



## PRESS RELEASE

### TRISURA GROUP REPORTS FOURTH QUARTER AND 2020 ANNUAL RESULTS

**TORONTO, February 10, 2021** — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading international specialty insurance provider, today announced financial results for the fourth quarter and year ended December 31, 2020.

David Clare, President and CEO of Trisura, stated, “We are pleased with Trisura’s progress, generating net income of \$10.9 million in the fourth quarter and \$32.4 million for the year – both significant increases over the prior periods. Strong results in Canada, accelerating profitability in the US, improved asset liability matching in our Reinsurance business and investment gains produced a 13.4% return on equity, approaching our mid-teens target ahead of plan.

In the context of significant top-line growth in Canada, disciplined underwriting generated a strong 85.5% combined ratio for the year. Our US business maintained its trajectory of growth, binding a new record of \$210.7 million of gross premiums and generating \$5.7 million in net income in the quarter, almost matching our Canadian quarterly profit.

Our balance sheet is well-funded to support future growth, with flexibility afforded by our 8.7% debt-to-capital ratio.”

#### Highlights

- ✓ EPS of \$1.05 in Q4 2020 and \$3.28 for the full year compared to \$0.47 and \$0.69 respectively in 2019.
- ✓ Book value per share of \$28.23, an increase of 30.8% from December 31, 2019, driven by strong earnings and a book-value accretive equity raise.
- ✓ Gross and net written premiums growth of 119.4% and 122.9% in Q4 2020, and 106.7% and 69.2% for the full year was supported by momentum in US fronting and continued growth in Canada.
- ✓ Net income of \$10.9 million in the quarter and \$32.4 million in full year 2020 grew 162.4% and 536.9% compared to prior year, respectively, driven by strong growth and underwriting in Canada, a growing contribution to profitability in the U.S, improved asset liability matching in our Reinsurance business and investment gains.
- ✓ ROE of 13.4%, compared to 3.5% in 2019, approaching our mid-teens target despite dilution from our equity raise in May 2020, and achieved in the context of significant growth.
- ✓ Premiums grew in our Canadian business by 116.5% in Q4 2020 and 51.5% for the full year. Exceptional surety performance contributed to achieving an 87.3% and 85.5% combined ratio for the quarter and year respectively and a 19.9% ROE.
- ✓ Sustained growth in our US business, producing \$210.7 million in GPW in the quarter and \$647.2 million for the year, contributed to improved net income of \$5.7 million and \$16.4 million respectively, reaching a 11.7% ROE despite an increase in the capital base.

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Amounts in C\$ millions	Q4 2020	Q4 2019	Variance	2020	2019	Variance
Gross premiums written	314.2	143.2	119.4%	926.4	448.3	106.7%
Net income	10.9	4.2	162.4%	32.4	5.1	536.9%
EPS - diluted, \$	1.05	0.47	123.4%	3.28	0.69	375.4%
Adjusted EPS - diluted, \$	0.96	0.57	68.4%	3.68	1.92	91.6%
Book value per share, \$	28.23	21.58	30.8%	28.23	21.58	30.8%
Debt-to-Capital ratio	8.7%	13.5%	(4.8pts)	8.7%	13.5%	(4.8pts)
ROE	13.4%	3.5%	9.9pts	13.4%	3.5%	9.9pts
Adjusted ROE	15.0%	9.4%	5.6pts	15.0%	9.4%	5.6pts
Combined ratio - Canada	87.3%	82.9%	4.4pts	85.5%	87.8%	(2.3pts)
Fronting operational ratio - US	68.5%	78.9%	(10.4pts)	70.6%	88.9%	(18.3pts)

### COVID-19

- Trisura staff globally continue to work effectively from home. We have introduced safety measures in physical offices in preparation for a gradual return to work acknowledging best practices and local jurisdiction protocols.
- Despite resilience in the quarter and through the year, a recent second wave globally, and a weaker than anticipated economic recovery may threaten momentum.
- Premium generation and claims activity may be impacted depending on the length and depth of the pandemic-related economic slowdown, as well as the effectiveness of government support programs and vaccines. Depending on these factors, premium growth could slow and claims activity could increase.

### Insurance Operations

- Disciplined underwriting in Canada, achieving a loss ratio of 25.3% for the year, and strong expense management resulted in a combined ratio of 85.5%.
- Strong growth in our US platform, with GPW of \$210.7 million in Q4 2020 compared to \$171.0 million in Q3 2020, and fee income of \$8.5 million in Q4 2020 compared to \$6.4 million in Q3 2020.
- Improved asset-liability matching in our Reinsurance business limited volatility through the year.

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### **Capital**

- The minimum capital test (“MCT”) ratio of our Canadian operations was 249% as at December 31, 2020 (258% as at December 31, 2019), which comfortably exceeded regulatory requirements of 150%.
- Trisura Specialty’s capital of \$122.6 million USD as at December 31, 2020 (\$83.3 million USD as at December 31, 2019) was in excess of the various Company Action Levels of the states in which Trisura Specialty is licensed.
- Consolidated debt-to-capital ratio of 8.7% as at December 31, 2020 is below our long-term target of 20.0%.

### **Investments**

- Investment income was \$5.9 million in Q4 2020 and \$27.8 million for the year, an increase from a loss of \$3.9 million in Q4 2019 and \$16.2 million in 2019. These increases were primarily a result of the impact of movements in European interest rates on the longer duration assets supporting our Reinsurance business liabilities, supported by additional interest and dividend income in North America.
- In Canada and the US, interest and dividend income rose 25.8% and 28.2% in Q4 2020 and for the year versus the prior period, respectively. The US portfolio benefited from improved diversification after rebalancing through COVID-related volatility, and increased capital following the equity raise in May 2020.
- Net gains were greater in Q4 2020 and for the year as a result of favourable foreign exchange movements and greater realized gains.

### **Corporate Development**

- Trisura continues to grow its admitted licenses, with 46 state licenses today and the intention of securing admitted licenses in all 50 states.
- In the quarter Trisura bound \$11.2 million USD in admitted premiums; we expect the admitted business to be a more significant opportunity for growth in 2021.
- In November 2020, A.M. Best reaffirmed the financial strength rating of A- (Excellent) for both the Canadian and US operations.



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### **Financial Statement Presentation – Update**

- We have adjusted our presentation of the Consolidated income statements to reflect a more representative view of our business, removing net underwriting income, which in the context of a business with life reserves on the Balance sheet, diluted the utility of the measure.
- Adjusted EPS and adjusted ROE have been introduced, to adjust for non-recurring items and normalize earnings for core operations, providing a more representative depiction of the run-rate operations of the business.



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### **About Trisura Group**

Trisura Group Ltd. is an international specialty insurance provider operating in the surety, risk solutions, corporate insurance and reinsurance segments of the market. Trisura has three principal regulated subsidiaries: Trisura Guarantee Insurance Company in Canada, Trisura Specialty Insurance Company in the US and Trisura International Insurance Ltd. in Barbados. Trisura Group Ltd. is listed on the Toronto Stock Exchange under the symbol "TSU".

Further information is available at <http://www.trisura.com/group>. Important information may be disseminated exclusively via the website; investors should consult the site to access this information. Details regarding the operations of Trisura Group Ltd. are also set forth in regulatory filings. A copy of the filings may be obtained on Trisura Group's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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## PRESS RELEASE

**Trisura Group Ltd.**  
**Consolidated Statements of Financial Position**  
**As at December 31, 2020 and December 31, 2019**  
(in thousands of Canadian dollars, except as otherwise noted)

As at	December 31, 2020	December 31, 2019
Cash and cash equivalents	136,519	85,905
Investments	503,684	392,617
Premiums and accounts receivable, and other assets	178,883	86,669
Recoverable from reinsurers	676,972	293,068
Deferred acquisition costs	188,190	104,197
Capital assets and intangible assets	13,907	14,477
Deferred tax assets	8,577	1,460
<b>Total assets</b>	<b>1,706,732</b>	<b>978,393</b>
Accounts payable, accrued and other liabilities	57,343	40,916
Reinsurance premiums payable	151,707	80,186
Unearned premiums	592,711	328,091
Unearned reinsurance commissions	100,281	51,291
Unpaid claims and loss adjustment expenses	487,271	257,880
Loan payable	27,555	29,700
<b>Total liabilities</b>	<b>1,416,868</b>	<b>788,064</b>
<b>Shareholders' equity</b>	<b>289,864</b>	<b>190,329</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,706,732</b>	<b>978,393</b>



## PRESS RELEASE

**Trisura Group Ltd.**  
**Consolidated Statements of Comprehensive Income**  
**For the three and twelve months ended December 31**  
 (in thousands of Canadian dollars, except as otherwise noted)

	Q4 2020	Q4 2019	2020	2019
<b>Gross premiums written</b>	314,200	143,212	926,442	448,262
Net premiums written	88,400	39,656	241,324	142,628
<b>Net premiums earned</b>	51,091	29,710	160,684	107,504
Fee income	9,659	3,575	29,719	12,206
Net investment income (loss)	5,922	(3,868)	27,779	16,243
Settlement from structured insurance assets	-	-	-	8,077
Net gains (losses)	2,822	(92)	8,450	1,572
<b>Total revenues</b>	69,494	29,325	226,632	145,602
Net claims and loss adjustment expenses	(23,096)	(687)	(72,562)	(49,936)
Net commissions	(17,484)	(9,677)	(55,915)	(37,516)
Operating expenses	(14,037)	(12,464)	(57,560)	(45,590)
Interest expense	(222)	(341)	(1,113)	(1,361)
<b>Total claims and expenses</b>	(54,839)	(23,169)	(187,150)	(134,403)
<b>Income before income taxes</b>	14,655	6,156	39,482	11,199
Income tax expense	(3,706)	(1,984)	(7,040)	(6,105)
<b>Net income</b>	10,949	4,172	32,442	5,094
Other comprehensive income (loss)	2,800	(1,188)	96	808
<b>Comprehensive income</b>	13,749	2,984	32,538	5,902



## PRESS RELEASE

**Trisura Group Ltd.**  
**Consolidated Statements of Cash Flows**  
**For the three and twelve months ended December 31**  
(in thousands of Canadian dollars, except as otherwise noted)

	Q4 2020	Q4 2019	2020	2019
<b>Net income from operating activities</b>	10,949	4,172	32,442	5,094
Non-cash items	(3,628)	11,406	2,378	9,898
Stock options granted	189	138	729	502
Change in working capital	23,958	9,744	81,412	49,726
Realized gains on investments	(1,223)	(60)	(22,666)	(2,860)
Income taxes paid	(1,860)	(114)	(9,808)	(2,573)
Interest paid	(223)	(354)	(1,144)	(1,410)
<b>Net cash from operating activities</b>	28,162	24,932	83,343	58,377
Proceeds on disposal of investments	37,776	13,805	238,827	55,452
Purchases of investments	(50,152)	(79,741)	(331,933)	(170,817)
Net purchases of capital and intangible assets	(673)	(2,723)	(1,296)	(3,131)
<b>Net cash used in investing activities</b>	(13,049)	(68,659)	(94,402)	(118,496)
Dividends paid	-	(24)	-	(96)
Shares issued	-	-	65,143	55,669
Preferred shares redeemed	-	(1,600)	-	(1,600)
Loans received	11,459	-	44,159	-
Repayment of loan payable	(11,459)	-	(44,159)	-
Lease payments	(318)	(266)	(1,515)	(1,026)
<b>Net cash (used in) from financing activities</b>	(318)	(1,890)	63,628	52,947
<b>Net increase (decrease) in cash</b>	14,795	(45,617)	52,569	(7,172)
Cash at beginning of the period	124,875	131,913	85,905	95,212
Currency translation	(3,151)	(391)	(1,955)	(2,135)
<b>Cash at the end of the period</b>	136,519	85,905	136,519	85,905





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### **Cautionary Statement Regarding Forward-Looking Statements and Information**

*Note: This news release 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.*