Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended September 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 nine months ended September 30, 2022. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended September 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 November 3, 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 Q3 2022

- ✓ GPW of $644.8 million increased by 59.3% compared to Q3 2021, demonstrating scale for the organization with sustained growth in Canada and continued expansion of US Fronting.
- ✓ Net income of $23.7 million increased by 47.9% compared to Q3 2021 with contributions from growing net income in Canada and the U.S.
- ✓ EPS of $0.51 in the quarter increased by 34.2% over Q3 2021. Adjusted EPS(1) of $0.45 in the quarter increased by 9.8% demonstrating profitability through continued growth.
- ✓ ROE(2) of 19.9% was comparable to Q3 2021. A significant contributor to ROE in the quarter was strong underwriting performance in Canada.
- ✓ BVPS(2) of $11.47 increased by 35.1% over Q3 2021, the result of our equity raise, strong earnings and foreign currency movement, and mitigated by unrealized losses in the investment portfolio as a result of rising interest rates.
- ✓ Canada:
  - GPW growth of 24.3% in the quarter reflects increased market share, expansion of distribution relationships, new fronting arrangements and the benefit of hard market conditions in certain lines of business.
  - NUI(2) of $14.4 million in the quarter grew 11.8% versus Q3 2021 as a result of growth in GPW and profitable underwriting performance.
  - Combined ratio(2) of 83.1% was very strong, though greater than Q3 2021 which was a particularly outstanding quarter.
  - Canadian fronting grew by 56.3%, generating $3.1 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 $12.8 million drove a 30.6% ROE.
  - In the quarter the Company acquired Sovereign Insurance's surety business in Canada, which produced an annual premium of over $16.0 million in 2021.
- ✓ United States:
  - GPW of $465.6 million in the quarter grew by 78.7% over Q3 2021, as a result of favorable market conditions, maturation of existing programs, and new program additions.
  - Fee income in the quarter of $18.2 million reflects a larger premium base and 72.6% increase over Q3 2021.
  - Deferred fee income(2), a precursor to earned fees, surpassed $40.6 million.
  - Net income of $8.6 million in the quarter increased 22.7%, supported by Fee income and mitigated by investments in the business and higher reinsurance costs as we position for an expanded platform.
  - ROE of 13.6% was comparable with the prior year, despite an increased capital base and investments in growth of the business.
- ✓ In the quarter we raised $144.0 million in capital through our third successful equity offering. The proceeds are being used to help support growth across the platform and were also used to pay down our revolving credit facility.

(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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	644,820	404,678	240,142	59.3%	1,768,415	1,078,466	689,949	64.0%
Net premiums written	106,414	104,631	1,783	1.7%	360,517	282,196	78,321	27.8%
Net premiums earned	111,996	75,489	36,507	48.4%	303,016	195,141	107,875	55.3%
Fee income	18,855	11,358	7,497	66.0%	53,393	37,254	16,139	43.3%
Net investment income	6,583	2,712	3,871	142.7%	15,683	175	15,508	nm
Net gains	3,723	2,123	1,600	75.4%	4,690	10,758	(6,068)	(56.4%)
Total revenues	141,157	91,682	49,475	54.0%	376,782	243,328	133,454	54.8%
Net claims and LAE	(33,457)	(20,010)	(13,447)	67.2%	(86,117)	(45,507)	(40,610)	89.2%
Net commissions	(48,510)	(29,527)	(18,983)	64.3%	(129,929)	(74,416)	(55,513)	74.6%
Operating expenses	(28,263)	(19,001)	(9,262)	48.7%	(73,499)	(55,752)	(17,747)	31.8%
Interest expense	(823)	(592)	(231)	39.0%	(2,056)	(1,060)	(996)	94.0%
Total claims and expenses	(111,053)	(69,130)	(41,923)	60.6%	(291,601)	(176,735)	(114,866)	65.0%
Income before income taxes	30,104	22,552	7,552	33.5%	85,181	66,593	18,588	27.9%
Income tax expense	(6,358)	(6,495)	137	(2.1%)	(20,190)	(14,329)	(5,861)	40.9%
Net income	23,746	16,057	7,689	47.9%	64,991	52,264	12,727	24.4%
Other comprehensive (loss) income	(218)	2,473	(2,691)	nm	(43,653)	7,070	(50,723)	nm
Comprehensive income	23,528	18,530	4,998	nm	21,338	59,334	(37,996)	nm
Earnings per common share - diluted - in dollars	0.51	0.38	0.13	34.2%	1.50	1.24	0.26	21.0%
Adjusted earnings per common share - diluted - in dollars	0.45	0.41	0.04	9.8%	1.37	1.16	0.21	18.1%
Book value per share - in dollars	11.47	8.49	2.98	35.1%	11.47	8.49	2.98	35.1%
ROE	19.9%	20.4%	n/a	(0.5pts)	19.9%	20.4%	n/a	(0.5pts)
Adjusted ROE(1)	19.2%	18.9%	n/a	0.3pts	19.2%	18.9%	n/a	0.3pts

(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 was mitigated by additional reinsurance coverage which reduces NPW, and full year growth reflected platform expansion, albeit reduced by the impact of additional reinsurance purchases.

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 and YTD periods 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 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 61% in the quarter and 53% 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.

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 YTD are less than the increase in NPE and Fee income, 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 44.2% in the quarter, and 46.8% 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 was approximately the same in Q3 2022 as Q3 2021 partly as a result of a tax adjustment in Q3 2021, which elevated the tax expense in that period. Income tax expense for YTD 2022 was greater than YTD 2021 as a result of higher Net income before tax during the period. 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 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 $0.51 in the quarter and $1.50 YTD improved by 34.2% and 21.0% respectively over Q3 and YTD 2021, the result of growth in Canada and the US alongside profitable underwriting and increasing fee income.

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 9.8% in the quarter and 18.1% YTD primarily due to growth in Specialty P&C earnings in both Canada and the US.

BVPS increased by 35.1% over Q3 2021 as a result of our equity raise, as well as increasing Net income, mitigated by unrealized losses in the investment portfolio as a result of rising interest rates in 2022.

ROE decreased slightly from the prior year related to a larger capital base as a result of the equity offering in the quarter, as well as additional investment in internal infrastructure of the business in the period. Adjusted ROE increased due to growth in the business, as well as reductions to equity as a result of movement in the investment portfolio, mitigated by a larger equity base resulting from our public offering.

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

BALANCE SHEET ANALYSIS

Table 3.2

As at	September 30, 2022	December 31, 2021	$ variance
Cash and cash equivalents	384,553	341,319	43,234
Investments	740,548	641,140	99,408
Premiums and accounts receivable, and other assets	437,804	311,629	126,175
Recoverable from reinsurers	2,150,255	1,375,354	774,901
Deferred acquisition costs	412,805	304,580	108,225
Capital assets and intangible assets	20,280	17,109	3,171
Deferred tax assets	19,254	9,223	10,031
Total assets	4,165,499	3,000,354	1,165,145
Accounts payable, accrued and other liabilities	100,121	216,633	(116,512)
Reinsurance premiums payable	472,482	335,673	136,809
Unearned premiums	1,376,791	965,245	411,546
Unearned reinsurance commissions	245,763	152,003	93,760
Unpaid claims and loss adjustment expenses	1,369,026	897,011	472,015
Debt outstanding	75,000	75,000	-
Total liabilities	3,639,183	2,641,565	997,618
Shareholders' equity	526,316	358,789	167,527
Total liabilities and shareholders' equity	4,165,499	3,000,354	1,165,145

Cash and cash equivalents has increased as a result of the equity offering in Q3 2022. Investments have increased as a result of the equity offering in Q3 2022 and offset by unrealized losses in the portfolio, largely due to the impact of rising interest rates on the fixed income portfolio. Premiums and accounts receivable, and other assets has grown as a result of growth in GPW, particularly in the US. 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 increased 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.

Shareholders' equity at September 30, 2022 has increased from December 31, 2021 as a result of the proceeds from the equity offering, as well as an increase in retained earnings. The increase is partially 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).

On July 14, 2022, the Company completed a public offering of 4,512,000 common shares. As at September 30, 2022, 45,761,317 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 232% at September 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 September 30, 2022.

The Company's debt-to-capital ratio(4) of 12.5% as at September 30, 2022 (17.3% as at December 31, 2021), was below the Company's long-term target 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

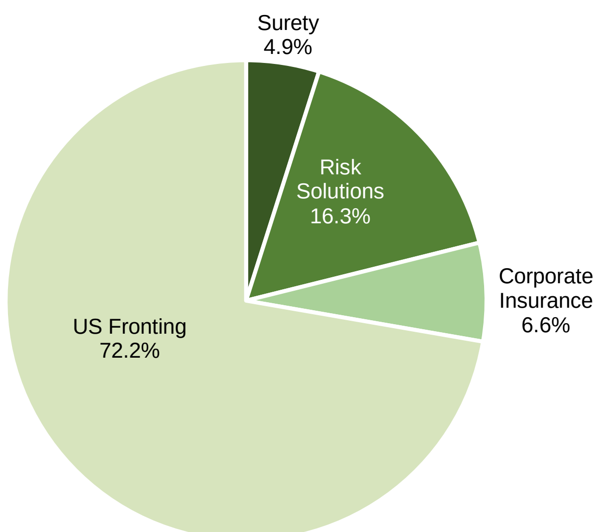
Our Specialty P&C business consists of Surety, Risk Solutions, and Corporate Insurance business lines which we primarily write in Canada, referred to as Trisura Canada, and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as Trisura US or US Fronting.

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

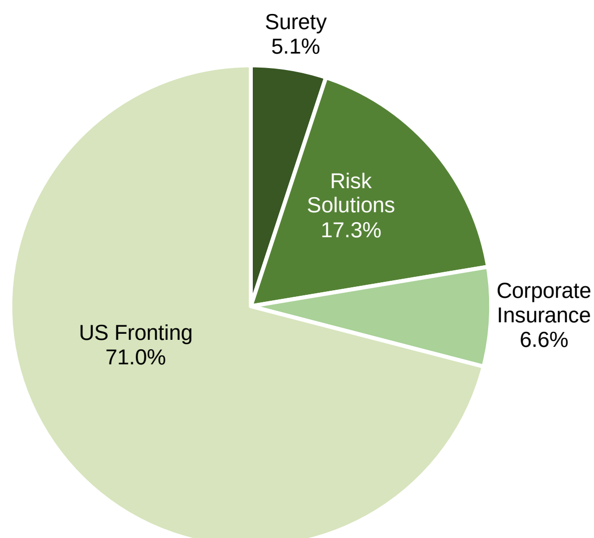
Table 4.1

GPW	Q3 2022	Q3 2021	% growth over prior year	Q3 2022 YTD	Q3 2021 YTD	% growth over prior year
Surety	31,783	27,676	14.8%	89,519	74,387	20.3%
Risk Solutions	104,781	79,732	31.4%	306,324	214,391	42.9%
Corporate Insurance	42,624	36,710	16.1%	117,561	83,818	40.3%
US Fronting	465,632	260,518	78.7%	1,255,011	705,790	77.8%
Total GPW	644,820	404,636	59.4%	1,768,415	1,078,386	64.0%

Gross Premiums Written
Q3 2022



Gross Premiums Written
Q3 2022 YTD

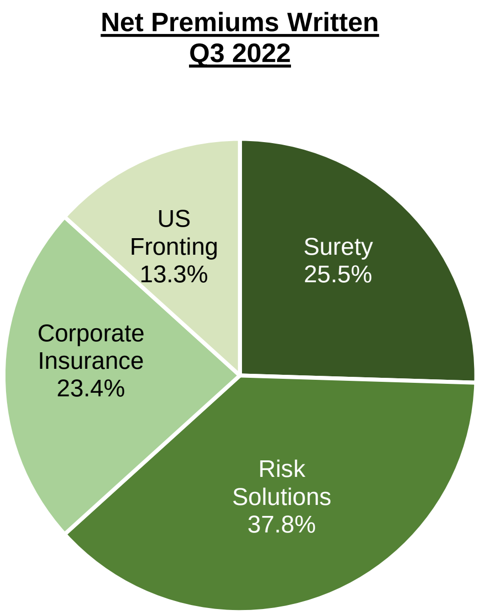


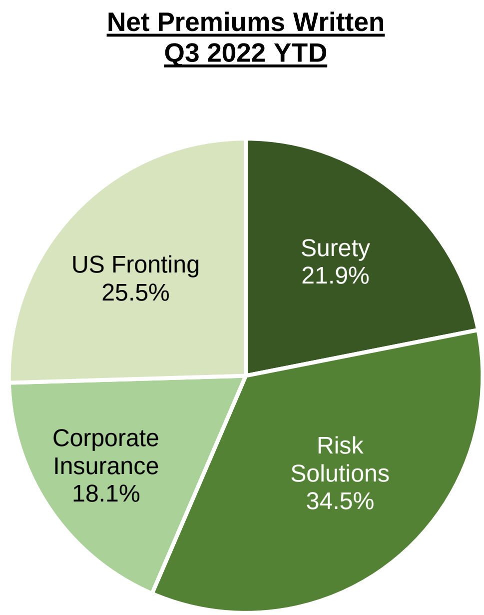
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SPECIALTY P&C (CONTINUED)

Table 4.2

NPW	Q3 2022	Q3 2021	% growth over prior year	Q3 2022 YTD	Q3 2021 YTD	% growth over prior year
Surety	27,117	23,470	15.5%	78,974	66,188	19.3%
Risk Solutions	40,244	41,214	(2.4%)	124,629	108,468	14.9%
Corporate Insurance	24,899	22,127	12.5%	65,093	52,263	24.5%
US Fronting(1)	14,154	17,820	(20.6%)	91,821	55,277	66.1%
Total NPW	106,414	104,631	1.7%	360,517	282,196	27.8%





(1) NPW in Q3 2022 was reduced in the period as a result of additional reinsurance coverages purchased. See section United States for additional detail.

(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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	179,188	144,118	35,070	24.3%	513,404	372,596	140,808	37.8%
Net premiums written	92,260	86,811	5,449	6.3%	268,696	226,919	41,777	18.4%
Net premiums earned	84,924	61,961	22,963	37.1%	231,151	157,224	73,927	47.0%
Fee income	663	819	(156)	(19.0%)	5,860	6,149	(289)	(4.7%)
Net underwriting revenue(1)	85,587	62,780	22,807	36.3%	237,011	163,373	73,638	45.1%
Net underwriting income	14,354	12,837	1,517	11.8%	43,423	36,296	7,127	19.6%
Net investment income	3,852	2,348	1,504	64.1%	9,731	6,245	3,486	55.8%
Net income	12,814	11,718	1,096	9.4%	41,520	31,899	9,621	30.2%
Loss ratio(1)	16.7%	18.4%		(1.7pts)	15.6%	19.1%		(3.5pts)
Expense ratio(1)	66.4%	60.9%		5.5pts	65.6%	57.8%		7.8pts
Combined ratio	83.1%	79.3%		3.8pts	81.2%	76.9%		4.3pts
ROE	30.6%	31.2%		(0.6pts)	30.6%	31.2%		(0.6pts)

(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 in Q3 related to supply chain disruptions, and for the YTD period related to 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 product lines, as well as 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 as a result of a lower loss ratio in Corporate Insurance and Risk Solutions. The expense ratio for the quarter increased partly as a result of a shift in business mix towards Risk Solutions, which has higher commissions, as well as additional investment in the buildout of US Surety. The YTD 2022 expense ratio increased compared to YTD 2021 for the same reasons, 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 was higher than the prior year as a result of the higher expense 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 81.2%.

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

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

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

Net income grew in Q3 and YTD 2022 compared to 2021 as a result of growth in the business, strong underwriting results and Net gains in the YTD 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.

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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	31,783	27,676	4,107	14.8%	89,519	74,387	15,132	20.3%
Net premiums written	27,117	23,470	3,647	15.5%	78,974	66,188	12,786	19.3%
Net premiums earned	25,816	19,756	6,060	30.7%	64,218	49,733	14,485	29.1%
Fee income	634	789	(155)	(19.6%)	5,763	6,038	(275)	(4.6%)
Net underwriting revenue	26,450	20,545	5,905	28.7%	69,981	55,771	14,210	25.5%
Net underwriting income	4,175	6,249	(2,074)	(33.2%)	12,220	19,151	(6,931)	(36.2%)
Loss ratio	18.8%	8.3%		10.5pts	16.3%	10.5%		5.8pts

Surety GPW grew significantly for the quarter and YTD periods driven by contract and commercial surety, and our nascent US Surety platform.

The growth in NPW and NPE in Q3 and YTD 2022 was a result of growth in GPW.

The Q3 and YTD 2022 loss ratio was greater than 2021 as a result of an increase in claim activity in contract surety in the quarter. It should be noted that YTD 2021 was a particularly strong period for Surety.

NUI for the quarter and YTD was lower than Q3 and YTD 2021 as a result of a higher loss ratio and continued investment in the US Surety operations.

In the quarter the Company acquired Sovereign Insurance's surety business in Canada, which produced an annual premium of over $16.0 million in 2021.

(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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	104,781	79,732	25,049	31.4%	306,324	214,391	91,933	42.9%
Net premiums written	40,244	41,214	(970)	(2.4%)	124,629	108,468	16,161	14.9%
Net premiums earned	37,842	25,670	12,172	47.4%	106,589	63,076	43,513	69.0%
Net underwriting revenue	37,872	25,699	12,173	47.4%	106,687	63,186	43,501	68.8%
Net underwriting income	6,397	3,931	2,466	62.7%	18,214	9,742	8,472	87.0%
Loss ratio	10.0%	17.7%		(7.7pts)	10.5%	16.8%		(6.3pts)

Canadian Fronting

Table 4.5.1

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	72,475	46,368	26,107	56.3%	214,838	101,909	112,929	110.8%
Net premiums written	9,473	7,943	1,530	19.3%	41,511	17,777	23,734	133.5%
Net premiums earned	12,326	4,608	7,718	167.5%	33,490	8,674	24,816	286.1%
Net underwriting revenue	12,326	4,608	7,718	167.5%	33,490	8,674	24,816	286.1%
Net underwriting income	3,099	522	2,577	493.7%	9,666	1,097	8,569	781.1%

Canadian Fronting GPW and NPW for the quarter and YTD increased over comparable periods in 2021 as a result of platform 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 lower than 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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	32,306	33,364	(1,058)	(3.2%)	91,486	112,482	(20,996)	(18.7%)
Net premiums written	30,771	33,271	(2,500)	(7.5%)	83,118	90,691	(7,573)	(8.4%)
Net premiums earned	25,516	21,062	4,454	21.1%	73,099	54,402	18,697	34.4%
Net underwriting revenue	25,546	21,091	4,455	21.1%	73,197	54,512	18,685	34.3%
Net underwriting income	3,298	3,409	(111)	(3.3%)	8,548	8,645	(97)	(1.1%)

Risk Solutions Warranty GPW for the quarter decreased partly as a result of several programs which were impacted by supply chain disruptions impacting automobile sales. GPW for the YTD period decreased as a result of a highly reinsured captive program which we elected not to renew in 2022, as well as the slow down related to supply chain issues. 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 Q3 and YTD 2022 than 2021 as a result of improved performance in certain warranty programs. NUI in the quarter and YTD was lower than the prior year primarily as a result of higher commission expense on certain programs, as well as a one-time commission payment made in Q2 2022.

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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	42,624	36,710	5,914	16.1%	117,561	83,818	33,743	40.3%
Net premiums written	24,899	22,127	2,772	12.5%	65,093	52,263	12,830	24.5%
Net premiums earned	21,266	16,535	4,731	28.6%	60,344	44,416	15,928	35.9%
Net underwriting revenue	21,266	16,535	4,731	28.6%	60,344	44,416	15,928	35.9%
Net underwriting income	3,782	2,657	1,125	42.3%	12,989	7,403	5,586	75.5%
Loss ratio	26.2%	31.5%		(5.3pts)	23.8%	32.0%		(8.2pts)

GPW, NPW and NPE continued to demonstrate strong growth in Q3 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 Q3 and YTD 2022, the loss ratio decreased compared to the prior year periods, as a result of lower claims activities in the period. We continue to reserve at a higher rate than prior years to reflect the uncertainty related to the current economic environment.

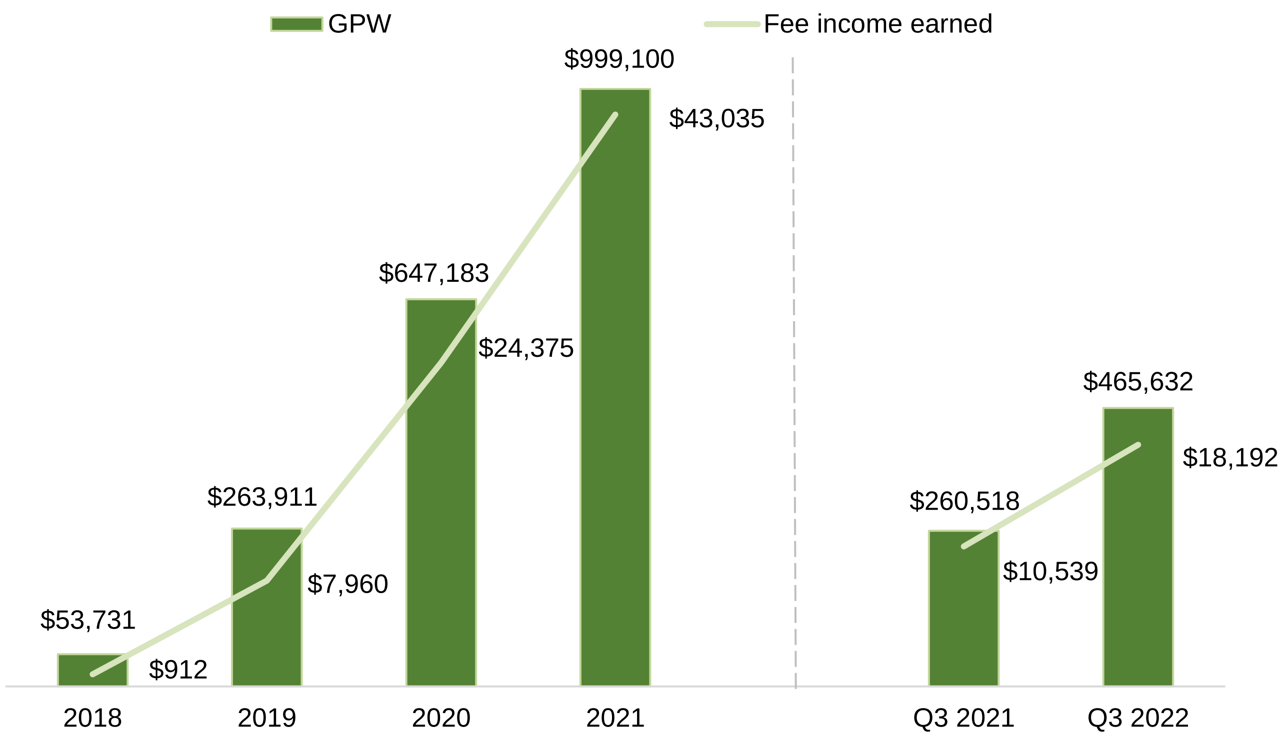
NUI increased in Q3 and YTD 2022, as a result of growth in the business and lower loss ratios.

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

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.

Our US operations continued to grow premium, producing $465.6 million in the quarter across 69 programs. The graph below shows the evolution of GPW, fee income earned, and the number of programs bound in the US.

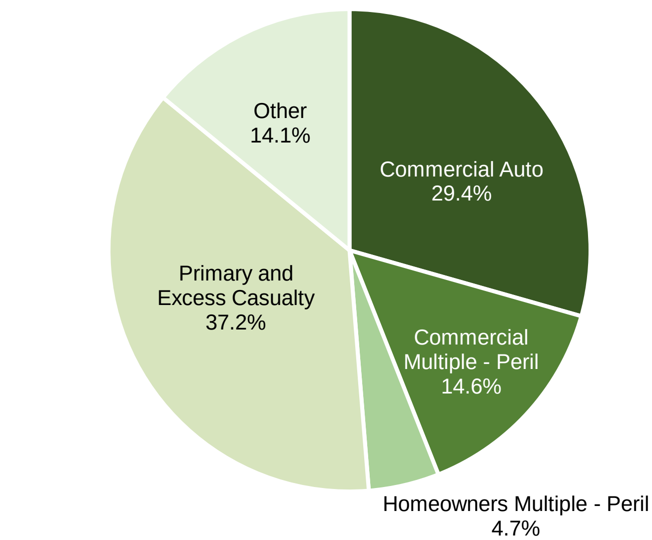


	2018	2019	2020	2021	Q3 2021	Q3 2022
Number of Programs bound	14	29	48	62	61	69

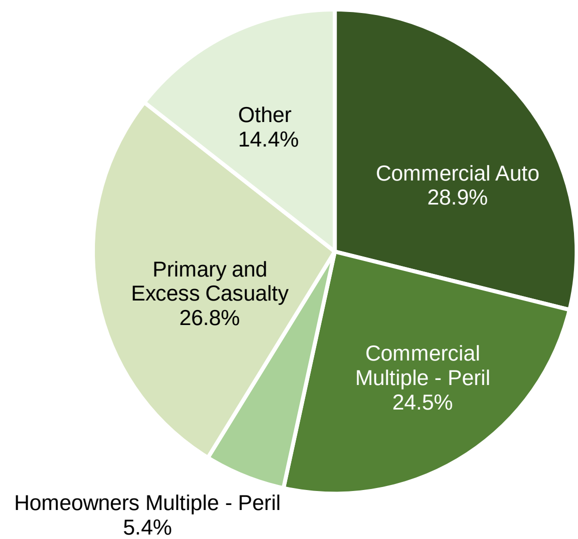
UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US GPW and NPW for Q3 2022 and YTD 2022.

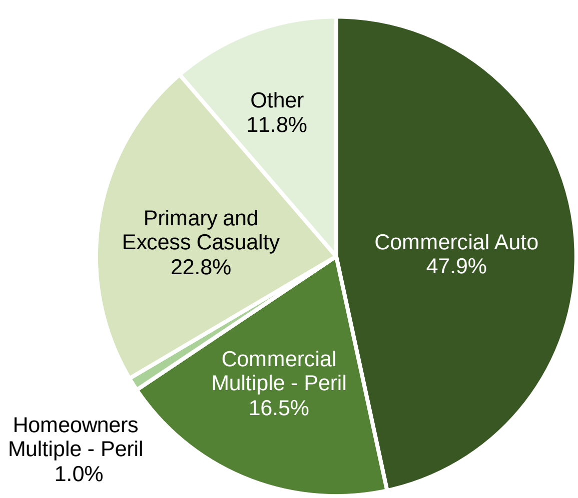
Gross Premiums Written Q3 2022 (1)



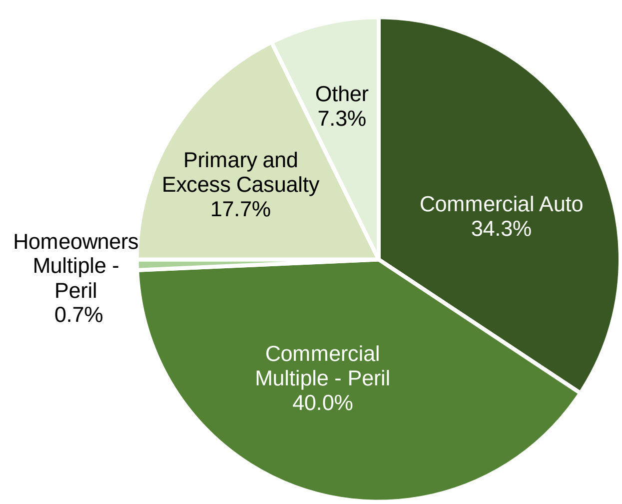
Gross Premiums Written Q3 2022 YTD (1)



Net Premiums Written Q3 2022 (1)



Net Premiums Written Q3 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. Certain programs for which additional reinsurance coverage have been purchased, have been excluded from the tables, as the NPW is not reflective of the risk retained.*

(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

	Q3 2022	Q3 2021	$ variance	% variance	Q3 2022 YTD	Q3 2021 YTD	$ variance	% variance
Gross premiums written	465,632	260,518	205,114	78.7%	1,255,011	705,790	549,221	77.8%
Net premiums written	14,154	17,820	(3,666)	(20.6%)	91,821	55,277	36,544	66.1%
Net premiums earned	27,072	13,485	13,587	100.8%	71,865	37,836	34,029	89.9%
Fee income	18,192	10,539	7,653	72.6%	47,533	31,105	16,428	52.8%
Net underwriting revenue	45,264	24,024	21,240	88.4%	119,398	68,941	50,457	73.2%
Net underwriting income	7,537	6,492	1,045	16.1%	23,240	20,585	2,655	12.9%
Net investment income	2,069	1,301	768	59.0%	4,776	3,456	1,320	38.2%
Net income	8,632	7,035	1,597	22.7%	23,335	20,337	2,998	14.7%
Loss ratio	71.1%	69.4%			69.6%	69.4%		
Retention rate(1)	3.0%	6.9%			7.3%	7.8%		
Fees as percentage of ceded premium(1)	4.8%	5.1%			5.1%	5.6%		
Fronting operational ratio(1)	83.4%	73.0%			80.5%	70.1%		
ROE	13.6%	14.5%			13.6%	14.5%		

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

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

Table 4.8

As at	September 30, 2022	December 31, 2021	$ variance	% variance
Deferred fee income	40,685	25,974	14,711	56.6%

GPW in the quarter and YTD grew significantly over the respective periods in 2021. The increase was primarily the result of maturing programs, supplemented by new program additions. Growth in NPW was negative in Q3 2022 primarily as a result of certain reinsurance purchases in the quarter which are not expected to recur. More business in the period was also written with a higher retention, reflecting strong market conditions and participation of our International reinsurance operations. In the quarter and YTD, $51.9 million and $130.2 million of GPW were generated by admitted programs compared to $19.3 million in Q3 2021 and $38.2 million Q3 2021 YTD.

Our US Fronting operations retained 3.0% of GPW in the quarter. The remainder of premiums were ceded to third party reinsurers. The decrease in retention primarily reflects additional reinsurance coverage purchased in the period, leading to a lower reported retention rate. We continue to target a quota share retention 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 and the impact of larger programs with lower average fees.

The Q3 2022 loss ratio was higher than Q3 2021 as a result of additional reinsurance purchases which lowered NPE, and therefore increased the net loss ratio in the period. The YTD 2022 loss ratios did not change significantly from the prior year.

The fronting operational ratio in Q3 and YTD 2022 was higher than 2021 as a result of an increase in reinsurance purchases in the quarter, and 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.

Quarterly NUI increased compared to Q3 and YTD 2021, as a result of growth in premiums and associated fees as program volume and program partners continued to grow. Net income increased for the quarter and YTD period, as a result of the factors discussed above and supplemented by greater investment income and Net gains.

The US operations achieved a 13.6% ROE in Q3 2022, compared to 14.5% ROE in Q3 2021 alongside an injection of $25.0 million USD in the previous quarter. On a quarterly annualized basis ROE was 13.9%.

(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

	Q3 2022	Q3 2021	$ variance	Q3 2022 YTD	Q3 2021 YTD	$ variance
Net claims and expenses – Reinsurance	(111)	221	(332)	(431)	9,019	(9,450)
Corporate expenses and other	(717)	(167)	(550)	(1,875)	(978)	(897)
SBC, net of hedging	(374)	(515)	141	(1,898)	(432)	(1,466)
Net expenses(1)	(1,202)	(461)	(741)	(4,204)	7,609	(11,813)
Debt servicing	(725)	(506)	(219)	(1,762)	(811)	(951)
Corporate and other	(1,927)	(967)	(960)	(5,966)	6,798	(12,764)

(1) Refer to Table 10.6.1 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 2021, these expenses were in a recovery position as a result of movement in the annuity reserves. 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 Q3 2022 compared to Q3 2021.

Corporate expenses and other in the quarter were higher than Q3 2021 as we reflect a larger organization and investment in growth. 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 decreased for the quarter over the prior year as a result of being under-hedged in Q3 2021. SBC increased in YTD 2022 compared to 2021 as a result of more SBC having been issued over the past twelve months. In addition to this, in 2021 SBC net of hedging was over-hedged and as a result was exceptionally low in that period.

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

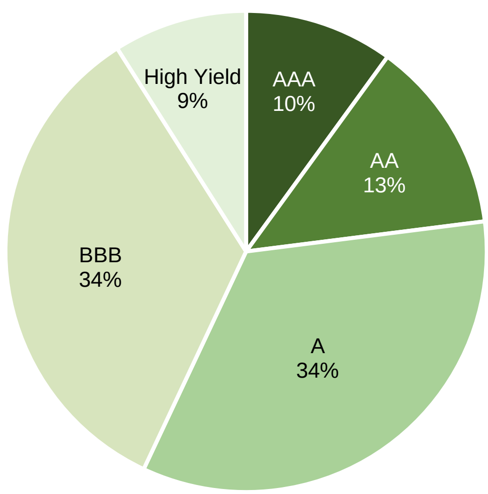
OVERVIEW

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.

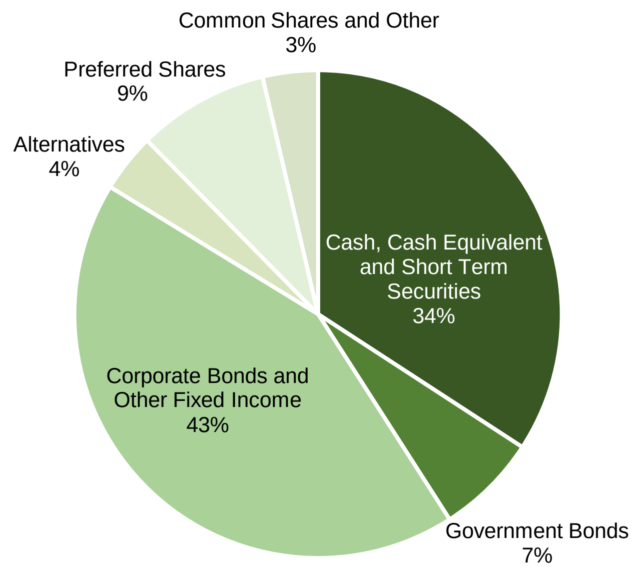
SUMMARY OF CASH AND INVESTMENTS

Our $1.1 billion investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares, and alternative investments. Approximately 91% 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

Table 5.1

	Q3 2022	Q3 2021	$ variance	Q3 2022 YTD	Q3 2021 YTD	$ variance
Investment income	6,583	2,712	3,871	15,683	175	15,508
Net gains excluding derivative (gains) losses(1)	3,656	1,521	2,135	9,095	2,908	6,187
Total investment income(2)	10,239	4,233	6,006	24,778	3,083	21,695

(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 and Net gains excluding derivative (gains) losses.

The Company's operations include Specialty P&C insurance in Canada and the US. Net investment income is driven by interest and dividend income on invested assets and was greater in Q3 2022 and Q3 2022 YTD than the prior year as a result of a larger investment portfolio and higher portfolio yields. In addition to this, Net investment income in Q3 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 over the long-term.

Net gains excluding derivative (gains) losses, 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, gains and losses on derivative instruments, with the exception of those hedging SBC, and impairments. Net gains excluding derivative (gains) losses were higher in Q3 2022 and Q3 2022 YTD partly as a result of realized gains from portfolio re-positioning as we navigate a volatile interest rate environment. Movement in embedded derivatives also contributed to higher net gains in 2022. In Q3 2022 foreign exchange movement also contributed to higher net gains than Q3 2021.

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

Other Comprehensive (Loss) Income

Table 5.2

	Q3 2022	Q3 2021	$ variance	Q3 2022 YTD	Q3 2021 YTD	$ variance
Unrealized (losses) gains in OCI	(16,649)	(3,464)	(13,185)	(63,710)	5,560	(69,270)
Cumulative translation gain	16,431	5,937	10,494	20,057	1,510	18,547
Other comprehensive (loss) income	(218)	2,473	(2,691)	(43,653)	7,070	(50,723)

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 Q3 2022 and Q3 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 35% market share, with the top 25 averaging 2% market share. An estimated $63.2 billion USD of excess and surplus insurance direct premiums were written in 2021 (excluding Lloyd's), growth of 32% year-on-year, compared with the broader P&C industry which grew by 9% year-on-year to $797.8 billion USD. In Canada, specialty market[1] growth was estimated to be 17% year-on-year to $7.4 billion in direct written premium, as compared to the P&C industry at 8% growth and $83.1 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 2021).

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 state. 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 support 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 September 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

	Q3 2022	Q3 2021	$ variance	Q3 2022 YTD	Q3 2021 YTD	$ variance
Net income from operating activities	23,746	16,057	7,689	64,991	52,264	12,727
Non-cash items	(4,401)	6,228	(10,629)	2,937	16,020	(13,083)
Change in working capital	16,735	58,122	(41,387)	70,405	130,225	(59,820)
Realized gains	(1,494)	(354)	(1,140)	(6,979)	(1,835)	(5,144)
Income taxes paid	(7,305)	(3,981)	(3,324)	(28,829)	(11,168)	(17,661)
Interest paid	(110)	(99)	(11)	(1,606)	(456)	(1,150)
Net cash from operating activities	27,171	75,973	(48,802)	100,919	185,050	(84,131)
Proceeds on disposal of investments	22,228	48,066	(25,838)	120,083	108,346	11,737
Purchases of investments	(156,651)	(53,682)	(102,969)	(333,318)	(228,359)	(104,959)
Net purchases of capital and intangible assets	(1,328)	(454)	(874)	(1,734)	(2,979)	1,245
Net cash used in investing activities	(135,751)	(6,070)	(129,681)	(214,969)	(122,992)	(91,977)
Shares issued	143,494	-	143,494	145,160	859	144,301
Shares purchased under RSUs plan	(61)	(125)	64	(2,167)	(2,055)	(112)
Issuance of note payable	-	-	-	-	75,000	(75,000)
Loans received	-	-	-	30,000	26,970	3,030
Loans repaid	(30,000)	-	(30,000)	(30,000)	(54,525)	24,525
Lease payments	(477)	(466)	(11)	(1,424)	(1,154)	(270)
Net cash from (used in) financing activities	112,956	(591)	113,547	141,569	45,095	96,474
Net increase in cash and cash equivalents	4,376	69,312	(64,936)	27,519	107,153	(79,634)
Cash and cash equivalents, beginning of period	367,966	172,817	195,149	341,319	136,519	204,800
Currency translation	12,211	3,203	9,008	15,715	1,660	14,055
Cash and cash equivalents, end of period	384,553	245,332	139,221	384,553	245,332	139,221

In Q3 and YTD 2022, Net cash from operating activities was lower than Q3 and YTD 2021 as a result of particularly high Change in working capital in both the Canadian and US operations in 2021.

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

CASH FLOW SUMMARY (CONTINUED)

Net cash used in investing activities in Q3 and YTD 2022 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries, and was greater than the prior year as a result of funds from the Q3 2022 offering being deployed in the investment portfolio. In Q3 2022 Proceeds on disposal of investments were lower than Q3 2021, as there was less movement in the portfolio during that quarter. For the full year, Proceeds on disposal were greater as a result of more movement in the portfolio during that period. Purchases of investments were greater in Q3 and YTD 2022 than in Q3 and YTD 2021 as a result of deployment of funds from the equity offering.

In Q3 and YTD 2022 Net cash from financing activities was greater than Q3 and YTD 2021 as a result of the equity offering in Q3 2022. YTD 2021 included proceeds from a bond issuance. 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. In Q2 Loans received increased by $30 million, which was repaid in Q3 2022 with funds from the equity offering. 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	September 30, 2022			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	1,206,633	2,797,892	160,974	4,165,499
Liabilities(2)	1,022,011	2,532,473	84,699	3,639,183
Shareholders' Equity(2)	184,622	265,419	76,275	526,316
Book Value Per Share, $	4.02	5.79	1.66	11.47

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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Gross premiums written	644,820	642,215	481,380	484,740	404,678	363,514	310,274	314,200
Net premiums written and fee income	125,269	162,244	126,397	128,566	115,989	112,312	91,149	98,059
Total revenues	141,157	125,500	110,125	106,549	91,682	86,721	64,925	69,494
Net income	23,746	20,195	21,050	10,295	16,057	16,889	19,318	10,949
EPS, basic (in dollars)	0.53	0.49	0.51	0.25	0.39	0.41	0.47	0.27
EPS, diluted (in dollars)	0.51	0.48	0.50	0.24	0.38	0.40	0.46	0.26
Total assets	4,165,499	3,489,135	3,011,533	3,000,354	2,575,613	2,203,460	1,886,686	1,706,732
Total non-current financial liabilities(1)	75,000	105,000	75,000	75,000	75,000	74,429	16,000	16,096

(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.*
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 SBC due to movement in our share price, as we attempt to hedge this item through the use of derivatives, whose offsetting movement is reflected in Net gains.

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Operating expenses, as presented in the financial statements	**(28,263)**	(19,001)	**(73,499)**	(55,752)
Less: SBC	441	1,117	(2,507)	8,282
Less: premium taxes	7,724	3,946	18,011	7,974
Operating expenses excluding SBC and premium taxes	**(20,098)**	**(13,938)**	**(57,995)**	**(39,496)**
Year-over-year % increase, Operating expenses	48.7%		31.8%	
Year-over-year % increase, Operating expenses excluding SBC and premium taxes	44.2%		46.8%	

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.

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Net income (see Table 3.1)	**23,746**	16,057	**64,991**	52,264
Adjustments				
Impact of SBC, see Table 10.1	441	1,117	(2,507)	8,282
Loss on sale of structured insurance assets	-	1,336	-	1,336
Net gains, see Table 3.1	(3,723)	(2,123)	(4,690)	(10,758)
Net gains from life annuity	-	(633)	-	(2,032)
Tax impact of above items	470	1,272	1,484	524
Adjustments relating to income tax benefits	-	285	-	(936)
Adjusted net income	**20,934**	17,311	**59,278**	48,680

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

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Net gains, as presented in the financial statements	**3,723**	2,123	**4,690**	10,758
Derivative (gains) losses from hedging, from Table 10.6.2	(67)	(602)	4,405	(7,850)
Net gains excluding derivative (gains) losses, as presented in Table 5.1	**3,656**	1,521	**9,095**	2,908

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

	Q3 2022	Q3 2021
Average equity	**438,032**	312,807
Adjustments: days in quarter proration	(60,254)	(2,256)
LTM average equity, as presented in Table 10.4	**377,778**	310,551

(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.

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Adjusted net income	20,934	17,311	59,278	48,680
Weighted-average number of common shares outstanding – basic (in thousands of shares)	45,226	41,194	42,585	41,141
Adjusted earnings per common share – basic (in dollars)	**0.46**	0.42	**1.39**	1.18
Adjusted net income	20,934	17,311	59,278	48,680
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	46,126	42,306	43,419	42,074
Adjusted earnings per common share – diluted (in dollars)	**0.45**	0.41	**1.37**	1.16

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

	Q3 2022	Q3 2021
LTM net income	75,286	63,213
LTM average equity, from Table 10.4.1	377,778	310,551
ROE	**19.9%**	20.4%
LTM net income	75,286	63,213
Adjustments:		
Impact of SBC	(565)	9,027
Loss on sale of structured insurance assets	-	1,336
Net gains	(8,416)	(13,580)
Net losses (gains) from life annuity	2,668	(1,440)
Impact of Catastrophe programs reinsurance	2,158	-
Tax impact of above items	1,358	1,099
Adjustments relating to non-recurring income tax benefits	-	(936)
Adjusted LTM net income(1)	72,489	58,719
LTM average equity, from Table 10.4.1	377,778	310,551
Adjusted LTM ROE	**19.2%**	18.9%

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

(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)

	For the three months ended September 30, 2022			For the period ended September 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	17,155	(4,341)	12,814	55,820	(14,300)	41,520
Trisura US	10,571	(1,939)	8,632	29,437	(6,102)	23,335

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)

	For the three months ended September 30, 2021			For the period ended September 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	15,471	(3,753)	11,718	42,581	(10,682)	31,899
Trisura US	8,684	(1,649)	7,035	25,474	(5,137)	20,337

Corporate and Other

Table 10.6.1 – Reconciliation of Note 18 – Segmented information to Section 4 – Corporate and Other Table 4.9

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Net expenses Corporate and other, as presented in Note 18 - Segmented Information	**(1,269)**	(1,810)	**300**	(11,070)
Net claims – Reinsurance	**-**	747	**(99)**	10,829
Derivative gains (losses) from hedging(1)	67	602	(4,405)	7,850
Net expenses, as presented in Table 4.9	**(1,202)**	(461)	**(4,204)**	7,609

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

Table 10.6.2 – Reconciliation from SBC, gross of hedging to SBC, net of hedging

	Q3 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
SBC, gross of hedging(2)	(441)	(1,117)	2,507	(8,282)
Add: Derivative gains (losses) from hedging(3)	67	602	(4,405)	7,850
SBC, net of hedging as presented in Table 4.9	(374)	(515)	(1,898)	(432)

(2) Included in Net expenses in Corporate and other segment of FS Note 18.
(3) Derivative gains (losses) 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
Fronted lines	Fronted lines are referring to US Fronting and Canadian Fronting
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