.
- ✓ Net income of $21.1 million increased by 9.0% compared to Q1 2021, despite significant one-time benefits in Q1 2021. Growth and strong profitability in Canada were complemented by greater scale in the US.
- ✓ EPS of $0.50 in the quarter increased by 8.7% over Q1 2021. Adjusted EPS(1) of $0.45 in the quarter increased by 12.5%, demonstrating significant expansion of core operations.
- ✓ ROE(2) of 18.7% increased from 16.1% at Q1 2021. A significant contributor to the increase in ROE was strong underwriting performance in Canada.
- ✓ BVPS(2) of $8.66 increased by 15.3% over Q1 2021, the result of strong earnings, mitigated by unrealized losses in the investment portfolio as a result of rising interest rates in Q1 2022.
- ✓ Canada:
  - Quarterly GPW growth of 63.2% reflects increased market share, expansion of distribution relationships, new fronting arrangements and the benefit of hard market conditions in certain lines of business.
  - Quarterly NUI(2) of 14.1 million was comparable to Q1 2021 despite significant one-time benefits in Q1 2021. The strong performance was the result of growth across all lines and strong underwriting performance.
  - In the context of a significant premium growth, the combined ratio(2) of 79.5% was very strong. Certain one-time items contributed to a lower combined ratio in Q1 2021.
  - Canadian fronting grew by 266.7%, generating $2.9 million in net underwriting income as maturation of Canadian fronting results increased the proportion of fee-based income for the organization.
  - Net income of $14.8 million drove a 29.8% ROE.
- ✓ United States:
  - Significant quarterly GPW growth led to $341.7 million of premium in the quarter, the result of maturation of existing programs and gradual scaling of admitted business.
  - Fee income in the quarter of $13.9 million reflects strong growth and a 46.4% increase over Q1 2021
  - Deferred fee income(2), a precursor to earned fees, grew to $28.6 million.
  - Net income of $6.7 million in the quarter increased 4.5%, supported by Fee income and mitigated by investments in the business as we position for a larger platform.
  - ROE of 13.9% was consistent with the prior year, despite an increased capital base and investments in growth of the business.

(1) This is a non-IFRS ratio. Non-IFRS ratios are not standardized under the financial reporting framework used to prepare the financial statements of the Company to which the ratio relates and might not be comparable to similar ratios disclosed by other companies. See non-IFRS ratios in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor.
(2) This is a supplementary financial measure. Refer to Section 10, Operating Metrics for its composition.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SECTION 3 – FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

Table 3.1

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	481,380	310,274	171,106	55.2%
Net premiums written	108,170	77,365	30,805	39.8%
Net premiums earned	88,349	52,624	35,725	67.9%
Fee income	18,227	13,784	4,443	32.2%
Net investment income (loss)	4,023	(5,317)	9,340	nm
Net (losses) gains	(474)	3,834	(4,308)	(112.4%)
Total revenues	110,125	64,925	45,200	69.6%
Net claims and loss adjustment expenses	(23,605)	(4,107)	(19,498)	474.8%
Net commissions	(37,108)	(18,559)	(18,549)	100.0%
Operating expenses	(21,124)	(17,014)	(4,110)	24.2%
Interest expense	(591)	(187)	(404)	216.0%
Total claims and expenses	(82,428)	(39,867)	(42,561)	106.8%
Income before income taxes	27,697	25,058	2,639	10.5%
Income tax expense	(6,647)	(5,740)	(907)	15.8%
Net income	21,050	19,318	1,732	9.0%
Other comprehensive (loss) income	(21,054)	762	(21,816)	nm
Comprehensive (loss) income	(4)	20,080	(20,084)	(100.0%)
Earnings per common share - diluted (in dollars)	0.50	0.46	0.04	8.7%
Adjusted earnings per common share - diluted (in dollars)	0.45	0.40	0.05	12.5%
Book value per share (in dollars)	8.66	7.51	1.15	15.3%
ROE	18.7%	16.1%	n/a	2.6pts
Adjusted ROE(1)	18.2%	15.8%	n/a	2.4pts

(1) This is a non-IFRS ratio. See Table 10.4 in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details on composition, as well as each non-IFRS financial measure used as a component of this ratio, and an explanation of how it provides useful information to an investor.

Premium Revenue and Fee Income

Premium momentum continued in the quarter, driven by continued expansion of US Fronting, as well as significant growth in Canada led by Risk Solutions, but supported by both Surety and Corporate Insurance. NPW growth for the quarter and full year was also significant, reflecting growth in both the Canadian and US business.

NPE growth for the quarter was substantial, benefitting from growth in both Primary and fronted lines. The increase in Fee income in the quarter was driven primarily by fronting fees from the US.

Fee income's continued growth supports an increasing proportion of Net income derived from sources which are independent of underwriting performance.

Net Investment Income (Loss) and Net (Losses) Gains

See Section 5 – Investment Performance Review.

Net Claims and Loss Adjustment Expenses

Net claims in the quarter grew as a result of growth in the business. We also experienced a claims recovery in Q1 2021 associated with our life annuity reserves, which lowered claims expense in Q1 2021. We have since novated the life annuity reserves and experienced no impact from those reserves in the quarter. Without the impact of the life annuity reserves in 2021, the increase in Net claims would have been approximately 109%.

Net Commissions

Growth in Net commissions expense in the quarter was a result of growth in the business as we distribute our products primarily through agents who receive commission in both Canada and the US. Growth of Net commissions exceeded growth in NPE as a result of a shift in business mix towards certain programs with higher commission rates.

Operating Expenses

Operating expenses in the quarter were greater than Q1 2021 driven primarily by costs associated with growth in the business. Importantly, increases in Operating expenses were less than the increase in NPE, demonstrating the potential for operational leverage as we continue to scale the business.

The growth in Operating expenses was also impacted by share-based compensation ("SBC"), as the change in value of our share price led to a decrease in the value of certain outstanding options. Operating expense also include premium taxes, which in the case of fronted programs are offset by Reinsurance ceding commission or NPE. Operating expenses excluding SBC[1] and premium taxes increased 49.0% in the quarter, reflective primarily of growth in the Canadian and US operations. The movement in SBC was mitigated through a hedging program, the movement of which is presented in Net gains. The impact of Corporate and other costs, net of hedging is shown in Section 4 – Performance Review, Corporate and Other.

(1) Operating expenses excluding SBC and premium taxes is a non-IFRS financial measure. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Company to which the measure relates and might not be comparable to similar financial measures disclosed by other companies. See Section 10, Non-IFRS Financial Measures and Other Financial Measures for details and an explanation of how it provides useful information to an investor.

Income Tax Expense

Income tax expense for Q1 2022 was greater than Q1 2021 as a result of higher Net income before tax during the quarter, and reflected a similar effective tax rate. For additional information, see Note 15 of the Condensed Interim Consolidated Financial Statements.

Net Income

Net income increased by 9.0% in the quarter as a result of growth in the Canadian and US operations, as well as greater Net gains in the Canadian operation in the quarter.

Other Comprehensive (Loss) Income

See Section 5 – Investment Performance Review.

EPS, Adjusted EPS, BVPS, ROE, Adjusted ROE

Quarterly EPS of $0.50 in Q1 2022 improved by 8.7% over Q1 2021, the result of strong contribution form US Fronting, and growth in the Canadian operations.

Adjusted EPS is meant to reflect EPS, adjusted for certain items to normalize earnings of core operations in order to better reflect our North American specialty operations. A detailed bridge between EPS and Adjusted EPS is included in Section 10, under Non-IFRS ratios. Adjusted EPS grew by 12.5%, primarily due to growth in Specialty P&C earnings in both Canada and the US.

BVPS increased by 15.3% over Q1 2021 as a result of growth in Net income, mitigated by unrealized losses as a result of rising interest rates in Q1 2022.

ROE and Adjusted ROE increased due to growth in the business, as well as improvements in profitability as a result of greater scale.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

BALANCE SHEET ANALYSIS

Table 3.2

As at	March 31, 2022	December 31, 2021	$ variance
Cash and cash equivalents	304,464	341,319	(36,855)
Investments	603,945	641,140	(37,195)
Premiums and accounts receivable, and other assets	308,148	311,629	(3,481)
Recoverable from reinsurers	1,441,065	1,375,354	65,711
Deferred acquisition costs	321,811	304,580	17,231
Capital assets and intangible assets	20,012	17,109	2,903
Deferred tax assets	12,088	9,223	2,865
Total assets	3,011,533	3,000,354	11,179
Accounts payable, accrued and other liabilities	91,528	216,633	(125,105)
Reinsurance premiums payable	365,733	335,673	30,060
Unearned premiums	1,032,979	965,245	67,734
Unearned reinsurance commissions	167,754	152,003	15,751
Unpaid claims and loss adjustment expenses	921,589	897,011	24,578
Debt outstanding	75,000	75,000	-
Total liabilities	2,654,583	2,641,565	13,018
Shareholders' equity	356,950	358,789	(1,839)
Total liabilities and shareholders' equity	3,011,533	3,000,354	11,179

Total assets at March 31, 2022 were approximately the same as at December 31, 2021. Cash and cash equivalents has decreased as a result of a number of large payments in Q1 2022, as well as the deployment of cash to the investment portfolio. Investments have decreased in the quarter as a result of unrealized losses in the portfolio, largely due to the impact of rising interest rates on the fixed income portfolio. In addition to this, securities were transferred in the period related to the novation in 2021. Recoverables from reinsurers has grown as a result of growth in the US, as well as growth in certain fronted programs in Canada. The nature of the fronted operations causes it to generate significant Recoverables from reinsurers, which increase alongside an increase in Unearned premiums and Unpaid claims and loss adjustment expenses. These recoverables are monitored in accordance with the Company's reinsurance risk management policies and generally, are owing from reinsurers with A.M. Best ratings of A- or higher or who otherwise have posted an agreed upon level of collateral.

Total liabilities at March 31, 2022 were approximately the same as at December 31, 2021. Accounts payable, accrued and other liabilities has decreased as a result of a number of payment settled in Q1 2022, as well as the settlement of the asset transfer related to the novation. Unearned premiums, and Unpaid claims and loss adjustment expenses have increased primarily as a result of business growth in the US. These increases are partially offset by an increase in Recoverable from reinsurers.

Shareholders' equity at March 31, 2022 has remained roughly the same as at December 31, 2021 as an increase in retained earnings has been largely offset by movement in Accumulated other comprehensive (loss) income as a result of unrealized losses.

SHARE CAPITAL

Our authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series).

As at March 31, 2022, 41,159,520 common shares were issued and outstanding.

LIQUIDITY

Both short-term and long-term liquidity sources are available to the Company. Short-term liquidity sources immediately available include: (i) cash and cash equivalents; (ii) our portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include receipt of net premiums, fee income and investment income and; (iv) bank loan facilities including our revolving credit facility (see Note 11 to the Condensed Interim Consolidated Financial Statements). These funds are used primarily to pay claims and operating expenses, service the Company's debt outstanding and purchase investments to support claims reserves and capital requirements.

CAPITAL

The MCT ratio(1) of Trisura's regulated Canadian operating subsidiary was 231% at March 31, 2022 (229% as at December 31, 2021), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal target(2).

The RBC(3) of the regulated insurance companies of Trisura US was in excess of the various Company Action Levels of the states in which it is licensed at March 31, 2022.

The Company's debt-to-capital ratio(4) of 17.4% as at March 31, 2022 (17.3% as at December 31, 2021), was below our long-term target debt-to-capital ratio of 20.0%.

The Company is well-capitalized and we expect to have sufficient capital to meet our regulatory capital requirements, fund our operations and support our current business plans.

(1) This measure is calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Guideline A, Minimum Capital Test.
(2) This target is in accordance with OSFI's Guideline A-4, Regulatory Capital and Internal Capital Targets.
(3) This measure is calculated in accordance with the National Association of Insurance Commissioners' ("NAIC") Risk-Based Capital ("RBC") for Insurers Model Act.
(4) This is a supplementary financial measure. See Section 10, Operating Metrics for its composition.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SECTION 4 – PERFORMANCE REVIEW

SPECIALTY P&C

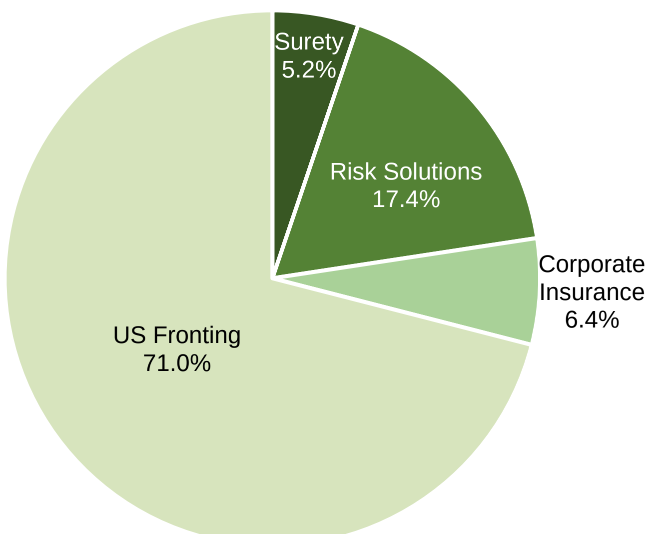
Our Specialty P&C business consists of Surety, Risk Solutions, and Corporate Insurance business lines which we primarily write in Canada, referred to as Trisura Canada, and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as Trisura US or US Fronting.

The table below provides a segmentation of our Specialty P&C GPW and NPW for the first quarter of 2022 and 2021, respectively. Although US Fronting comprises the majority of our GPW, premium growth was substantial in Canada, supported by considerable momentum in Risk Solutions, as well as strong performance in Surety and Corporate Insurance.

Table 4.1

GPW	Q1 2022	Q1 2021	% growth over prior year
Surety	24,842	18,531	34.1%
Risk Solutions	83,929	46,128	81.9%
Corporate Insurance	30,865	20,913	47.6%
US Fronting	341,744	224,673	52.1%
Total GPW	481,380	310,245	55.2%

Gross Premiums Written
Q1 2022



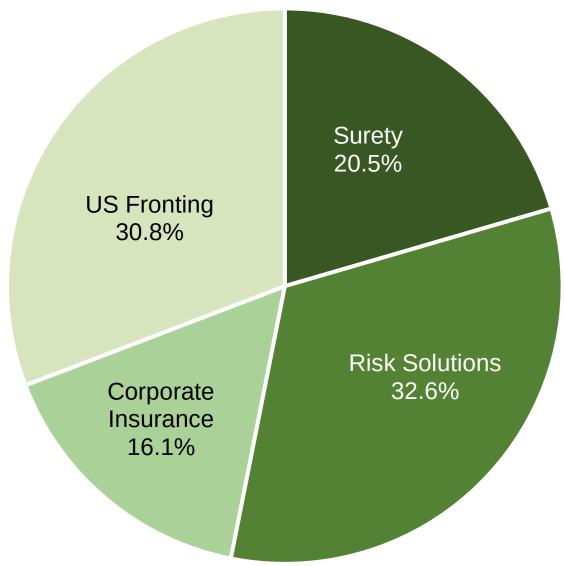
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SPECIALTY P&C (CONTINUED)

Table 4.2

NPW	Q1 2022	Q1 2021	% growth over prior year
Surety	22,143	16,760	32.1%
Risk Solutions	35,357	30,272	16.8%
Corporate Insurance	17,368	13,779	26.0%
US Fronting	33,302	16,554	101.2%
Total NPW	108,170	77,365	39.8%

Net Premiums Written
Q1 2022



(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

CANADA

The table below presents financial highlights for our Canadian operations.

Table 4.3

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	139,636	85,572	54,064	63.2%
Net premiums written	74,868	60,811	14,057	23.1%
Net premiums earned	68,955	41,975	26,980	64.3%
Fee income	4,342	4,301	41	1.0%
Net underwriting revenue(1)	73,297	46,276	27,021	58.4%
Net underwriting income	14,101	14,552	(451)	(3.1%)
Net income	14,767	11,959	2,808	23.5%
Loss ratio: current accident year(1)	30.2%	27.4%		2.8pts
Loss ratio: prior years' development(1)	(14.5%)	(14.1%)		(0.4pts)
Loss ratio(1)	15.7%	13.3%		2.4pts
Expense ratio(1)	63.8%	52.0%		11.8pts
Combined ratio	79.5%	65.3%		14.2pts
ROE	29.8%	27.4%		2.4pts

(1) These are supplementary financial measures. See Section 10, Operating Metrics for its respective composition.

GPW growth for the quarter continued across all lines, led by Risk Solutions. Risk Solutions sustained momentum from expanding fronting business in the quarter despite a slight reduction in warranty business related to supply chain disruptions. Corporate insurance has continued to benefit from a hardening insurance market with improved pricing, growth in programs, and expansion of distribution partnerships. Growth in Surety reflects continued expansion of our market share including premiums from our nascent Surety business in the US.

Growth in NPW and NPE for the quarter was the result of the factors discussed above. Growth in NPE exceeded growth in NPW as a result of continued maturing of a number of warranty programs, where premium is earned over a number of years.

Fee income from Surety was comparable to 2021 despite premium growth, as account count remained stable.

The loss ratio for the quarter was higher than the previous period, as a result of higher loss ratios in Corporate Insurance and Surety. The loss ratio in Q1 2021 was particularly low, and we view the results this quarter positively despite not reaching the level of Q1 2021. The Q1 2022 expense ratio increased compared to Q1 2021 in part, due to a one-time contingent profit commission received in Q1 2021 which created exceptionally low expense ratio in that quarter. The expense ratio has also increased as a result of a shifting business mix towards Risk Solutions - Warranty programs, which have higher commission ratios. The combined ratio for quarter was higher the prior year, although nonetheless strong at 79.5%.

NUI for the quarter reduced by 3.1% due to the comparably stronger result in Q1 2021 driven by one-time items, and a lower loss ratio in the prior period, and mitigated by growth in the business.

See Section 5 – Investment Performance Review for a discussion on Net investment income (loss).

Net income grew compared to Q1 2021 as a result of growth in the business and realized gains in the period. Premium generation combined with disciplined underwriting demonstrated the benefit of our specialty focus and the ability of our platform to perform through volatile markets.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Surety

The main products offered by our Surety business line are:

- ✓ Contract surety bonds, such as performance and labour and material payment bonds, primarily for the construction industry;
- ✓ Commercial surety bonds, such as license and permit, tax and excise, and fiduciary bonds, which are issued on behalf of commercial enterprises and professionals to governments, regulatory bodies or courts to guarantee compliance with legal or fiduciary obligations;
- ✓ Developer surety bonds, comprising mainly bonds to secure real estate developers' legislated deposit and warranty obligations on residential projects; and
- ✓ New home warranty insurance for residential homes.

Table 4.4

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	24,842	18,531	6,311	34.1%
Net premiums written	22,143	16,760	5,383	32.1%
Net premiums earned	17,188	13,241	3,947	29.8%
Fee income	4,311	4,288	23	0.5%
Net underwriting revenue	21,499	17,529	3,970	22.6%
Net underwriting income	3,166	8,097	(4,931)	(60.9%)
Loss ratio: current accident year	42.0%	26.4%		15.6pts
Loss ratio: prior years' development	(22.1%)	(17.1%)		(5.0pts)
Loss ratio	19.9%	9.3%		10.6pts

Surety GPW grew significantly for the quarter as momentum continued from 2021. Growth was driven by contract and commercial surety, and enhanced by the launch of our US Surety platform.

The growth in NPW and NPE was comparatively strong in Q1 2022 as a result of growth in GPW.

For Q1 2022 the loss ratio increased compared to 2021 as a result of an increase in current accident year claims in the quarter in contract surety. It should be noted that Q1 2021 was a particularly strong quarter for Surety and results this quarter reflect more normalized experience. NUI for the quarter was lower than Q1 2021 in part as a result of higher comparative claims experience. Q1 2021 also benefitted from lower expenses due to a contingent profit payment from reinsurers. NUI in Q1 2022 is also lower as a result of continued investment in the US Surety operations.

Risk Solutions

Risk Solutions includes specialty insurance contracts which are structured, to meet the specific requirements of program administrators, managing general agents, captive insurance companies, affinity groups and reinsurers. Our Risk Solutions business line consists primarily of warranty programs in the automotive and consumer goods space, and fronting for reinsurers through licensed brokers and MGAs for various insurance risks. Risk Solutions also sells warranty products which serve as complementary products to our insurance policies.

Beginning this quarter, we are presenting the results of Canadian Fronting, which includes fronting for reinsurers through licensed brokers and MGAs, which the company began writing in 2020. All other Risk Solutions business is presented in the table Risk Solutions Warranty, which consists primarily of warranty programs.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Risk Solutions – Total
Table 4.5

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	83,929	46,128	37,801	81.9%
Net premiums written	35,357	30,272	5,085	16.8%
Net premiums earned	32,940	15,544	17,396	111.9%
Net underwriting revenue	32,971	15,557	17,414	111.9%
Net underwriting income	6,523	2,064	4,459	216.0%
Loss ratio: current accident year	19.2%	18.7%		0.5pts
Loss ratio: prior years' development	(9.2%)	(2.6%)		(6.6pts)
Loss ratio	10.0%	16.1%		(6.1pts)

Canadian Fronting
Table 4.5.1

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	55,632	15,169	40,463	266.7%
Net premiums written	12,996	4,408	8,588	194.8%
Net premiums earned	9,898	1,278	8,620	674.5%
Net underwriting revenue	9,898	1,278	8,620	674.5%
Net underwriting income	2,872	189	2,683	1419.6%
Combined ratio	71.0%	85.2%		(14.2pts)

Risk Solutions Warranty
Table 4.5.2

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	28,297	30,959	(2,662)	(8.6%)
Net premiums written	22,361	25,864	(3,503)	(13.5%)
Net premiums earned	23,042	14,266	8,776	61.5%
Net underwriting revenue	23,073	14,279	8,794	61.6%
Net underwriting income	3,651	1,875	1,776	94.7%
Combined ratio	84.4%	87.0%		(2.6pts)

Canadian Fronting GPW and NPW for the quarter increased over comparable periods in 2021 as a result of program maturation. For fronted business in the Canadian operations, we generally target a fronting fee in the range of 4.0% to 8.0% of GPW depending on the nature of the arrangement. NPE for the quarter increased as a result of maturing of programs, with particularly strong growth in Q4 2021. The loss ratio was approximately the same as the prior year. The combined ratio decreased as a result of an increase in NPE due to maturing of the business. NUI increased in Q1 2022 over the prior year primarily as a result of higher NPE from maturing programs.

Risk Solutions Warranty GPW and NPW decreased in the quarter, as several programs were impacted by supply chain disruptions, reducing growth over the prior period. NPE growth was significant for the quarter driven by maturation of the portfolio resulting in greater earned premiums from programs written in prior years. The loss ratio was lower in Q1 2022 than Q1 2021 as a result of improved performance in certain warranty programs. The combined ratio in the quarter was lower than the prior year as a result of the lower loss ratio. NUI in the quarter was greater than the prior year largely as a result of growth from maturing of the business, as well as a lower loss ratio.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Corporate Insurance

The main products offered by our Corporate Insurance business are Directors' & Officers' insurance for public, private and non-profit enterprises, professional liability insurance for both enterprises and professionals, technology and cyber liability insurance for enterprises, commercial package insurance for both enterprises and professionals and fidelity insurance for both commercial enterprises and financial institutions.

Table 4.6

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	30,865	20,913	9,952	47.6%
Net premiums written	17,368	13,779	3,589	26.0%
Net premiums earned	18,826	13,190	5,636	42.7%
Net underwriting revenue	18,826	13,190	5,636	42.7%
Net underwriting income	4,412	4,391	21	0.5%
Loss ratio: current accident year	38.9%	38.8%		0.1pts
Loss ratio: prior years' development	(17.0%)	(24.6%)		7.6pts
Loss ratio	21.9%	14.2%		7.7pts

GPW, NPW and NPE continued to demonstrate strong growth in Q1 2022 due to continued new business growth combined with stable policy retentions and continued premium rate increases. We also have continued support from our distribution partners.

In Q1 2022, the loss ratio increased from Q1 2021, as a result of stable current accident year loss ratio combined with less favourable prior years' development. We continue to reserve current accident year business at a higher rate than prior years to reflect the uncertainty related to the current economic environment. Should the economic climate become more certain, our reserving practices may return to previous levels.

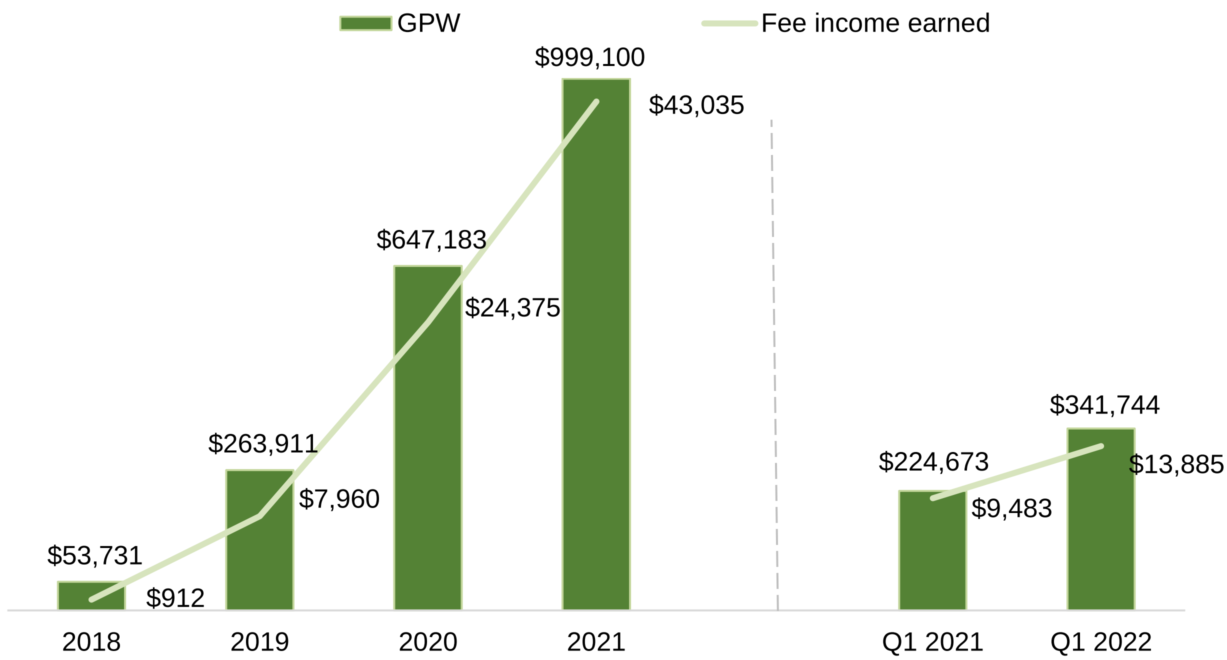
NUI saw a modest increase in Q1 2022, as a result of growth in the business, which was offset by a higher loss ratio. It should be noted that the loss ratio in Q1 2021 was exceptionally low.

UNITED STATES

Our US platform functions as a non-admitted surplus line insurer in all states, participating as a hybrid fronting carrier with a fee-based business model.

In Q4 2021 we launched Bricktown Specialty Insurance Company, a companion Excess and Surplus balance sheet to support growth of our hybrid fronting platform.

Our US operations continued to grow premium, producing $341.7 million in the quarter across 63 programs. The graph below shows the evolution of GPW, fee income earned, and the number of programs bound in the US.

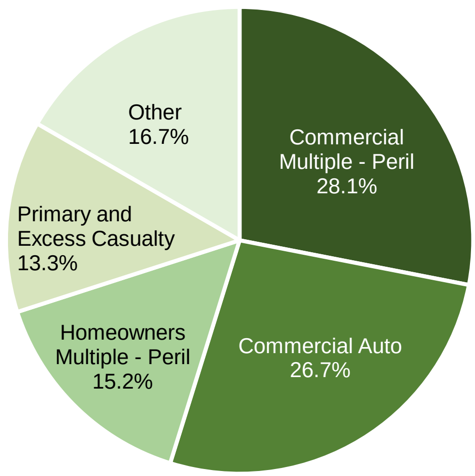


Number of Programs bound	14	29	48	62	50	63

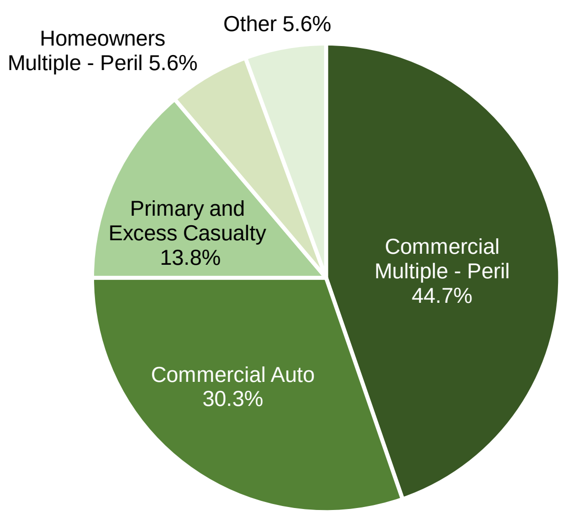
UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US GPW and NPW for Q1 2022. The charts include premiums ceded to our International reinsurance operations.

Gross Premiums Written
Q1 2022 (1)



Net Premiums Written
Q1 2022 (1)



(1) "Other" includes Auto Physical Damage, Allied Lines – Flood, Boiler and Machinery, Farmowners Multiple - Peril, Inland Marine, MonoLine Property, Prepaid Legal and Private Auto.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

UNITED STATES (CONTINUED)

The table below presents financial highlights for our US operations.

Table 4.7

	Q1 2022	Q1 2021	$ variance	% variance
Gross premiums written	341,744	224,673	117,071	52.1%
Net premiums written	33,302	16,525	16,777	101.5%
Net premiums earned	19,394	10,620	8,774	82.6%
Fee income	13,885	9,483	4,402	46.4%
Net underwriting revenue	33,279	20,103	13,176	65.5%
Net underwriting income	8,414	6,603	1,811	27.4%
Net income	6,699	6,413	286	4.5%
Loss ratio	65.3%	73.4%		
Retention rate(1)	9.7%	7.4%		
Fees as percentage of ceded premium(1)	5.4%	5.9%		
Fronting operational ratio(1)	74.7%	67.2%		
ROE	13.9%	13.2%		

(1) This is a supplementary financial measure. See Section 10, Operating Metrics for its composition.

The table below shows Deferred fee income as at Q1 2022, compared to Q4 2021.

Table 4.8

As at	March 31, 2022	December 31, 2021	$ variance
Deferred fee income	28,564	25,974	2,590

GPW and NPW in the quarter grew significantly over Q1 2021. The increase was primarily the result of maturation of existing programs. Growth in NPW was higher than growth in GPW in the quarter as our US operations wrote more business in the period with a higher retention, reflecting strong market conditions and participation of our International reinsurance operations. In the quarter, $33.9 million of GPW were generated by admitted programs compared to $7.6 million in Q1 2021.

Our US Fronting operations retained 9.7% of GPW in the quarter. The remainder of premiums were ceded to third party reinsurers. The increase in retention reflects structural nuances on certain programs whose premiums are grossed up to reflect higher commission rates, leading to a higher reported retention rate. A more mature business mix and selective increased retention on renewed programs, also increased the retention rate. We target retention between 5.0% and 10.0% on all programs.

Fees as a percentage of ceded premium were lower in the quarter, in part as a result of the purchase of additional catastrophe coverage which does not attract Fee income.

NPE grew significantly compared to Q1 2021, driven by growth of programs and an increase in retained premium earned in the period from business bound in 2022 and 2021.

UNITED STATES (CONTINUED)

Fee income in our US operations reflects fronting fees received from reinsurers which are recognized over the life of the insurance contracts with which they are associated. The earnings pattern of Fee income is similar to that of NPE. Fee income grew strongly in Q1 2022 as a result of significant premium growth over the past year.

The Q1 2022 loss ratio improved versus the comparable period in 2021 as we benefitted from a diversification of our platform.

The fronting operational ratio in Q1 2022 was higher than Q1 2021, as a result of a shift in mix of business as a larger share of NUI was generated from business with a higher retention rate.

See Section 5 – Investment Performance Review for a discussion on Net investment income (loss).

Quarterly NUI increased, primarily as a result of increased Fee income as program volume and program partners continued to grow. Net income increased for the same reasons, but was offset by realized losses in the quarter related to movement in the investment portfolio.

The US operations continued its trend of growing profitability, achieving a 13.9% ROE in Q1 2022, compared to 13.2% ROE in Q1 2021.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

CORPORATE AND OTHER

Our corporate results represent expenses that do not relate specifically to any one segment of the Company as well as debt servicing costs and certain derivative gains and losses on hedging instruments.

Table 4.9

	Q1 2022	Q1 2021	$ variance
Net claims and expenses – Reinsurance	(193)	8,685	(8,878)
Corporate expenses and other	(724)	(389)	(335)
SBC, net of hedging	(979)	245	(1,224)
Net expenses[1]	(1,896)	8,541	(10,437)
Debt servicing	(492)	(105)	(387)
Corporate and other	(2,388)	8,436	(10,824)

(1) Refer to Table 10.7.1 for details to reconcile to Note 18 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

Corporate and other now includes some residual expenses associated with the run-off of in-force reinsurance contracts of our Reinsurance operations. During Q4 2021 we entered into a novation agreement whereby we irrevocably transferred all liabilities and obligations under a life reinsurance contract to another reinsurer. In Q1 2021, these expenses were in a recovery position as a result of movement in the annuity reserves. As a result of this, movement in these balances is significantly lower in Q1 2022.

Corporate expenses and other in the quarter were greater than Q1 2021 as a result of higher filing fees, as well as certain corporate costs associated with growth of the business.

SBC includes payment to directors and senior management and can be impacted by movement in the share price. As a result, we employ a hedging program for SBC to mitigate volatility. SBC is presented net of the impact of hedging instruments. SBC increased for the quarter as a result of an increase in the amount of SBC outstanding. In Q1 2021, SBC net of hedging was over-hedged and as a result was in a recovery in that quarter.

Debt servicing costs increased in the quarter compared to Q1 2021 as a result of the increase in outstanding debt due to the issuance of senior unsecured notes in Q2 2021, as well as higher interest costs on those notes compared to the rates on our revolving credit facility which was outstanding for the 2021 period.

SECTION 5 – INVESTMENT PERFORMANCE REVIEW

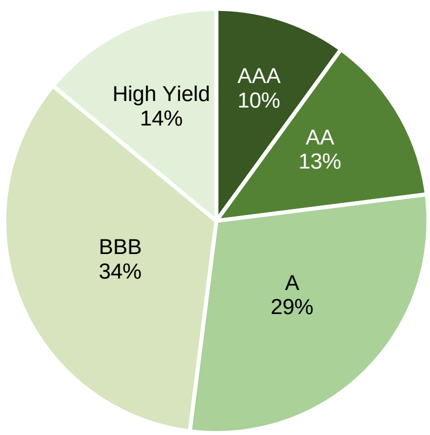
OVERVIEW

The Company's investment policy seeks to achieve attractive total returns without incurring an undue level of investment risk while supporting our liabilities and maintaining strong regulatory and economic capital levels. We take a centralized investment approach across all subsidiary portfolios and invest with a global posture.

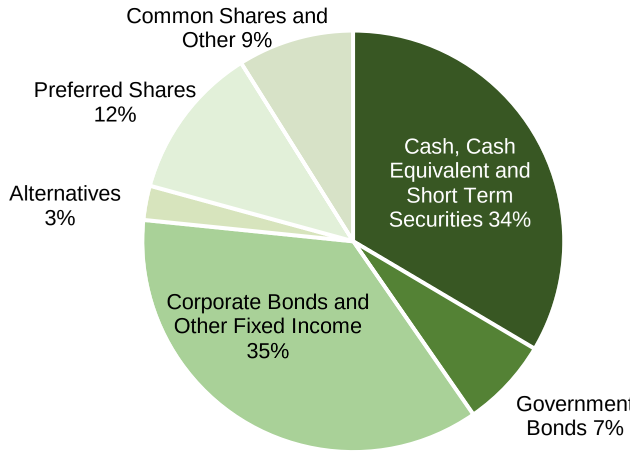
SUMMARY OF CASH AND INVESTMENTS

Our $908.4 million investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares and a small amount of alternative investments. Approximately 86% of our fixed income holdings are highly liquid, investment grade bonds.

Fixed Income Securities by Rating[(1)]



Investment Portfolio by Asset Class



(1) This is a supplementary financial measure. Composition: balance for each credit rating, divided by total balance for fixed income investments.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

INVESTMENT PERFORMANCE

Net Investment Income (Loss)

Table 5.1

	Q1 2022	Q1 2021	$ variance
Net investment income (loss)	4,023	(5,317)	9,340
Net gains excluding derivative (losses) gains[(1)]	3,647	836	2,811
Total investment income (loss)[(2)]	7,670	(4,481)	12,151

(1) This is a non-IFRS financial measure. See Table 10.3 in Section 10 for details to reconcile to Note 18 - Segmented Information in the Condensed Interim Consolidated Financial Statements.
(2) Sum of Net investment income(loss) and Net gains excluding derivative (losses) gains.

The Company's operations include Specialty P&C insurance in Canada and the US. Following the novation of our life annuity reinsurance contract, and the transfer of assets supporting those liabilities, the strategies of the different investment portfolios are more aligned and as such, we view investment returns on a consolidated basis. The tables and discussion going forward will consolidate investment results across the platform.

Net investment income (loss) is driven by interest and dividend income on invested assets, and was greater in Q1 2022 as a result of a larger investment portfolio. Net investment loss in Q1 2021 included the negative impact of unrealized losses in the life annuity reinsurance portfolio, a result of rising interest rates, which cause investment income to be negative in that quarter.

We continue to further diversify our investment portfolio, having further committed to alternative investments. While volatility in interest rates have negatively impacted the value of fixed income investments, higher reinvestment yields present an opportunity to enhance Net investment income (loss).

Net gains excluding derivative (losses) gains, represent realized gains and losses from sales of investments, the impact of foreign exchange related to the investment portfolio and the operations of the business, and impairments. Net gains excluding derivative (losses) gains were higher in Q1 2022 as a result of realized gains from portfolio re-positioning as we navigate a volatile interest rate environment.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Other Comprehensive (Loss) Income

Table 5.2

	Q1 2022	Q1 2021	$ variance
Unrealized (losses) gains in OCI	(17,823)	2,889	(20,711)
Cumulative translation loss	(3,231)	(2,127)	(1,105)
Other comprehensive (loss) income	(21,054)	762	(21,816)

The Company records unrealized gains and losses on the market value of its AFS assets through OCI. The mark to market impact of these assets on OCI was negative in Q1 2022, driven by unrealized losses on fixed income positions in Canada and the US.

Foreign exchange differences arising from the translation of the financial statements of international operations to Canadian dollars are recognized as cumulative translation gains or losses, which are also a component of OCI. Cumulative translation losses in the quarter reflected the weakening of the US dollar against the Canadian currency, driving lower Canadian dollar valuations of capital held outside of Canada.

Refer to Notes 13 and 14 in Condensed Interim Consolidated Financial Statements for more detail on the components of investment returns.

SECTION 6 – OUTLOOK & STRATEGY

INDUSTRY

The specialty insurance market offers products and services that are not written by most insurance companies. The risks covered by specialty insurance policies generally require specialist underwriting knowledge and technical financial and actuarial expertise. Specialty lines are niche segments of the market that tend to involve more complex risks and a more concentrated set of competitors. Consequently, these risks are difficult to place in the standard insurance market where many carriers are unable or unwilling to underwrite them. As a result, specialty insurers have more pricing and policy form flexibility than traditional market insurers whose prices and policy forms are subject to authorization and approval by insurance regulators. Specialty lines are less commoditized areas of the market where relationships, product expertise and product structure are not easily replicated. For this reason, specialty insurers have historically, and are expected to continue to outperform the standard markets by having lower claims ratios and combined ratios than traditional insurance companies.

In contrast to the standard P&C insurance market, which is divided almost evenly between personal and commercial lines, specialty insurers are focused almost exclusively on commercial lines. Even within the commercial sector, the business mix of the specialty insurers can vary significantly from that of the overall P&C industry. Although no standard definition for the specialty insurance market exists, some common examples of business written by specialty insurers include non-standard insurance, niche market segments (such as Surety, D&O and E&O) and products that require tailored underwriting. Many insurance groups with a specialty focus have several different carriers and licenses and allocate business between these carriers depending on market conditions and regulatory requirements. The agency channel is the primary distribution channel for specialty insurance. Managing general agents often serve an important role in helping carriers distribute specialty insurance products.

The specialty market is more fragmented than the broader P&C industry. In the US, it is estimated that the top ten excess and surplus participants capture less than 40% market share, with the top 25 averaging 2% market share. An estimated $47.8 billion USD of excess and surplus insurance direct premiums were written in 2020 (excluding Lloyd's), growth of 18% year-on-year, compared with the broader P&C industry which grew by 2% year-on-year to $728.9 billion USD. From 2011 until 2020, the average combined ratio for US excess and surplus markets was 95.8% versus 100.4% for the P&C industry. In Canada, specialty market[(1)] growth was estimated to be 15% year-on-year to $6.3 billion in direct written premium, as compared to the P&C industry at 6.0% growth and $76.6 billion in direct written premium.

(1) Growth figures for the specialty market in Canada include Boiler and Machinery, Credit, Credit Protection, Fidelity, Hail, Legal Expense, Cyber Liability, Directors and Officers Liability, Excess Liability, Professional Liability, Umbrella Liability, Pollution Liability, Surety and Marine. Market data is based on the latest available data from MSA Research Inc. (FY 2020).

OUTLOOK AND STRATEGY

Our Company has an experienced management team with strong industry relationships and excellent reputations with rating agencies, insurance regulators and business partners. We have operated in the Canadian Specialty P&C insurance market for more than 16 years, establishing a conservative underwriting and investing track record.

In Canada, we have built our brand through serving our clients, brokers and institutional partners as a leading provider of niche specialty insurance products. We will continue to build out our product offerings in existing and new niche segments of the market with suitably skilled underwriters and professionals. We remain committed to our broker distribution channel to promote and sell insurance products. We are selective in partnering with a limited brokerage force, focusing its efforts on leading brokerage firms in the industry with expertise in specialty lines. This distribution network currently comprises over 150 major international, national and regional brokerage firms operating across Canada in all provinces and territories as well as boutique niche brokers with a focus on specialty lines.

Our US business is now fully operational and demonstrating scale and profitability. It is licensed as a domestic excess and surplus lines insurer in Oklahoma operating as a non-admitted surplus lines insurer in all states, and as an admitted carrier in 48 states. We are in the process of obtaining admitted licenses in the remaining states. It is our belief that conditions are favourable for the continued growth of our US platform, which operates as a hybrid fronting carrier using a fee-based business model. Our focus is to source high quality business opportunities by partnering with a core base of established and well-managed program administrators. From our experience to date, these program administrators welcome our new capacity.

Furthermore, we continue to benefit from a strong supply of highly rated international reinsurance capacity keen to partner with us to gain exposure to this business, allowing us to cede the majority of the risk on policies to these reinsurers on commercially favourable terms. This belief has been supported by our experience in the market through 2020 and 2021. We are confident that this platform will generate attractive, stable fee income while maintaining a small risk position, right-sizing underwriting risk and aligning our interests with our program distribution partners and capacity providers. Our US business is the largest component of GPW, and as we continue to grow, we expect that it will become an increasingly significant contributor to profitability.

We will continue to develop our distribution network, building on our existing partner network in Canada and our core base of program administrators in the US. Our Company will strive to increase the penetration of our products with our partners by providing the support they require to enhance the effectiveness of their sales and marketing efforts.

We also intend to consider acquisitions on an opportunistic basis and pursue those that fit with our strategic plan. Building on the knowledge and expertise of our existing operations, we intend to initially target businesses in the US that operate in similar niches of the specialty insurance market, or that can expand our licensing. The closing of 21st Century Preferred Insurance Company is a demonstration of the willingness and capabilities our team has to pursue these acquisitions.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG")

We believe that acting responsibly toward all stakeholders is fundamental to operating a productive, profitable and sustainable business. This underlies our philosophy of conducting business with a long-term perspective in a sustainable and ethical manner.

In Q1 2022 the Company entered into an Amended and Restated Credit Agreement which includes a sustainability-linked loan ("SLL") structure. This structure allows for the borrowing rate to be adjusted based on the achievement of certain key performance indicators ("KPI"). As a first of its kind for insurers in Canada, the SLL is linked to our ambition to further incorporate ESG considerations into our investment activities. The structure introduces an incentive mechanism tied to KPIs around our responsible activities, including disclosure. Currently, the facility is entirely undrawn.

In connection with the SLL, we have implemented a Responsible Investing Policy applicable to our investment portfolio, which mandates the inclusion of ESG factors into our investment decisions, starting with the due diligence of a potential investment through to the ultimate exit process. As part of the policy, during the initial due diligence phase, we utilize both internal and third-party research to identify material ESG risks and opportunities relevant to the potential investment. By the end of 2023, we aim for this policy to apply to at least 50% of our investment portfolio and our goal is to align disclosure of our responsible investing activities in accordance with a recognized framework.

Environmental

Climate change is one of the greatest challenges of our times. Countries, including United Kingdom, United States, Germany, Italy, France and Japan, have committed to achieving net-zero emissions by 2050. Canada has made intensive efforts to target 40-50 percent emission reduction by 2030. Climate-related risks are strategically relevant to our business over time.

Although the Company's property exposure is primarily related to fronted programs, physical and weather-related risks have an impact on the property-exposed business that the Company retains, and we continue to adapt our business to the impacts of climate change through enhanced catastrophe modelling, adjustments to pricing practices related to severe weather, continuing to refine how we select property-exposed business and structure appropriate reinsurance coverage.
During Q1 2022, we partnered with Nature Force, to supports the funding of natural infrastructure projects in British Columbia, Ontario and Quebec with a prioritization on flood attenuation in the most populous regions.

Social

We recognize the importance of taking responsibility for charitable efforts, both globally and within the communities in which we operate. In Q1 2022, we responded to humanitarian relief efforts related to Russia's invasion of Ukraine by donating fifty thousand dollars to the Canada-Ukraine Foundation.

We value our employees, actively seek opportunities to develop them and to ensure they are engaged. We are committed to fostering, cultivating, and preserving a culture of diversity and inclusion. Equity and inclusion are imperative to our business. To that effect, the Company has also engaged a service provider to assist with the development of an equity framework, which Trisura intends to implement.

In order to provide our clients with the products and services they require and to ensure that we make informed underwriting and claims decisions, it is necessary that we obtain private information about our clients and/or their businesses. We take all necessary and reasonable precautions to protect the privacy of the information provided to us by our clients. We use manual and electronic controls to protect personal information that has been entrusted to us. These controls include restricted access to our premises, user authentication, encryption, firewall technology and the use of detection software.
We have a Cyber Security Incident Response Policy that communicates the overall process and guidelines for the identification, reporting and response to cyber security events, incidents and data breach at the Company. It is intended to help us respond to a security event or incident in a way that is consistent with our obligations, including legal obligations, to our customers, colleagues, and shareholders.

Governance

The Board has ultimate oversight of ESG strategy, which includes oversight of climate related risks and opportunities. The Board receives regular updates on the Company's ESG initiatives throughout the year.

The Governance Committee is responsible for implementing the board diversity policy, monitoring progress towards the achievement of its objectives and recommending to the Board any necessary changes that should be made to the policy. The Board has committed to meeting the gender diversity target of at least 30% of Directors identifying as women by 2023. In Q1 2022 we welcomed our first female director, Ms. Janice Madon, to our Board of Directors.

Refer to our Management Information Circular dated April 12, 2022 for detailed information on Governance.

SECTION 7 – RISK MANAGEMENT

RISKS AND UNCERTAINTIES

Risks Associated with the COVID-19 Pandemic

The rapid spread of the COVID-19 coronavirus, was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken by government authorities globally in response to COVID-19, interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets; resulted in volatility of interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions as well as the labour market. As a result of the rapid spread of COVID-19, many companies and various governments have imposed restrictions on business activity and travel which may continue and could expand.

Governments and central banks around the world have enacted fiscal and monetary stimulus measures to counteract the effects of the COVID-19 pandemic and various other response measures, including vaccines, however, the overall magnitude and long-term effectiveness of these actions remain uncertain. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and our Company going forward or for how long any disruptions are likely to continue.

The nature and extent of such impacts will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict. Additional actions may be taken to contain COVID-19 or treat its impact, such as re-imposing previously lifted measures or putting in place additional restrictions. The effectiveness of vaccines on virus variants could also affect the impact of COVID-19. Such developments may result in a material adverse effect on our assets, liquidity, financial condition and the operating results of our insurance business due to its impact on the economy and global financial markets. There can be no assurance that strategies to address these risks will mitigate the adverse impacts related to the outbreak.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SECTION 8 – OTHER INFORMATION

RATINGS

Trisura's regulated Canadian operating subsidiary has been rated A- (Excellent) by A.M. Best since 2012. This rating was reaffirmed with stable outlook by A.M. Best in December 2021. Trisura's regulated US operating subsidiary obtained an A- (Excellent) rating with stable outlook from A.M. Best in September 2017. As at March 31, 2022, all regulated operating subsidiaries of Trisura US have an A- (Excellent) rating. A.M Best increased the financial size category of the Trisura entities from VIII to IX (US $250 million to US $500 million capital) in December 2021, based on the Company's consolidated balance sheet.

In March 2022, DBRS Morningstar reaffirmed the rating of A (low) to the principal operating subsidiaries of Trisura and reaffirmed the Issuer Rating of BBB to Trisura Group Ltd, and the Senior Unsecured Notes rating of BBB to the company's outstanding notes.

CASH FLOW SUMMARY

Table 8.1

	Q1 2022	Q1 2021	$ variance
Net income	21,050	19,318	1,732
Non-cash items	4,935	10,942	(6,007)
Change in working capital	3,298	2,453	845
Realized gains	(1,892)	(870)	(1,022)
Income taxes paid	(11,634)	(1,191)	(10,443)
Interest paid	(499)	(250)	(249)
Net cash from operating activities	15,258	30,402	(15,144)
Proceeds on disposal of investments	53,589	36,844	16,745
Purchases of investments	(100,983)	(69,935)	(31,048)
Net purchases of capital and intangible assets	(290)	(856)	566
Net cash used in investing activities	(47,684)	(33,947)	(13,737)
Shares issued	551	257	294
Shares purchased under Restricted Share Units plan	(2,106)	(1,814)	(292)
Loans received	-	26,970	(26,970)
Loans repaid	-	(27,555)	27,555
Principal portion of lease payments	(502)	(334)	(168)
Net cash used in financing activities	(2,057)	(2,476)	419
Net decrease in cash and cash equivalents	(34,483)	(6,021)	(28,462)
Cash and cash equivalents, beginning of period	341,319	136,519	204,800
Currency translation	(2,372)	(849)	(1,523)
Cash and cash equivalents, end of period	304,464	129,649	174,815

In Q1 2022, Net cash from operating activities was lower than Q1 2021 as a result of higher tax payments in Q1 2022, related to the 2021 taxation year, as well as the impact of a transfer of cash related to the novation of the life annuity reserves. Both the Canadian and US operations generated positive cash flow from Change in working capital, as well as from operating activities in the quarter.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

CASH FLOW SUMMARY (CONTINUED)

Net cash used in investing activities in Q1 2022 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries. In Q1 2022 purchases of investments were greater than Q1 2021, as more cash from operations was deployed in the quarter. Disposals of investments were greater in Q1 2022 than in Q1 2021 as a result of growth in the portfolio.

In Q1 2022 Net cash used in financing activities was similar to Q1 2021. Q1 2021 included movement in the Loans received and Loans repaid balances as a result of the repayment of the outstanding USD denominated Loan payable, which was replaced with a new Loan payable denominated in CAD. A small increase in Shares issued in Q1 2022 and Q1 2021 was the result of certain options being exercised.

SEGMENTED REPORTING

Table 8.2

As at	March 31, 2022			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	1,044,729	1,906,494	60,310	3,011,533
Liabilities(2)	874,970	1,693,522	86,091	2,654,583
Shareholders' Equity(2)	169,759	212,972	(25,781)	356,950
Book Value Per Share, $	4.12	5.17	(0.63)	8.66

Table 8.3

As at	December 31, 2021			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	1,095,984	1,763,972	140,398	3,000,354
Liabilities(2)	929,845	1,549,154	162,566	2,641,565
Shareholders' Equity(2)	166,139	214,818	(22,168)	358,789
Book Value Per Share, $	4.03	5.21	(0.54)	8.70

(1) *Total reflects the Group's Assets, Liabilities, and Book Value Per Share.*
(2) *Individual segmented amounts are supplementary financial measures. The total amount is presented in the Condensed Interim Consolidated Financial Statements.*

FINANCIAL INSTRUMENTS

See Notes 4, 5, 6, 13, and 14 in the Company's Condensed Interim Consolidated Financial Statements for financial statement classification of the change in fair value of financial instruments, significant assumptions made in determining the fair values, amounts of income, expenses, gains and losses associated with the instruments.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SECTION 9 – SUMMARY OF RESULTS

SELECTED QUARTERLY RESULTS

Table 9.1

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Gross premiums written	481,380	484,740	404,678	363,514	310,274	314,200	239,607	202,683
Net premiums written and fee income	126,397	128,566	115,989	112,312	91,149	98,059	71,195	52,748
Total revenues	110,125	106,549	91,682	86,721	64,925	69,494	60,095	52,455
Net income	21,050	10,295	16,057	16,889	19,318	10,949	6,535	6,587
EPS, basic (in dollars)	0.51	0.25	0.39	0.41	0.47	0.27	0.16	0.17
EPS, diluted (in dollars)	0.50	0.24	0.38	0.40	0.46	0.26	0.16	0.17
Total assets	3,011,533	3,000,354	2,575,613	2,203,460	1,886,686	1,706,732	1,517,516	1,327,613
Total non-current financial liabilities(1)	75,000	75,000	75,000	74,429	16,000	16,096	28,869	29,494

(1) See Note 11 in the Company's Condensed Interim Consolidated Financial Statements for details on Debt outstanding.

The balances presented above have generally grown over time, reflecting growth in the business.

SECTION 10 – ACCOUNTING AND DISCLOSURE MATTERS

OPERATING METRICS

We use operating metrics to assess our operating performance.

Operating Metrics	Definition and *Usefulness*
BVPS	Shareholders' equity, divided by total number of shares outstanding. *Used to calculate the per-share value of a company based on equity available to common shareholders.*
Combined Ratio	The sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income as a percentage of NPE, or underwriting margin. *A combined ratio under 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.*
Debt-to-Capital Ratio	Total Debt outstanding at the end of the reporting period, divided by sum of: Debt outstanding balance and Shareholders' equity.
Expense Ratio	Net commission expenses and operating expenses (net of fee income in our Canadian operations) as a percentage of NPE. *A measure to evaluate pre-tax underwriting profitability.*
Fees as Percentage of Ceded Premium	Written fee income divided by ceded written premium. *Illustrates the rate of fee income generated from ceded premium, and can supplement measurements of pre-tax underwriting profitability.*
Fronting Operational Ratio	The sum of Net claims and loss adjustment expenses, Net commissions and Operating expenses divided by the sum of NPE and fronting fees. *A measure of pre-tax underwriting profitability.*
Loss Ratio	Net claims and loss adjustment expenses incurred as a percentage of NPE. *A measure of claims used to evaluate pre-tax underwriting profitability.*
Loss Ratio: current accident year	Represents our current year loss ratio excluding prior years' development. *A measure of current year claims used to evaluate pre-tax underwriting profitability.*
Loss Ratio: prior years' development	Net claims and loss adjustment expenses from prior accident years as a percentage of NPE. *A measure of prior accident year claims used to evaluate pre-tax underwriting profitability.*
ROE	Net income for the twelve month period preceding the reporting date, divided by the average common shareholders' equity over the same period, adjusted for significant capital transactions, if appropriate. *A historical measure of after-tax profitability.*
Adjusted ROE	ROE calculated using Adjusted net income for the twelve month period preceding the reporting date. *An alternate measure of after-tax profitability, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American operations.*
Adjusted Net Income	Net income, adjusted to remove impact of certain items to normalize earnings in order to better reflect our North American specialty operations. Items which are not core to operations include Net gains (loss) and Net loss (gain) from life annuity. Adjustments also include items which may not be recurring, such as loss on sale of structured insurance assets, the impact of CAT Programs Reinsurance, and certain tax adjustments. Adjustments also include SBC. *A measure of after-tax profitability, used in calculating Adjusted EPS and Adjusted ROE.*
MCT	Our regulated Canadian operations report the results of its MCT as prescribed by OSFI's Guideline A — Minimum Capital Test, as amended, restated or supplemented from time to time. *MCT determines the supervisory regulatory capital levels required by our regulated Canadian operations.*

RBC	Our regulated US operations report the results of its RBC as prescribed by the NAIC's Risk-Based Capital for Insurers Model Act, as amended, restated or supplemented from time to time. *RBC determines the statutory minimum amount of capital required by our regulated US operations.*
Retention Rate	NPW as a percentage of GPW. *A measure of gross written premium that is not ceded to reinsurers, which can be used to evaluate insurance risk.*
LTM Average Equity	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions and equity raises, if appropriate. *A measure used in calculating Adjusted ROE.*
Net Underwriting Revenue	The sum of Net premiums earned and Fee income. *A measure used in calculating Net underwriting income.*
Net Underwriting Income	Net underwriting revenue, less Net claims and loss adjustment expenses, Net commissions, and Operating expenses. *A measure of pre-tax underwriting profitability.*
Deferred Fee Income	Reflects unrecognized revenue associated with gross written fee income and is expected to be earned over the lifetime of the associated policies. *A precursor to earned fee income, which can be used to assist with estimates of future pre-tax underwriting profitability.*

These operating metrics are operating performance measures that highlight trends in our core business or are required ratios used to measure compliance with OSFI and other regulatory standards. Our Company also believes that securities analysts, investors and other interested parties use these operating metrics to compare our Company's performance against others in the specialty insurance industry. Our Company's management also uses these operating metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Such operating metrics should not be considered as the sole indicators of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

NON-IFRS FINANCIAL MEASURES AND OTHER FINANCIAL MEASURES

We report certain financial information using non-IFRS financial measures. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. They are used by management and financial analysts to assess our performance.

Further, they provide users with an enhanced understanding of our results and related trends and increase transparency and clarity into the core results of the business.

Non-IFRS Financial Measures

Table 10.1 – Operating expenses excluding SBC and premium taxes: useful to show growth in expenses excluding premium taxes and volatility from increased value of SBC due to increase in our share price, as we attempt to hedge this item through the use of derivatives, whose offsetting movement is reflected in Net (losses) gains.

	Q1 2022	Q1 2021
Operating expenses per financial statements	**(21,124)**	(17,014)
Less: SBC	(3,142)	2,753
Less: premium taxes	4,812	1,201
Operating expenses excluding SBC and premium taxes	**(19,454)**	(13,060)
Year-over-year % increase, Operating expenses	24.2%	
Year-over-year % increase, Operating expenses excluding SBC and premium taxes	49.0%	

Table 10.2.1 – Reconciliation of reported Net income to Adjusted net income[(1)]: reflects Net income, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations.

	Q1 2022	Q1 2021
Net income (see Table 3.1)	21,050	19,318
Adjustments:		
Impact of SBC, see Table 10.1	(3,142)	2,753
Net losses (gains), see Table 3.1	474	(3,834)
Net losses (gains) from life annuity	77	(1,455)
Tax impact of above items	544	210
Adjusted net income	19,003	16,992

(1) *Adjusted net income, a component of Adjusted EPS, is a non-IFRS financial measure (details on Adjusted EPS presented in Table 10.2).*

Table 10.3 – Reconciliation of Net (losses) gains to Net gains excluding derivative losses (gains) from hedging: represent realized gains and losses, impact of foreign exchange related to investment portfolio.

	Q1 2022	Q1 2021
Net (losses) gains, as presented in the financial statements	**(474)**	3,834
Derivative losses (gains) from hedging, from Table 10.7.2	4,121	(2,998)
Net gains excluding derivative losses (gains), as presented in Table 5.1	**3,647**	836

Table 10.4.1 – Reconciliation of Average equity[(2)] to LTM average equity[(3)]: LTM average equity is used in calculating adjusted ROE.

	Q1 2022	Q1 2021
Average equity	**332,856**	247,991
Adjustments: days in quarter proration, equity raise in Q2 2020	10,131	20,898
LTM average equity, as presented in Table 10.4	**342,987**	268,889

(2) *Average equity is calculated as the sum of opening equity and closing equity over the last twelve months, divided by two.*

(3) *LTM average equity, a component of ROE and Adjusted ROE, is a non-IFRS financial measure (details on ROE and Adjusted ROE presented in Table 10.4).*

Non-IFRS Ratios

Table 10.2 – Adjusted earnings per common share: reflect EPS, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations; a measure of after-tax profitability.

	Q1 2022	Q1 2021
Adjusted net income	19,003	16,992
Weighted-average number of common shares outstanding – basic (in thousands of shares)	41,175	41,079
Adjusted earnings per common share – basic (in dollars)	**0.46**	0.41
Adjusted net income	19,003	16,992
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	42,161	41,991
Adjusted earnings per common share – diluted (in dollars)	**0.45**	0.40

Table 10.4 – ROE and Adjusted ROE: a measure of the Company's use of equity.

	Q1 2022	Q1 2021
LTM net income	64,291	43,389
LTM average equity	342,987	268,889
ROE	**18.7%**	16.1%
LTM net income	64,291	43,389
Adjustments:		
Impact of share-based compensation	2,349	9,900
Loss on sale of structured insurance assets	1,336	-
Net gains	(10,175)	(14,338)
Net loss from life annuity	2,091	2,435
Impact of Catastrophe programs reinsurance	2,158	-
Tax impact of above items	1,331	1,166
Adjustments relating to non-recurring income tax benefits	(936)	-
Adjusted LTM net income[(1)]	62,445	42,552
LTM average equity	342,987	268,889
Adjusted LTM ROE	**18.2%**	15.8%

(1) Adjusted LTM net income, a component of Adjusted ROE, is a non-IFRS financial measure.

All supplementary financial measures are identified in the MD&A in the form of a footnote. Their respective compositions are either explained in a footnote, or located in Section 10, Operating Metrics.

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Additional Information

Table 10.5.1 – Reconciliation of Note 18 – Segmented information in the Company's Condensed Interim Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.3 and 4.7)

Entities	For the three months ended March 31, 2022		
	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	19,819	(5,052)	14,767
Trisura US	8,475	(1,776)	6,699

Table 10.5.2 – Reconciliation of Note 18 – Segmented information in the Company's Condensed Interim Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.3 and 4.7)

Entities	For the three months ended March 31, 2021		
	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	15,960	(4,001)	11,959
Trisura US	7,992	(1,579)	6,413

Corporate and Other

Table 10.7.1 – Reconciliation of Note 18 – Segmented information to Section 4 – Corporate and Other Table 4.9

	Q1 2022	Q1 2021
Net expenses Corporate and other, as presented in Note 18	**2,316**	(3,743)
Net claims - Reinsurance	(91)	9,286
Derivative (losses) gains from hedging(1)	(4,121)	2,998
Net expenses, as presented in Table 4.9	**(1,896)**	8,541

(1) Derivative (losses) gains from hedging are presented in Net (losses) gains in the Condensed Interim Consolidated Financial Statements.

Table 10.7.2 – Reconciliation from SBC, gross of hedging to SBC, net of hedging

	Q1 2022	Q1 2021
SBC, gross of hedging(2)	3,142	(2,753)
Add: Derivative (losses) gains from hedging(3)	(4,121)	2,998
SBC, net of hedging as presented in Table 4.9	(979)	245

(2) Included in Net expenses in Corporate and other segment of FS Note 18.
(3) Derivative (losses) gains from hedging are presented in Net (losses) gains in the Condensed Interim Consolidated Financial Statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "likely," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could".

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of our Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available for Sale Financial Asset
BVPS	Book Value Per Share
D&O	Directors' and Officers' insurance
E&O	Errors and Omissions Insurance
EPS	Diluted Earnings Per Share
FVTPL	Fair Value Through Profit & Loss
GPW	Gross Premium Written
LTM	Last Twelve Months
MCT	Minimum Capital Test
MGA	Managing General Agent
n/a	not applicable
nm	not meaningful
NPE	Net Premiums Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
Primary lines	Primary lines are lines of insurance business not classified as fronting, such as Surety, Corporate Insurance, and Risk Solutions – Warranty.
pts	Percentage points
Q1, Q2, Q3, Q4	The three months ended March 31, June 30, September 30 and December 31 respectively
Q2 YTD	The six months ended June 30
Q3 YTD	The nine months ended September 30
Q4 YTD	The twelve months ended December 31
ROE	Return on Shareholders' Equity over the last twelve months
RSUs	Equity-settled restricted share units
USD	United States Dollar
YTD	Year to Date