Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended June 30, 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 and six months ended June 30, 2022. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended June 30, 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 August 4, 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 49 states. We continue the process of applying for licenses in the remaining state.

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 Canada, 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 Q2 2022

- ✓ GPW of $642.2 million increased by 76.7% compared to Q2 2021, demonstrating a step change in scale with sustained growth in Canada and a significant expansion of US Fronting.
- ✓ Net income of $20.2 million increased by 19.6% compared to Q2 2021 with strong contributions from both Canada and the US.
- ✓ EPS of $0.48 in the quarter increased by 20.0% over Q2 2021. Adjusted EPS(1) of $0.46 in the quarter increased by 31.4%, demonstrating significant expansion of core operations.
- ✓ ROE(2) of 19.2% increased from 18.3% at Q2 2021. A significant contributor to the increase in ROE was strong underwriting performance in Canada.
- ✓ BVPS(2) of $8.62 increased by 7.3% over Q2 2021, the result of strong earnings, mitigated by unrealized losses in the investment portfolio as a result of rising interest rates.
- ✓ Canada:
  - Quarterly GPW growth of 36.2% 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 $15.0 million grew 68.0% versus Q2 2021 as a result of significant growth in GPW and strong underwriting performance.
  - Combined ratio(2) of 80.6% was very strong, with strong performance across all lines.
  - Canadian fronting grew by 114.8%, generating $3.7 million in net underwriting income as maturation of Canadian fronting results continues to increase the proportion of fee-based income for the organization.
  - Net income of $13.9 million drove a 31.6% ROE.
- ✓ United States:
  - Significant quarterly GPW growth led to $447.6 million of premium in the quarter, the result of favorable market conditions, maturation of existing programs, and new program additions.
  - Fee income in the quarter of $15.5 million reflects strong growth and a 39.5% increase over Q2 2021
  - Deferred fee income(2), a precursor to earned fees, grew to $34.7 million, a significant increase over Q4 2021.
  - Net income of $8.0 million in the quarter increased 16.2%, supported by Fee income and mitigated by investments in the business as we position for an expanded platform.
  - ROE of 13.7% was comparable with the prior year, despite an increased capital base and investments in growth of the business.
- ✓ In the quarter $30.0 million was drawn from our revolving credit facility, which was used to fund capital contributions in both Canada and the US. Following quarter end, we raised $144.0 million in capital through our third successful equity raise. The proceeds are expected to help support growth across the platform.

(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

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	642,215	363,514	278,701	76.7%	1,123,595	673,788	449,807	66.8%
Net premiums written	145,933	100,200	45,733	45.6%	254,103	177,565	76,538	43.1%
Net premiums earned	102,671	67,028	35,643	53.2%	191,020	119,652	71,368	59.7%
Fee income	16,311	12,112	4,199	34.7%	34,538	25,896	8,642	33.4%
Net investment income (loss)	5,077	2,780	2,297	82.6%	9,100	(2,537)	11,637	nm
Net gains	1,441	4,801	(3,360)	(70.0%)	967	8,635	(7,668)	(88.8%)
Total revenues	125,500	86,721	38,779	44.7%	235,625	151,646	83,979	55.4%
Net claims and LAE	(29,055)	(21,390)	(7,665)	35.8%	(52,660)	(25,497)	(27,163)	106.5%
Net commissions	(44,311)	(26,330)	(17,981)	68.3%	(81,419)	(44,889)	(36,530)	81.4%
Operating expenses	(24,112)	(19,737)	(4,375)	22.2%	(45,236)	(36,751)	(8,485)	23.1%
Interest expense	(642)	(281)	(361)	128.5%	(1,233)	(468)	(765)	163.5%
Total claims and expenses	(98,120)	(67,738)	(30,382)	44.9%	(180,548)	(107,605)	(72,943)	67.8%
Income before income taxes	27,380	18,983	8,397	44.2%	55,077	44,041	11,036	25.1%
Income tax expense	(7,185)	(2,094)	(5,091)	243.1%	(13,832)	(7,834)	(5,998)	76.6%
Net income	20,195	16,889	3,306	19.6%	41,245	36,207	5,038	13.9%
Other comprehensive (loss) income	(22,381)	3,835	(26,216)	nm	(43,435)	4,597	(48,032)	nm
Comprehensive (loss) income	(2,186)	20,724	(22,910)	nm	(2,190)	40,804	(42,994)	nm
Earnings per common share - diluted - in dollars	0.48	0.40	0.08	20.0%	0.98	0.86	0.12	14.0%
Adjusted earnings per common share - diluted - in dollars	0.46	0.35	0.11	31.4%	0.91	0.75	0.16	21.3%
Book value per share - in dollars	8.62	8.03	0.59	7.3%	8.62	8.03	0.59	7.3%
ROE	19.2%	18.3%	n/a	0.9pts	19.2%	18.3%	n/a	0.9pts
Adjusted ROE(1)	19.6%	16.1%	n/a	3.5pts	19.6%	16.1%	n/a	3.5pts

(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 and YTD periods, driven by expansion of US Fronting, as well as significant growth in Canada led by Canadian Fronting, but supported by both Surety and Corporate Insurance. NPW growth for the quarter and full year was also significant, reflecting growth across the platform.

NPE growth for the quarter and YTD periods 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. Importantly, growth in Fee income lags gross premiums written growth as fees are earned over a twelve month period.

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 Gains

See Section 5 – Investment Performance Review.

Net Claims and Loss Adjustment Expenses

Net claims in the quarter and YTD period grew as a result of growth in the business. We also experienced a claims recovery in 2021 associated with our life annuity reserves, which lowered claims expense in 2021, and contributed to a larger year over year increase in 2022. 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 46% in the quarter and 69% YTD.

Net Commissions

Growth in Net commissions expense in the quarter and YTD period 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 and YTD were greater than comparable periods in 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 expenses also include premium taxes, which in the case of fronted programs are offset by Reinsurance ceding commission or NPE. Operating expenses excluding SBC and premium taxes(1) increased 47.4% in the quarter, and 48.3% YTD 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 Q2 2022 was greater than Q2 2021 as a result of higher Net income before tax during the quarter, as well as the impact of a tax recovery in Q2 2021 which reduced Income tax expense in that quarter. Income tax expense for YTD 2022 was greater than YTD 2021 for the same reasons. For additional information, see Note 15 of the Condensed Interim Consolidated Financial Statements.

Net Income

Net income increased in the quarter and YTD period as a result of growth in the Canadian and US insurance operations, as well as higher Net investment income (loss) in the quarter and YTD periods.

Other Comprehensive (Loss) Income

See Section 5 – Investment Performance Review.

EPS, Adjusted EPS, BVPS, ROE, Adjusted ROE

EPS of $0.48 in the quarter and $0.98 YTD improved by 20.0% and 14.0% respectively over Q2 and YTD 2021, the result of strong growth in Canada and the US.

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 31.4% in the quarter and 21.3% YTD primarily due to growth in Specialty P&C earnings in both Canada and the US.

BVPS increased by 7.3% over Q2 2021 as a result of growth in Net income, mitigated by unrealized losses as a result of rising interest rates in 2022.

ROE and Adjusted ROE increased due to growth in the business, as well as reductions to equity as a result of movement in the investment portfolio.

On July 14, 2022, the Company completed a public offering of 4,512,000 common shares, for net proceeds of $144.0 million. Pro forma EPS(1), including the impact of the public offering, is $0.43 for the quarter and $0.88 YTD. Pro forma adjusted EPS(1) is 0.41 for the quarter and 0.82 YTD. Pro forma BVPS(1) is $10.92. Pro forma EPS was calculated by adding 4,512,000 shares to the calculation of weighted average shares outstanding. Pro forma BVPS was calculated by adding $144.0 million to capital and 4,512,000 to shares outstanding.

(1) This is a non-IFRS ratio. See Table 10.5 and 10.6 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.

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

BALANCE SHEET ANALYSIS

Table 3.2

As at	June 30, 2022	December 31, 2021	$ variance
Cash and cash equivalents	367,966	341,319	26,647
Investments	606,756	641,140	(34,384)
Premiums and accounts receivable, and other assets	397,259	311,629	85,630
Recoverable from reinsurers	1,706,310	1,375,354	330,956
Deferred acquisition costs	376,212	304,580	71,632
Capital assets and intangible assets	19,379	17,109	2,270
Deferred tax assets	15,253	9,223	6,030
Total assets	3,489,135	3,000,354	488,781
Accounts payable, accrued and other liabilities	87,827	216,633	(128,806)
Reinsurance premiums payable	451,233	335,673	115,560
Unearned premiums	1,229,602	965,245	264,357
Unearned reinsurance commissions	208,072	152,003	56,069
Unpaid claims and loss adjustment expenses	1,050,721	897,011	153,710
Debt outstanding	105,000	75,000	30,000
Total liabilities	3,132,455	2,641,565	490,890
Shareholders' equity	356,680	358,789	(2,109)
Total liabilities and shareholders' equity	3,489,135	3,000,354	488,781

Cash and cash equivalents has increased as a result of the drawing of $30.0 million from our revolving credit facility. Investments have decreased 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. Premiums and accounts receivable, and other assets has grown as a result of growth in GPW, particularly in the US over this most recent quarter. 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. Deferred acquisition costs has increased as a result of growth in Canada and US and is generally offset by growth in Unearned premiums and Unearned reinsurance commissions.

Accounts payable, accrued and other liabilities has decreased as a result of a number of payments settled in Q1 2022, as well as the settlement of the asset transfer related to the novation. Unearned premiums, Unearned reinsurance commissions, 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 and Deferred acquisition costs. Reinsurance premiums payable has increased as a result of growth in the business, in particular from the US. Debt outstanding has increased by $30.0 million as a result of the drawing of our revolving credit facility.

Shareholders' equity at June 30, 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 in the investment portfolio.

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 June 30, 2022, 41,251,365 common shares were issued and outstanding.

On July 14, 2022, the Company completed a public offering of 4,512,000 common shares. Including the impact of the public offering, total common shares outstanding is 45,763,365.

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 232% at June 30, 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 June 30, 2022.

The Company's debt-to-capital ratio(4) of 22.7% as at June 30, 2022 (17.3% as at December 31, 2021) is in excess of the company's long-term target of 20.0%, as a result of a draw from the Company's revolving credit facility in order to support growth of the business. Following the quarter-end, the company raised $144.0 million of net proceeds from an equity issuance, bringing the debt-to-capital ratio to below our 20.0% target.

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

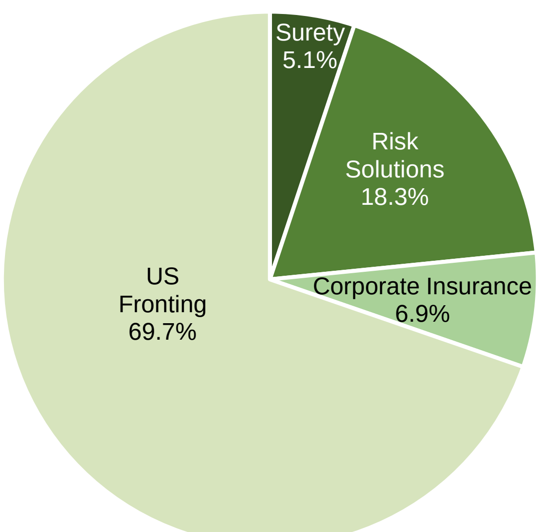
Our Specialty P&C business consists of Surety, Risk Solutions, and Corporate Insurance business lines which we primarily write in Canada, referred to as Trisura Canada, and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as Trisura US or US Fronting.

The table below provides a segmentation of our Specialty P&C GPW and NPW for the second quarter and YTD 2022 and 2021, respectively. Although US Fronting comprises the majority of our GPW, premium growth was substantial in Canada.

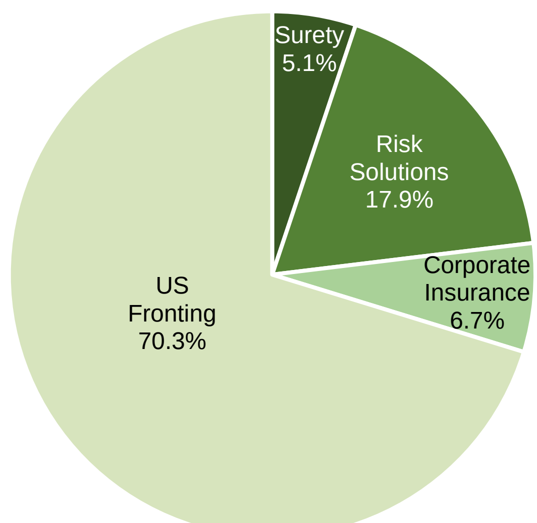
Table 4.1

GPW	Q2 2022	Q2 2021	% growth over prior year	Q2 2022 YTD	Q2 2021 YTD	% growth over prior year
Surety	32,894	28,180	16.7%	57,736	46,711	23.6%
Risk Solutions	117,614	88,531	32.9%	201,543	134,659	49.7%
Corporate Insurance	44,073	26,195	68.2%	74,937	47,108	59.1%
US Fronting	447,634	220,598	102.9%	789,379	445,271	77.3%
Total GPW	642,215	363,504	76.7%	1,123,595	673,749	66.8%

Gross Premiums Written
Q2 2022



Gross Premiums Written
Q2 2022 YTD



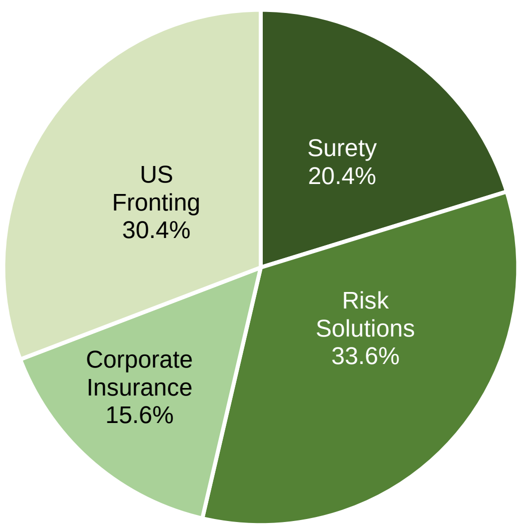
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SPECIALTY P&C (CONTINUED)

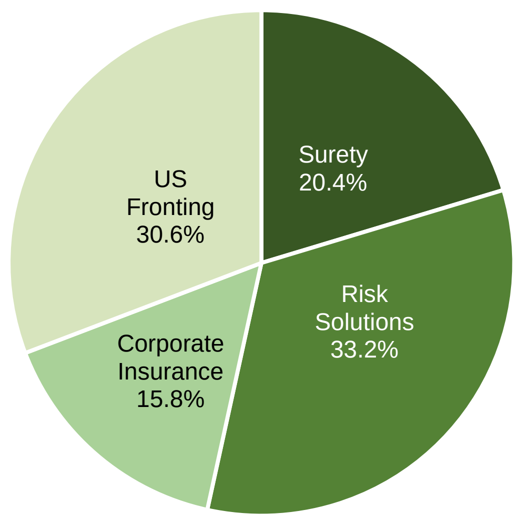
Table 4.2

NPW	Q2 2022	Q2 2021	% growth over prior year	Q2 2022 YTD	Q2 2021 YTD	% growth over prior year
Surety	29,714	25,958	14.5%	51,857	42,717	21.4%
Risk Solutions	49,028	36,982	32.6%	84,385	67,255	25.5%
Corporate Insurance	22,826	16,357	39.5%	40,194	30,136	33.4%
US Fronting	44,365	20,903	112.2%	77,667	37,457	107.3%
Total NPW	145,933	100,200	45.6%	254,103	177,565	43.1%

Net Premiums Written
Q2 2022



Net Premiums Written
Q2 2022 YTD



(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

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	194,581	142,906	51,675	36.2%	334,216	228,478	105,738	46.3%
Net premiums written	101,568	79,297	22,271	28.1%	176,436	140,108	36,328	25.9%
Net premiums earned	77,273	53,288	23,985	45.0%	146,228	95,263	50,965	53.5%
Fee income	855	1,029	(174)	(16.9%)	5,197	5,330	(133)	(2.5%)
Net underwriting revenue(1)	78,128	54,317	23,811	43.8%	151,425	100,593	50,832	50.5%
Net underwriting income	14,968	8,907	6,061	68.0%	29,069	23,459	5,610	23.9%
Net investment income	3,174	2,064	1,110	53.8%	5,879	3,897	1,982	50.9%
Net income	13,940	8,222	5,718	69.5%	28,707	20,181	8,526	42.2%
Loss ratio: current accident year(1)	20.5%	26.3%		(5.8pts)	25.1%	26.8%		(1.7pts)
Loss ratio: prior years' development(1)	(6.3%)	(1.8%)		(4.5pts)	(10.2%)	(7.2%)		(3.0pts)
Loss ratio(1)	14.2%	24.5%		(10.3pts)	14.9%	19.6%		(4.7pts)
Expense ratio(1)	66.4%	58.8%		7.6pts	65.2%	55.8%		9.4pts
Combined ratio	80.6%	83.3%		(2.7pts)	80.1%	75.4%		4.7pts
ROE	31.6%	27.0%		4.6pts	31.6%	27.0%		4.6pts

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

Quarterly and YTD GPW growth continued across all lines, led by Corporate Insurance and Risk Solutions. Risk Solutions sustained momentum from expanding fronting business in the quarter despite a reduction in warranty business related to supply chain disruptions and a program which we elected not to renew. 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 and YTD periods was the result of the factors discussed above. Growth in NPE exceeded growth in NPW primarily 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 slightly reduced in the quarter and YTD compared to 2021 despite premium growth, as the number of accounts remained roughly stable and fewer fees were collected for other ad hoc services.

The loss ratio for the quarter and YTD improved compared to the prior year. For the quarter, the loss ratio improved as a result of a lower loss ratio in all lines, and for the YTD period the loss ratio improved as a result of a lower loss ratio in Corporate Insurance and Risk Solutions. The expense ratio for the quarter increased primarily as a result of a shift in business mix towards Risk Solutions, which has higher commissions. The YTD 2022 expense ratio increased compared to YTD 2021 in part due to the shift in business mix as well as a one-time contingent profit commission received in Q1 2021 which created an exceptionally low expense ratio in that quarter. The combined ratio for the quarter improved compared to the prior year as a result of the lower loss ratio. The combined ratio for YTD 2022 was greater than the prior year as a result of the higher expense ratio but nonetheless strong at 80.1%.

NUI for the quarter and YTD periods increased due to growth in the business and strong underwriting results.

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

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

Net income grew significantly in Q2 and YTD 2022 compared to 2021 as a result of growth in the business, strong underwriting results and Net gains in the periods. Premium generation combined with disciplined underwriting demonstrated the benefit of our specialty focus and the ability of our platform to perform through volatile markets.

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

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	32,894	28,180	4,714	16.7%	57,736	46,711	11,025	23.6%
Net premiums written	29,714	25,958	3,756	14.5%	51,857	42,717	9,140	21.4%
Net premiums earned	21,214	16,734	4,480	26.8%	38,402	29,975	8,427	28.1%
Fee income	818	971	(153)	(15.8%)	5,129	5,259	(130)	(2.5%)
Net underwriting revenue	22,032	17,705	4,327	24.4%	43,531	35,234	8,297	23.5%
Net underwriting income	4,879	4,803	76	1.6%	8,045	12,900	(4,855)	(37.6%)
Loss ratio: current accident year	20.1%	20.6%		(0.5pts)	29.8%	23.2%		6.6pts
Loss ratio: prior years' development	(9.7%)	(6.6%)		(3.1pts)	(15.2%)	(11.3%)		(3.9pts)
Loss ratio	10.4%	14.0%		(3.6pts)	14.6%	11.9%		2.7pts

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

The growth in NPW and NPE in Q2 and YTD 2022 was a result of growth in GPW.

The Q2 2022 loss ratio was lower compared to 2021 as a result of an increase in prior years' development indicative of strong underwriting in 2021. The YTD 2022 loss ratio was greater than 2021 as a result of more claims activity. It should be noted that YTD 2021 was a particularly strong period for Surety.

NUI for the quarter was comparable to Q2 2021 as a result of continued investment in the US Surety operations. NUI for YTD 2022 was lower than the prior year as a result of higher claims experience and a higher expense ratio. The expense ratio in 2022 is higher, in part as a result of investment in US Surety, but also because 2021 benefitted from lower expenses due to a contingent profit payment from reinsurers.

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

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 year, 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.

Risk Solutions – Total

Table 4.5

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	117,614	88,531	29,083	32.9%	201,543	134,659	66,884	49.7%
Net premiums written	49,028	36,982	12,046	32.6%	84,385	67,255	17,130	25.5%
Net premiums earned	35,807	21,863	13,944	63.8%	68,747	37,407	31,340	83.8%
Net underwriting revenue	35,844	21,921	13,923	63.5%	68,816	37,478	31,338	83.6%
Net underwriting income	5,294	3,749	1,545	41.2%	11,817	5,813	6,004	103.3%
Loss ratio: current accident year	13.0%	15.7%		(2.7pts)	15.9%	17.0%		(1.1pts)
Loss ratio: prior years' development	(1.6%)	0.7%		(2.3pts)	(5.2%)	(0.7%)		(4.5pts)
Loss ratio	11.4%	16.4%		(5.0pts)	10.7%	16.3%		(5.6pts)

Canadian Fronting

Table 4.5.1

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	86,731	40,373	46,358	114.8%	142,363	55,542	86,821	156.3%
Net premiums written	19,042	5,426	13,616	250.9%	32,038	9,834	22,204	225.8%
Net premiums earned	11,267	2,788	8,479	304.1%	21,165	4,066	17,099	420.5%
Net underwriting revenue	11,267	2,788	8,479	304.1%	21,165	4,066	17,099	420.5%
Net underwriting income	3,696	386	3,310	857.5%	6,568	575	5,993	1042.3%

Canadian Fronting GPW and NPW for the quarter and YTD 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, many of which were onboarded throughout 2021. The loss ratio was approximately the same as the prior year. NUI increased for the quarter and YTD periods as a result of growth in the business.

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

Risk Solutions Warranty

Table 4.5.2

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	30,883	48,158	(17,275)	(35.9%)	59,180	79,117	(19,937)	(25.2%)
Net premiums written	29,986	31,556	(1,570)	(5.0%)	52,347	57,421	(5,074)	(8.8%)
Net premiums earned	24,540	19,075	5,465	28.7%	47,582	33,341	14,241	42.7%
Net underwriting revenue	24,577	19,133	5,444	28.5%	47,651	33,412	14,239	42.6%
Net underwriting income	1,598	3,363	(1,765)	(52.5%)	5,249	5,238	11	0.2%

Risk Solutions Warranty GPW for the quarter and YTD period decreased as a result of a highly reinsured captive program which we elected not to renew in 2022. In additional to this, several programs were impacted by supply chain disruptions impacting automobile sales, reducing growth over the prior periods. NPW decreased in the quarter and YTD periods as a result of the same factors which impacted GPW, however as the program which did not renew was highly reinsured, it had less of an impact on NPW. NPE growth was significant for the quarter and YTD periods driven by maturation of the portfolio resulting in greater earned premiums from programs written in prior years. The loss ratio was lower in Q2 and YTD 2022 than 2021 as a result of improved performance in certain warranty programs. NUI in the quarter was lower than the prior year primarily as a result of a one-time commission payment made in the quarter, as well as higher commission expense on certain programs.

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

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	44,073	26,195	17,878	68.2%	74,937	47,108	27,829	59.1%
Net premiums written	22,826	16,357	6,469	39.5%	40,194	30,136	10,058	33.4%
Net premiums earned	20,252	14,691	5,561	37.9%	39,078	27,881	11,197	40.2%
Net underwriting revenue	20,252	14,691	5,561	37.9%	39,078	27,881	11,197	40.2%
Net underwriting income	4,794	355	4,439	1250.4%	9,206	4,746	4,460	94.0%
Loss ratio: current accident year	34.3%	48.5%		(14.2pts)	36.5%	43.9%		(7.4pts)
Loss ratio: prior years' development	(11.2%)	0.1%		(11.3pts)	(14.0%)	(11.6%)		(2.4pts)
Loss ratio	23.1%	48.6%		(25.5pts)	22.5%	32.3%		(9.8pts)

GPW, NPW and NPE continued to demonstrate strong growth in Q2 and YTD 2022. This was due to continued new business growth, stable policy retentions, continued premium rate increases and strong support from our distribution partners.

In Q2 and YTD 2022, the loss ratio decreased compared to the prior year periods, as a result of lower current accident year loss ratio combined with more 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.

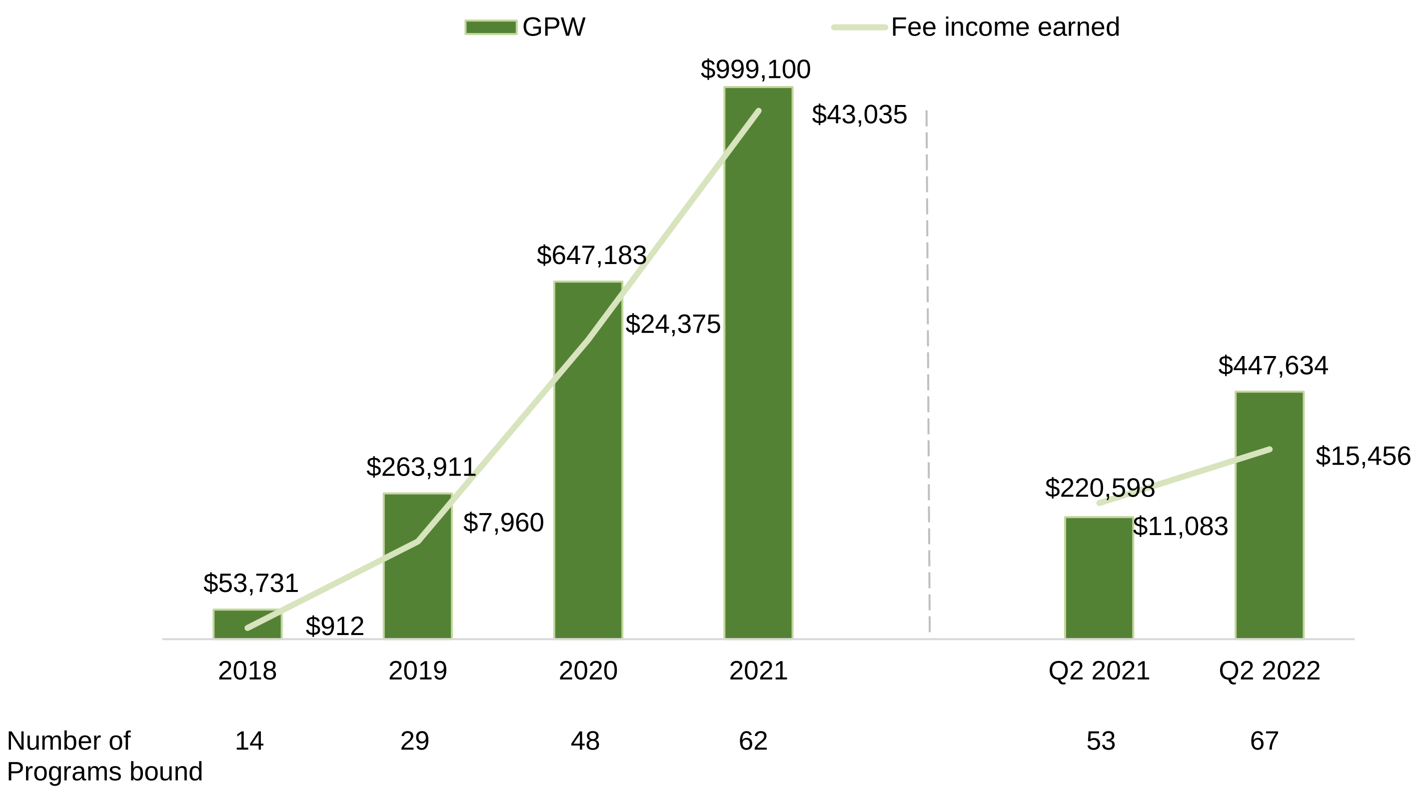
NUI increased in Q2 and YTD 2022, as a result of growth in the business and lower loss ratios.

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.

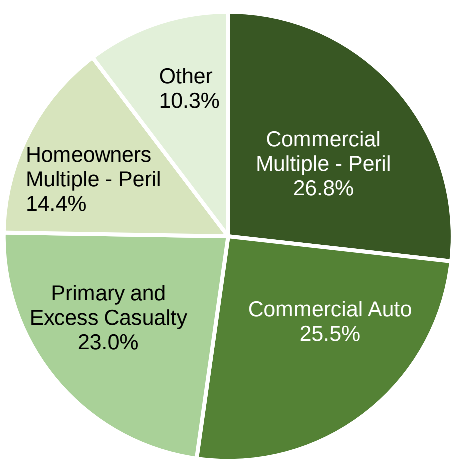
Our US operations continued to grow premium, producing $447.6 million in the quarter across 67 programs. The graph below shows the evolution of GPW, fee income earned, and the number of programs bound in the US.



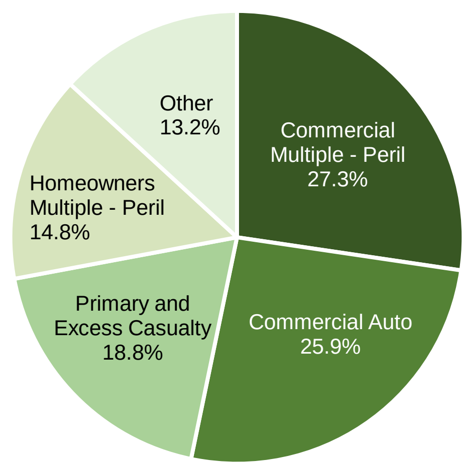
UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US GPW and NPW for Q2 2022 and YTD 2022. The charts include premiums ceded to our International reinsurance operations.

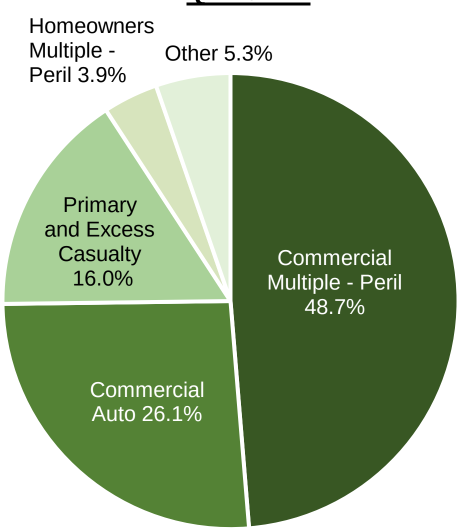
Gross Premiums Written Q2 2022(1)



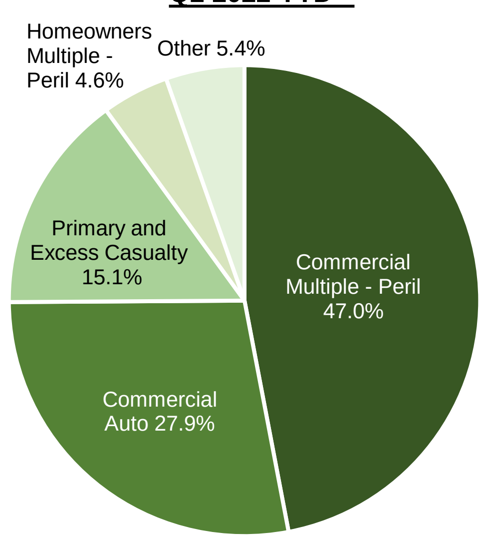
Gross Premiums Written Q2 2022 YTD(1)



Net Premiums Written Q2 2022(1)



Net Premiums Written Q2 2022 YTD(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

	Q2 2022	Q2 2021	$ variance	% variance	Q2 2022 YTD	Q2 2021 YTD	$ variance	% variance
Gross premiums written	447,634	220,598	227,036	102.9%	789,379	445,271	344,108	77.3%
Net premiums written	44,365	20,893	23,472	112.3%	77,667	37,418	40,249	107.6%
Net premiums earned	25,398	13,731	11,667	85.0%	44,792	24,351	20,441	83.9%
Fee income	15,456	11,083	4,373	39.5%	29,341	20,566	8,775	42.7%
Net underwriting revenue	40,854	24,814	16,040	64.6%	74,133	44,917	29,216	65.0%
Net underwriting income	7,290	7,490	(200)	(2.7%)	15,704	14,093	1,611	11.4%
Net investment income	1,594	1,112	482	43.3%	2,707	2,155	552	25.6%
Net income	8,002	6,889	1,113	16.2%	14,702	13,302	1,400	10.5%
Loss ratio	71.2%	66.4%			68.6%	69.5%		
Retention rate(1)	9.9%	9.4%			9.8%	8.4%		
Fees as percentage of ceded premium(1)	5.2%	5.9%			5.3%	5.9%		
Fronting operational ratio(1)	82.2%	69.8%			78.8%	68.6%		
ROE	13.7%	14.0%			13.7%	14.0%		

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

The table below shows Deferred fee income as at June 30, 2022, compared to December 31, 2021.

Table 4.8

As at	June 30, 2022	December 31, 2021	$ variance	% variance
Deferred fee income	34,732	25,974	8,758	33.7%

GPW and NPW in the quarter and YTD grew significantly over the respective periods in 2021. The increase was primarily the result of maturation of existing programs, supplemented by new program additions. Growth in NPW was higher than growth in GPW 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 and YTD, $44.4 million and $78.3 million of GPW were generated by admitted programs compared to $11.3 million in Q2 2021 and $18.9 million Q2 2021 YTD.

Our US Fronting operations retained 9.9% 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 a quota share retention generally between 5.0% and 10.0% on all programs.

NPE grew significantly in the quarter and YTD periods compared to 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 the quarter and YTD 2022 periods as a result of significant premium growth over the past year.

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

The Q2 2022 loss ratio was higher than Q2 2021 as a result of higher claims activity in certain programs. The YTD 2022 loss ratios did not change significantly from the prior year.

The fronting operational ratio in Q2 and YTD 2022 was higher than 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. In addition to this, we continued to invest in the platform as we recognized the step function change in growth and proactively invested in staff and operational infrastructure.

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

Quarterly NUI decreased slightly compared to Q2 2021, as a result of a higher loss ratio, and an additional catastrophe reinsurance purchase made in the quarter. YTD NUI increased compared to 2021 primarily as a result of increased Fee income as program volume and program partners continued to grow. Net income increased for the quarter, as a result of higher investment income and Net gains. Net income increased for the YTD period as a result of higher NUI, as well as growth in the investment portfolio which contributed to higher Net investment income.

The US operations achieved a 13.7% ROE in Q2 2022, compared to 14.0% ROE in Q2 2021 alongside an injection of $25.0 million USD in the quarter. On a quarterly annualized basis ROE was 15.7%.

(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

	Q2 2022	Q2 2021	$ variance	Q2 2022 YTD	Q2 2021 YTD	$ variance
Net claims and expenses – Reinsurance	(127)	113	(240)	(321)	8,798	(9,119)
Corporate expenses and other	(435)	(440)	5	(1,158)	(811)	(347)
SBC, net of hedging	(545)	(11)	(534)	(1,524)	83	(1,607)
Net expenses(1)	(1,107)	(338)	(769)	(3,003)	8,070	(11,073)
Debt servicing	(545)	(200)	(345)	(1,037)	(305)	(732)
Corporate and other	(1,652)	(538)	(1,114)	(4,040)	7,765	(11,805)

(1) Refer to Table 10.8.1 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, which impacted the YTD 2021 results. As a result of this, movement in this balance is significantly lower in 2022. There was no significant movement in Net claims and expenses – Reinsurance in Q2 2022 compared to Q2 2021.

Corporate expenses and other in the quarter were approximately the same as Q2 2021. On a YTD basis, Corporate expenses and other were greater than 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 and YTD period over the prior year as a result of more SBC having been issued over the past twelve months. In 2021, SBC net of hedging was over-hedged and as a result was exceptionally low, or in a recovery in that period. We experienced a more normalized level of SBC this quarter.

Debt servicing costs increased in the quarter and YTD period compared to 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

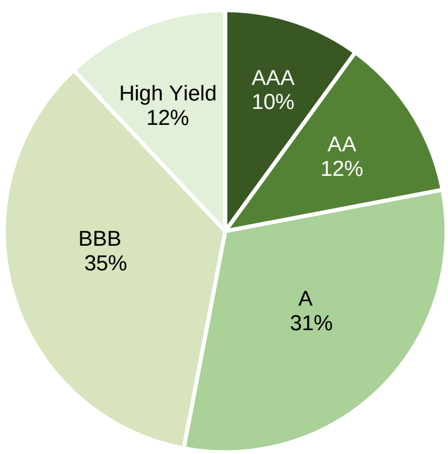
OVERVIEW

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.

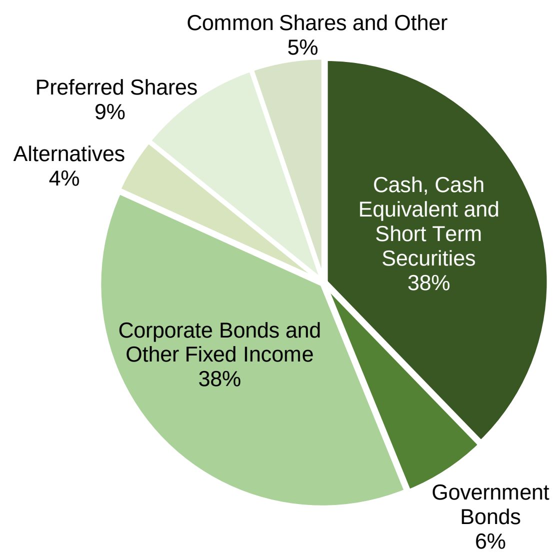
SUMMARY OF CASH AND INVESTMENTS

Our $974.7 million investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares, and alternative investments. Approximately 88% 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

	Q2 2022	Q2 2021	$ variance	Q2 2022 YTD	Q2 2021 YTD	$ variance
Investment income (loss)	5,077	2,780	2,297	9,100	(2,537)	11,637
Net gains excluding derivative losses (gains)(1)	1,792	418	1,374	5,439	1,387	4,052
Total investment income (loss)(2)	6,869	3,198	3,671	14,539	(1,150)	15,689

(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. Net investment income (loss) is driven by interest and dividend income on invested assets and was greater in Q2 2022 and Q2 2022 YTD than the prior year as a result of a larger investment portfolio. In addition to this, Net investment loss in Q2 2021 YTD included the impact of unrealized losses in the portfolio of assets supporting the life annuity reserves, a result of rising interest rates.

We continue to further diversify our investment portfolio, having committed to additional alternative investments in the quarter. 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) over the long-term.

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 Q2 2022 and Q2 2022 YTD 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

	Q2 2022	Q2 2021	$ variance	Q2 2022 YTD	Q2 2021 YTD	$ variance
Unrealized (losses) gains in OCI	(29,238)	6,133	(35,371)	(47,060)	9,023	(56,083)
Cumulative translation gain (loss)	6,857	(2,298)	9,155	3,625	(4,426)	8,051
Other comprehensive (loss) income	(22,381)	3,835	(26,216)	(43,435)	4,597	(48,032)

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 Q2 2022 and Q2 2022 YTD, and lower than the prior year as a result of unrealized losses on fixed income, equity and preferred share 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 gains in the quarter and year-to-date period reflected the strengthening of the US dollar against the Canadian currency, driving higher 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 49 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. 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.

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 June 30, 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

	Q2 2022	Q2 2021	$ variance	Q2 2022 YTD	Q2 2021 YTD	$ variance
Net income from operating activities	20,195	16,889	3,306	41,245	36,207	5,038
Non-cash items	2,403	(1,150)	3,553	7,338	9,792	(2,454)
Change in working capital	50,372	69,950	(19,578)	53,670	72,403	(18,733)
Realized gains	(3,593)	(611)	(2,982)	(5,485)	(1,481)	(4,004)
Income taxes paid	(9,890)	(5,996)	(3,894)	(21,524)	(7,187)	(14,337)
Interest paid	(997)	(107)	(890)	(1,496)	(357)	(1,139)
Net cash from operating activities	58,490	78,975	(20,485)	73,748	109,377	(35,629)
Proceeds on disposal of investments	44,266	23,436	20,830	97,855	60,280	37,575
Purchases of investments	(75,684)	(104,742)	29,058	(176,667)	(174,677)	(1,990)
Net purchases of capital and intangible assets	(116)	(1,669)	1,553	(406)	(2,525)	2,119
Net cash used in investing activities	(31,534)	(82,975)	51,441	(79,218)	(116,922)	37,704
Shares issued	1,115	602	513	1,666	859	807
Shares purchased under RSUs plan	-	(116)	116	(2,106)	(1,930)	(176)
Issuance of note payable	-	74,700	(74,700)	-	74,700	(74,700)
Loans received	30,000	-	30,000	30,000	26,970	3,030
Loans repaid	-	(26,970)	26,970	-	(54,525)	54,525
Lease payments	(445)	(354)	(91)	(947)	(688)	(259)
Net cash from financing activities	30,670	47,862	(17,192)	28,613	45,386	(16,773)
Net increase in cash and cash equivalents	57,626	43,862	13,764	23,143	37,841	(14,698)
Cash and cash equivalents, beginning of period	304,464	129,649	174,815	341,319	136,519	204,800
Currency translation	5,876	(694)	6,570	3,504	(1,543)	5,047
Cash and cash equivalents, end of period	367,966	172,817	195,149	367,966	172,817	195,149

In Q2 2022, Net cash from operating activities was lower than Q2 and YTD 2021 as a result of particularly high Change in working capital in the Canadian operations in Q2 2021. 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 Q2 and YTD 2022 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries. In Q2 2022 Purchases of investments were lower than Q2 2021, as more cash from operations was deployed in Q2 2021. For the full year, Purchases of investments were approximately the same in 2022 as 2021. Disposals of investments were greater in Q2 and YTD 2022 than in Q2 and YTD 2021 as a result of growth in the portfolio.

In Q2 and YTD 2022 Net cash from financing activities was less than Q2 and YTD 2021, as Q2 2021 included proceeds from a bond issuance, which were greater than the proceeds from drawing of the revolving credit facility in Q2 2022. YTD 2021 also 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, which was also repaid upon completion of the bond issuance. A small increase in Shares issued in 2022 and 2021 was the result of certain options being exercised.

SEGMENTED REPORTING

Table 8.2

As at	June 30, 2022			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	1,116,161	2,326,992	45,982	3,489,135
Liabilities(2)	938,504	2,078,147	115,804	3,132,455
Shareholders' Equity(2)	177,657	248,845	(69,822)	356,680
Book Value Per Share, $	4.30	6.02	(1.70)	8.62

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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Gross premiums written	642,215	481,380	484,740	404,678	363,514	310,274	314,200	239,607
Net premiums written and fee income	162,244	126,397	128,566	115,989	112,312	91,149	98,059	71,195
Total revenues	125,500	110,125	106,549	91,682	86,721	64,925	69,494	60,095
Net income	20,195	21,050	10,295	16,057	16,889	19,318	10,949	6,535
EPS, basic (in dollars)	0.49	0.51	0.25	0.39	0.41	0.47	0.27	0.16
EPS, diluted (in dollars)	0.48	0.50	0.24	0.38	0.40	0.46	0.26	0.16
Total assets	3,489,135	3,011,533	3,000,354	2,575,613	2,203,460	1,886,686	1,706,732	1,517,516
Total non-current financial liabilities(1)	105,000	75,000	75,000	75,000	74,429	16,000	16,096	28,869

(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 gains.

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
Operating expenses per financial statements	**(24,112)**	(19,737)	**(45,236)**	(36,751)
Less: SBC	194	4,394	(2,948)	7,165
Less: premium taxes	5,475	2,827	10,287	4,028
Operating expenses excluding SBC and premium taxes	**(18,443)**	**(12,516)**	**(37,897)**	(25,558)
Year-over-year % increase, Operating expenses	22.2%		23.1%	
Year-over-year % increase, Operating expenses excluding SBC and premium taxes	47.4%		48.3%	

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.

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
Net income (see Table 3.1)	**20,195**	16,889	**41,245**	36,207
Adjustments				
Impact of SBC, see Table 10.1	194	4,394	(2,948)	7,165
Net gains, see Table 3.1	(1,441)	(4,801)	(967)	(8,635)
Net losses (gains) from life annuity	-	56	77	(1,399)
Tax impact of above items	393	(475)	938	(748)
Adjustments relating to income tax benefits	-	(1,221)	-	(1,221)
Adjusted net income	**19,341**	14,842	**38,345**	31,369

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

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
Net gains, as presented in the financial statements	**1,441**	4,801	**967**	8,635
Derivative losses (gains) from hedging, from Table 10.8.2	351	(4,383)	4,472	(7,248)
Net gains excluding derivative losses (gains), as presented in Table 5.1	**1,792**	418	**5,439**	1,387

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

	Q2 2022	Q2 2021
Average equity	**343,653**	300,032
Adjustments: days in quarter proration	8,589	(6,504)
LTM average equity, as presented in Table 10.4	**352,242**	293,528

(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.

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
Adjusted net income	19,341	14,842	38,345	31,369
Weighted-average number of common shares outstanding – basic (in thousands of shares)	41,278	41,148	41,256	41,114
Adjusted earnings per common share – basic (in dollars)	**0.47**	0.36	**0.93**	0.76
Adjusted net income	19,341	14,842	38,345	31,369
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	42,139	42,146	42,125	42,001
Adjusted earnings per common share – diluted (in dollars)	**0.46**	0.35	**0.91**	0.75

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

	Q2 2022	Q2 2021
LTM net income	67,597	53,691
LTM average equity, from Table 10.4.1	352,242	293,528
ROE	**19.2%**	18.3%
LTM net income	67,597	53,691
Adjustments:		
Impact of SBC	111	11,641
Loss on sale of structured insurance assets	1,336	-
Net gains	(6,816)	(15,635)
Net losses (gains) from life annuity	2,035	(679)
Impact of Catastrophe programs reinsurance	2,158	-
Tax impact of above items	2,160	(639)
Adjustments relating to non-recurring income tax benefits	285	(1,221)
Adjusted LTM net income(1)	68,866	47,158
LTM average equity, from Table 10.4.1	352,242	293,528
Adjusted LTM ROE	**19.6%**	16.1%

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

Table 10.5 – Pro forma EPS and pro forma adjusted EPS: reflect pro forma EPS and adjusted EPS including the impact of equity raise on July 14, 2022.

	Q2 2022	Q2 2022 YTD
Net income	20,195	41,245
Pro forma Weighted-average number of common shares outstanding – diluted (in thousands of shares)	46,651	46,637
Pro forma Earnings per common share – diluted (in dollars)	**0.43**	**0.88**
Adjusted net income, from Table 10.2.1	19,341	38,345
Pro forma Weighted-average number of common shares outstanding – diluted (in thousands of shares)	46,651	46,637
Pro forma Adjusted earnings per common share – diluted (in dollars)	**0.41**	**0.82**

Table 10.6 – Pro forma BVPS: reflects pro forma BVPS including the impact of equity raise on July 14, 2022.

	Q2 2022
Book value as of June 30, 2022	356,680
Net proceeds from equity raise on July 14, 2022	144,023
Pro forma book value	**500,703**
Total common shares outstanding as of June 30, 2022 (in thousands of shares)	41,359
Pro forma common shares outstanding (in thousands of shares)	45,871
Pro forma BVPS (in dollars)	**10.92**

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 10.7.1 – 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)

	For the three months ended June 30, 2022			For the period ended June 30, 2022		
	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	18,848	(4,908)	13,940	38,666	(9,959)	28,707
Trisura US	10,391	(2,389)	8,002	18,866	(4,164)	14,702

Table 10.7.2 – 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)

	For the three months ended June 30, 2021			For the period ended June 30, 2021		
	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income	FS Note 18 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	11,150	(2,928)	8,222	27,110	(6,929)	20,181
Trisura US	8,797	(1,908)	6,889	16,790	(3,488)	13,302

Corporate and Other

Table 10.8.1 – Reconciliation of Note 18 – Segmented information to Section 4 – Corporate and Other Table 4.9

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
Net expenses Corporate and other, as presented in Note 18	**(748)**	(5,517)	**1,568**	(9,260)
Net claims – Reinsurance	(8)	796	(99)	10,082
Derivative (losses) gains from hedging(1)	(351)	4,383	(4,472)	7,248
Net expenses, as presented in Table 4.9	**(1,107)**	(338)	**(3,003)**	8,070

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

Table 10.8.2 – Reconciliation from SBC, gross of hedging to SBC, net of hedging

	Q2 2022	Q2 2021	Q2 2022 YTD	Q2 2021 YTD
SBC, gross of hedging(2)	(194)	(4,394)	2,948	(7,165)
Add: Derivative (losses) gains from hedging(3)	(351)	4,383	(4,472)	7,248
SBC, net of hedging as presented in Table 4.9	(545)	(11)	(1,524)	83

(2) Included in Net expenses in Corporate and other segment of FS Note 18.
(3) Derivative (losses) gains from hedging are presented in Net 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
LAE	Loss Adjustment Expenses
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