ANNUAL REPORT

2022

TRISURA®

LETTER TO OUR SHAREHOLDERS

Despite strong earnings and operating performance, results in 2022 were impacted by a one-time write down of reinsurance recoverables in our US fronting business in the fourth quarter. Notwithstanding the impact of this write down, Trisura is a larger, more diversified entity than at any stage in our history. We believe firmly that this is an isolated event, and in our ability to scale the platform profitably in the long term.

Following strong results in 2021 and in the face of macroeconomic volatility, we leaned into our areas of expertise and expanded our platform. Our team maintained their focus on the culture, principles and specialized expertise that have made us preferred partners for our distribution networks for many years. As a result, we delivered both growth and enhanced operational profitability. We continued to invest in our future, yielding a more robust operational infrastructure, a more diversified earnings base and demonstrating the benefits of increased scale.

A commitment to specialty lines and expansion of our strategies across North America met favourable market conditions, enhanced by our growing reputation and scale. Canada delivered strong growth as new products added to momentum in established lines. Our US fronting platform delivered another year of growth – reaching $1.7 billion in premiums and $67 million in fronting fees. We expanded our presence in the US, as our surety operations built a broader team and bound $17 million in US premium. We remain confident that our combination of growth, underwriting capabilities and an increasing contribution from recurring income sources will support resilient, diversified earnings in years to come.

Beyond organic expansion we displayed our willingness to grow through acquisition, building a larger surety operation in Canada through our acquisition of Sovereign General's surety platform, including a number of new team members we are excited to welcome to the group.

Growth in the business catalyzed a $144 million capital raise in July. We do not take the decision to raise equity lightly and thank our shareholders for their continued support. We maintain financial flexibility through our undrawn $50 million revolving credit facility and capacity afforded by our 13% debt to capital ratio.

In the last year we enhanced our governance framework, welcoming a new director to our board. Janice Madon joined us on February 22, 2022 and has contributed meaningfully to board dialogue. We look forward to more involvement from Ms. Madon in the future.

Beyond our new colleague, we enhanced disclosure and shared more information on initiatives to support ESG commitments. This included the introduction of a Responsible Investment Policy meeting the commitments set out in our Sustainability Linked Loan. We continue our focus on better communicating ESG initiatives, identifying opportunities for enhancement and working diligently to improve.

FINANCIAL HIGHLIGHTS

For the full year, net income fell to $25 million, or $0.56 per share which was the result of the write down of reinsurance recoverables in the fourth quarter. On an adjusted basis, excluding the impact of the write down, net income of $83 million, or $1.87 per share reflects strong growth in premium and increased profitability across our entities. The increase in adjusted net income was significant, growing by 34% for the year. This was supported by growth in interest and dividend income of 58%, and growth in adjusted net underwriting income in both Canada and the US. Book value per share rose to $10.53, a 21% increase over 2021, supported by our equity raise and foreign exchange gains, and mitigated by unrealized losses in the investment portfolio and the write down of reinsurance recoverables.

Specialty P&C operations delivered strong performance in 2022, with $2.4 billion in gross premiums written, a 56% increase following growth from 2019 to 2021. In the context of significant topline growth, expansion of our capital base, and uncertain operating environments, we are proud to have generated a 20% adjusted return on equity, although acknowledge a lower 6% reported return on equity taking into account non-recurring items.

Our balance sheet is conservatively managed and resilient. With over $480 million in equity and financial flexibility, we are well-positioned to fund our goals.

WRITE DOWN OF REINSURANCE RECOVERABLES

The write down in the fourth quarter was related to a disagreement over obligations under a quota share reinsurance contract. The program included captive participation and required catastrophe reinsurance making it unique in our portfolio. Higher catastrophe reinsurance costs had the effect of depleting collateral and contributed to the write down. This program had a multi-year history with Trisura, and a unique mix of factors drove the experience this year. The reinsurer does not participate on any other programs.

We believe firmly that this is an isolated event, and remain confident in our ability to scale the platform in the long term. The program is now in accelerated run-off.

We are exploring all available remedies with all parties involved in order to mitigate the loss we have experienced and have taken steps to implement policy and organizational changes in the US.

We may experience one-time costs in exiting this program over the next year, but will ultimately benefit from savings of reinsurance costs, and a further reduction of catastrophe exposed business. It is important to note that there was no cash impact from the write down in 2022.

We are confident in our remaining reinsurance recoverables, with 83% represented by rated reinsurers and the remainder appropriately collateralized. An exhibit demonstrating this can be found in the notes to our financial statements.

INSURANCE OPERATIONS

In Canada, we achieved a combined ratio of 82%, which coupled with investment income drove a strong 30% return on equity. The expansion of risk solutions initiatives broadened touchpoints with distribution partners and enhanced our product offering, supporting growth in established lines. Disciplined navigation of evolving markets and expansion of distribution relationships drove scaling in corporate insurance, which was matched with strong underwriting. Risk solutions' extension of our fronting model now generates attractive fee-based earnings to complement a heritage of profitable underwriting income. Our premium from warranty policies fell in the year given headwinds in the global auto market, although net underwriting income continued to grow as warranty programs mature. Surety premiums grew significantly and continue to perform well as we simultaneously expand organically and through acquisition.

We have made important progress in our US surety platform, adding experienced team members in Connecticut, Denver, Philadelphia and Chicago. We are excited at the potential of this platform, expanding a product line where we have demonstrated expertise in a geography with promising infrastructure tailwinds.

In our US operations, momentum in the Excess and Surplus markets continued and our increase in AM Best size category aided in the onboarding of new, larger programs. New partnerships combined with maturation of existing programs allowed us to achieve $1.7 billion of premium in the year. Excluding the write down, the fee-based nature of the platform sustained profitability through capital injections and generated a 14% adjusted ROE. Despite the current market driving opportunities to Excess and Surplus lines, we wrote $165 million in admitted premiums in the year, a developing opportunity mitigated by slower regulatory approval and the longer ramp times of admitted programs.

The reinsurance markets have been stressed by a trend of more severe weather events and reductions in capital as higher interest rates eroded the value of fixed income portfolios. The most dramatic impacts have been observed in catastrophe exposed lines, where capacity is limited and prices for reinsurance have increased. Our property-focused programs will likely not grow significantly this year. The state of reinsurance may sustain hard market trends in primary lines for longer. Excess and surplus lines may continue to benefit as business shifts away from admitted structures. We remain confident in our base of premiums, but do not expect the outsized growth rates of years past to sustain.

INVESTMENTS

Performance of our investment portfolio suffered this year. Rising interest rates presented challenging conditions for a predominantly investment grade fixed income portfolio, though we benefitted from a short duration posture and reduced allocations to equities and preferred shares. We are optimistic that improved reinvestment yields will support strong investment income in the years to come. Growth in our portfolio and opportunistic deployment was impactful in the fourth quarter, demonstrating a 102% increase in interest and dividend income.

Our portfolios remain primarily allocated to high quality, short duration investment grade bonds, complemented by smaller allocations to high yield, preferred shares, and equities. We continue to increase our exposure to conservative alternatives, including infrastructure debt, real estate and senior secured credit products. These are asset classes that we feel are both appropriate and attractive for insurance portfolios.

STRATEGIC PRIORITIES

We are steadfast in our focus on achieving profitable growth in specialty P&C markets. We continue to expand our reach in Canada and the US supported by a history of disciplined underwriting, growing investment returns and newly enhanced risk management infrastructure.

Our platforms continued to act as complementary sources of revenue for one another, and distribution partners have increasingly recognized our broader offering. As we gain market share in one geography, our presence and capabilities elsewhere offer opportunities to generate new business.

The hardening market in certain corporate lines sustained through 2022. Although we don't anticipate surplus capacity to drive a soft market in the near term, we do not expect the level of rate increases we enjoyed in 2022 to be repeated. The majority of our growth was achieved through enhanced distribution relationships and new volume – as such we expect to navigate any change in pricing smoothly. With the continued maturation of fronting, development of a US surety strategy, and ongoing expansion of our core lines we have ample and attractive opportunities to grow.

We maintain a firm focus on culture and recognize the importance of our people. We're proud of our Canadian subsidiary for once again being recognized as one of Canada's Top Small and Medium Employers, demonstrating the special culture our organization has fostered through incredible growth. That culture permeates our company and our growing team in Oklahoma was also recognized as a Top Workplace by The Oklahoman.

CLOSING

We remain cautious in navigating an uncertain economic environment, a dynamic insurance and reinsurance landscape and are focused on balancing profitability and growth. For us, that means vigilance in underwriting, especially on new products and geographies, and properly insulating ourselves from unwarranted risk. In both Canada and the US, increased competition means that we must continue to defend operational metrics and proactively define our value proposition with partners.

Despite a challenging experience in the fourth quarter we are optimistic for the years ahead. I would like to again thank our employees, partners and shareholders for their support. As we continue to grow and mature, we look forward to demonstrating progress on our way to building a North American specialty insurance provider of scale.

Sincerely,

David Clare

President and CEO
Trisura Group Ltd.
February 28, 2023

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This letter to shareholders 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: 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; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; 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 and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation 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, Trisura Group Ltd. 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.

Trisura Group Ltd.

Management's Discussion and Analysis

For the year ended December 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 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 February 28, 2023. 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 lines of business 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 Q4 2022

- GPW of $664.8 million increased by 37.2% compared to Q4 2021, enhancing scale for the organization with continued growth in Canada and significant expansion of US Fronting.
- Net loss of $40.3 million was lower compared to Q4 2021 due to a $81.5 million write down on reinsurance recoverables related to a single program in Trisura US, mitigated by contributions from growing net income in Canada.
- EPS of $(0.86) in the quarter decreased compared to Q4 2021. Adjusted EPS(1) which excludes the impact of the write down was $0.51 in the quarter and increased by 64.5% demonstrating profitability through continued growth in the core business.
- ROE(2) of 5.9% decreased versus Q4 2021.
- BVPS(2) of $10.53 increased by 21.0% over Q4 2021, the result of our equity raise and foreign currency movement, mitigated by unrealized losses in the investment portfolio as a result of rising interest rates, and the write down of reinsurance recoverable.
- Despite strong underlying performance, the quarter was impacted by the write down of a reinsurance recoverable of $81.5 million related to a program in our US Fronting business. The program structure was unique, including captive participation and catastrophe exposure. Higher catastrophe reinsurance costs had the effect of depleting collateral, and contributed to the write down.
- The event has led to policy and organizational changes in the US. We believe the unique fact pattern of this situation does not exist elsewhere in our portfolio.
- Our remaining reinsurance recoverables are high quality, with rated reinsurers or are otherwise collateralized. An exhibit demonstrating this can be found in Note 22.2 Credit Risk of our Consolidated Financial Statements.
- We may experience one-time costs in exiting this program over the next year, but will ultimately benefit from savings of reinsurance costs, and a further reduction of catastrophe exposed business.
- It is understandable that in the context of an otherwise strong year, this event has defined our results. We remain committed to building and defending our position in a secularly growing and attractive market.
- Our Canadian business had its strongest year to date, and continues to expand. Like the majority of our US Fronting operation, our fronting platform in Canada partners with large, established reinsurers and contains little uncollateralized exposure.

(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 this 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.

- ✓ Canada:
  - GPW growth of 13.9% in the quarter reflects increased market share, expansion of distribution relationships, new fronting arrangements and mitigated by slower growth in Risk Solutions Warranty as a result of supply chain challenges.
  - NUI(1) of $13.8 million in the quarter grew 137.8% versus Q4 2021 as a result of improved performance in Surety compared to the prior period as well as growth and profitable underwriting in Corporate Insurance and Risk Solutions.
  - Combined ratio(1) of 83.5% was very strong, and improved compared to Q4 2021 as a result of a lower loss ratio in Surety and an improved expense ratio.
  - Canadian Fronting grew by 14.4%, generating $4.3 million in net underwriting income as maturation of Canadian Fronting continues to increase fee-based income for the organization.
  - Net income of $13.7 million drove a 30.2% ROE.
  - The integration of Sovereign Insurance surety business has progressed as hoped, with new employees joining the organization and account retention performing well.
- ✓ United States:
  - GPW of $446.8 million in the quarter grew by 52.3% over Q4 2021, as a result of favorable market conditions, maturation of existing programs, and new program additions.
  - Fee income in the quarter of $19.4 million reflects a larger premium base and 62.5% increase over Q4 2021.
  - Net loss of $53.3 million in the quarter is as a result of a $81.5 million write down of reinsurance recoverables.
  - Adjusted ROE, excluding the impact of the write down on recoverable, was 14.3%, which was slightly higher than the prior year, despite an increased capital base and investments in growth of the business.

(1) 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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	664,802	484,740	180,062	37.2%	2,433,217	1,563,206	870,011	55.7%
Net premiums written	137,594	115,941	21,653	18.7%	498,111	398,137	99,974	25.1%
Net premiums earned	115,605	82,768	32,837	39.7%	418,621	277,909	140,712	50.6%
Fee income	20,124	12,625	7,499	59.4%	73,517	49,879	23,638	47.4%
Net investment income	9,479	7,430	2,049	27.6%	25,162	7,605	17,557	230.9%
Net gains	4,112	3,726	386	10.4%	8,802	14,484	(5,682)	(39.2%)
Total revenues	149,320	106,549	42,771	40.1%	526,102	349,877	176,225	50.4%
Net claims and LAE	(41,075)	(36,823)	(4,252)	11.5%	(127,192)	(82,330)	(44,862)	54.5%
Net commissions	(47,613)	(33,341)	(14,272)	42.8%	(177,542)	(107,757)	(69,785)	64.8%
Write down on reinsurance recoverables	(81,473)	-	(81,473)	nm	(81,473)	-	(81,473)	nm
Operating expenses	(28,319)	(21,957)	(6,362)	29.0%	(101,818)	(77,709)	(24,109)	31.0%
Interest expense	(588)	(578)	(10)	1.7%	(2,644)	(1,638)	(1,006)	61.4%
Total claims and expenses	(199,068)	(92,699)	(106,369)	114.8%	(490,669)	(269,434)	(221,235)	82.1%
(Loss) income before income taxes	(49,748)	13,850	(63,598)	(459.2%)	35,433	80,443	(45,010)	(56.0%)
Income tax benefit (expense)	9,408	(3,555)	12,963	(364.6%)	(10,782)	(17,884)	7,102	(39.7%)
Net (loss) income	(40,340)	10,295	(50,635)	(491.8%)	24,651	62,559	(37,908)	(60.6%)
Other comprehensive (loss) income	(3,966)	(2,173)	(1,793)	nm	(47,619)	4,897	(52,516)	nm
Comprehensive (loss) income	(44,306)	8,122	(52,428)	(645.5%)	(22,968)	67,456	(90,424)	(134.0%)
Earnings per common share - diluted - in dollars	(0.86)	0.24	(1.10)	(458.3%)	0.56	1.49	(0.93)	(62.4%)
Adjusted earnings per common share - diluted - in dollars	0.51	0.31	0.20	64.5%	1.87	1.47	0.40	27.2%
Book value per share - in dollars	10.53	8.70	1.83	21.0%	10.53	8.70	1.83	21.0%
ROE	5.9%	19.0%	n/a	(13.1pts)	5.9%	19.0%	n/a	(13.1pts)
Adjusted ROE(1)	20.0%	18.8%	n/a	1.2pts	20.0%	18.8%	n/a	1.2pts

(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 full year periods, driven by expansion of US Fronting, as well as significant growth in Canada led by Corporate Insurance and Canadian Fronting for the full year, and supported by Surety. NPW growth for the quarter was lower than GPW growth as a result of a shift in business mix towards certain programs with lower retentions. NPW growth for the full year grew as a result of platform expansion, albeit reduced by the impact of additional reinsurance purchases, and growth in certain programs with lower retention.

NPE growth for the quarter and full year periods was substantial, benefitting from growth in both Primary and Fronted lines. The increase in Fee income in the quarter and full year periods was driven primarily by fronting fees from the US. Growth in Fee income lags gross premiums written growth as fees are earned over a twelve month period. Important to note that fee income from Canadian Fronting is not presented as fee income on the income statement, as a result of certain differences in the nature of the Canadian reinsurance contracts. Instead, fee income from Canadian Fronting is best reflected in net underwriting income.

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 full year period grew as a result of growth in the business. In 2021 we also experienced claims expense in the quarter related to our life annuity reserves, which increased claims in Q4 2021 and led to a smaller increase in claims expense for that quarter. In 2021 on a full year basis those same life annuity reserves experienced a claims recovery, which lowered claims expense in 2021, and contributed to a larger year over year increase in the full year period 2022. We have since novated the life annuity reserves and experienced no impact from those reserves in 2022. Without the impact of the life annuity reserves in 2021, the increase in Net claims would have been approximately 32% in the quarter rather than 11.5%, and 46% YTD rather than 54.5%.

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. On a full year basis, commissions are increasing at a higher rate than NPE primarily as a result in a shift in the mix of business.

Write down on Reinsurance Recoverables

In the quarter we wrote down a reinsurance recoverable of $81.5 million related to a fronted program in the US. Trisura determined the collectability of this recoverable was in doubt and with insufficient collateral available at December 31, 2022 made the decision to write it off. See Section 4 – Performance Review, 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 for the quarter and YTD periods 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 an increase 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 16.4% in the quarter, and 38.4% 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.

Income Tax Benefit (Expense)

Income tax benefit was a recovery for the quarter as a result of losses in the US operations related to the write down of certain reinsurance recoverables in the US. Income tax expense for YTD 2022 was less than YTD 2021 as a result of lower Net income before tax during the period. For additional information, see Note 20 of the Consolidated Financial Statements.

Net (loss) Income

Net (loss) income decreased in the quarter and YTD as a result of the write down of reinsurance recoverables, which was mitigated by growth in the Canadian and US insurance operations, improved claims experience in Canadian Surety in the quarter and 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 ($0.86) in the quarter and $0.56 YTD declined compared to Q4 and full year 2021, the result of the write off of reinsurance recoverable, mitigated by growth in underwriting, fee and investment 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, which excludes the impact of the write down of reinsurance recoverables, grew by 64.5% in the quarter and 27.2% YTD due to growth in Specialty P&C earnings as well as investment income. We do not view the write off of reinsurance recoverables as a recurring event, and believe that adjusted EPS demonstrates the normalized operating result of the business.

BVPS increased by 21.0% over Q4 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 over the prior as a result lower earnings driven by the write down of reinsurance recoverables in the year exacerbated by a larger capital base as a result of our equity offering, and investment in internal infrastructure of the business. Adjusted ROE increased as growth in the business drove higher earnings, mitigated by a larger equity base resulting from our public offering.

(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.

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

BALANCE SHEET ANALYSIS

Table 3.2

As at	December 31, 2022	December 31, 2021	$ variance
Cash and cash equivalents	406,368	341,319	65,049
Investments	765,375	641,140	124,235
Premiums and accounts receivable, and other assets	494,935	311,629	183,306
Recoverable from reinsurers	2,148,617	1,375,354	773,263
Deferred acquisition costs	429,430	304,580	124,850
Capital assets and intangible assets	19,529	17,109	2,420
Deferred tax assets	19,116	9,223	9,893
Total assets	4,283,370	3,000,354	1,283,016
Accounts payable, accrued and other liabilities	103,066	216,633	(113,567)
Reinsurance premiums payable	488,656	335,673	152,983
Unearned premiums	1,432,077	965,245	466,832
Unearned reinsurance commissions	223,082	152,003	71,079
Unpaid claims and loss adjustment expenses	1,478,195	897,011	581,184
Debt outstanding	75,000	75,000	-
Total liabilities	3,800,076	2,641,565	1,158,511
Shareholders' equity	483,294	358,789	124,505
Total liabilities and shareholders' equity	4,283,370	3,000,354	1,283,016

Cash and cash equivalents increased as a result of the equity offering in Q3 2022. Investments have increased as a result of funds from the equity offering in Q3 2022 which were used to purchase investments, 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. 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 December 31, 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 December 31, 2022, 45,783,528 common shares were issued and outstanding. As at December 31, 2022, 656,280 (December 31, 2021 – 471,312) equity-based stock options were vested.

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 16 to the 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 233% at December 31, 2022 (229% as at December 31, 2021), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal target(2).

The RBC(3) of the regulated insurance companies of Trisura US are expected to be in excess of the various Company Action Levels of the states in which they are licensed. Calculations are finalized as statutory returns are completed.

The Company's debt-to-capital ratio(4) of 13.4% as at December 31, 2022 (17.3% as at December 31, 2021), was below the Company's long-term target of 20.0%. The reduction in the debt-to-capital ratio was as a result of the equity offering in Q3 2022, as well as an increase in retained earnings over the course of the year.

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. We maintain a fully undrawn $50 million revolving credit facility.

(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

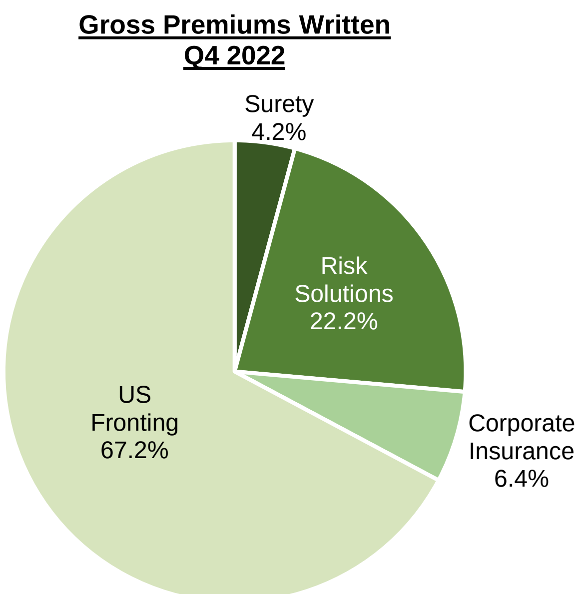
SPECIALTY P&C

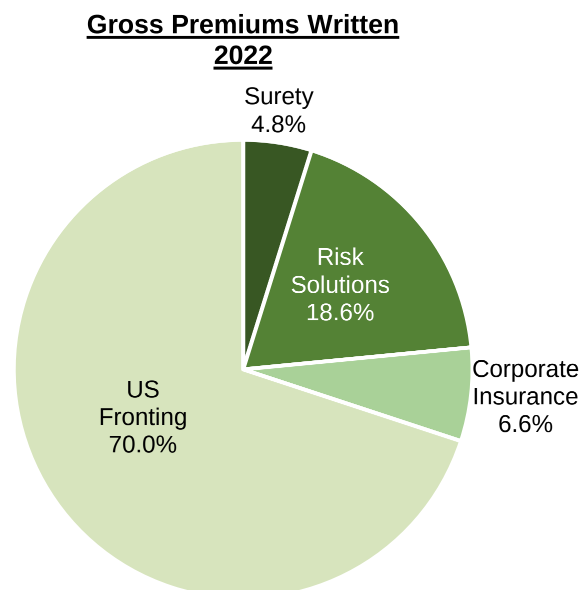
Our Specialty P&C business consists of Surety, Risk Solutions, and Corporate Insurance business lines which we primarily write in Canada, referred to as Trisura Canada, and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as Trisura US or US Fronting.

The table below provides a segmentation of our Specialty P&C GPW and NPW for the fourth 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	Q4 2022	Q4 2021	% growth over prior year	2022	2021	% growth over prior year
Surety	27,755	21,915	26.6%	117,274	96,302	21.8%
Risk Solutions	147,408	132,341	11.4%	453,731	346,732	30.9%
Corporate Insurance	42,813	37,154	15.2%	160,375	120,972	32.6%
US Fronting	446,826	293,310	52.3%	1,701,837	999,100	70.3%
Total GPW	664,802	484,720	37.2%	2,433,217	1,563,106	55.7%





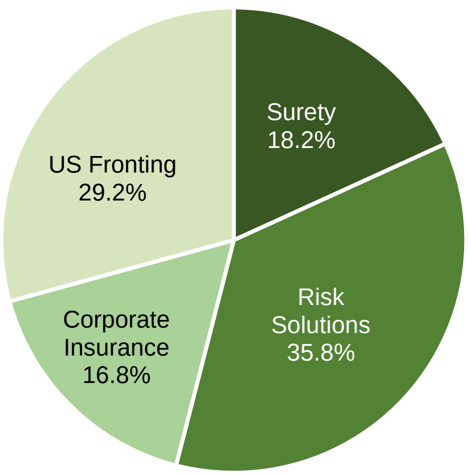
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

SPECIALTY P&C (CONTINUED)

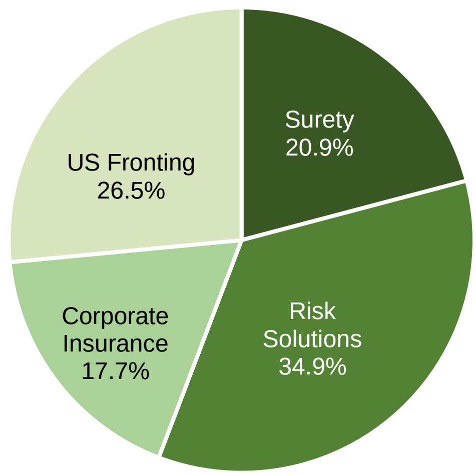
Table 4.2

NPW	Q4 2022	Q4 2021	% growth over prior year	2022	2021	% growth over prior year
Surety	25,052	18,888	32.6%	104,026	85,075	22.3%
Risk Solutions	49,233	43,338	13.6%	173,862	151,807	14.5%
Corporate Insurance	23,072	21,805	5.8%	88,165	74,068	19.0%
US Fronting	40,237	31,910	26.1%	132,058	87,187	51.5%
Total NPW	137,594	115,941	18.7%	498,111	398,137	25.1%

Net Premiums Written
Q4 2022



Net Premiums Written
2022



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

CANADA

The table below presents financial highlights for our Canadian operations.

Table 4.3

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	217,976	191,410	26,566	13.9%	731,380	564,006	167,374	29.7%
Net premiums written	97,357	84,031	13,326	15.9%	366,053	310,950	55,103	17.7%
Net premiums earned	83,923	65,914	18,009	27.3%	315,074	223,138	91,936	41.2%
Fee income	733	685	48	7.0%	6,593	6,844	(251)	(3.7%)
Net underwriting revenue(1)	84,656	66,599	18,057	27.1%	321,667	229,982	91,685	39.9%
Net underwriting income	13,824	5,814	8,010	137.8%	57,246	42,110	15,136	35.9%
Net investment income	5,030	2,477	2,553	103.1%	14,761	8,722	6,039	69.2%
Net income	13,705	9,174	4,531	49.4%	55,224	41,072	14,152	34.5%
Loss ratio(1)	20.7%	26.2%		(5.5pts)	17.0%	21.2%		(4.2pts)
Expense ratio(1)	62.8%	65.0%		(2.2pts)	64.9%	59.9%		5.0pts
Combined ratio	83.5%	91.2%		(7.7pts)	81.9%	81.1%		0.8pts
ROE	30.2%	29.8%		0.4pts	30.2%	29.8%		0.4pts

(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 Surety in the quarter, and Corporate Insurance and Risk Solutions for the full year. Risk Solutions sustained momentum from expanding fronting business in the quarter despite reduced premium in the warranty business related to supply chain disruptions, and a reduction in premium for the full year related to a program which we elected not to renew. Corporate insurance has continued to benefit from improved pricing, growth in programs, and expansion of distribution partnerships. Growth in Surety reflects continued expansion of our market share including premiums from our growing 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 increased slightly in the quarter, reflecting the transition of the Sovereign accounts acquired at the end of the last quarter, but was slightly lower for the full year compared to 2021 despite premium growth, as the number of accounts remained roughly stable and consistent contractor fees were offset by a slow down in developer and new home warranty projects as well as fewer fees collected for ad hoc services.

The loss ratio for the quarter was lower than the prior year as a result of a lower loss ratio in Surety and Risk Solutions. For the full year the loss ratio was lower as a result of a lower loss ratio in Corporate Insurance and Risk Solutions. The expense ratio for the quarter improved as a result of one-time items as well as improving operational leverage. The expense ratio for the full year was greater than the prior year partly as a result of a shift in business mix towards Risk Solutions, which has higher commissions, as well as investment in the buildout of US Surety. The YTD 2021 expense ratio was particularly low as a result of 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 lower than the prior year as a result of a lower loss and expense ratio. The combined ratio for the full year was comparable to the prior year as a result of a lower loss ratio, offset by a higher expense ratio.

NUI for the quarter and full year increased due to growth in the business and strong underwriting results.

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

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

Net income grew in Q4 and the full year compared to 2021 as a result of growth in the business, strong underwriting results and higher investment income. 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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	27,755	21,915	5,840	26.6%	117,274	96,302	20,972	21.8%
Net premiums written	25,052	18,888	6,164	32.6%	104,026	85,075	18,951	22.3%
Net premiums earned	24,120	18,237	5,883	32.3%	88,338	67,969	20,369	30.0%
Fee income	678	632	46	7.3%	6,441	6,670	(229)	(3.4%)
Net underwriting revenue	24,798	18,869	5,929	31.4%	94,779	74,639	20,140	27.0%
Net underwriting income	3,226	442	2,784	629.9%	15,446	19,592	(4,146)	(21.2%)
Loss ratio	26.3%	31.4%		(5.1pts)	19.0%	16.1%		2.9pts

Surety GPW grew significantly for the quarter and YTD periods driven by contract and commercial surety, and our growing US Surety platform. Growth in contract surety has benefitted from the transition of accounts in connection with acquisition of Sovereign Insurance's surety business at the end of last quarter.

The growth in NPW and NPE in Q4 and YTD 2022 was a result of growth in GPW.

The Q4 loss ratio was less than Q4 2021 as a result of outsized claims experience in contract surety in Q4 2021. The full year 2022 loss ratio was greater than 2021 although represents a normalized claims experience in the period. It should be noted that 2021 was a particularly strong period for Surety. Results in Surety can be volatile, and are best adjudicated over the long term.

NUI for the quarter was greater in 2022 than 2021 primarily as a result of growth in the business, and a lower loss ratio and improved operational leverage. NUI for the full year was lower than 2021 as a result of a higher loss ratio and continued investment in the US Surety operations.

(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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	147,408	132,341	15,067	11.4%	453,731	346,732	106,999	30.9%
Net premiums written	49,233	43,338	5,895	13.6%	173,862	151,807	22,055	14.5%
Net premiums earned	38,011	29,163	8,848	30.3%	144,600	92,238	52,362	56.8%
Net underwriting revenue	38,066	29,226	8,840	30.2%	144,752	92,412	52,340	56.6%
Net underwriting income	5,825	1,402	4,423	315.5%	24,038	11,144	12,894	115.7%
Loss ratio	11.6%	23.2%		(11.6pts)	10.8%	18.9%		(8.1pts)

Canadian Fronting

Table 4.5.1

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	124,441	108,753	15,688	14.4%	339,279	210,662	128,617	61.1%
Net premiums written	23,180	16,508	6,672	40.4%	64,691	34,285	30,406	88.7%
Net premiums earned	15,839	10,029	5,810	57.9%	49,330	18,703	30,627	163.8%
Net underwriting revenue	15,839	10,029	5,810	57.9%	49,330	18,703	30,627	163.8%
Net underwriting income	4,283	2,372	1,911	80.6%	13,950	3,469	10,481	302.1%

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. This fronting fee is best reflected in NUI for Canadian Fronting. NPE for the quarter and full year periods increased as a result of maturing of programs, many of which were onboarded throughout 2021. The loss ratio was lower than the prior year for the quarter and full year periods partly as a result of a change in the mix of business. NUI increased for the quarter and YTD periods primarily 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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	22,967	23,588	(621)	(2.6%)	114,452	136,070	(21,618)	(15.9%)
Net premiums written	26,053	26,830	(777)	(2.9%)	109,171	117,522	(8,351)	(7.1%)
Net premiums earned	22,172	19,134	3,038	15.9%	95,270	73,535	21,735	29.6%
Net underwriting revenue	22,227	19,197	3,030	15.8%	95,422	73,709	21,713	29.5%
Net underwriting income	1,542	(970)	2,512	nm	10,088	7,675	2,413	31.4%

Risk Solutions Warranty GPW in the quarter was roughly flat as supply chain disruptions continued to impact automobile sales. GPW for the YTD period decreased as a result of a highly reinsured 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. In 2022 additional reinsurance was purchased for certain programs which lowered NPW for the full year period. 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 Q4 and YTD 2022 than 2021 as a result of improved performance in certain warranty programs, as well as the impact of a claim in Q4 2021 related to the program which did not renew. NUI in the quarter and YTD was greater than the prior year primarily as a result of an improved loss ratio and growth in earned premium.

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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	42,813	37,154	5,659	15.2%	160,375	120,972	39,403	32.6%
Net premiums written	23,072	21,805	1,267	5.8%	88,165	74,068	14,097	19.0%
Net premiums earned	21,792	18,514	3,278	17.7%	82,136	62,930	19,206	30.5%
Net underwriting revenue	21,792	18,514	3,278	17.7%	82,136	62,930	19,206	30.5%
Net underwriting income	4,773	3,970	803	20.2%	17,762	11,373	6,389	56.2%
Loss ratio	30.5%	25.6%		4.9pts	25.6%	30.1%		(4.5pts)

GPW, NPW and NPE continued to demonstrate strong growth in Q4 and YTD 2022. This was due to new business growth, stable policy retentions, continued premium rate increases and strong support from our distribution partners.

In Q4 2022 the loss ratio was higher than the prior period as a result of increased claims activity, but nonetheless strong for the business line. For the full year, the loss ratio was lower as a result of lower claims activities across most business lines for the full year. We continue to reserve at the higher rate originally adopted in 2020 to reflect COVID uncertainty, and now maintained to reflect the uncertainty related to the current economic environment.

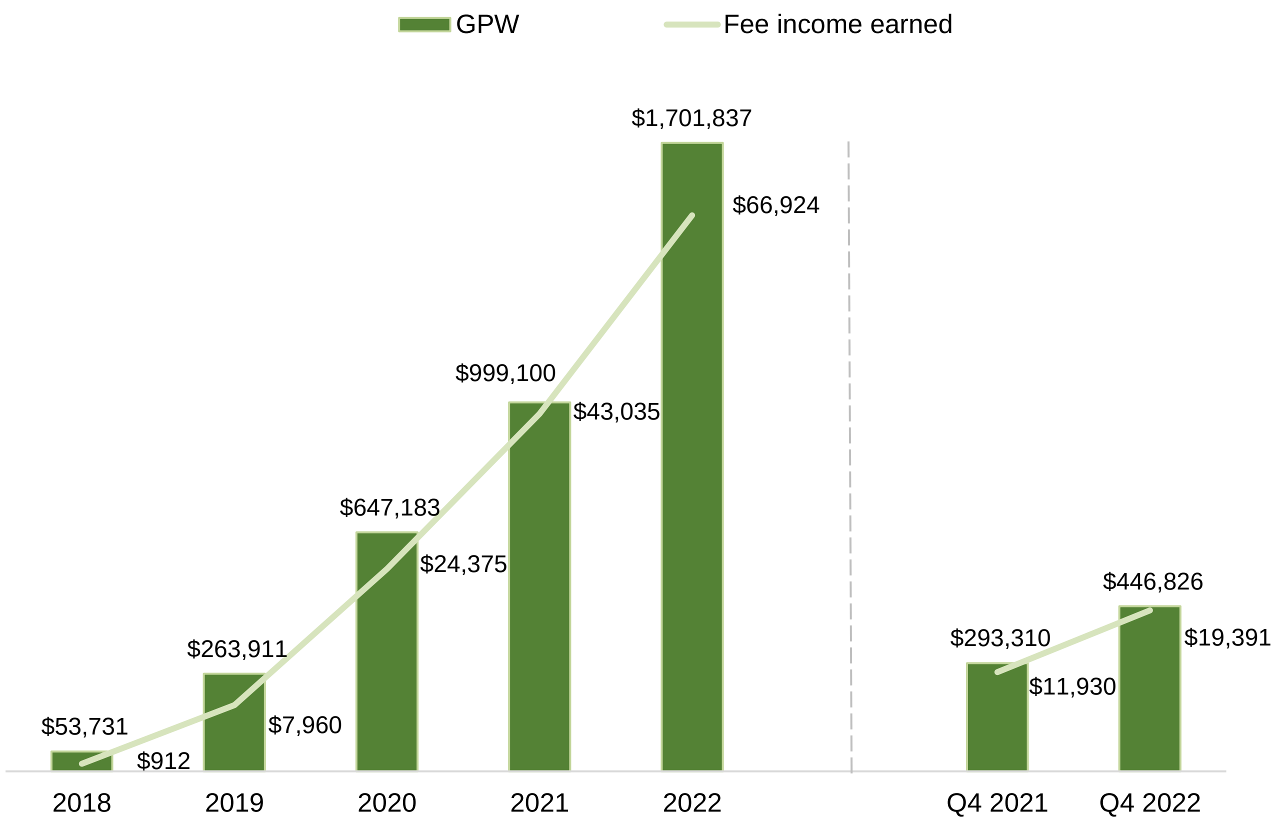
NUI increased in Q4 and YTD 2022, primarily as a result of growth in the business and increased for the full year in part because of a lower loss ratio.

(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 produced $446.8 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.

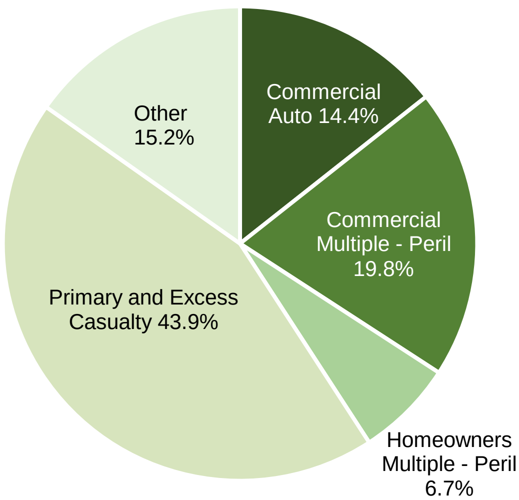


	2018	2019	2020	2021	2022	Q4 2021	Q4 2022
Number of Programs bound	14	29	48	62	69	62	69

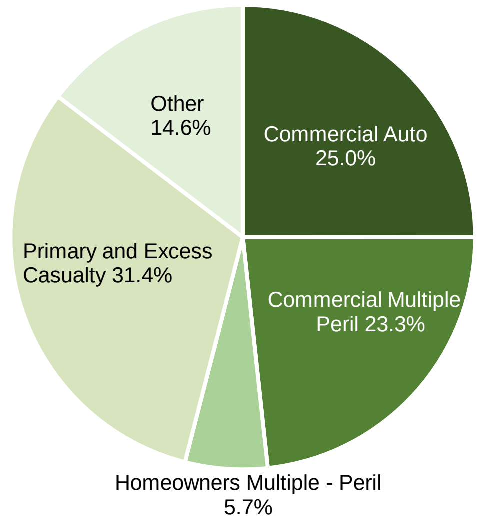
UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US GPW and NPW for Q4 2022 and YTD 2022.

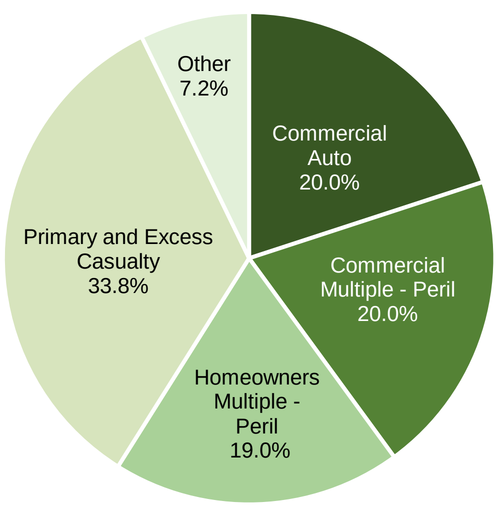
Gross Premiums Written Q4 2022 (1)



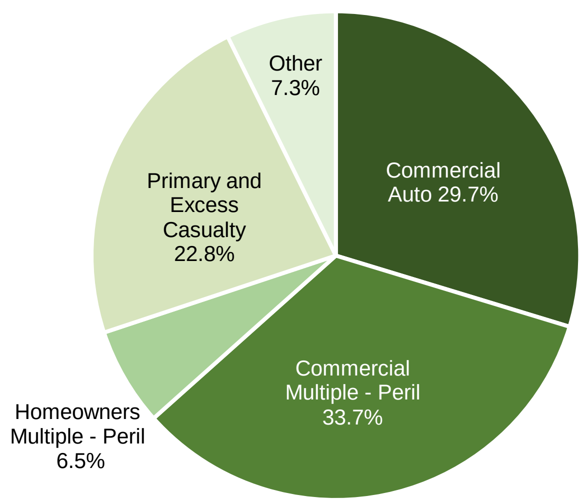
Gross Premiums Written 2022(1)



Net Premiums Written Q4 2022 (1)



Net Premiums Written 2022(1)



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

	Q4 2022	Q4 2021	$ variance	% variance	2022	2021	$ variance	% variance
Gross premiums written	446,826	293,310	153,516	52.3%	1,701,837	999,100	702,737	70.3%
Net premiums written	40,237	31,910	8,327	26.1%	132,058	87,187	44,871	51.5%
Net premiums earned	31,682	16,834	14,848	88.2%	103,547	54,670	48,877	89.4%
Fee income	19,391	11,930	7,461	62.5%	66,924	43,035	23,889	55.5%
Net underwriting revenue	51,073	28,764	22,309	77.6%	170,471	97,705	72,766	74.5%
Write down on reinsurance recoverables	(81,473)	-	(81,473)	nm	(81,473)	-	(81,473)	nm
Net underwriting income	(72,388)	6,045	(78,433)	nm	(49,147)	26,630	(75,777)	nm
Net investment income	3,668	1,470	2,198	149.5%	8,444	4,926	3,518	71.4%
Net (loss) income	(53,255)	6,817	(60,072)	nm	(29,920)	27,154	(57,074)	nm
Adjusted net income(1)	11,109	6,817	4,292	63.0%	34,444	27,154	7,290	26.8%
Loss ratio	74.6%	82.1%			71.1%	73.3%		
Retention rate(2)	9.0%	10.9%			7.8%	8.7%		
Fees as percentage of ceded premium(2)	4.8%	5.4%			5.0%	5.6%		
Fronting operational ratio(2)	241.7%	79.0%			128.8%	72.7%		
Adjusted Fronting operational ratio(3)	82.2%	79.0%			81.0%	72.7%		
ROE(2)	(12.2%)	14.0%			(12.2%)	14.0%		
Adjusted ROE(3)	14.3%	14.0%			14.3%	14.0%		

(1) This is a non-IFRS measure, which excludes the impact of the write down of reinsurance recoverables. See Table 10.2.2 in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details and an explanation of how it provides useful information to an investor.

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

(3) Adjusted figures exclude impact of write down on reinsurance recoverables.

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

Table 4.8

As at	December 31, 2022	December 31, 2021	$ variance	% variance
Deferred fee income	34,587	25,974	8,613	33.2%

GPW and NPW 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 growth. NPW grew more slowly than growth in GPW for the quarter and full year periods partly as a result of higher reinsurance costs, as well as a shift in the mix of business towards certain programs with lower retention, which is reflected in the lower retention rate for the quarter and YTD periods. In the quarter and YTD, $45.9 million and $164.9 million of GPW were generated by admitted programs.

Our US Fronting operations retained 9.0% of GPW in the quarter and 7.8% for the full year. The remainder of premiums were ceded to third party reinsurers. We continue to target a quota share retention between 5.0% and 10.0% on all programs.

UNITED STATES (CONTINUED)

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.

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 premium growth over the past year.

During the quarter there was a write down of a reinsurance recoverable of $81.5 million related to a single program. The program driving the write down was unique, including captive participation and requiring significant catastrophe reinsurance. Higher catastrophe reinsurance costs had the effect of depleting collateral, and contributed to the write down. We are exploring all available remedies with all parties involved in order to mitigate the loss we have experienced.

The event has led to policy and organizational changes in the US. The associated program has been put into accelerated run-off.

Fees as a percentage of ceded premium were lower in the quarter and YTD, in part as a result of the purchase of catastrophe reinsurance coverage which does not attract Fee income and the impact of larger programs with lower average fees.

The Q4 2022 loss ratio improved over Q4 2021 as a result comparatively higher weather impacts in the prior period, mitigated by additional reinsurance purchases in the current period which lowered NPE, and therefore increased net loss ratio in the period. The YTD 2022 loss ratios improved over the prior year as portfolio optimization continues.

The fronting operational ratio was greater in Q4 and YTD 2022 primarily as a result of the write down of reinsurance recoverables. The Adjusted fronting operational ratio, which excludes the impact of the write down, was also higher in Q4 and YTD 2022 than 2021 primarily as a result of an increase in reinsurance purchases covering the quarter. 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.

NUI decreased for the quarter and YTD periods compared to the prior year as a result of the write down of reinsurance recoverables. Excluding the write down, NUI increased compared to Q4 and YTD 2021, as a result of growth in premiums and associated fees as program volume and program partners continued to grow.

Net income decreased for the quarter and YTD periods, a result of the write down of reinsurance recoverables. Adjusted net income, which excludes the write down, grew driven by larger fronting fees and increased investment income.

The US operations achieved a 14.3% Adjusted ROE in Q4 2022, excluding the impact of the reinsurance recoverable, compared to 14.0% in Q4 2021 alongside an injection of $25.0 million USD in Q3 2022, and an additional $50.0 million injection in Q4 2022. ROE inclusive was lower in 2022 than 2021 as a result of the write down.

(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

	Q4 2022	Q4 2021	$ variance	2022	2021	$ variance
Net claims and expenses – Reinsurance	(102)	(6,381)	6,279	(533)	2,638	(3,171)
Corporate expenses and other	(94)	(283)	189	(1,969)	(1,261)	(708)
SBC, net of hedging	(349)	(411)	62	(2,247)	(843)	(1,404)
Net expenses[(1)]	(545)	(7,075)	6,530	(4,749)	534	(5,283)
Debt servicing	(499)	(493)	(6)	(2,261)	(1,304)	(957)
Corporate and other	(1,044)	(7,568)	6,524	(7,010)	(770)	(6,240)

(1) Refer to Table 10.6.1 for details to reconcile to Note 24 – Segmented Information in the Company's Consolidated Financial Statements.

Corporate and other includes Net claims and expenses – Reinsurance, which reflects some residual expenses associated with the run-off of in-force reinsurance contracts of our Reinsurance operations. In 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 Q4 2021, movement in the annuity reserves generated a significant claims expense as a result of interest rate movement in that quarter. For the full year 2021 these expenses were in a recovery position as a result of movement in the annuity reserves. There was no significant movement in Net claims and expenses – Reinsurance in Q4 or full year 2022, since the novation occurred.

Corporate expenses and other in the quarter were lower than Q4 2021 as a result of certain expenses in Q4 2021, which did not recur in 2022. On a full year basis, Corporate expenses and other were greater than 2021 as a result of higher filing fees, as well as certain costs associated with growth of the business.

SBC includes payment to directors and senior management whose ultimate value 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 was approximately the same in the quarter compared to the prior year as a result of similar amortization of certain SBC costs. SBC increased in YTD 2022 compared to 2021 as in 2021 SBC net of hedging was over-hedged and as a result was exceptionally low in that period.

Debt servicing costs was approximately the same in the quarter as a similar amount of debt was outstanding during that period. For the full year, Debt servicing costs increased 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

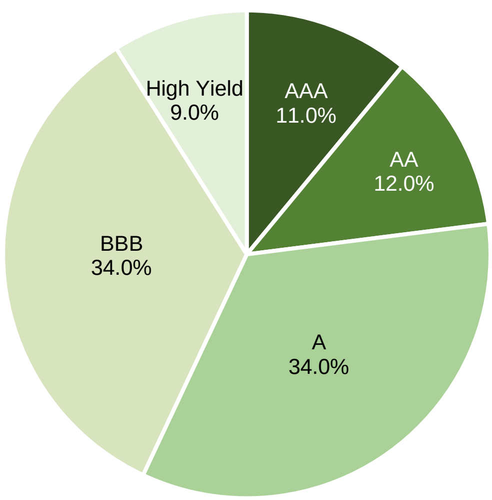
OVERVIEW

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.

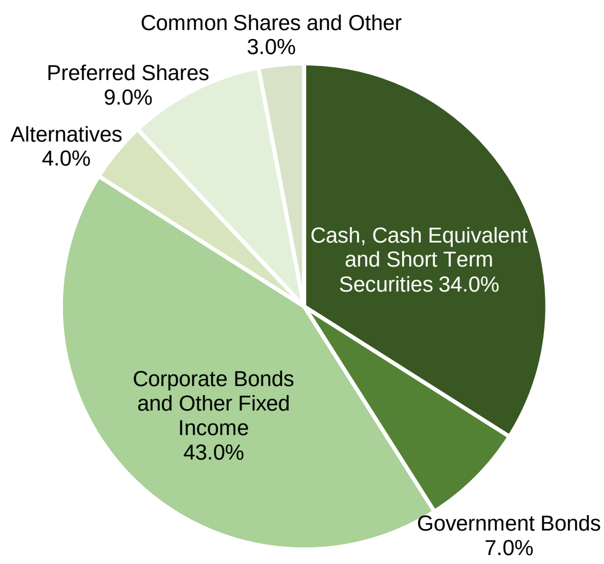
SUMMARY OF CASH AND INVESTMENTS

Our $1.2 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

	Q4 2022	Q4 2021	$ variance	2022	2021	$ variance
Investment income	9,479	7,430	2,049	25,162	7,605	17,557
Net gains excluding derivative (gains) losses[1]	470	2,195	(1,725)	9,565	5,103	4,462
Total investment income	9,949	9,625	324	34,727	12,708	22,019

(1) This is a non-IFRS financial measure. See Table 10.3 in Section 10 for details to reconcile to Note 24 - Segmented Information in the Consolidated Financial Statements.

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 cash, and was greater in Q4 2022 and YTD 2022 than the prior year as a result of a larger investment portfolio and higher portfolio yields. In addition to this, Net investment income in Q4 2021 included the impact of unrealized gains in the portfolio of assets supporting the life annuity reserves, a result of falling interest rates. On a full year basis, Net investment income in 2021 included the impact of unrealized losses in the portfolio of assets supporting the life annuity reserves, a result of rising interest rates for the full year period.

We continue to further diversify our investment portfolio, having invested in new 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 lower in Q4 2022 as a result of realized losses and impairments offsetting realized gains, but were higher in the full year as a result of gains from portfolio re-positioning as we navigate a volatile interest rate environment. Movement in embedded derivatives related to preferred shares also contributed to higher net gains in 2022.

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

Other Comprehensive (Loss) Income

Table 5.2

	Q4 2022	Q4 2021	$ variance	2022	2021	$ variance
Unrealized gains (losses) in OCI	994	(1,096)	2,090	(62,714)	4,463	(67,177)
Cumulative translation (loss) gain	(4,960)	(1,077)	(3,883)	15,095	434	14,661
Other comprehensive (loss) income	(3,966)	(2,173)	(1,793)	(47,619)	4,897	(52,516)

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 positive in Q4 2022, driven by unrealized gains on fixed income and equity positions in Canada and the US. Unrealized losses in 2022 were driven by negative mark to market 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 losses in the quarter reflected the weakness of the US dollar against the Canadian currency, driving lower Canadian dollar valuations of capital held outside of Canada. The opposite was true in 2022, with the US dollar strengthening against the Canadian currency.

Refer to Notes 18 and 19 in 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 170 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 has experienced a set back in 2022 related to a single program and associated reinsurance recoverable. Aside from this event, the entity is 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 an admitted license 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 and collateralized 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 an appropriate 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 the end of 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

Our Company has developed an enterprise risk management framework and internal controls processes to identify, measure, monitor and mitigate risk. This framework is central to our business decision making including the business we choose to write and the business we choose to decline. Furthermore, for the business we write the risk management framework informs our determination of whether to retain the risk fully or to apply risk mitigation measures such as reinsurance.

CORPORATE GOVERNANCE

The Board of Directors is responsible for oversight of risk management and internal control systems and policies. The Board of Directors has established Board of Directors level risk committees at group and subsidiary levels, whose members are mostly independent of management. These committees meet quarterly to oversee and challenge the development and effectiveness of risk management frameworks and priorities and to review risk reporting. The Group Risk Management function, under the direction of the Group Chief Risk Officer, promotes sound and effective risk management across the Company by (i) ensuring that effective processes are in place to identify, assess, monitor, manage and report the risks to which the Company is or might be exposed, (ii) facilitating the setting of risk tolerances, limits and appetite by the Board and (iii) providing comprehensive and timely information on material risks which enables the Board and the Risk Committee to understand the overall risk profile of the Company. The Group Chief Risk Officer liaises with Risk Officers at subsidiary levels to develop consistency of approach with respect to risk identification, assessment, monitoring, management and reporting tailored to the operations of the subsidiaries. All Risk Officers at group and subsidiary levels report directly to their relevant risk committees. In addition, there are management level risk and underwriting committees at group and subsidiary levels with escalation processes to Board of Directors level committees.

The following factors in addition to the other information set forth in this MD&A and in the Company's Consolidated Financial Statements and Annual Information Form should be considered in assessing the risks to the Company and the industry and markets in which we operate. If any of the following risks occur our business, financial condition, results of operations and prospects would likely suffer. The following list of risks are those that the Company believes are the most significant. They are not the only risks that we face or may face in the future and other risks may emerge that could have a material adverse effect on our financial condition and results of operations.

RISKS AND UNCERTAINTIES

Highly Competitive Specialty Insurance Business

The specialty insurance business is highly competitive. Elements of competition include pricing, availability and quality of products, capacity, quality and speed of service, ratings, financial strength, distribution and technology systems and technical expertise. Our Company competes with many other insurance companies. Many of these competitors are larger and have greater financial resources than are available to our Company and have a greater ability to compete on the basis of price. Some of our competitors may offer a broader range of policy administration or other services or be willing to take on significantly more underwriting risk. Any increase in competition in this segment, especially by one or more larger companies, could materially and adversely affect our Company's business, financial condition, results of operations and prospects. Competitors may also acquire distributors to our detriment. Consolidation amongst insurance companies and distribution partners could also impact our ability to compete. As competitors introduce new products and as new competitors enter the market, our Company may encounter additional and more intense competition. Technological change implemented by insurers or new market entrants can result in a change to the competitive landscape and adversely impact our ability to compete. There can be no assurance that we will continue to increase revenues or be profitable. To a large degree, future revenues of our Company are dependent upon our ability to continue to develop and market our products and to enhance the capabilities of our products to meet changes in customer needs in a competitive market place. We seek to manage competition risks by fostering strong relationships with our distribution partners and by focusing on their needs, delivering excellence in service and providing valuable product expertise.

Cyclical and Volatile Nature of Insurance Industry

The financial performance of the insurance industry has historically tended to fluctuate in cyclical patterns of ''soft'' markets characterized generally by increased competition, resulting in lower premium rates and underwriting standards, followed by ''hard'' markets characterized generally by lessening competition, stricter underwriting standards and increasing premium rates. The profitability of insurance companies tends to follow this cyclical market pattern with profitability generally increasing in hard markets and decreasing in soft markets. These factors could result in fluctuations in the underwriting results and net income of our Company. Many of these factors are beyond our Company's control. The profitability of specialty insurers can also be affected significantly by many factors, including regulatory regimes, developing trends in tort and class action litigation, adoption of consumer initiatives regarding premium rates or claims handling procedures, and privacy and consumer protection laws that prevent insurers from assessing risk, or factors that have a high correlation with risks considered, such as credit scoring. An economic downturn in those jurisdictions in which our Company writes business or otherwise conducts business activities, or adverse political conditions, could result in less demand for specialty insurance and lower policy premiums.

Risk of Economic Downturn

The insurance policies that we underwrite are exposed to various risks that may increase during economic downturns, recessions, or other periods of turmoil in the economy. These scenarios of economic turmoil can result in lower premium volumes due to reduced insurance spending, fewer construction starts, lower discretionary spending, slower growth for insureds, and other causes. These scenarios may also result in an increase in claims expense driven by reduced access and increased cost of credit for policyholders, insolvencies of policyholders, inflation, reduced spending on controls by policyholders, increases in crime and other factors that may impact policyholders. The Company reviews pricing assumptions regularly to ensure that they reflect up-to-date claims experience and expected future changes in that experience, as well as market conditions. The Company further mitigates the impact of pricing risk through the employment of experienced underwriting staff. The Company applies risk management practices, including the use of reinsurance, monitoring and regularly reviewing its portfolio of insurance risks in order to make adjustments as needed in order to ensure exposures are within appropriate tolerances.

Our investment portfolio is also sensitive to volatile economic conditions. Change in interest rates, credit spreads, foreign exchange rates, inflation, and other changes in market prices may cause realized and unrealized losses. Rising interest rates generally result in mark to market losses in our fixed income portfolio which can take years to resolve as bonds mature and are replaced by higher yielding securities. A recession or other economic downturn could also result in investment losses due to changes in market prices of held securities in any asset class or credit events. See Note 22.2 (Credit risk) and Note 22.4 (Market risk) to the Consolidated Financial Statements for more information on the management of this risk.

Risk of Inflation

The resurgence of inflation rates in the past 18 months could lead to an extended period of high inflation or stagflation. Claims costs associated with the insurance policies that we sell are exposed to inflation that can increase the cost of fulfilling our obligations under those policies whether related to new claims or related to unpaid claims reserves. These inflationary processes may be generalized and related to the inflation in the general economy or may be localized to a particular class of business for example as construction cost inflation or trends in tort and class action litigation. Inflation may increase the cost of reinsurance. Inflation may also increase the costs of running our Company including increased wages, rent, utilities and other expenses. Growth in our investments may not keep pace with rising claims and other expenses due to inflation. The Company reviews pricing assumptions regularly to ensure that they reflect up-to-date claims experience and other expenses. However, if market forces in our competitive insurance industry prevent fully passing on cost increases to the customer or if implemented risk mitigation strategies are inadequate or not timely, results of operations or financial condition could deteriorate.

Reliance on Distribution Partners, Capacity Providers and Program Administrators

Trisura Canada distributes its products primarily through a network of distribution partners. These distribution partners also sell our competitors' products and may, subject to certain limitations, reduce or stop selling our products altogether. Strong competition exists among insurers for distribution partners with demonstrated ability to sell insurance products. Premium volume and profitability could be materially adversely affected if there is a material decrease in the number of distribution partners that choose to sell our Company's products. Trisura offers fronting arrangements to capacity providers that want to access specific insurance business. Capacity providers may be under common control with a particular program administrator or may be independent. An independent capacity provider may reinsure a single book or multiple books with various program administrators. A single program administrator may control a single book with one capacity provider or multiple books with various capacity providers. Other specialty insurance companies may compete with Trisura for this business. These capacity providers and program administrators may choose to enter into fronting arrangements with Trisura's competitors or program administrators, or capacity providers may terminate fronting arrangements with Trisura if they no longer need access to its fronting capacity or for other reasons.

Consolidation among capacity providers could also reduce the availability of capacity available to our Company. A significant decrease in business from any of these distribution partners, capacity providers or program administrators would cause our Company to lose premiums and require us to find other partners to replace those lost premiums. We seek to manage these risks by using a diversified group of distribution partners, capacity providers and program administers. We further foster strong relationships with our business partners by delivering excellence in service and product expertise. Where we have granted binding authority to our distribution partners and program administrators we limit such authority to agreed underwriting guidelines and monitor the business underwritten. Nonetheless, situations could arise where binding authority business could result in unanticipated losses that have a significant impact on our results of operations and financial condition.

Insurance Risks:

Insurance risk is the risk that the ultimate cost of claims and loss adjustment expense, as well as acquisition expenses, related to insurance contracts will exceed premiums received in respect of those contracts. This could occur where the frequency or severity of claims is greater than expected. Some additional components of insurance risk such as product and pricing risk, concentrations of insurance risk and exposure to large losses, and estimates of loss reserves are described below.

For more information on insurance risk and the management of insurance risk see Note 2.4 (Insurance contracts), Note 14 (Unearned premiums), Note 15 (Unpaid claims and loss adjustment expenses), and Note 22.1 (Insurance risk) to the Consolidated Financial Statements.

1 – Product and Pricing

The pricing process relies on estimates of future loss costs and loss adjustment expenses. If we do not accurately assess and price for the risks assumed in our insurance policies, profitability could be negatively affected. On the other hand, setting premiums too high could impact competitiveness and growth. We price our products considering numerous factors, including claims frequency and severity trends, product line expense ratios, special risk factors, reinsurance costs, the capital required to support the product line, the investment income earned on that capital, and the competitive landscape of the insurance markets where we compete. Our Company's pricing processes are designed to ensure an appropriate return on capital. These factors are reviewed and adjusted periodically to ensure they reflect the current environment. Our Company seeks to manage this risk through the effective use of underwriting policies and guidelines, and by disciplined risk selection. Careful oversight is applied and guidelines are reviewed to reflect emerging trends. Insurance risk is further mitigated through effective claims and expense management and through the use of reinsurance. Technological change implemented by insureds could change the profile of the risks insured by our policies.

2 – Concentration of insurance risk and exposure to large losses

Concentration risk is the risk that our Company's insurance products are concentrated within a particular geographic area, industry, class of business, or insured, thereby increasing the exposure of our Company to a single event or a series of related events. Unexpected large losses may result from events such as the unforeseen failure of a large contractor, as a result of accumulations of large numbers of insurance or reinsurance contracts exposed to similar perils, adverse economic conditions, exposure to mass torts, terrorism, natural or man-made catastrophes or global pandemics. Climate change may increase the frequency or severity on natural catastrophes. Large losses could also be the result of future unforeseen changes in the legal environment that could broaden our insurance coverage beyond the policy's original intent. Exposure could also aggregate through cyber-attacks whether directly covered under our policies or through "silent cyber" where potential losses are not specifically included nor excluded in the policy wording. Certain policy exclusions could also be found to be unenforceable. When a large loss or a concentration of losses is identified, we may be required to strengthen reserves which could decrease earnings in that period. We seek to mitigate this risk through monitoring and modeling techniques to review the portfolio for concentration and aggregation of risks and through the purchase of reinsurance. We make adjustments as needed in order to ensure exposures are within tolerances. The active management of our reinsurance programs and collateral requirements is also an important element in maintaining net claims exposures within the Company's risk tolerance.

3 – Estimates of Loss Reserves

The liability for unpaid claims and loss adjustment expense represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. The reserving process employed in determining future claims and loss adjustment expense payments includes consideration of individual case claims and loss adjustment expense estimates on open reported claims as well as provisions for future development of such estimates and claims and loss adjustment expense related to incurred but not reported claims. In some instances, further provisions are made for the time value of money by applying discount rates based on projected investment income from the assets supporting this liability. The Company uses qualified actuaries in its reserving processes.

In estimating unpaid claims and loss adjustment expense, a range of actuarial techniques are used. Typically, these techniques consider historical loss development factors and payment patterns. They require the use of assumptions relating to future development of claims and loss adjustment expense, future rates of claims frequency and severity, claims inflation, the level of insurance fraud, payment patterns and reinsurance recoveries, taking into consideration the nature of the insurance policies. Most or all of these factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact our Company's ability to accurately assess the reserves required for the policies that we write. Typically, the delay to ultimate settlement of claims increases the uncertainty of the estimate of the ultimate cost of those claims and loss adjustment expense. The uncertainty in estimation tends to be higher for long-tail lines where information typically emerges over time. For the reinsurance business, the time lag in obtaining information from ceding insurers as well as differing reserve practices employed by ceding insurers can further increase the uncertainty of the estimate. In certain circumstances, explicit actuarial margins are included in the reserves in recognition of the inherent uncertainty of the estimates and the possibility of deterioration in experience relative to expectation in relation to claims development, investment return rates and recoverability of reinsurance balances. The reserves for unpaid claims and loss adjustment expense are reviewed regularly and evaluated in light of emerging claims experience and changing circumstances. Nonetheless, although our Company's management believes our overall reserve levels as at the date of the financial statements are adequate to meet our obligations under existing policies, actual losses may deviate, perhaps substantially, from the reserves reflected in our Company's financial statements. To the extent reserves prove to be inadequate, our Company would have to increase such reserves and incur a charge to earnings.

Availability and Cost of Reinsurance

Our reinsurance arrangements are with a number of reinsurers. A decline in the availability of reinsurance or an increase in the cost of reinsurance could increase costs or materially impact the amount of business we could underwrite. There can be no assurance that developments may not occur in the future which might cause a shortage of reinsurance capacity in those classes of business which we underwrite.

Ability to Recover Amounts Due from Reinsurers

Our Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies we issue. Reinsurance is also a key component of the Trisura hybrid fronting model. Reinsurance does not relieve our Company of its obligations to policyholders. Our Company is ultimately at risk on the limits of coverage provided under insurance policies we write, regardless of whether we have ceded a portion of this exposure to reinsurers. If a reinsurer is unwilling or unable to satisfy its obligations, our Company does not have the right to correspondingly reduce its claims payment obligations.

If our Company fails to realize a reinsurance recoverable owed under these arrangements our financial condition could be materially and adversely affected. The Company has a reinsurance risk management policy in place to manage the credit risk associated with Recoverables from reinsurers including criteria for using licensed reinsurers, minimum credit ratings and concentration limits. When the Company uses un-registered or un-rated reinsurers, agreed upon collateral is used to manage credit risk.

For more information on reinsurance and the Company's management of its recoverable amounts due from reinsurers, see Note 8 (Reinsurance) and Note 22.2 (Credit risk) to the Consolidated Financial Statements.

Financial Risks:

The significant financial risks are credit risk, liquidity risk and market risk (comprising currency risk, interest rate risk and other price risks such as equity risk). The notes to our Company's Consolidated Financial Statements provide further detail on these risks and the ways in which we monitor and control these risks. To the extent that those risks emerge, they could have a material adverse effect on our Company's business, financial condition and performance.

1 – Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause our Company to incur a financial loss. Credit risk arises mainly from investments in bonds and short-term securities, and balances receivable from insurance brokers and reinsurers. Concentrations of credit risk can arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar risk characteristics, for example they may operate in the same or similar industries. For premiums receivable, our Company uses insurance brokers, managing general agents, and program administrators as intermediaries for the distribution of its product offerings and is therefore subject to the risk that these agents fail to remit the premiums they have collected on its behalf. With respect to credit risk associated with recoveries under reinsurance contracts, see the section "Ability to Recover Amounts Due from Reinsurers". Our investment policies mitigate credit risk through requirements relating to type, credit quality, size and duration of permitted investments among other factors. Management monitors credit quality on an ongoing basis. For premiums receivable, the Company monitors accounts receivable and follows up all past due amounts to ensure satisfactory collection arrangements are in place. See Note 22.2 (Credit risk) to the Consolidated Financial Statements for more information on the management of credit risk.

2 – Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Generally, our Company's financial liabilities are settled by delivering cash from the cash flow generated from its operations to satisfy its liquidity requirements, which are primarily operating expenses and claims and loss adjustment payments. By their nature, the timing and quantum of claims and loss adjustment payments are subject to significant uncertainty and are estimated actuarially. Although our Company has reinsurance treaties in place under which a portion of the claim payments may be recovered, including by way of set off against premiums payable to the reinsurers, such recoveries usually follow the making of payments and often delays of a number of months can occur. Hence our Company must have access to sufficient liquid resources to fund gross amounts payable when required. Our Company periodically pledges assets under insurance and reinsurance trust arrangements which are therefore not readily available for general use by our Company. To manage its liquidity requirements, the Company keeps some of its assets in cash and cash equivalents and has a highly rated, highly liquid investment portfolio. The Company's investment policy sets out credit quality criteria and has limits on single issuer exposures. See Note 22.3 (Liquidity risk) to the Consolidated Financial Statements for more information on the management of liquidity risk.

3 – Market Risk

Exposure to this risk results from business activities including investment transactions involving the purchase or sale of financial instruments. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which could be driven by financial market conditions, general economic conditions, political conditions, or other factors. Market risk includes currency risk, interest rate risk and other price risks such as equity risk. See Note 22.4 (Market risk) of the Consolidated Financial Statements for more information on the management of market risk.

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our Company has operations in the United States and Canada and therefore has exposure to currency risk arising from fluctuations in exchange rates of the Canadian dollar against the USD. The Company also has currency risk as a result of holding investments in the Company's Canadian operations denominated in USD. The foreign currency positions of the Company are monitored regularly and the Company may use derivatives to manage foreign exchange risks.

ii) Interest Rate Risk

Interest rate risk is the potential for financial loss resulting from changes in interest rates. Bonds and preferred shares are subject to interest rate risk although, in the case of bonds, to the extent they are held to maturity, the risk is limited to the reinvestment yield being different from the original yield to maturity. The fair value of bonds generally changes inversely with changes in market rates of interest, with greater impact to bonds with longer durations. The Company's unpaid claims balance is also subject to interest rate risk which typically acts as a natural hedge to the interest rate of the asset portfolio. The Company manages its interest rate risk through its investment policy which considers average duration of bonds held as well as asset liability matching.

iii) Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's exposure to equity price risk is managed and mitigated through its investment policy which sets out maximum exposures to equities at aggregate and per issuer levels as well as requiring diversification across different industry sectors.

Cyber-Security

Our information technology systems may be subject to cyber terrorism intended to obtain unauthorized access to our proprietary information, destroy data or disable, degrade or sabotage our systems, often through the introduction of computer malware, social engineering, cyber-attacks and other means, and could originate from a wide variety of sources, including internal or unknown third parties. If our information systems are compromised, do not operate or are disabled, this could have a material adverse effect on our business prospects, financial condition, or results of operations. Additionally, if our information systems are compromised and personally identifiable information is released, there could be regulatory reporting obligations leading to material reputational harm or even litigation. We seek to mitigate this risk through strong network security, network monitoring, third party vulnerability assessments, employee training and awareness, data backups, disaster recovery planning, and privacy breach planning.

Credit Ratings

Rating agencies evaluate our ability to honour financial obligations and for our insurance subsidiaries, our ability to pay claims. The ratings are subject to periodic review using, among other things, proprietary capital adequacy models, and are subject to revision or withdrawal at any time. A.M. Best ratings are directed toward the concerns of policyholders and insurance agencies and are not intended for the protection of investors or as a recommendation to buy, hold or sell securities. Ratings are an important factor in establishing and maintaining our competitive position in the specialty insurance market and especially in commercial insurance. Trisura entities have been assigned a financial strength rating of A- (Excellent) by A.M. Best with stable outlook. In March 2021, Trisura Canada and Trisura US were each assigned a financial strength rating of A (low) by DBRS Morningstar, who also assigned an Issuer Rating of BBB to Trisura Group Ltd.

There can be no assurances that we will be able to maintain these ratings. Any downgrade in these ratings would likely adversely affect our business through the loss of certain existing and potential policyholders to other companies with higher ratings, and through certain insurance brokerage firms with which we now do business seeking a higher rated issuing carrier to write their business. A downgrade of our issuer credit rating could result in materially higher borrowing cost. Credit downgrades could impact our ability to raise capital or increase the cost of capital we can raise.

Risks of pandemics epidemics and other public health emergencies, including COVID-19

Existing or future outbreaks of pandemics, epidemics, and infectious diseases such as COVID-19 (including the emergence and progression of new variants) could have a material adverse effect on the economy, on our ability to operate, on our financial condition and on results of operations. The nature and extent of the impact of such events are highly uncertain and difficult to predict. There can be no assurance that strategies implemented by the company or governments to address these risks will mitigate the adverse impacts related to an outbreak.

The ongoing and dynamic nature of COVID-19 continues to make it difficult to predict the impact of COVID-19, including any responses to it, on the global economy and our Company going forward. The nature and extent of such impacts will depend on future developments, which are highly uncertain and difficult to predict. These developments may include the risk of new and potentially more severe variant strains of COVID-19; additional actions that may be taken to contain COVID-19, such as reimposing previously lifted measures or putting in place additional restrictions; and the pace, availability, distribution, acceptance and effectiveness of vaccines. 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 COVID-19 or other pandemics, epidemics or public health emergencies.

Negative Publicity in the Specialty Insurance Industry

A number of our Company's products and services are ultimately distributed to individual consumers. From time to time, consumer advocacy groups or the media may focus attention on products and service of the specialty insurance industry or our Company, thereby subjecting the specialty insurance industry or our Company to periodic negative publicity. Negative publicity may also result in increased regulation and legislative scrutiny of practices in the specialty insurance industry as well as increased litigation. Such consequences may increase our Company's costs of doing business and adversely affect our Company's profitability by impeding our ability to market our products and services or increasing the regulatory burdens under which our Company operates.

Reliance on Key Personnel and Talent Retention

The success of our Company depends upon the personal efforts of our senior management. The loss of the services of such key personnel could have a material adverse effect on the operations of our Company. In addition, our Company's continued growth depends on our ability to attract and retain skilled management and employees and the ability of our key personnel to manage our Company's growth. Recruiting and retaining skilled personnel is costly and highly competitive. If our Company fails to retain, hire, train and integrate qualified employees and contractors, we may not be able to maintain and expand our business. Certain key personnel are not bound by non-competition covenants. If such personnel depart our Company and subsequently compete with our Company or determine to devote significantly more time to other business interests, such activities could have a material adverse effect on our Company's business, financial condition and performance. The Company's strategies to manage this risk include succession planning for key employees, employee engagement surveys and third-party compensation reviews.

Litigation Risk

The Company is subject to claims and litigation in the ordinary course of business resulting from alleged errors and omissions in placing specialty insurance and handling claims. The placement of specialty insurance and the handling of claims involve substantial amounts of money. Since negligence claims against our Company may allege our Company's potential liability for all or part of the amounts in question, claimants may seek large damage awards and these claims can involve significant defense costs. Claims of negligence against our Company could include, for example, errors and omissions or intentional wrongful acts by the Company's employees or agents, in the adjudication of claims, in the placing of coverage, in the handling of consumer complaints, in failing to appropriately and adequately disclose insurer fee arrangements to consumers, or in the handling of funds that we hold for our customers on a fiduciary basis. It is not always possible to prevent or detect errors and omissions, and the precautions our Company takes may not be effective in all cases. In addition to litigation associated with our insurance policies, we also face risk associated with general corporate and commercial litigation. To the extent that these risks emerge, they could have a material adverse effect on our Company's business, financial condition and performance. In addition, litigation may harm our Company's reputation or divert management resources away from operating our business.

Holding Company

Trisura Group Ltd. is a holding company and its material assets consist primarily of interests in our operating subsidiaries. Consequently, we depend on distributions and other payments from our operating businesses to provide us with the funds necessary to meet our holding company financial obligations. Our operating businesses are legally distinct from Trisura Group Ltd. and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to Trisura Group Ltd. pursuant to local law, regulatory requirements and their contractual agreements, including agreements governing their financing arrangements. Our operating businesses are generally required to meet their policyholder and other obligations before making distributions to Trisura Group Ltd.

Adverse Effects of Regulatory Changes

The specialty insurance industry is heavily regulated. Changes in the regulations governing the specialty insurance industry in any jurisdiction in which we operate, or increased regulations, may significantly affect the operations and financial results of our Company. Our Company is subject to the laws, rules and regulations of the jurisdictions in which we carry on business, including Canada, the US and Barbados. These laws, rules and regulations cover many aspects of our business, the assets in which we may invest, the levels of capital and surplus and the standards of solvency that we must maintain, and the amounts of dividends which we may declare and pay. Changes to laws, rules or regulations are difficult to predict and could materially adversely affect our Company's business, results of operations and financial condition. In addition, more restrictive laws, rules or regulations may be adopted in the future that could make compliance more difficult or expensive. Trisura Canada is regulated by OSFI and other provincial regulators in the provinces in which it conducts business. Trisura US is regulated by the Department of Insurance in Oklahoma, as well as other state regulatory agencies in which it conducts business. Trisura International is regulated by the Financial Services Commission in Barbados. Each of these regulators has broad supervisory and regulatory powers available to them in connection with licenses, solvency capital requirements, investments, dividends, corporate governance, requirements for key personnel, conduct of business rules, periodic examinations and reporting requirements. The regulators have the authority to take enforcement actions and impose sanctions, including directing the regulated entity to refrain from a course of action or to perform acts necessary to remedy situations, imposing fines or assessments and the withdrawal of authorization. In certain circumstances, the regulators may take control of regulated insurance or reinsurance companies. There is no guarantee that these regulators would not take such actions under certain circumstances with respect to Trisura Canada, Trisura US or Trisura International. The imposition of such actions could have a material adverse effect on our business, financial condition and performance.

Change of Control Restrictions of US Insurance Laws

The laws of the State of Oklahoma, where Trisura US is domiciled, require prior approval by the Department of Insurance in Oklahoma of any change of control of an insurer. ''Control'' is defined as the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the regulated insurance company, whether through the ownership of voting securities, by contract or otherwise. Control is presumed to exist through the direct or indirect ownership of 10% or more of the voting securities of an insurance company domiciled in Oklahoma or any entity that controls an insurance company domiciled in Oklahoma. Any person wishing to acquire ''control'' of our Company would first be required to obtain the approval of the Department of Insurance in Oklahoma or file appropriate disclaimers. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our Company, including through transactions (and in particular, unsolicited transactions), that some or all of our shareholders might consider to be desirable.

Regulatory Challenges to Use of Fronting Arrangements

Trisura enters into arrangements under which it permits its licensed status to be used in partnerships with high quality and collateralized reinsurers to issue insurance policies originated by program administrators or brokers. The program administrator underwrites (consistent with rates and forms agreed to by Trisura and its reinsurers), and administers the business, and the reinsurers reinsure a large portion of the risks. This is considered a hybrid "fronting" arrangement. In some instances, all insurance risk is ceded. Trisura receives a fee, and shares its proportionate share in the profits or losses of the business it writes with the reinsurers. Some insurance regulators may object to Trisura's fronting arrangements.

Notwithstanding these state law restrictions on ceding insurers, the Non-admitted and Reinsurance Reform Act contained in the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the ''NRRA'') provides that all laws of a ceding insurer's nondomestic state (except those with respect to taxes and assessments on insurers or insurance income) are pre-empted to the extent that they otherwise apply the laws of the state to reinsurance agreements of nondomestic ceding insurers. The NRRA places the power to regulate reinsurer financial solvency primarily with the reinsurer's domiciliary state and requires credit for reinsurance to be recognized for a nondomestic ceding company if it is allowed by the ceding company's domiciliary state. A state insurance regulator might not view the NRRA as pre-empting a state regulator's determination that an unauthorized reinsurer must obtain a license or that a statute prohibits Trisura from engaging in a fronting business. However, such a determination or a conflict between state law and the NRRA could cause regulatory uncertainty about Trisura's fronting business, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Future Acquisitions

Part of our Company's growth strategy involves seeking acquisition opportunities. We face competition for acquisitions, including from our competitors, many of whom will have greater financial resources than us. There can be no assurance that we will complete acquisitions. In addition, future acquisitions will likely involve some or all of the following risks, which could materially and adversely affect our Company's business, financial condition or results of operations: the difficulty of integrating the acquired operations and personnel into our current operations; potential disruption of our current operations; diversion of resources, including our Company's management's time and attention; the difficulty of managing the growth of a larger organization; the risk of not attaining expected benefits; the risk of entering markets in which we have little experience; the risk of becoming involved in labour, commercial or regulatory disputes or litigation related to the new enterprise; the risk of environmental or other liabilities associated with the acquired business; and the risk of a change of control resulting from an acquisition triggering rights of third parties or government agencies under contracts with, or authorizations held by, the operating business being acquired. It is possible that due diligence investigations into businesses being acquired may fail to uncover all material risks, or to identify a change of control trigger in a material contract or authorization, or that a contractual counterparty or government agency may take a different view on the interpretation of such a provision to that taken by us, thereby resulting in a dispute.

Inability to Generate Necessary Amount of Cash to Service Existing Debt

Our Company's ability to pay principal and interest on our outstanding debt will depend on its future financial performance. Our Company's ability to generate cash will depend on many factors, some of which may be beyond its control, including general economic, financial and regulatory conditions. If our Company cannot generate enough cash flow in the future to service its debt or cannot renew the credit facility or other outstanding debt on its existing terms, it may need to refinance its debt, obtain additional financing (on terms that may be less favourable than existing financing terms) or sell assets. Our Company might not be able to implement any of these strategies on satisfactory terms or on a timely basis, if at all. If our Company is unable to meet its debt service obligations or comply with its covenants, a default under the credit facility of other outstanding debt would result.

Future Capital Requirements

Our Company's future capital requirements will depend upon many factors, including the performance of the Canadian operations, continued development of our US business, and the status of competition and regulatory and rating agency requirements. There can be no assurance that financing will be available to our Company on acceptable terms, or at all. Actions to reduce inflation, including raising interest rates, increase our cost of borrowing, which in turn could make it more difficult to obtain financing on favourable terms. If additional funds are raised by issuing equity securities, dilution to our existing shareholders will result. If adequate funds are not available, our Company may be required to delay, scale back or abandon growth plans. An inability to obtain financing or similar financial support could have a material adverse effect on our Company's business, financial condition and results of operations.

Potential Volatility of Common Share Price

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our Company's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in our Company's quarterly results of operations; (ii) changes in estimates of our Company's future financial performance; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other issuers that investors deem comparable to our Company; (v) the addition or departure of our executive officers and other key personnel; (vi) sales or anticipated sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our Company or our competitors; (viii) actual or prospective changes in government laws, rules or regulations affecting our businesses; (ix) the general state of the securities markets; (x) changes and developments in general economic, political, or social conditions, including as a result of global pandemics and the global economic shutdown; (xi) the depth and liquidity of the market for the Common Shares; (xii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets; and (xiii) the materialization of other risks described in this section.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if our Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our Company's operations and the trading price of the Common Shares may be materially adversely affected.

Small Company Liquidity Risk

Trisura is a relatively small company in terms of market capitalization. As such, the share price of the Common Shares may be more volatile than the shares of larger, more established companies. The Common Shares may trade less frequently and in smaller volume than shares of large companies. As a result, it may be difficult to buy or sell the Common Shares in a timely fashion relative to buying or selling shares of large companies on the secondary market. We may also have relatively few Common Shares outstanding at any given time, so a sale or purchase of Common Shares may have a greater impact on the price of the Common Shares.

Future Sales of Substantial Amount of Share Capital

The articles of incorporation, as amended, of Trisura provide that the Company may issue an unlimited number of Common Shares, an unlimited number of non-voting shares and an unlimited number of preference shares (issuable in series), subject to the rules of any stock exchange on which Trisura's securities may be listed from time to time. If Trisura was to issue any additional Common Shares, non-voting shares or preference shares, or such other classes of authorized shares that are convertible or exchangeable for Common Shares, the percentage ownership of existing holders may be reduced and diluted. We cannot foresee the terms and conditions of any future offerings of our securities nor the effect of such offerings on the market price of the Common Shares. Any issuance of a significant percentage of Trisura's securities, or the perception that such issuances may occur, could have a material adverse effect on the market price of the Common Shares and limit our ability to fund our operations through capital raising transactions in the future. The Board of Directors has the authority to issue non-voting shares and preference shares and determine the price, designation, rights (including voting and dividend rights), preferences, privileges, restrictions and conditions of the preference shares, and to determine to whom non-voting and preference shares shall be issued.

Business Interruption from Unpredictable Catastrophic Events

Our company's operations may be subject to losses resulting from the disruption in operations. Regular functioning of our operations may be disrupted by natural catastrophes such as hurricanes, windstorms, earthquakes, hailstorms, explosions, severe winter weather and fires, by man-made catastrophic events include hostilities, terrorist acts, riots, crashes and derailments, by a disruption in key suppliers for example power grids, internet service providers, and cloud computing providers, or by an epidemic or pandemic. Certain events may also cause damage to our Company's physical property or may impact key personnel or trading positions. Our Company maintains business continuity plans and technology disaster recovery plans. If these plans cannot be put into action or are in-effective or do not take such events into account, losses may further increase.

Dependence on Technology

Our Company is heavily dependent on systems technology to process large volumes of transactions and our business would suffer if the technology employed is inadequate or inappropriate to support current and future business needs and objectives. To ensure our Company is able to effectively respond to potential technology failures and mitigate the inherent risk, our Company maintains technology disaster recovery plans for each of our operating companies.

Climate Change Risk

We are exposed to the physical risks associated with climate change which could impact the frequency and severity of severe weather events. We are also exposed to risks related to managing the shift to a lower carbon economy which may cause changes in asset values in some sectors as well as increase the legal and reputational risks of Trisura and its policyholders related to the perceived management of climate related risks. The occurrence of any of these events could result in an increase in the frequency or severity of insured claims, business disruption, reductions in the value of investments, litigation against Trisura, and reputational damage.

Third Party Risk

We engage in significant arrangements with third party suppliers, vendors, and business partners. We also rely on capacity providers and program administrators. Third parties are exposed to risks as part of their operations. Third parties may fail or may face incidents that could compromise their ability to provide service to Trisura or could expose confidential information. We are exposed to the potential failure on the part of any of these parties, whether through error, fraud, crime, failure to comply with regulatory standards, failure to comply with internal policies, business disruption or otherwise. An economic downturn, supply chain disruption, and other global political, economic, or social conditions could increase supplier failure risk. Failure of the power grid, telephone system, internet service providers and other utilities in the regions in which we operate could disrupt our operations and lead to substantial reputational damage.

The internal processes that we have in place may not be effective in all cases at identifying or mitigating these situations in time. It is not always possible to identify and correct these failures or replace suppliers quickly or economically. In such a case, our reputation, financial condition and results of operations could be negatively impacted. Depending on the length of the failure, significant opportunity costs could also be incurred.

We manage third party risk throughout the lifecycle of our relationships from due diligence through ongoing monitoring and maintenance of the relationship to ultimate termination. Due diligence and ongoing management are proportionate to the level of criticality of each relationship.

Model Risk

We rely on estimates and models in the course of our business whether internal models or vendor models. These models have a high degree of uncertainty and are based on historical data, scenarios and judgement that may not accurately reflect future conditions. For example, models are used in the estimation of Probable Maximal Loss in the contract surety and property business, in informing reinsurance purchase decisions, in investment decisions, in pricing, and in reserving. Models estimates could deviate materially from actual experience and thereby have a material negative impact on our financial condition and results of operations.

Taxation Risk

Our Company is subject to income taxes and premium taxes in the jurisdictions in which we carry on business, including Canada, the US and Barbados. Changes to tax laws or the interpretation of these tax laws by government authorities prospectively or retrospectively could have a material adverse impact on our profitability. Deferred tax assets are only recognized to the extent that it is probable that they will be realized. Estimates are used to determine the value of the deferred tax asset balance based on the assumption that the Company will generate taxable income in future years. Estimates are used to determine the taxes payable balance based on applicable tax legislation. If our Company were not to achieve the expected level of profitability, the deferred tax asset may not be realized which could have a material negative impact on our financial condition and results of operations.

(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) with stable outlook by A.M. Best since 2012. Trisura's regulated US operating subsidiary obtained an A- (Excellent) rating with stable outlook from A.M. Best in September 2017. As at December 31, 2022, all regulated operating subsidiaries of Trisura have an A- (Excellent) rating. This rating was reaffirmed with stable outlook by A.M. Best in January 2023. 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 November 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, with a Positive trend.

CASH FLOW SUMMARY

Table 8.1

	Q4 2022	Q4 2021	$ variance	2022	2021	$ variance
Net income from operating activities	(40,340)	10,295	(50,635)	24,651	62,559	(37,908)
Non-cash items	(65)	5,559	(5,624)	2,872	21,579	(18,707)
Change in working capital including write down on reinsurance recoverables	96,831	113,822	(16,991)	167,236	244,047	(76,811)
Realized gains	(3,087)	(2,261)	(826)	(10,066)	(4,096)	(5,970)
Income taxes paid	(2,272)	(4,537)	2,265	(31,101)	(15,705)	(15,396)
Interest paid	(1,056)	(1,079)	23	(2,662)	(1,535)	(1,127)
Net cash from operating activities	50,011	121,799	(71,788)	150,930	306,849	(155,919)
Proceeds on disposal of investments	24,085	27,384	(3,299)	144,168	135,730	8,438
Purchases of investments	(50,712)	(52,559)	1,847	(384,030)	(280,918)	(103,112)
Net purchases of capital and intangible assets	(397)	(481)	84	(2,131)	(3,460)	1,329
Net cash used in investing activities	(27,024)	(25,656)	(1,368)	(241,993)	(148,648)	(93,345)
Shares issued	282	456	(174)	145,442	1,315	144,127
Shares purchased under RSUs plan	221	44	177	(1,946)	(2,011)	65
Issuance of note payable	-	-	-	-	75,000	(75,000)
Loans received	-	-	-	30,000	26,970	3,030
Loans repaid	-	-	-	(30,000)	(54,525)	24,525
Lease payments	(481)	(442)	(39)	(1,905)	(1,596)	(309)
Net cash from financing activities	22	58	(36)	141,591	45,153	96,438
Net increase in cash and cash equivalents	23,009	96,201	(73,192)	50,528	203,354	(152,826)
Cash and cash equivalents, beginning of period	384,553	245,332	139,221	341,319	136,519	204,800
Currency translation	(1,194)	(214)	(980)	14,521	1,446	13,075
Cash and cash equivalents, end of period	406,368	341,319	65,049	406,368	341,319	65,049

In Q4 and YTD 2022, Net cash from operating activities was lower than Q4 and YTD 2021 primarily as a result of lower Net income from Trisura US and also because of a particularly high Change in working capital in the Canadian operations in Q4 2021. The elevated Change in working capital in the Canadian operations in 2021 was largely attributed to an increase in collateral which was received in Q4 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 Q4 and YTD 2022 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries and was greater than the prior year for Q4 and the YTD period primarily as a result of funds from the Q3 2022 offering being deployed in the investment portfolio. In Q4 2022 Proceeds on disposal of investments were lower than Q4 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 as a result of some asset reallocation. Purchases of investments were approximately the same in Q4 2022 as Q4 2021, as a result of a similar level of movement in the portfolio during that quarter. Purchases of investments were greater in YTD 2022 than 2021 as a result of deployment of funds from the equity offering.

In Q4 there was no material movement in Net cash from financing activities in either 2022 or 2021. The small increase in Shares issued in Q4 2022 and Q4 2021 was the result of certain options being exercised. For the YTD 2022 period Net cash from financing activities was greater than 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 2022 Loans received increased by $30 million, which was repaid in Q3 2022 with funds from the equity offering.

SEGMENTED REPORTING

Table 8.2

As at	December 31, 2022			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	1,312,346	2,875,043	95,981	4,283,370
Liabilities(2)	1,113,611	2,631,733	54,732	3,800,076
Shareholders' Equity(2)	198,735	243,310	41,249	483,294
Book Value Per Share, $	4.33	5.30	0.90	10.53

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 Consolidated Financial Statements.

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

CONTRACTUAL OBLIGATIONS

Table 8.4

As at December 31, 2022	Payments due by period			
	Total	Less than 1 year	1 – 5 years	Thereafter
Debt outstanding	75,000	-	75,000	-
Interest payments on debt(1)	6,933	1,981	4,952	-
Lease liabilities(2)	13,260	2,630	7,206	3,424
Total contractual obligations	95,193	4,611	87,158	3,424

(1) Based on the Company's fixed borrowing rate on the outstanding senior unsecured notes. For details, see Note 16.2 in the Company's Consolidated Financial Statements.

(2) See Note 10 in the Company's Consolidated Financial Statements for details on Leases.

Table 8.5

As at December 31, 2021	Payments due by period			
	Total	Less than 1 year	1 – 5 years	Thereafter
Debt outstanding	75,000	-	75,000	-
Interest payments on debt(1)	8,913	1,981	6,932	-
Lease liabilities(2)	11,296	2,235	7,593	1,468
Total contractual obligations	95,209	4,216	89,525	1,468

(1) Based on the Company's fixed borrowing rate on the outstanding senior unsecured notes. For details, see Note 16.2 in the Company's Consolidated Financial Statements.

(2) See Note 10 in the Company's Consolidated Financial Statements for details on Leases.

FINANCIAL INSTRUMENTS

See Notes 4, 5, 6, 18, and 19 in the Company's 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.

ACCOUNTING ESTIMATES

See Note 3 in the Company's Consolidated Financial Statements for accounting estimates on Unpaid claims and loss adjustment expense, level 3 investments, Recoverable from reinsurers, the provisions on income taxes, as well as impairment of financial instruments.

See Note 2 in the Company's Consolidated Financial Statements for future accounting policy changes including accounting policy changes related to IFRS 17 *Insurance Contracts* ("IFRS 17").

(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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Gross premiums written	664,802	644,820	642,215	481,380	484,740	404,678	363,514	310,274
Net premiums written and fee income	157,718	125,269	162,244	126,397	128,566	115,989	112,312	91,149
Total revenues	149,320	141,157	125,500	110,125	106,549	91,682	86,721	64,925
Net income	(40,340)	23,746	20,195	21,050	10,295	16,057	16,889	19,318
EPS, basic (in dollars)	(0.88)	0.53	0.49	0.51	0.25	0.39	0.41	0.47
EPS, diluted (in dollars)	(0.86)	0.51	0.48	0.50	0.24	0.38	0.40	0.46
Total assets	4,283,370	4,165,499	3,489,135	3,011,533	3,000,354	2,575,613	2,203,460	1,886,686
Total non-current financial liabilities(1)	75,000	75,000	105,000	75,000	75,000	75,000	74,429	16,000

(1) See Note 16 in the Company's Consolidated Financial Statements for details on Debt outstanding.

The balances presented above have generally grown over time, reflecting growth in the business. A write down in Q4 2022 caused a decline in net income and earnings per share in that quarter.

SELECTED ANNUAL RESULTS

Table 9.2

	2022	2021	2020
Gross premiums written	2,433,217	1,563,206	926,442
Net premiums written and fee income	571,628	448,016	271,043
Total revenues	526,102	349,877	226,632
Net income	24,651	62,559	32,442
EPS, basic (in dollars)	0.57	1.52	0.83
EPS, diluted (in dollars)	0.56	1.49	0.82
Total assets	4,283,370	3,000,354	1,706,732
Total non-current financial liabilities(2)	75,000	75,000	16,096

(2) See Note 16 in the Company's Consolidated Financial Statements for details on Debt outstanding.

The balances presented above have generally grown over time, reflecting growth in the business. A write down in 2022 caused a decline in net income and earnings per share in the year.

SECTION 10 – ACCOUNTING AND DISCLOSURE MATTERS

DISCLOSURE CONTROLS AND PROCEDURES

We maintain information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. Management of the Company, at the direction and under the supervision of the Chief Executive Officer and the Chief Financial Officer of the Company evaluated the effectiveness of the Company's "disclosure controls and procedures" (as defined in "National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings"* ("NI 52-109")) as at December 31, 2022, and have concluded that the disclosure controls and procedures are effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (2013), published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). We maintain "internal control over financial reporting" (as defined in NI 52-109) and the Chief Executive Officer and the Chief Financial Officer of the Company have concluded that the internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has evaluated whether there were changes in our internal control over financial reporting during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting and has determined that there have been no such changes.

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 LTM average equity. *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, write downs of reinsurance recoverables, 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 ROE and 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.

	Q4 2022	Q4 2021	2022	2021
Operating expenses, as presented in the financial statements	**(28,319)**	(21,957)	**(101,818)**	(77,709)
Less: SBC	**3,991**	1,942	**1,484**	10,224
Less: premium taxes	**6,633**	4,815	**24,644**	12,789
Operating expenses excluding SBC and premium taxes	**(17,695)**	(15,200)	**(75,690)**	(54,696)
Year-over-year % increase, Operating expenses	29.0%		31.0%	
Year-over-year % increase, Operating expenses excluding SBC and premium taxes	16.4%		38.4%	

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.

	Q4 2022	Q4 2021	2022	2021
Net income (see Table 3.1)	**(40,340)**	10,295	**24,651**	62,559
Adjustments				
Write down on reinsurance recoverables	**81,473**	-	**81,473**	-
Impact of SBC, see Table 10.1	**3,991**	1,942	**1,484**	10,224
Loss on sale of structured insurance assets	**-**	-	**-**	1,336
Net gains, see Table 3.1	**(4,112)**	(3,726)	**(8,802)**	(14,484)
Net losses from life annuity	**-**	2,591	**-**	559
Impact of CAT Programs Reinsurance	**-**	2,158	**-**	2,158
Tax impact of above items	**(17,330)**	(49)	**(15,846)**	474
Adjustments relating to income tax benefits	**-**	-	**-**	(936)
Adjusted net income	**23,682**	13,211	**82,960**	61,890

(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 10.2.2 – Reconciliation of reported US Net income to Adjusted net income: reflects Net income, adjusted for write down on reinsurance recoverables to normalize earnings to core operations in order to better reflect our US operations.

	Q4 2022	Q4 2021	2022	2021
Net income (see Table 4.7)	**(53,255)**	6,817	**(29,920)**	27,154
Adjustments				
Write down on reinsurance recoverables	**81,473**	-	**81,473**	-
Tax impact	**(17,109)**	-	**(17,109)**	-
Adjusted net income	**11,109**	6,817	**34,444**	27,154

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

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.

	Q4 2022	Q4 2021	2022	2021
Net gains, as presented in the financial statements	**4,112**	3,726	**8,802**	14,484
Derivative (gains) losses from hedging, from Table 10.6.2	**(3,642)**	(1,531)	**763**	(9,381)
Net gains excluding derivative (gains) losses, as presented in Table 5.1	**470**	2,195	**9,565**	5,103

Table 10.4.1 – Reconciliation of Average equity[(1)] to LTM average equity[(2)]: LTM average equity is used in calculating adjusted ROE.

	Q4 2022	Q4 2021
Average equity	**421,042**	324,327
Adjustments: days in quarter proration	**(5,321)**	4,221
LTM average equity, as presented in Table 10.4	**415,721**	328,548

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

(2) 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.

	Q4 2022	Q4 2021	2022	2021
Adjusted net income	**23,682**	13,211	**82,960**	61,890
Weighted-average number of common shares outstanding – basic (in thousands of shares)	**45,874**	41,201	**43,416**	41,156
Adjusted earnings per common share – basic (in dollars)	**0.52**	0.32	**1.91**	1.50
Adjusted net income	**23,682**	13,211	**82,960**	61,890
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	**46,861**	42,278	**44,252**	42,076
Adjusted earnings per common share – diluted (in dollars)	**0.51**	0.31	**1.87**	1.47

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

	Q4 2022	Q4 2021
LTM net income	**24,651**	62,559
LTM average equity, from Table 10.4.1	**415,721**	328,548
ROE	**5.9%**	19.0%
Adjusted LTM net income(1)	**82,960**	61,890
LTM average equity, from Table 10.4.1	**415,721**	328,548
Adjusted ROE	**20.0%**	18.8%

(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 24 – Segmented information in the Company's Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.3 and 4.7)

	For the three months ended December 31, 2022			For the year ended December 31, 2022		
	FS Note 24 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income	FS Note 24 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	18,295	(4,590)	13,705	74,114	(18,890)	55,224
Trisura US	(67,389)	14,134	(53,255)	(37,951)	8,031	(29,920)

Table 10.5.2 – Reconciliation of Note 24 – Segmented information in the Company's Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.3 and 4.7)

	For the three months ended December 31, 2021			For the year ended December 31, 2021		
	FS Note 24 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income	FS Note 24 – Net income before tax	Tax impact	MD&A Table 4.3 and 4.7 – Net income
Trisura Canada	9,133	41	9,174	51,715	(10,643)	41,072
Trisura US	8,427	(1,610)	6,817	33,900	(6,746)	27,154

Corporate and Other

Table 10.6.1 – Reconciliation of Note 24 – Segmented information to Section 4 – Corporate and Other Table 4.9

	Q4 2022	Q4 2021	2022	2021
Net expenses Corporate and other, as presented in Note 24 - Segmented Information	**(4,165)**	(2,849)	**(3,865)**	(13,919)
Net claims – Reinsurance	**(22)**	(5,757)	**(121)**	5,072
Derivative gains (losses) from hedging(1)	**3,642**	1,531	**(763)**	9,381
Net expenses, as presented in Table 4.9	**(545)**	(7,075)	**(4,749)**	534

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

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

	Q4 2022	Q4 2021	2022	2021
SBC, gross of hedging(2)	**(3,991)**	(1,942)	**(1,484)**	(10,224)
Add: Derivative gains (losses) from hedging(3)	**3,642**	1,531	**(763)**	9,381
SBC, net of hedging as presented in Table 4.9	**(349)**	(411)	**(2,247)**	(843)

(2) Included in Net expenses in Corporate and other segment of FS Note 24.
(3) Derivative gains (losses) from hedging are presented in Net gains in the 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: 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; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; 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 and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation 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

TRISURA®

Trisura Group Ltd.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Trisura Group Ltd.

Opinion

We have audited the consolidated financial statements of Trisura Group Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Unpaid claims and loss adjustment expenses for the property and casualty insurance business - Refer to Notes 2.4(d) and 15 to the financial statements

Key Audit Matter Description

The Company conducts property and casualty insurance business through its Trisura Canada and Trisura US operations. The liability for unpaid claims and loss adjustment expenses represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. This estimation process includes consideration of individual case estimates of claims and loss adjustment expenses on reported claims, provision for future development of case estimates on reported claims, and provision for claims and loss adjustment expenses related to incurred but not reported ("IBNR") claims.

In estimating the IBNR claims liabilities, the Company uses a range of actuarial methodologies which consider assumptions related to historical loss development factors and payment patterns. While there are several assumptions that go into determining the IBNR claims liabilities, significant management judgment is applied regarding the use of assumptions relating to future development of claims and loss adjustment expenses that have not yet been reported, future rates of claim frequency and severity, payment patterns and reinsurance recoveries ("significant assumptions"). Auditing the selection of the actuarial methodologies and the significant assumptions involves a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of actuarial specialists

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the selection of the actuarial methodologies and the significant assumptions used to value the IBNR claims liabilities for the property and casualty insurance business included the following, among others:

- Tested the underlying data that served as the basis for the actuarial analysis, including historical claims and loss adjustment expenses data used to develop future expectations, to evaluate the reasonableness of key inputs to the actuarial estimate.
- With the assistance of actuarial specialists:
    - Evaluated management's actuarial methodologies and the significant assumptions in accordance with actuarial principles and practices under generally accepted actuarial standards of practice.
    - Independently estimated the claim liabilities for selected lines of business, focusing on the largest IBNR claims liabilities, and compared the recalculated results to those recorded by the Company.
    - Performed a retrospective assessment to determine whether management judgments and assumptions relating to the significant estimates indicated a possible bias on the part of management.

Recoverable from reinsurers - Refer to Notes 2.4(e) and 8 to the financial statements

Key Audit Matter Description
Recoverable from reinsurers is comprised of the reinsurers' share of unearned premiums and their estimated share of unpaid claims and loss adjustment expense. The Company's obligation to pay policyholders is not contingent on the reinsurers paying or honouring its contractual obligations. Therefore, each reporting period, the Company evaluates the financial condition of its reinsurers and monitors their credit risk to determine if an impairment should be recorded. As of December 31, 2022, the Company recorded an impairment for certain recoverable from reinsurers associated with a reinsurance counterparty ("certain recoverable from reinsurers") where collection was in doubt.

To assess whether the arrangement with the counterparty of the certain recoverable from reinsurers met the requirement to recognize a reinsurance recoverable and whether it was subsequently impaired, management made significant judgments. Auditing the certain recoverable from reinsurers required significant auditor judgment which resulted in an increased extent of audit effort.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the certain recoverable from reinsurers included the following, among others:

- Assessed whether the arrangement with the counterparty of the certain recoverable from reinsurers met the requirement to recognize a reinsurance recoverable.
- Evaluated management's recoverability assessment and the significant judgments applied in measuring the impairment of the certain recoverable from reinsurers by considering management's communications with the counterparty, other relevant parties, and inspecting supporting documentation.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report
- Financial Supplement

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis, Annual Report, and Financial Supplement prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ratan Ralliaram.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 28, 2023

TRISURA GROUP LTD.
Consolidated Financial Statements

Table of contents for the Consolidated Financial Statements of Trisura Group Ltd.

TRISURA GROUP LTD.
Consolidated Statements of Financial Position
(in thousands of Canadian dollars, except as otherwise noted)

As at	*Note*	**December 31, 2022**	December 31, 2021
Assets			
Cash and cash equivalents	*4*	**406,368**	341,319
Investments	*4*	**765,375**	641,140
Premiums and accounts receivable, and other assets	*7*	**494,935**	311,629
Recoverable from reinsurers	*8*	**2,148,617**	1,375,354
Deferred acquisition costs	*9*	**429,430**	304,580
Capital assets and intangible assets	*10, 11, 12*	**19,529**	17,109
Deferred tax assets	*20*	**19,116**	9,223
Total assets		**4,283,370**	3,000,354
Liabilities			
Accounts payable, accrued and other liabilities	*13*	**103,066**	216,633
Reinsurance premiums payable	*8*	**488,656**	335,673
Unearned premiums	*14*	**1,432,077**	965,245
Unearned reinsurance commissions	*9*	**223,082**	152,003
Unpaid claims and loss adjustment expenses	*15*	**1,478,195**	897,011
Debt outstanding	*16*	**75,000**	75,000
		3,800,076	2,641,565
Shareholders' equity			
Common shares	*17*	**430,262**	285,035
Contributed surplus		**5,743**	3,497
Retained earnings		**91,343**	66,692
Accumulated other comprehensive (loss) income		**(44,054)**	3,565
		483,294	358,789
Total liabilities and shareholders' equity		**4,283,370**	3,000,354

See accompanying notes to the Consolidated Financial Statements

On behalf of the Board

George Myhal

Director

David Clare

Director

TRISURA GROUP LTD.
Consolidated Statements of Income
(in thousands of Canadian dollars, except as otherwise noted)

For the years ended December 31,	Note	2022	2021
Gross premiums written		**2,433,217**	1,563,206
Reinsurance premiums ceded		**(1,935,106)**	(1,165,069)
Net premiums written		**498,111**	398,137
Change in unearned premiums		**(79,490)**	(120,228)
Net premiums earned		**418,621**	277,909
Fee income		**73,517**	49,879
Net investment income	*18*	**25,162**	7,605
Net gains	*19*	**8,802**	14,484
Total revenues		**526,102**	349,877
Net claims and loss adjustment expenses	*15*	**(127,192)**	(82,330)
Net commissions	*9*	**(177,542)**	(107,757)
Write down on reinsurance recoverables	*8*	**(81,473)**	-
Operating expenses		**(101,818)**	(77,709)
Interest expenses	*16.2*	**(2,644)**	(1,638)
Total claims and expenses		**(490,669)**	(269,434)
Income before income taxes		**35,433**	80,443
Income tax expense	*20*	**(10,782)**	(17,884)
Net income attributable to shareholders		**24,651**	62,559
Weighted average number of common shares outstanding during the year (in thousands) – basic	*21*	**43,416**	41,156
Earnings per common share (in dollars) – basic	*21*	**0.57**	1.52
Earnings per common share (in dollars) – diluted	*21*	**0.56**	1.49

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Comprehensive (Loss) Income
(in thousands of Canadian dollars, except as otherwise noted)

For the years ended December 31,	Note	2022	2021
Net income attributable to shareholders		**24,651**	62,559
Net unrealized (losses) gains on available-for-sale ("AFS") investments		**(74,254)**	10,513
Income tax benefit (expense)		**17,166**	(3,226)
Items that may be reclassified subsequently to net income		**(57,088)**	7,287
Net realized gains		**(10,476)**	(3,769)
Impairment loss	*19*	**3,041**	529
Income tax benefit		**1,809**	416
Items reclassified to net income		**(5,626)**	(2,824)
Items other than cumulative translation gain		**(62,714)**	4,463
Cumulative translation gain		**15,095**	434
Other comprehensive (loss) income		**(47,619)**	4,897
Total comprehensive (loss) income		**(22,968)**	67,456

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars, except as otherwise noted)

	Note	**Common shares**	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive (loss) income (net of income taxes)**	**Total**
Balance at January 1, 2022		285,035	3,497	66,692	3,565	**358,789**
Net income		-	-	24,651	-	**24,651**
Other comprehensive loss		-	-	-	(47,619)	**(47,619)**
Comprehensive loss		-	-	24,651	(47,619)	**(22,968)**
Share issuance	*17*	147,173	-	-	-	**147,173**
Shares purchased under Restricted Share Units ("RSUs") plan	*17*	(1,946)	-	-	-	**(1,946)**
Share based payments		-	2,246	-	-	**2,246**
Balance at December 31, 2022		**430,262**	**5,743**	**91,343**	**(44,054)**	**483,294**

		Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income (net of income taxes)	Total
Balance at January 1, 2021		285,731	1,332	4,133	(1,332)	289,864
Net income		-	-	62,559	-	62,559
Other comprehensive income		-	-	-	4,897	4,897
Comprehensive income		-	-	62,559	4,897	67,456
Share issuance	*17*	1,315	-	-	-	1,315
Shares purchased under RSUs plan	*17*	(2,011)	-	-	-	(2,011)
Share based payments		-	2,165	-	-	2,165
Balance at December 31, 2021		285,035	3,497	66,692	3,565	358,789

See accompanying notes to the Consolidated Financial Statements

TRISURA GROUP LTD.
Consolidated Statements of Cash Flows
(in thousands of Canadian dollars, except as otherwise noted)

For the years ended December 31,	*Note*	**2022**	2021
Operating activities			
Net income		**24,651**	62,559
Items not involving cash:			
Depreciation and amortization		**3,623**	3,928
Unrealized (gains) losses on investments		**(5,162)**	15,813
Impairment loss on investments	*19*	**3,041**	529
Share based compensation		**1,370**	1,309
Write down on reinsurance recoverables	*8*	**81,473**	-
Change in working capital	*28*	**85,763**	244,047
Realized gains on investments		**(10,066)**	(4,096)
Income taxes paid		**(31,101)**	(15,705)
Interest paid		**(2,662)**	(1,535)
Net cash flows from operating activities		**150,930**	306,849
Investing activities			
Proceeds on disposal of investments		**144,168**	135,730
Purchases of investments		**(384,030)**	(280,918)
Purchases of capital assets		**(877)**	(3,264)
Purchases of intangible assets	*12*	**(1,254)**	(196)
Net cash flows used in investing activities		**(241,993)**	(148,648)
Financing activities			
Shares issued	*17*	**145,442**	1,315
Shares purchased under RSUs plan	*17*	**(1,946)**	(2,011)
Proceeds from issuance of debt, net of issuance costs	*16.2*	**-**	75,000
Loans received	*16.1*	**30,000**	26,970
Loans repaid		**(30,000)**	(54,525)
Principal portion of lease payments		**(1,905)**	(1,596)
Net cash flows from financing activities		**141,591**	45,153
Net increase in cash and cash equivalents during the year		**50,528**	203,354
Cash, beginning of year		**330,202**	120,538
Cash equivalents, beginning of year		**11,117**	15,981
Cash and cash equivalents, beginning of year		**341,319**	136,519
Impact of foreign exchange on cash and cash equivalents		**14,521**	1,446
Cash, end of year		**381,485**	330,202
Cash equivalents, end of year		**24,883**	11,117
Cash and cash equivalents, end of year		**406,368**	341,319

See accompanying notes to the Consolidated Financial Statements

Note 1 – The Company

Trisura Group Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) (the "Act") on January 27, 2017. The Company's head office is located at 333 Bay Street, Suite 1610, Box 22, Toronto Ontario, M5H 2R2.

The Company has investments in wholly owned subsidiaries through which it conducts insurance and reinsurance operations. Those operations are primarily in Canada ("Trisura Canada") and the United States ("Trisura US").

Trisura Canada operates as a Canadian property and casualty insurance company, licensed in all provinces and territories. Certain lines of Trisura Canada's business operate as a fronting carrier with a large portion of gross premiums written ceded to reinsurers. Trisura US is a domestic surplus lines insurer that can write business as a non-admitted surplus line insurer in all states and admitted business in most states. Trisura US primarily operates as a hybrid fronting carrier where a large portion of its gross premiums written are ceded to reinsurers. Trisura US earns fee income from the reinsurers to whom it cedes premiums.

The common shares of the Company are publicly traded on the Toronto Stock Exchange under the symbol "TSU".

Note 2 – Summary of significant accounting policies

2.1 Basis of presentation

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Consolidated Financial Statements comprise the financial results of the Company and all entities controlled by the Company, on a consolidated basis of presentation. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In accordance with IFRS, presentation of assets and liabilities on the Consolidated Statements of Financial Position is in order of liquidity. The Company's functional and presentation currency is Canadian dollars.

These Consolidated Financial Statements were authorized for issuance by the Company's Board of Directors on February 28, 2023.

2.2 Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. The Company has classified cash and cash equivalents along with loans and receivables, at amortized cost, which approximates fair value.

2.3 Financial instruments

a) Categories of financial instruments

i) Fair Value Through Profit or Loss ("FVTPL")

FVTPL financial instruments are carried at fair value and recognized on the trade date, with the changes in fair value recognized in net income. Certain investments may be designated as FVTPL to reduce the volatility within net income associated with the movement of the underlying claims which are supported by these investments. Transaction costs related to FVTPL financial instruments are expensed in investment income.

ii) Available-for-sale ("AFS")

AFS financial instruments are carried at fair value and recognized on the trade date, with changes in fair value recorded as unrealized gains or losses in other comprehensive income. Fixed income securities, common shares, preferred shares and alternatives are classified as AFS, unless they have been classified or designated otherwise. Fixed income securities include marketable bonds, including government bonds issued by Canadian and foreign governments, corporate bonds, and exchange-traded debt funds. Common shares include investments in equities, real estate investment trusts, and exchange-traded equity funds. Preferred shares include investments in preferred equities, and exchange-traded preferred equity funds. Alternative investments include investments in private equity funds and private equity investments. Transaction costs related to financial instruments classified as AFS are capitalized on initial recognition and, where applicable, amortized to interest income using the effective interest method.

2.3 Financial instruments (continued)

a) Categories of financial instruments (continued)

iii) Loans and receivables

Financial instruments are categorized as Loans and receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are carried at amortized cost. Transaction costs are capitalized on initial recognition and are recognized in investment income using the effective interest rate method. The Company has classified Premiums and accounts receivable, and other assets as Loans and receivables. Derivative assets which are grouped with Premiums and accounts receivable, and other assets are carried at fair value as described in Note 2.3(c). The Company may also classify certain investments as Loans and receivables, which meet the criteria to do so.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in realized gains or losses on investments.

iv) Other financial liabilities

Other financial liabilities are measured at amortized cost. Accounts payable, accrued and other liabilities, Reinsurance premiums payable and Debt outstanding are classified as Other financial liabilities. Derivative liabilities and cash-settled Share based payments, which are grouped with Accounts payable, accrued and other liabilities are carried at fair value as described in Note 2.3(c) and Note 2.9, respectively.

b) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values by management, which includes input from the Company's third-party investment managers.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Investments carried at fair value are classified in accordance with a valuation hierarchy that reflects the significance of the inputs used in determining their fair value. Under Level 1 of this hierarchy, fair value is derived from unadjusted quoted prices in active markets for identical investments. Under Level 2, fair value is derived from market inputs that are directly or indirectly observable, other than unadjusted quoted prices for identical investments. Level 2 financial instruments comprise fixed income securities such as over the counter bonds and derivative financial instruments such as foreign currency forwards, equity and interest rate swap agreements which are not considered as actively traded or for which fair values are based on valuation techniques. Inputs used in their valuation include prevailing market rates for fixed income securities with similar characteristics and risk profiles. Under Level 3, fair value is derived from inputs, some of which are not based on observable market data.

Significant unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed in light of the requirements of IFRS, including the level in the fair value hierarchy in which such investments should be classified.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

c) Derivative financial instruments

Derivative financial instruments are classified as held for trading. The Company does not apply hedge accounting and all derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are recorded at fair value. Based on market prices, fair value adjustments and realized gains or losses are recognized in Net gains or losses in the Consolidated Statements of Income (see Note 5 and Note 19).

2.3 Financial instruments (continued)

d) Impairment of financial assets

The Company's financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

When an unrealized loss on an AFS investment results from objective evidence of impairment, the difference between the acquisition cost (net of any principal repayment and amortization) of the investment and its fair value is recognized as a realized loss in net income and a corresponding adjustment is made to other comprehensive income. For debt securities, impairment could occur if there is objective evidence of impairment as a result of a loss event and that loss event has an impact on future cash flows, and for equity securities, impairment could occur as a result of a significant or prolonged decline in the fair value below its cost. In determining whether there is objective evidence of impairment, the factors considered are, primarily, the term of the unrealized loss and the amount of the unrealized loss. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in net income, the impairment loss is reversed, with the amount of the reversal recognized in net income.

e) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statements of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

2.4 Insurance contracts

When significant insurance risk exists, the Company's products are classified at contract inception as insurance contracts, in accordance with IFRS 4, *Insurance Contracts* ("IFRS 4"). Significant insurance risk exists when the Company agrees to compensate policyholders of the contract or ceding companies for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Company is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured or reinsured event were to occur. In the absence of significant insurance risk, the contract is classified as an investment contract.

a) Premiums, premiums receivable, and unearned premiums

Premiums are earned over the terms of the related policies or surety bonds, generally on a pro rata basis. There are some instances where premiums are earned over the term of the policy in accordance with the risk profile of those policies with more premiums being earned when the risk exposure from the policy is greatest. Unearned premiums represent the unexpired portion of premiums written.

In the normal course of business, the Company enters into fronting arrangements with third parties, whereby the Company assumes the insurance risk but then cedes all or most of the risk to other insurers and reinsurers. In certain instances, security arrangements are established to offset the Company's risk exposure. Fronting arrangements do not discharge the Company as the primary insurer for its obligations to policyholders. Premiums related to those fronting arrangements are recognized over the term of the related policies on a pro rata basis.

Premiums receivable consist of premiums due to the Company for insurance contracts sold.

b) Fees

Fees charged by Trisura Canada to insureds (primarily related to Surety) are recognized in the period in which they are charged provided that no significant obligations to insureds exist and reasonable assurance exists regarding collectability, in accordance with IFRS 15 *Revenue from contracts with customers*. Fees charged by Trisura US to reinsurers (primarily related to Fronting) are recognized over the same period as the related insurance contract.

2.4 Insurance contracts (continued)

c) Deferred acquisition costs

Acquisition costs comprise commissions and premium taxes. These costs are deferred to the extent they are recoverable from unearned premiums and are amortized on the same basis as the related premiums are earned. If unearned premiums are not sufficient to pay expected claims and expenses, including the deferred acquisition costs, after taking into consideration anticipated investment income, the resulting premium deficiency is recognized in the current period by first reducing, to a corresponding extent, the deferred amount of the acquisition costs. Any residual amount is recorded in Deferred acquisition costs in the Consolidated Statements of Financial Position as a provision for premium deficiency.

d) Unpaid claims and loss adjustment expenses ("LAE")

The liability for unpaid claims and LAE represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. The estimation process employed in determining future claims and LAE payments includes consideration of individual case estimates of claims and LAE payments on reported claims, provision for future development of case estimates on reported claims, and provision for claims and LAE related to incurred but not reported ("IBNR") claims. In some instances, further provisions are made for the time value of money by applying discount rates based on projected investment income from the assets supporting this liability. The unpaid claims and LAE of Trisura Canada are discounted, and the life reserves of Trisura International Insurance Ltd. ("Trisura International") were discounted prior to the novation transaction described in Note 15. Unpaid claims and LAE of Trisura US are not discounted. The Company uses qualified actuaries in its reserving processes.

In estimating the IBNR claims, the Company uses a range of actuarial methodologies which consider assumptions related to historical loss development factors and payment patterns. While there are several assumptions that go into determining the IBNR claims, significant management judgment is applied regarding the use of assumptions relating to future development of claims and LAE that have not yet been reported, future rates of claims frequency and severity, claims inflation, payment patterns and reinsurance recoveries, taking into consideration the circumstances of the Company and the nature of the insurance policies. Typically, the delay to ultimate settlement of claims increases the uncertainty of the estimate of the ultimate cost of those claims and LAE. In certain circumstances, explicit actuarial margins are included in the liability in recognition of the inherent uncertainty of the estimates and the possibility of deterioration in experience relative to expectation in relation to claims development, investment return rates and recoverability of reinsurance balances.

As a result of the uncertainly in estimation, actual future claims and LAE payments may deviate in quantum and timing, perhaps materially, from the liability recorded in the unpaid claims and LAE on the Consolidated Statements of Financial Position. The liability for unpaid claims and LAE is reviewed regularly and evaluated in light of emerging claims experience and changing circumstances. Any resulting adjustments to the estimates of the ultimate liability are recorded as claims and LAE in the period in which such changes are made.

e) Recoverable from reinsurers and Unearned reinsurance commissions

The reinsurers' share of unearned premiums and their estimated share of unpaid claims and LAE are presented as Recoverable from reinsurers on a basis consistent with the methods used to determine the unearned premium liability and the unpaid claims liability, respectively.

Unearned reinsurance commissions are deferred and earned using principles consistent with the method used for deferring and amortizing acquisition costs.

(in thousands of Canadian dollars, except as otherwise noted)

2.4 Insurance contracts (continued)

f) Investment contracts

Contracts issued to policyholders that transfer financial risk, but do not transfer significant insurance risk to the Company are classified as investment contract liabilities. The contributions received from policyholders on these contracts are recorded as investment contract liabilities, and not as premiums written, and claim payments made are recorded as adjustments to the investment contract liabilities.

Investment contract liabilities are carried at amortized cost and are measured at the date of initial recognition as the fair value of consideration received, less payments for transaction related costs. At end of each reporting period, the liability is measured based on the estimated future cash flows relating to all claims expected to be settled on the contracts. Gains or losses associated with the measurement are recorded in Net claims and LAE. Investment contract liabilities are included in Accounts payable, accrued and other liabilities in the Consolidated Statements of Financial Position and presented as Other liabilities in Note 13.

2.5 Capital assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of these assets using the following rates and methods:

Office equipment	30% – 40%, declining balance
Furniture and fixtures	20% – 25%, declining balance
Leasehold improvements	2 to 16 years, straight-line over the term of the lease

Right-of-use (“ROU”) assets are measured at cost less accumulated depreciation and impairment losses.

The ROU assets are depreciated over the earlier of the end of the useful life of the underlying asset or the end of the term of the underlying lease contracts. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term leases or leases of low-value assets are accounted for by recognizing the lease payments associated with those leases as an expense on a straight-line basis over the term of the leases, as permitted by IFRS 16 *Leases*.

The carrying amounts of the Company’s non-financial assets are assessed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount by means of an impairment charge to net income. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

2.6 Intangible assets

Intangible assets are carried at cost less accumulated amortization. Amortization is provided over the estimated useful lives of those assets. A 40% amortization rate and the declining balance method of amortization are applied to computer software. A 20% amortization rate and the declining balance method of amortization are applied to the customer lists recorded as intangible assets. Licenses have indefinite useful lives and are not amortized.

2.7 Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities, and are measured using the tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be settled or realized, where those tax rates and laws have been substantively enacted.

Deferred tax assets are only recognized to the extent that it is probable that they will be realized. Estimates are used to determine the value of the deferred tax asset balance based on the assumption that the Company will generate taxable income in future years. Estimates are used to determine the taxes payable balance based on applicable tax legislation. For items in other comprehensive income, the related tax is also presented in other comprehensive income.

2.8 Foreign currency

a) Functional and presentation currency

The Company's functional and presentation currency is Canadian dollars. Foreign currency transactions are translated into Canadian dollars at the foreign exchange rate in effect on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate in effect at the statement of financial position date. Foreign exchange differences arising on translation are recognized in net income. Foreign currency non-monetary assets and liabilities which are measured at historical cost are recorded at the exchange rate in effect at the date of transaction. Foreign currency non-monetary assets and liabilities which are measured at fair value are recorded at the exchange rate in effect at the date that fair value was determined.

For financial instruments with fixed maturities classified as AFS, foreign exchange differences resulting from changes in amortized cost are recognized in net income, while foreign exchange differences arising from unrealized fair value gains and losses are included as unrealized gains within other comprehensive income. For other financial instruments classified as AFS, foreign exchange differences are included as unrealized gains within other comprehensive income.

b) Financial statements of foreign operations

For foreign operations that have a functional currency other than Canadian dollars, the results and financial position of such operations are translated into Canadian dollars. Assets and liabilities of the foreign operations are translated at the foreign exchange rates in effect at the statement of financial position date, and income and expenses are translated at average rates approximating the foreign exchange rates in effect at the dates of the transactions.

Foreign exchange differences arising from the translation to Canadian dollars are recognized as cumulative translation adjustment in other comprehensive income.

2.9 Share based compensation

The Company's accounting policies with respect to share based compensation are in accordance with IFRS 2, *Share based payment*.

a) Equity-settled stock option plan

The Company maintains an equity-settled stock option plan, which is described in Note 27.1. The value of equity-settled stock options is measured at the grant date, and the cost is recognized in Operating expenses as an expense over the vesting period. Obligations related to equity-settled stock option plans are recorded in shareholders' equity as contributed surplus. Any consideration paid by stock option holders to exercise the options increases share capital. The Company uses the Black-Scholes model to measure the fair value of stock options. Inputs to the model include a volatility measure, a risk-free rate and expected life of the options.

b) Cash-settled share based plan

The Company maintains a cash-settled share based plan, which is described in Note 27.2. The cost of cash-settled share based options is recognized in Operating expenses as an expense over the vesting period. Obligations related to cash-settled share based plans are recorded as liabilities at fair value in Accounts payable, accrued and other liabilities. At each reporting date, obligations related to the plan are re-measured at fair value with reference to the fair value of the Company's stock price and the number of units that have vested. The corresponding share based compensation expense or recovery is recognized over the vesting period. The Company uses the Black-Scholes model to measure the fair value of cash-settled share based options. Inputs to the model include a volatility measure, a risk-free rate and expected life of the options.

c) Deferred share units plan ("DSU")

The Company has adopted a non-employee director DSU plan, which is described in Note 27.3. This entitles the participants to receive, following the end of the director's tenure as a member of the Board, an amount equivalent to the value of a common share at settlement, for each DSU unit that the participant holds. Obligations related to the plan are recorded as liabilities at fair value in Accounts payable, accrued and other liabilities, and re-measured at each reporting date at fair value with reference to the fair value of the Company's stock price and the number of units that have vested. The cost of the DSUs is recognized in Operating expenses in the period they are awarded.

2.9 Share based compensation (continued)

d) Equity-settled restricted share units plan ("RSU")

The Company has adopted an RSU plan, which is described in Note 27.4. This entitles certain employees to receive RSUs based on the market value of the Company's common shares at the grant date. These RSUs typically vest over the course of three years, however in some instances the vesting period may differ. Obligations related to the equity-settled RSU plan are recorded in shareholders' equity as contributed surplus. The cost of the RSUs is recognized in Operating expenses over the course of the vesting period.

2.10 Transaction costs

The Company accounts for transaction costs that are incremental and directly attributable to an equity transaction as a deduction from equity, in accordance with IAS 32 *Financial Instruments: Presentation*.

2.11 Future accounting policy changes

a) IFRS 9 Financial instruments ("IFRS 9")

IFRS 9, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, requires financial assets to be classified and measured at fair value, with changes in fair value through profit and loss ("FVTPL") as they arise, unless certain criteria are met for classifying and measuring the asset at either amortized cost or Fair Value through Other Comprehensive Income ("FVOCI"). IFRS 9 also establishes new criteria for hedge accounting and an Expected Credit Loss ("ECL") model for the impairment assessment of financial assets held at amortized cost and at FVOCI. IFRS 9 was effective January 1, 2018, however, the IASB provided entities whose predominant activities are insurance to defer implementation of IFRS 9 to January 1, 2023 to coincide with the implementation of IFRS 17 *Insurance Contracts* ("IFRS 17").

Deferral of IFRS 9

The Company has adopted the amendments of IFRS 4, which addresses the deferral of the implementation of IFRS 9 for entities that will implement IFRS 17. The Company is applying the temporary exemption from IFRS 9 as its activities are predominantly connected with insurance. The Company's percentage of liabilities connected with insurance contracts over total liabilities is greater than the 80% threshold as described in IFRS 4 and the Company does not engage in any significant activity not connected with insurance. Based on this analysis, the Company meets the criteria to defer implementation of IFRS 9.

The Company must also disclose certain elements related to the classification and fair value (see Note 4.2), as well as credit rating (see Note 22.2(c)) of financial assets.

Implementation update

The Company will adopt IFRS 9 effective January 1, 2023 and will elect the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by the amendment to IFRS 17 published by the IASB in December 2021. Significant expected impacts of IFRS 9 on the Company's Consolidated Financial statements are summarized below:

(in thousands of Canadian dollars, except as otherwise noted)

2.11 Future accounting policy changes (continued)

Classification and measurement

Under IFRS 9, financial assets are classified as amortized cost, FVOCI, or FVTPL based on the Company's business model for managing the assets and the asset's contractual cash flow characteristics.

The Company's expected classification of its significant financial instruments under IFRS 9 is as follows:

Financial instruments	IAS 39 Classification	IFRS 9 Classification
Investments		
Common shares and Alternatives	AFS	FVTPL
Preferred shares	AFS	FVOCI – equity instruments
Fixed income	AFS	FVOCI – debt instruments
Derivatives	FVTPL	FVTPL
Other financial assets	Loans and receivables	Amortized cost
Financial liabilities	Amortized cost	Amortized cost

For FVOCI investments, gains and losses arising from changes in fair value are recognized directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. An impairment loss is recognized immediately in the profit and loss for the period.

Expected credit loss

The impairment model for measuring impairment of financial assets will change from an incurred loss model under IAS 39 to an expected credit loss ("ECL") model under IFRS 9. ECL is based on probability of default, loss given default and exposure at default inputs and takes into account the expected timing of the loss. The ECL model also incorporates forward-looking economic information.

Consolidated financial statements impact

Based on management's ongoing assessment, the impact of adopting the IFRS 9 requirements and its ECL model is not expected to have a material impact on the carrying value of the Company's financial assets.

b) IFRS 17

In May 2017, the IASB issued IFRS 17 to establish a global standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts and in June 2020, the IASB issued amendments to IFRS 17. IFRS 17 will replace IFRS 4 changing the fundamental principles used by the Company for recognizing and measuring insurance contracts and will also change the presentation and related note disclosures of the Company's financial statements.

Implementation update

IFRS 17 is effective beginning on January 1, 2023, with a transition date of January 1, 2022. IFRS 17 requires that the Company apply the standard retrospectively unless impracticable, in which case the Company may elect to use a modified retrospective or fair value method. The Company expects to apply the standard using a full retrospective approach. The Company has provided key highlights of the expected qualitative and estimated quantitative impacts of adopting IFRS 17, as well as a summary of its key IFRS 17 accounting policies to be adopted.

The Company is finalizing the January 1, 2022 opening balance sheet and is in the process of preparing its restated 2022 quarterly condensed interim consolidated financial statements. The analysis below represents the Company's best estimates of outcomes, based on information currently available, and is subject to change.

2.11 Future accounting policy changes (continued)

Measurement model

Under IFRS 17, there are two main measurement models to account for insurance contracts which the Company considered: the general measurement model ("GMM") and the premium allocation approach ("PAA"). Under the GMM, insurance contracts must be valued using current estimates of discounted future cash flows, an explicit risk adjustment for non-financial risk, and a contractual service margin that reflects the present value of the expected profit from fulfilling the contracts to be recognized into income over the coverage period. The PAA is a more simplified measurement model that is to be applied to insurance contracts with coverage periods of one year or less or where the liability for remaining coverage ("LRC") under the PAA is not materially different to the LRC under the GMM.

The Company has developed a model for evaluating whether the LRC under the GMM differs materially from the LRC under the PAA for any insurance contracts with a coverage period greater than one year, and based on management's analysis, no material differences in LRC were noted. Accordingly, the Company will apply the PAA to its insurance contracts.

Discounting of insurance contract liabilities

Under IFRS 17, estimates of future cash flows are to be discounted to reflect the time value of money and financial risks related to those cash flows. The Company will discount estimates of future cash flows using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

Risk adjustment

The measurement of insurance contract liabilities will include a risk adjustment for non-financial risk which will be applied to the present value of the estimated future cash flows. The risk adjustment is the Company's compensation for bearing the uncertainty relating to non-financial risk. The non-financial risk pertains to the amount and timing of cash flows as the Company fulfils insurance contracts. The risk adjustment will replace the provision for adverse deviation. The Company expects to apply a quantile approach for its non-financial risks.

Onerous contracts

To determine if a group of contracts are onerous, the Company considers facts and circumstances based on the expected fulfilment cash flows, pricing data, the outcomes of similar contracts, and the operating and regulatory environment. At initial recognition, the Company assumes that no contracts are onerous, unless facts and circumstances indicate otherwise, as all the Company's contracts have been deemed to meet the PAA criteria. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the difference between fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group. The Company does not expect onerous contracts to have a material impact on its transition to IFRS 17.

Insurance acquisition cash flows

Insurance acquisition cash flows consist of costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company defers insurance acquisition cash flows and these expenses will be recognized as Insurance service expense as the related premiums are recognized as Insurance revenue.

Insurance revenue and Insurance service expenses

The Company will recognize insurance revenue for each period over the coverage period of a group of contracts. There are some instances where premiums are earned over the term of the policy in accordance with the risk profile of those policies with more premiums being earned when the risk exposure from the policy is greatest.

Insurance service expenses will consist of amortization of insurance acquisition cash flows, incurred claims and other insurance expenses, and losses on onerous groups of contracts and reversals of such losses. A portion of expenses that are directly attributable to insurance contracts but are currently classified in Operating expenses will be reclassified to insurance service expenses.

2.11 Future accounting policy changes (continued)

Presentation and disclosures

IFRS 17 introduces significant changes to the presentation and disclosure of insurance and reinsurance related items in the consolidated financial statements including:

Changes in presentation in the Company's Consolidated Statements of Financial Position include:

1) the reclassification of premiums receivable, deferred acquisition costs, unpaid claims and loss adjustment expenses, and unearned premiums to be presented together as a single line item named insurance contract liabilities; and
2) the reclassification of recoverable from reinsurers, reinsurance premiums payable, and unearned reinsurance commissions will be presented together as a single line item named reinsurance contract assets.

Changes in presentation in the Company's Consolidated Statements of Comprehensive Income include:

3) gross premiums written will be replaced by insurance revenue, where premiums will be recognized on an earned basis;
4) income and expenses from insurance contracts issued will be presented separately from net income (expense) from reinsurance contracts held; and
5) all directly attributable insurance acquisition expenses will be included in the insurance service expenses line item, while the remainder of expenses will be recorded under other operating expenses.

Consolidated financial statements impact

Based on the Company's preliminary assessments, the estimated consolidated financial statements impact of the transition to IFRS 9 and IFRS 17 is as described herein. As at January 1, 2022, the Company estimates that its Shareholders' equity will increase by a range of 1% to 5%, primarily due to the deferral of additional insurance acquisition expenses, and a lower risk adjustment due to the change in methodology for calculating the risk adjustment on insurance contract liabilities. For the year ended December 31, 2022, the Company estimates that (i) the transition to IFRS 17 will have a positive impact to Net income, due to the additional costs deferred and a lower risk adjustment; and (ii) the transition to IFRS 9 will have a negative impact to Net Income, due to the reclassification of unrealized losses from OCI to Net income for investments classified as FVTPL. This reclassification of unrealized losses will have no impact to Shareholders' equity, or Comprehensive income as it reflects a reclassification from OCI to Net Income.

Note 3 – Critical accounting judgments and estimates in applying accounting policies

The preparation of Consolidated Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented.

3.1 Critical accounting judgments in applying the Company's accounting policies

Judgments are used in applying the accounting policies used to prepare financial statements. Those judgments affect the carrying amount of certain assets and liabilities and the reported amounts of revenues and expenses recorded during the year.

a) Insurance contracts

Judgments are used to determine whether contracts should be classified as insurance or investment contracts (see Note 2.4).

b) Financial assets

Judgments are used in determining the classification of financial assets as AFS, FVTPL or Loans and receivables (see Note 2.3(a)).

c) Unpaid claims and LAE

Judgments are used in establishing provisions for unpaid claims and LAE (see Note 2.4(d)).

3.2 Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated Financial Statements is included below. Any changes in estimates are recorded in the period in which they are determined. Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements:

a) Valuation of claims liabilities

Assumptions and estimation uncertainties exist related to the valuation of unpaid claims and LAE (see Note 2.4(d)), as well as significant risk factors associated with insurance and reinsurance (see Note 8 and Note 22).

b) Valuation of level 3 financial instruments

Assumptions and estimation uncertainties exist related to the valuation of Level 3 financial instruments (see Note 2.3(b) and Note 6).

c) Measurement of Recoverable from reinsurers

Assumptions and estimates are used in measuring the reinsurers' share of unearned premiums and their estimated share of unpaid claims and LAE (see Note 2.4(e) and Note 8).

d) Measurement of income taxes

Assumptions and estimates are used in measuring the provision for income taxes (see Note 2.7 and Note 20).

e) Impairment of financial instruments

Management assesses financial instruments for objective evidence of impairment at each reporting date and there are inherent risks and uncertainties in performing this assessment of impairment loss, including factors such as general economic conditions and issuers' financial conditions (see Note 2.3(d) and Note 19).

(in thousands of Canadian dollars, except as otherwise noted)

Note 4 – Investments

4.1 Classification of cash and cash equivalents and investments

The following table presents the classification of cash and cash equivalents, and investments:

As at December 31, 2022	**AFS**	**Loans and receivables**	**Total**
Cash and cash equivalents	**-**	**406,368**	**406,368**
Investments			
Fixed income[1]	**582,729**	**-**	**582,729**
Common shares	**34,401**	**-**	**34,401**
Preferred shares	**101,106**	**-**	**101,106**
Alternatives	**47,139**	**-**	**47,139**
Total investments	**765,375**	**-**	**765,375**
Total cash and cash equivalents and investments	**765,375**	**406,368**	**1,171,743**

As at December 31, 2021[2]	AFS	Designated FVTPL[3]	Loans and receivables	Total
Cash and cash equivalents	-	-	341,319	341,319
Investments				
Short-term securities	-	-	5,000	5,000
Fixed income[1]	375,341	60,261	8,042	443,644
Common shares	75,926	-	-	75,926
Preferred shares	102,930	-	-	102,930
Alternatives	13,640	-	-	13,640
Total Investments	567,837	60,261	13,042	641,140
Total cash and cash equivalents and investments	567,837	60,261	354,361	982,459

(1) As at December 31, 2022, included in Fixed income are exchange-traded debt funds amounting to $136,423 (2021 - $145,201)
(2) Certain common shares and preferred shares totaling $13,640 have been reclassified to Alternatives to conform with the current year financial statement presentation.
(3) See Note 15 relating to the novation transaction entered into in 2021 which was settled in 2022.

(in thousands of Canadian dollars, except as otherwise noted)

4.2 Unrealized gains and losses and carrying value of investments

The amortized cost and carrying value of investments as at December 31, 2022 and December 31, 2021 were as follows:

As at December 31, 2022	**Amortized cost**	**Unrealized gains**	**Unrealized losses**	**Carrying value**
Fixed income	**629,953**	**106**	**(47,330)**	**582,729**
Common shares	**41,820**	**530**	**(7,949)**	**34,401**
Preferred shares	**121,063**	**674**	**(20,631)**	**101,106**
Alternatives	**43,002**	**4,307**	**(170)**	**47,139**
	835,838	**5,617**	**(76,080)**	**765,375**

As at December 31, 2021[1]	FVTPL investments	Other investments				Total investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	5,000	-	-	5,000	5,000
Fixed income	60,261	385,635	2,011	(4,263)	383,383	443,644
Common shares	-	68,315	8,861	(1,250)	75,926	75,926
Preferred shares	-	94,462	8,498	(30)	102,930	102,930
Alternatives	-	11,351	4,100	(1,811)	13,640	13,640
	60,261	564,763	23,470	(7,354)	580,879	641,140

(1) Certain common shares and preferred shares totaling $13,640 have been reclassified to Alternatives to conform with the current year financial statement presentation.

Management has reviewed currently available information regarding those investments with a fair value less than carrying value. For the year ended December 31, 2022, an impairment loss of $3,041 has been recognized on AFS investments (December 31, 2021 – $529). Assumptions are used when estimating the impairment loss based on the Company’s impairment policy.

4.3 Pledged assets

In the normal course of insurance and reinsurance operations, the Company must secure its obligations under certain insurance and reinsurance contracts by collateralizing them with letters of credit or trust arrangements. These trusts and letters of credit may, in turn, be secured by the Company’s fixed income investments. As at December 31, 2022, the Company has pledged cash amounting to $741 and pledged no fixed income investments (December 31, 2021 – $8,601 and $63,646, respectively), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at December 31, 2022, the Company pledged $7,295 (December 31, 2021 – $7,687) of fixed income investments as security deposits to various US state insurance departments to be held in trust for various states and are therefore not readily available for general use by the Company.

(in thousands of Canadian dollars, except as otherwise noted)

Note 5 – Fair value and notional amount of derivatives

The following sets out the fair value and notional amount of derivatives as at December 31, 2022 and December 31, 2021:

As at	**December 31, 2022**			December 31, 2021		
		Fair value			Fair value	
	Notional amount	**Asset**	**Liability**	Notional amount	Asset	Liability
Foreign currency contracts						
Forwards	**127,460**	**671**	-	81,400	641	-
Equity contracts						
Swap agreements	**13,197**	**13,969**	-	14,300	14,620	-
Interest rate contracts						
Swap agreements	**6,218**	**1,319**	-	40,566	436	-
	146,875	**15,959**	-	136,266	15,697	-
Term to maturity						
less than one year	**140,657**	**14,640**	-	94,484	14,060	-
from one to five years	-	-	-	1,216	1,201	-
over five years	**6,218**	**1,319**	-	40,566	436	-

The Company uses foreign currency forward contracts to reduce its exposure to fluctuations in the exchange rates that could arise from its USD, EUR and GBP denominated investments. The notional amounts of the forwards as at December 31, 2022 are $85,633 USD (December 31, 2021 – $55,265 USD), €1,561 EUR (December 31, 2021 – €1,777 EUR) and £5,455 GBP (December 31, 2021 – £4,701 GBP). The Company also uses swap agreements to mitigate exposure to interest rate on its investment portfolio and equity market fluctuations associated with its share based compensation. These derivatives are recorded at fair value (see Note 6 and Note 7) and gains and losses are recorded in Net gains (see Note 19).

Note 6 – Fair value measurement

The following sets out the financial instruments classified in accordance with the fair value hierarchy as at December 31, 2022 and December 31, 2021:

As at December 31, 2022	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Fixed income	**582,729**	**-**	**582,729**	**-**
Common shares	**34,401**	**34,401**	**-**	**-**
Preferred shares	**101,106**	**101,106**	**-**	**-**
Alternatives	**47,139**	**-**	**-**	**47,139**
Total investments	**765,375**	**135,507**	**582,729**	**47,139**
Derivative financial assets	**15,959**	**-**	**15,959**	**-**
	781,334	**135,507**	**598,688**	**47,139**

(in thousands of Canadian dollars, except as otherwise noted)

Note 6 – Fair value measurement (continued)

As at December 31, 2021[(1)]	Total fair value	Level 1	Level 2	Level 3
Fixed income	435,602	-	435,602	-
Common shares	75,926	75,926	-	-
Preferred shares	102,930	102,930	-	-
Alternatives	13,640	-	-	13,640
Total investments	628,098	178,856	435,602	13,640
Derivative financial assets	15,697	-	15,697	-
	643,795	178,856	451,299	13,640

(1) Certain common shares and preferred shares totaling $13,640 have been reclassified to Alternatives to conform with the current year financial statement presentation.

For the year ended December 31, 2022, investments amounting to $9,572 (December 31, 2021 – nil) has been transferred into Level 3.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Balance, beginning of year	**13,640**	20,667
Transfers in	**9,572**	-
Purchase of securities	**25,245**	3,426
Sale of securities	**(292)**	(8,699)
Realized and unrealized losses	**(1,069)**	(1,662)
Foreign exchange gains (losses)	**43**	(92)
Balance, end of year	**47,139**	13,640

The following tables present quantitative information about the significant unobservable fair value inputs utilized by the Company for Level 3 investments:

	Fair value as at December 31, 2022	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity[(2)]**
Private equity funds	**45,081**	**Net asset value[(1)]**	**n/a**	**n/a**	**n/a**
Private equity investment	**2,058**	**Discounted cash flow**	**Discount rate Exit multiple**	**13.7% 10x**	**Negative Positive**

	Fair value as at December 31, 2021	Valuation techniques	Unobservable inputs	Range	Sensitivity[(2)]
Private equity funds	10,494	Net asset value[(1)]	n/a	n/a	n/a
Private equity investment	3,146	Discounted cash flow	Discount rate Exit multiple	11.8% 10x	Negative Positive

(1) Based on the net asset value of the equity fund and market transactions which approximates the fair value of the investment.
(2) A negative or positive impact reflects decrease or increase in the fair value of private equity investments assuming an increase in the unobservable inputs.

(in thousands of Canadian dollars, except as otherwise noted)

Note 7 – Premiums and accounts receivable, and other assets

As at December 31, 2022 and December 31, 2021, Premiums and accounts receivable, and other assets consist of:

As at	December 31, 2022	December 31, 2021
Premiums receivable	**381,728**	271,311
Receivable from reinsurers	**51,437**	14,084
Tax recoveries	**22,773**	626
Derivative assets	**15,959**	15,697
Unsettled investments sales	**9,975**	2,126
Accrued investment income	**5,358**	2,846
Prepaid expenses	**1,780**	964
Miscellaneous assets	**5,925**	3,975
	494,935	311,629

As at December 31, 2022, Premiums receivable of $381,728 (December 31, 2021 – $271,311) includes an amount of $280,863 (December 31, 2021 – $184,485) related to Trisura US fronting arrangements and there is a reinsurance payable of $357,768 (December 31, 2021 – $232,345).

Note 8 – Reinsurance

The Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies it issues. A large portion of this reinsurance is effected under reinsurance agreements known as treaty reinsurance. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

The Company's fronting operations cede the majority of the premiums generated through it to third-party reinsurers. As such, Reinsurers' share of claims liabilities and Reinsurers share of unearned premiums are significant to the Company's financial position, and the associated credit risk is monitored each reporting period.

Reinsurance does not relieve the Company of its obligations to policyholders. The Company's obligation to pay policyholders is not contingent on the reinsurers paying, or honouring its contractual obligations. For this reason, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies. Reinsurers providing reinsurance policies are generally required to have a minimum A.M. Best credit rating of A- at the inception of each policy or are otherwise required to post agreed upon levels of collateral. Unlicensed reinsurers must post an agreed upon level of collateral.

As of December 31, 2022, the Company determined that certain Reinsurance assets associated with a reinsurance counterparty should be written off, as the Company determined that collection of these was in doubt. The Company has since terminated its relationship with that reinsurance counterparty. The Company has determined that there is no other potentially uncollectible reinsurance as at December 31, 2022 and December 31, 2021 and hence no further provision is required.

The following table summarizes the components of Recoverable from reinsurers as at December 31, 2022 and December 31, 2021:

As at	December 31, 2022	December 31, 2021
Reinsurers' share of claims liabilities (see Note 15)	**1,262,769**	773,258
Reinsurers' share of unearned premiums	**885,848**	602,096
	2,148,617	1,375,354

(in thousands of Canadian dollars, except as otherwise noted)

Note 8 – Reinsurance (continued)

The following table summarizes the components of Reinsurance premiums payable as at December 31, 2022 and December 31, 2021:

As at	**December 31, 2022**	December 31, 2021
Reinsurance payable	**636,229**	357,226
Reinsurance recoverable	**(147,573)**	(21,553)
	488,656	335,673

Note 9 – Deferred acquisition costs

The following changes have occurred to the deferred acquisition costs for the years ended December 31, 2022 and 2021:

Deferred acquisition costs

	December 31, 2022	December 31, 2021
Opening costs, beginning of year	**304,580**	188,190
Acquisition costs deferred	**647,861**	419,874
Amortization of deferred costs	**(534,192)**	(303,630)
Foreign exchange	**11,181**	146
Closing balance, end of year	**429,430**	304,580

Unearned reinsurance commissions

	December 31, 2022	December 31, 2021
Opening costs, beginning of year	**152,003**	100,281
Acquisition costs deferred	**435,296**	248,579
Amortization of deferred costs	**(345,241)**	(190,924)
Adjustments on write down of reinsurance recoverables(1)	**(29,827)**	-
Commutation(2)	**-**	(6,034)
Foreign exchange	**10,851**	101
Closing balance, end of year	**223,082**	152,003

Net commissions for the years ended

	December 31, 2022	December 31, 2021
Commissions expense	**524,077**	301,639
Reinsurance commissions	**(346,535)**	(193,882)
Net commissions expense	**177,542**	107,757

(1) During the year ended December 31, 2022, certain Reinsurance recoverables were written off (see Note 8), and a corresponding adjustment was made to Unearned reinsurance commissions.
(2) During the year ended December 31, 2021, the Company modified its reinsurance arrangements related to certain aspects of its surety quota share reinsurance for cash consideration to the Company of $8,550, and which resulted in a $6,034 decrease in Unearned reinsurance commissions and a $13,012 decrease in unearned premiums ceded (see Note 14).

(in thousands of Canadian dollars, except as otherwise noted)

Note 10 – Leases

The Company leases office premises for its own use. These leases generally have terms that range from 2 to 16 years, most with an option to extend the lease at the end of the lease term. The Company also leases office equipment. These leases generally have a lease term of five years, with no renewal option or variable lease payments.

As at December 31, 2022, ROU assets of $11,109 (December 31, 2021 – $9,446) are recorded in Capital assets and intangible assets, along with $8,420 (December 31, 2021 – $7,663) of other Capital assets and Intangible assets (see Notes 11 and 12).

Information about leases for which the Company is a lessee is presented below:

	As at December 31, 2022			As at December 31, 2021		
Right-of-use assets	**Premises**	**Office equipment**	**Total**	Premises	Office equipment	Total
Balance, beginning of year	**9,446**	**-**	**9,446**	8,467	3	8,470
Additions	**3,767**	**-**	**3,767**	2,724	-	2,724
Depreciation	**(2,314)**	**-**	**(2,314)**	(1,746)	(3)	(1,749)
Foreign exchange	**210**	**-**	**210**	1	-	1
Balance, end of year	**11,109**	**-**	**11,109**	9,446	-	9,446

As at	**December 31, 2022**	December 31, 2021
Lease liabilities maturity analysis		
Less than one year	**2,630**	2,235
One to five years	**7,206**	7,593
More than five years	**3,424**	1,468
Total undiscounted lease liabilities	**13,260**	11,296
Lease liabilities included in the Statements of Financial Position	**11,741**	9,678
Total cash outflow for leases recognized in the Statements of Cash Flows	**2,303**	1,951

Amounts recognized in Consolidated Statements of Income for the years ended	**December 31, 2022**	December 31, 2021
Interest on lease liabilities	**410**	356
Expense relating to short-term leases	**-**	31
Expenses relating to leases of low-value assets	**5**	5
Income from subleasing right-of-use assets	**34**	-

Note 11 – Capital assets

The Company's capital assets consist of the following as at December 31, 2022 and December 31, 2021:

	As at December 31, 2022			As at December 31, 2021		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	**2,978**	**(1,177)**	**1,801**	2,947	(717)	2,230
Office equipment	**2,702**	**(1,272)**	**1,430**	2,230	(1,157)	1,073
Furniture and fixtures	**1,179**	**(445)**	**734**	1,335	(337)	998
	6,859	**(2,894)**	**3,965**	6,512	(2,211)	4,301

(in thousands of Canadian dollars, except as otherwise noted)

Note 12 – Intangible assets

Intangible assets consist of Computer software, customer lists, and licenses.

	December 31, 2022				December 31, 2021			
	Computer software	**Customer list**	**Licenses**	**Total**	Computer software	Customer list	Licenses	Total
Opening, carrying value	**333**	**472**	**2,557**	**3,362**	290	590	2,567	3,447
Additions	**254**	**1,000**	**-**	**1,254**	196	-	-	196
Amortization	**(200)**	**(136)**	**-**	**(336)**	(153)	(118)	-	(271)
Foreign exchange	**-**	**-**	**175**	**175**	-	-	(10)	(10)
Closing, carrying value	**387**	**1,336**	**2,732**	**4,455**	333	472	2,557	3,362

Note 13 – Accounts payable, accrued and other liabilities

As at December 31, 2022 and December 31, 2021, Accounts payable, accrued and other liabilities consist of:

As at	**December 31, 2022**	December 31, 2021
Payable to intermediaries	**23,829**	8,281
Accrued liabilities	**23,550**	21,645
Premium taxes payable	**16,962**	14,460
Share based payment plan	**12,669**	12,004
Lease liabilities	**11,741**	9,678
Deposits in trust[(1)]	**9,807**	63,895
Other liabilities	**4,508**	3,977
Taxes payable	**-**	10,253
Due on novation (see Note 15)	**-**	72,440
	103,066	216,633

(1) The Company periodically holds deposits in trust from reinsurers and other counterparties as a form of collateral.

(in thousands of Canadian dollars, except as otherwise noted)

Note 14 – Unearned premiums

Unearned premiums are generally calculated on a pro rata basis from the unexpired portion of the premiums written (see Note 2.4(a)). The unearned premiums estimate is validated through standard actuarial techniques to ensure that after deducting any deferred policy acquisition costs, these premiums are sufficient to cover the estimated future costs of servicing the associated policies, expected claims, LAE, and taxes to be incurred. In estimating these costs, the Company in some instances uses discounting techniques to take into account the time value of money and a provision for adverse deviation is added to the discounted amount. There was no premium deficiency at December 31, 2022 and December 31, 2021.

The following changes have occurred in the provision for unearned premiums:

For the year ended December 31, 2022	**Gross**	**Ceded**	**Net**
Unearned premiums, beginning of year	**965,245**	**602,096**	**363,149**
Premiums written	**2,433,217**	**1,935,106**	**498,111**
Premiums earned	**(2,016,012)**	**(1,597,391)**	**(418,621)**
Write down on reinsurance recoverables (see Note 8)	**-**	**(94,213)**	**94,213**
Foreign exchange	**49,627**	**40,250**	**9,377**
Unearned premiums, end of year	**1,432,077**	**885,848**	**546,229**

For the year ended December 31, 2021	Gross	Ceded	Net
Unearned premiums, beginning of year	592,711	363,068	229,643
Premiums written	1,563,206	1,165,069	398,137
Premiums earned	(1,191,333)	(913,424)	(277,909)
Commutation(1)	-	(13,012)	13,012
Foreign exchange	661	395	266
Unearned premiums, end of year	965,245	602,096	363,149

(1) During the year ended December 31, 2021, the Company modified its reinsurance arrangements related to certain aspects of its surety quota share reinsurance for cash consideration to the Company of $8,550, and which resulted in a $6,034 decrease in Unearned reinsurance commissions (see Note 9) and a $13,012 decrease in unearned premiums ceded.

(in thousands of Canadian dollars, except as otherwise noted)

Note 15 – Unpaid claims and loss adjustment expenses

The following changes have occurred to the unpaid claims and LAE:

For the year ended December 31, 2022	**Direct**	**Ceded**	**Net**
Unpaid claims and LAE, beginning of year	**897,011**	**773,258**	**123,753**
Claims occurring in current year (including paid)	**1,132,242**	**997,128**	**135,114**
Change in undiscounted estimates for losses of prior years	**54,461**	**59,366**	**(4,905)**
Change in discounting	**(20,546)**	**(14,906)**	**(5,640)**
Change in provision for adverse deviation	**10,364**	**7,899**	**2,465**
Total claims incurred	**1,176,521**	**1,049,487**	**127,034**
Claims paid	**(659,521)**	**(595,825)**	**(63,696)**
Write down on reinsurance recoverables (see Note 8)	**-**	**(22,834)**	**22,834**
Foreign exchange	**64,184**	**58,683**	**5,501**
Unpaid claims and LAE, end of year	**1,478,195**	**1,262,769**	**215,426**

For the year ended December 31, 2021	Direct	Ceded	Net
Unpaid claims and LAE, beginning of year	487,271	313,904	173,367
Claims occurring in current year (including paid)	820,399	729,346	91,053
Change in undiscounted estimates for losses of prior years	37,218	43,305	(6,087)
Change in discounting	(12,407)	(4,627)	(7,780)
Change in provision for adverse deviation	12,422	9,036	3,386
Total claims incurred	857,632	777,060	80,572
Change in reserves on novation	(72,440)	-	(72,440)
Claims paid	(372,490)	(320,484)	(52,006)
Foreign exchange	(2,962)	2,778	(5,740)
Unpaid claims and LAE, end of year	897,011	773,258	123,753

As at December 31, 2022, the unpaid claims and LAE of Trisura Canada were discounted to take into account the time value of money using a rate of 5.25% (December 31, 2021 – 3.30%) on expected claims settlement patterns.

Unpaid claims and loss adjustment balances due from reinsurers are grouped with unearned reinsurance assets in Recoverable from reinsurers on the Consolidated Statements of Financial Position.

For the year ended December 31, 2022, the Company incurred $127,192 of Net claims and LAE (December 31, 2021 – $82,330), of which $158 (December 31, 2021 – $1,758) are related to gains or losses associated with the measurement of investment contract liabilities.

In 2021 the Company entered into an agreement to transfer, by way of novation, all of the Trisura International rights, liabilities and obligations under its life reinsurance agreement to a third-party reinsurer. The novation price of $72,440 due to the assuming reinsurer was included in Accounts payable, accrued and other liabilities (see Note 13). During 2022, cash of $8,436 and FVTPL fixed income investments of $64,004 were transferred to the assuming reinsurer (see Note 4).

(in thousands of Canadian dollars, except as otherwise noted)

15.1 Prior year claims development

The following table presents the net cumulative claim payments to date and estimate of net ultimate claims incurred, including IBNR and provisions for adverse deviation ("PfAD"), at the end of the year:

Net claims loss development

Accident year	All prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**	Total
Estimate of net ultimate claims incurred		12,349	14,002	18,997	28,378	21,741	23,138	35,784	53,515	92,124	**161,136**	
One year later		9,953	12,363	15,878	26,772	19,059	20,059	32,684	53,629	88,841		
Two years later		6,651	10,310	14,365	26,380	17,409	19,854	30,647	57,937			
Three years later		5,648	9,224	14,421	25,826	16,467	19,429	30,034				
Four years later		5,324	8,934	13,340	26,739	15,222	19,242					
Five years later		5,254	8,269	12,730	26,198	14,698						
Six years later		5,179	9,303	12,682	25,867							
Seven years later		5,083	9,183	12,640								
Eight years later		5,315	9,184									
Nine years later		6,022										
Estimate of net ultimate claim incurred		6,022	9,184	12,640	25,867	14,698	19,242	30,034	57,937	88,841	**161,136**	
Cumulative claim payments to date		(5,256)	(8,684)	(11,826)	(23,999)	(13,114)	(15,367)	(24,809)	(34,246)	(43,650)	**(34,300)**	
Net unpaid claims	2,698	766	500	814	1,868	1,584	3,875	5,225	23,691	45,191	**126,836**	213,048
Impact of discounting	(78)	(50)	(33)	(65)	(140)	(148)	(408)	(618)	(1,454)	(3,124)	**(5,170)**	(11,288)
Impact of PfAD	253	126	90	112	297	244	538	625	1,449	3,184	**6,675**	13,593
Present value of net unpaid claims with PfAD	2,873	842	557	861	2,025	1,680	4,005	5,232	23,686	45,251	**128,341**	215,353
Add: Trisura Warranty Services Inc. ("Trisura Warranty") unpaid claims												73
Total net unpaid claims and LAE												215,426

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Debt outstanding

16.1 Loan payable

The Company maintains a five-year revolving credit facility (the "Facility") with a Canadian Schedule I bank (the "Bank") which allows for drawings of up to $50,000. Under this arrangement, the Company is able to draw funds in the form of short-term banker's acceptances, Canadian prime rate advances, base rate advances or SOFR loans. The interest rate is based on the current periods' bankers' acceptance rate, Canadian prime rate, base rate, or SOFR loans rate, plus a margin. The loan balance is accounted for at amortized cost, which is equal to the carrying value. The minimum required annual payment consists only of interest, with no mandatory principal payments required.

In March 2021, the Company converted its US dollar denominated total loan balance of $21,642 USD to a loan balance denominated in Canadian dollars, with the Bank. To do so, $26,970 was drawn under the loan to repay the outstanding loan payable of $21,642 USD. In June 2021, the Company repaid the outstanding loan payable in full, for a total of $26,970.

In Q2 2022, $30,000 was drawn under the Facility, which was repaid in the following quarter. As at December 31, 2022, the loan balance is nil (December 31, 2021 – nil).

16.2 Senior unsecured notes

In June 2021, the Company completed an offering of senior unsecured notes (the "Notes"), with a principal amount of $75,000, which will mature on June 11, 2026. The Notes bear interest at a fixed annual rate of 2.64%. Interest is payable in semi-annual instalments which commenced on December 11, 2021. The Notes are direct unsecured obligations and will rank equally with all other unsecured and unsubordinated indebtedness of the Company.

The following table provides details of the total debt outstanding as at December 31, 2022 and December 31, 2021.

						Carrying value	
	Maturity date	**Term (years)**	**Fixed rate**	**Coupon (payment)**	**Principal amount**	**December 31, 2022**	December 31, 2021
Senior unsecured notes	June 11, 2026	5	2.64%	June, Dec	75,000	**75,000**	75,000

For the year ended December 31, 2022, the Company incurred $2,644 of interest expense (December 31, 2021 – $1,638), of which $2,243 (December 31, 2021 – $1,283) are related to the loan payable and senior unsecured notes.

Note 17 – Share capital

The Company's authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series). As at December 31, 2022 and December 31, 2021, no non-voting shares were issued and no preferred shares are outstanding.

In July 2022, the Company completed a public offering of 4,512,000 common shares for gross proceeds of $150,024. The Company incurred costs of $6,001 in commission paid to underwriters as well as $529 of costs directly attributable to the share issuance, which have been deducted from equity. At December 31, 2022, the net impact of the share issuance is an increase in common shares of $145,225, net of tax impact of $1,731 related to the share issuance costs.

During the year ended December 31, 2022, 145,141 (December 31, 2021 – 148,620) stock options issued under the Company's existing stock option plan were exercised. Consideration paid by stock option holders to exercise the options resulted in an increase to share capital.

In July 2021, the Company completed a four-for-one split of the Company's outstanding common stock. The additional shares required to give effect to the share split were issued to shareholders of record at the close of business on June 30, 2021. The Company's shareholders approved the share split at the annual and special meeting of shareholders held on May 26, 2021.

The following table shows the common shares issued and outstanding, excluding treasury shares:

As at	**December 31, 2022**		December 31, 2021	
	Number of common shares	**Amount (in thousands)**	Number of common shares	Amount (in thousands)
Balance, beginning of year	**41,165,198**	**285,035**	41,075,476	285,731
Shares under RSUs plan	**(38,811)**	**(1,946)**	(58,898)	(2,011)
Common shares issued	**4,657,141**	**147,173**	148,620	1,315
Balance, end of year	**45,783,528**	**430,262**	41,165,198	285,035

As part of the RSUs plan, the Company purchases its own shares which are classified as treasury shares and the costs of these shares are recorded as a reduction to equity. As at December 31, 2022, the Company has an aggregate of 45,881,237 common shares (December 31, 2021 – 41,224,096 common shares) outstanding, which includes 97,709 treasury shares (December 31, 2021 – 58,898 treasury shares).

Note 18 – Net investment income

For the years ended December 31,	**2022**	2021
Cash and cash equivalents, and short-term securities	**2,286**	308
AFS fixed income	**16,224**	9,367
FVTPL fixed income	**-**	889
Interest income	**18,510**	10,564
AFS common shares	**3,680**	2,853
AFS preferred shares	**5,210**	3,977
Dividend income	**8,890**	6,830
Loss on investments held at FVTPL	**(78)**	(8,170)
Commission income on structured insurance assets	**-**	90
Investment expenses	**(2,160)**	(1,709)
Other investment loss	**(2,238)**	(9,789)
Net investment income	**25,162**	7,605

(in thousands of Canadian dollars, except as otherwise noted)

Note 19 – Net gains

For the years ended December 31,	2022	2021
Net gains from:		
financial instruments:		
AFS common shares	**6,478**	4,271
AFS preferred shares	**985**	812
AFS fixed income	**2,006**	(29)
	9,469	5,054
derivatives:		
swap agreements(1)	**216**	9,707
Embedded derivatives	**1,007**	(1,023)
Net foreign currency gains on investments	**1,151**	1,275
Impairment on investments	**(3,041)**	(529)
Net gains	**8,802**	14,484

(1) Excluding foreign currency contracts, which are reported in the line Net foreign currency gains.

Note 20 – Income taxes

	Statements of financial position		Statements of comprehensive income	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Deferred taxes related to:				
Loss available for carry forward	**1,065**	2,547	**1,491**	1,843
Net unpaid claims and LAE and other	**10,037**	6,713	**(2,835)**	(5,664)
Deferred expenses for tax purposes	**9,934**	6,650	**(3,029)**	(6,620)
Investments – unrealized gains and losses	**6,800**	-	**-**	88
Capital, intangible and other assets	**22**	46	**24**	4,186
	27,858	15,956	**(4,349)**	(6,167)
Less deferred taxes related to:				
Net unpaid claims and LAE and other	**(2,299)**	-	**2,209**	-
Deferred revenues for tax purposes	**(5,855)**	(5,117)	**375**	5,059
Investments – unrealized gains and losses	**-**	(1,317)	**(7,894)**	1,306
Capital, intangible and other assets	**(588)**	(299)	**277**	(869)
	(8,742)	(6,733)	**(5,033)**	5,496
Deferred income taxes	**19,116**	9,223	**(9,382)**	(671)
Reported in:				
Deferred tax assets	**19,116**	9,223	**-**	-
Income tax recovery reported to net income	**-**	-	**(710)**	(1,920)
Income tax (recovery) expense reported to other comprehensive (loss) income	**-**	-	**(6,941)**	1,249
Income tax recovery reported to retained earnings	**-**	-	**(1,731)**	-

A deferred income tax asset is recognized only to the extent that realization of the related income tax benefit through future taxable profits is probable. Management has assessed the recoverability of the deferred income tax asset carrying values based on future years' taxable income projections and believes the carrying values of the deferred income tax assets as at December 31, 2022 and December 31, 2021 are recoverable.

(in thousands of Canadian dollars, except as otherwise noted)

Note 20 – Income taxes (continued)

The following table shows the major components of income tax expense for the years ended December 31, 2022 and 2021:

	2022	2021
Current tax expense	**11,492**	19,804
Deferred tax benefit	**(710)**	(1,920)
Income tax expense	**10,782**	17,884
Income taxes recorded in other comprehensive (loss) income:		
Net changes in unrealized (losses) gains on AFS investments	**(10,225)**	1,977
Reclassification to net income of net losses on AFS investments	**(1,809)**	(416)
Origination and reversal of temporary differences	**(6,941)**	1,249
Total income tax (benefit) expense recorded in other comprehensive (loss) income	**(18,975)**	2,810

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income tax provision included in the Consolidated Statements of Income for the years ended December 31, 2022 and 2021:

	2022	**2021**
Income before income taxes	**35,433**	80,443
Statutory income tax rate	**26.5%**	26.5%
	9,390	21,317
Variations due to:		
Permanent differences	**(943)**	(723)
International operations subject to different tax rates	**2,145**	(1,434)
Unrecognized tax loss	**150**	3
Rate differentials:		
Current rate versus future rate	**-**	71
Change in future rate	**3**	13
True up	**37**	(1,363)
Income tax expense	**10,782**	17,884

The permanent differences relate primarily to investment income or losses that are non-taxable or taxed at rates lower than the statutory income tax rate, such as non-taxable dividend income and capital gains.

As at December 31, 2022, the Company has unused tax losses of $3,484 (December 31, 2021 – $9,160), which will expire in the following year:

	December 31, 2022
2042	**3,484**
	3,484

(in thousands of Canadian dollars, except as otherwise noted)

Note 21 – Earnings per share

Basic earnings per common share are calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares.

Diluted earnings per share is calculated to give effect to the potential dilutive effect that could occur if additional equity shares were assumed to be issued under securities or instruments that may entitle their holders to obtain equity shares in the future, such as share option awards.

	2022	2021
Net income attributable to common shareholders	**24,651**	62,559
Weighted-average number of common shares outstanding (in shares)	**43,416,202**	41,156,246
EPS – basic (in dollars)	**0.57**	1.52
Dilutive effect of the conversion of options on common shares (in shares)	**835,717**	920,214
Diluted weighted-average number of common shares outstanding (in shares)	**44,251,919**	42,076,460
EPS – diluted (in dollars)	**0.56**	1.49

Note 22 – Risk management

As a provider of insurance products, effective risk management is critical to the Company's ability to protect the interests of its stakeholders. The most significant risks include those associated with insurance contracts (and reinsurance contracts) and holding financial instruments. The Company has policies and procedures governing the identification, measurement, monitoring, mitigating and controlling of risks associated with insurance contracts and holding financial instruments. The most significant risk associated with insurance contracts is insurance risk, which includes pricing risk, concentration risk and reserving risk. The significant risks associated with financial instruments are credit risk, liquidity risk and market risk (comprising currency risk, interest rate risk and other price risks such as equity risk). Sensitivity analyses are performed on these significant risks which could impact the Company's results and financial condition. Results of the sensitivity analyses should only be viewed as directional estimates as they can differ materially from actual results.

The following sections describe how the Company manages its insurance risk and risks associated with financial instruments.

(in thousands of Canadian dollars, except as otherwise noted)

22.1 Insurance risk

Insurance risk is the risk that the ultimate cost of claims and LAE, as well as acquisition expenses, related to insurance contracts will exceed premiums received in respect of those contracts. This could occur because either the frequency or severity of claims is greater than expected.

The Company's objective for managing insurance risk is to mitigate the risk while continuing to grow and to achieve profitable underwriting results within its identified product lines. Senior management seeks to achieve this objective through effective use of underwriting and pricing policies, procedures and guidelines, which it has developed for pricing and issuing bonds and policies or assuming reinsurance risk. In addition, careful oversight is applied to the underwriting process to ensure that these policies, procedures and guidelines are followed. Furthermore, the Company regularly reviews its underwriting practices to ensure that they reflect emerging trends in its existing business and in the marketplace. Insurance risk is further mitigated through effective claims and expense management, and through the use of reinsurance.

The insurance risks associated with insurance contracts underwritten by the Company are subject to a number of variables such as estimated loss ratios and estimated claims settlement costs, which are sensitive to various assumptions which can impact the estimation of claims liabilities (see Note 2.4(d)).

Some additional factors that impact insurance risk include pricing risk, reserving risk and concentration risk, which are described below:

a) Pricing risk

Pricing risk is the risk that an insurance product has been priced using assumptions about claims and LAE activity that are different from the actual experience of that product line. The Company mitigates the impact of pricing risk through the use of guidelines, which are designed such that premium rates take into account claims frequency and severity, expense levels, investment returns and profit margins required to support a particular product line. The Company reviews pricing assumptions regularly to ensure that they reflect up-to-date claims experience and expected future changes in that experience, as well as market conditions. The Company further mitigates the impact of pricing risk through the employment of experienced underwriting staff.

b) Reserving risk

Reserving risk is the risk that future claims and LAE arising on past exposure periods exceed the liability recorded in respect of unpaid claims and LAE. The Company's management of reserving risk is discussed in Note 2.4(d).

c) Concentration of insurance risk

Concentration risk is the risk that the Company's insurance products are concentrated within a particular geographic area, particular class of business, or a particular insured, thereby increasing the exposure of the Company to a single event or a series of related events. Concentration of risk could arise as a result of accumulations of large numbers of insurance or reinsurance contracts exposed to similar perils, classes of business or geographic areas.

To mitigate the impact of concentration of risk, the Company applies risk management practices, including the use of reinsurance, monitoring and modelling techniques, and regularly reviews its portfolio of insurance risks for concentration and aggregation of risks and makes adjustments as needed in order to ensure exposures are within tolerances. The active management of its reinsurance programs and collateral requirements is also an important element in maintaining net claims exposures and concentration and aggregation risks within the Company's risk tolerance.

The following table shows the mix of the Company's insurance policies by product line and geography, which reflects the Company's diversification of insurance risk:

		December 31, 2022		December 31, 2021	
		Canada	**US**	Canada	US
Trisura Canada	Surety	**100,428**	**16,846**	89,449	6,853
	Corporate insurance	**160,375**	**-**	120,972	-
	Risk solutions	**453,731**	**-**	346,732	-
Trisura US	Fronting	**-**	**1,701,837**	-	999,100
Gross premiums written		**714,534**	**1,718,683**	557,153	1,005,953

(in thousands of Canadian dollars, except as otherwise noted)

22.1 Insurance risk (continued)

d) Sensitivity to insurance risk

The insurance risks associated with the property and casualty lines of business underwritten by the Company are sensitive to various assumptions which can impact the estimation of claims liabilities. The relevant risk variables associated with the estimation of claims liabilities are subject to assumptions that impact the ultimate value of the estimated loss ratio as well as the estimated claims settlement costs. The loss ratio is used to calculate losses of the Company as a percentage of net premiums earned. Below is an analysis showing the impact of a 5% increase in the loss ratio, as a percentage of net premiums earned, and a 5% increase in claims settlement costs of the claims reserves, based on an increase in the current net unpaid claims balance. Such variances in the estimation were considered reasonably possible during the years ended December 31, 2022 and 2021. The impacts described in the table below are independent of one another. A 5% decrease to the loss ratio and a 5% decrease in claims settlement costs would have the opposite effect on comprehensive income and shareholders' equity.

For the years ended December 31,	**2022**	2021	**2022**	2021
Sensitivity factor	Impact on comprehensive income, before tax		Impact on shareholders' equity	
5% increase to loss ratio	**(20,932)**	(13,896)	**(16,121)**	(10,601)
5% increase to claims settlement costs	**(10,517)**	(6,114)	**(8,451)**	(4,763)

22.2 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. Credit risk arises mainly from investments in bonds and short-term securities, and balances receivable from insurance brokers and reinsurers.

For debt securities, the Company manages its credit risk by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty or based on the collateral supporting the counterparty risk. Management also limits its aggregate debt securities credit risk by placing limits on aggregate values of securities at different credit rating levels. Management monitors credit quality of its debt securities on an on-going basis through its reviews of the investment portfolio.

(in thousands of Canadian dollars, except as otherwise noted)

22.2 Credit risk (continued)

For Premiums receivable, the Company uses insurance brokers, managing general agents, and program administrators as intermediaries for the distribution of its product offerings and is therefore subject to the risk that these intermediaries fail to remit the premiums they have collected on its behalf. The Company primarily deals with intermediaries with which it has entered into a contract that details, among other things, the intermediary's responsibilities and payment obligations. These intermediaries are typically regulated and licensed by insurance regulators. Further, the Company monitors accounts receivable and follows up all past due amounts to ensure satisfactory collection arrangements are in place. As at December 31, 2022, premiums receivable past due but not considered to be impaired is $28,416 (December 31, 2021 – $11,155).

For recoverables from reinsurers, the Company applies its reinsurance risk management policy to manage the credit risk associated with these balances. The Company is ultimately at risk on the limits of coverage provided under its product offerings, regardless of whether it has ceded a portion of this exposure to reinsurers. If a reinsurer is unwilling or unable to satisfy its obligations, the Company does not have the right to correspondingly reduce its claims payment obligations. The Company's reinsurance coverage is well diversified and controls are in place to manage exposure to reinsurance counterparties.

The Company uses both licensed and unlicensed reinsurers. When using licensed reinsurers, the Company generally uses those with an A.M. Best credit rating of A-, and management monitors these ratings on a regular basis. If the reinsurer has an A.M. Best rating of below A- an agreed upon level of collateral is provided. Furthermore, the Company's reinsurance risk management policy places limits on the participation of individual reinsurers in the Company's reinsurance arrangements to ensure that no single reinsurer represents an undue level of credit risk. These participations and limits are reviewed regularly, and exceptions are approved by the Company's risk committee.

When the Company uses an unlicensed or unrated reinsurer, it is the Company's practice to establish a custodial account secured under a reinsurance security agreement, post a letter of credit or provide other forms of security acceptable to the Company.

Derivative assets and other assets are monitored with reference to the credit quality of the counter-party, and an impairment allowance is made if deemed appropriate.

a) Maximum exposure to credit risk of the Company (excluding Recoverable from reinsurers)

The following table sets out the Company's maximum exposure to credit risk related to financial instruments. The maximum credit exposure is the carrying value of the asset net of any allowances for losses. The Recoverable from reinsurers is shown in Note 22.2 (d).

As at	**December 31, 2022**	December 31, 2021
Cash and cash equivalents, and short-term securities(1)	**406,368**	346,319
Fixed income(1)	**582,729**	435,602
Other loans	**-**	8,042
Premiums receivable	**433,165**	271,311
Accrued investment income	**5,358**	2,846
Derivative assets	**15,959**	15,697
Other assets	**15,900**	20,811
	1,459,479	1,100,628

(1) Cash and cash equivalents for 2021 year end included cash of $8,436 and Bonds include FVTPL investments of $60,261 which were transferred to the assuming reinsurer on closing of the novation (see Note 15).

(in thousands of Canadian dollars, except as otherwise noted)

22.2 Credit risk (continued)

b) Concentration of credit risk of the Company

Concentrations of credit risk can arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar risk characteristics, for example they may operate in the same or similar industries. The following table provides details of the fair value of fixed income securities by industry sector:

As at	**December 31, 2022**	December 31, 2021[(1)]
Financial	**184,825**	102,500
Government	**83,023**	106,953
Industrial	**49,967**	56,618
Energy	**42,371**	30,398
Real estate	**40,264**	35,139
Telecom services	**37,387**	29,113
Automotive	**35,504**	15,975
Consumer staples	**33,745**	18,175
Consumer discretionary	**26,114**	15,645
Power and pipelines	**17,905**	10,340
Utility	**11,437**	9,321
Others	**20,187**	13,467
	582,729	443,644

(1) Fixed income securities include investments of $60,261 which was transferred to the assuming reinsurer on closing of the novation (see Note 15).

c) Asset quality

The following table summarizes the credit ratings for fixed income securities, cash equivalents and short term securities:

As at	**December 31, 2022**	December 31, 2021
Fixed income securities[(1)]		
AAA	**64,296**	50,043
AA	**68,407**	80,644
A	**199,308**	122,934
BBB	**198,583**	130,695
Below BBB	**52,135**	59,328
	582,729	443,644
Cash equivalents and short-term securities		
R-1 (high)	**19,883**	16,117
R-1 (medium)	**5,000**	-
	607,612	459,761

(1) Fixed income securities for 2021 include investments of $60,261 which was transferred to the assuming reinsurer on closing of the novation (see Note 15).

(in thousands of Canadian dollars, except as otherwise noted)

22.2 Credit risk (continued)

d) Recoverable from reinsurers

The following table shows a breakdown of the reinsurance recoverable, and corresponding reinsurance payable and collateral held, by AM Best rating of the reinsurers:

As at	December 31, 2022		December 31, 2021	
AM Best rating	Reinsurance recoverable	Reinsurance payable and collateral held(1)	Reinsurance recoverable	Reinsurance payable and collateral held
A++	**173,018**	**52,550**	28,185	5,796
A+	**857,088**	**178,188**	606,633	170,343
A	**307,763**	**132,299**	225,088	113,512
A-	**349,282**	**186,414**	108,542	57,792
B++	**96,068**	**92,102**	154,334	147,630
Below B++	**4,891**	**7,634**	3,874	5,975
Unrated	**360,507**	**414,922**	248,698	230,311
	2,148,617	**1,064,109**	1,375,354	731,359

(1) Reinsurance payable and collateral held excludes certain forms of collateral for a total of $79,334 received after December 31, 2022.

22.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may arise from a number of potential areas including, for example, duration mismatch between assets and liabilities.

Generally, the Company's financial liabilities are settled by delivering cash and it is able to rely on the cash flow generated from its operations to satisfy its liquidity requirements, which are primarily operating expenses and claims and loss adjustment payments.

By their nature, the timing and quantum of claims and loss adjustment payments are subject to significant uncertainty and are estimated actuarially as set out in Note 2.4(d). Although the Company has reinsurance treaties in place under which a portion of the claims payments may be recovered, including by way of set off against premiums payable to the reinsurers, such recoveries usually follow the making of payments and often delays of a number of months can occur. Hence the Company must have access to sufficient liquid resources to fund gross amounts payable when required.

(in thousands of Canadian dollars, except as otherwise noted)

22.3 Liquidity risk (continued)

To manage its liquidity requirements, the Company maintains a minimum balance of cash and cash equivalents, and short-term securities and a highly rated, highly liquid investment portfolio. The Company's investment policy sets out credit quality criteria and has limits on single issuer exposures. In addition, the investment policy stipulates average duration targets.

The Company periodically pledges assets under insurance and reinsurance trust arrangements which are therefore not readily available for general use by the Company (see Note 4.3).

The following tables set out the Company's financial assets and liabilities by contractual maturity.

As at December 31, 2022	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**No specific maturity**	**Total**
Cash and cash equivalents	**24,883**	**-**	**-**	**381,485**	**406,368**
Investments	**39,094**	**373,715**	**190,098**	**162,468**	**765,375**
Premiums receivable and Receivable from reinsurers	**431,662**	**1,503**	**-**	**-**	**433,165**
Other financial assets	**54,965**	**5,486**	**1,319**	**-**	**61,770**
Reinsurers' share of claims liabilities	**428,776**	**786,037**	**47,956**	**-**	**1,262,769**
Financial and insurance assets(1)	**979,380**	**1,166,741**	**239,373**	**543,953**	**2,929,447**

As at December 31, 2021	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Cash and cash equivalents(2)	19,553	-	-	321,766	341,319
Investments(2)	99,696	217,797	182,973	140,674	641,140
Premiums receivable and Receivable from reinsurers	284,650	745	-	-	285,395
Other financial assets	24,533	1,265	436	-	26,234
Reinsurers' share of claims liabilities	292,590	461,783	18,885	-	773,258
Financial and insurance assets(1)	721,022	681,590	202,294	462,440	2,067,346

(1) Deferred acquisition costs and reinsurers' share of unearned premiums have been excluded as they are not subject to liquidity risk.
(2) Cash and cash equivalents included cash of $8,436 and investments of $60,261 which were transferred to the assuming reinsurer on closing of the novation (see Note 15).

(in thousands of Canadian dollars, except as otherwise noted)

22.3 Liquidity risk (continued)

As at December 31, 2022	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**No specific maturity**	**Total**
Unpaid claims and LAE[3]	**531,719**	**901,748**	**72,116**	**-**	**1,505,583**
Reinsurance premiums payable	**488,656**	**-**	**-**	**-**	**488,656**
Other financial liabilities	**67,994**	**855**	**-**	**22,476**	**91,325**
Debt outstanding	**-**	**75,000**	**-**	**-**	**75,000**
Financial and insurance liabilities[4]	**1,088,369**	**977,603**	**72,116**	**22,476**	**2,160,564**

As at December 31, 2021	Up to 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
Unpaid claims and LAE[3]	346,372	522,913	32,738	-	902,023
Reinsurance premiums payable	335,673	-	-	-	335,673
Other financial liabilities	129,714	1,342	-	75,899	206,955
Debt outstanding	-	75,000	-	-	75,000
Financial and insurance liabilities[4]	811,759	599,255	32,738	75,899	1,519,651

(3) Undiscounted and excluding PfADs.
(4) Unearned premiums and unearned reinsurance commissions have been excluded as they are not subject to liquidity risk.

(in thousands of Canadian dollars, except as otherwise noted)

22.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risks such as equity price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company faces currency risk as a result of having operations primarily in the United States and Canada, as well as European exposure through its reinsurance operations and therefore has exposure to currency risk arising from fluctuations in exchange rates of the Canadian dollar and Euro against the United States dollar. The Company also has currency risk as a result of having investments in the Company's Canadian operations denominated in foreign currencies. The foreign currency positions of the Company are monitored regularly and the Company uses derivatives throughout the year to manage foreign exchange risks where appropriate.

i) Exposure to currency risk

The Company manages its currency risk through its investment policy which considers duration of investments held as well as asset liability matching.

The following table summarizes the net currency exposure of Canadian domiciled entities categorized by major currency. The balances in the table below are presented in the foreign currency indicated:

	USD		**EUR**		**GBP**		**BRL**	
As at December 31,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Cash and investments	**91,028**	72,400	**2,173**	1,719	**5,621**	4,503	**3,772**	4,017
Less: foreign – currency derivatives, notional amount	**(85,632)**	(55,265)	**(1,561)**	(1,777)	**(5,455)**	(4,701)	**-**	-
Total net exposure	**5,396**	17,135	**612**	(58)	**166**	(198)	**3,772**	4,017

The following table summarizes the carrying value of assets and liabilities, denominated in a currency other than USD, of Trisura International categorized by major currency. All amounts below are converted to Canadian dollar equivalents. The assets and liabilities below are translated at exchange rates at the reporting date:

	December 31, 2022		December 31, 2021	
	EUR	**Other**	EUR	Other
Assets	**798**	**3,399**	65,312	3,204
Liabilities	**1,138**	**99**	74,614	164
Net assets	**(340)**	**3,300**	(9,302)	3,040

The following table summarizes the carrying value of net assets of US domiciled entities in its functional currency of USD.

As at December 31,	**2022**	2021
Consolidated net assets of:		
US domiciled entities	**184,184**	176,967

(in thousands of Canadian dollars, except as otherwise noted)

22.4 Market risk (continued)

ii) Sensitivity to currency risk

	Impact on comprehensive income and shareholders' equity			
As at December 31,	**2022**	2021	**2022**	2021
Sensitivity factor	10% increase in CDN versus USD		10% decrease in CDN versus USD	
USD investments supporting Canadian domiciled entities	**(488)**	(1,453)	**537**	1,598
Consolidated net assets of subsidiaries	**(18,128)**	(20,404)	**19,939**	22,440

b) Interest rate risk

Interest rate risk is the potential for financial loss resulting from changes in interest rates. Fixed income investments and preferred shares are subject to interest rate risk although, in the case of fixed income investments, to the extent they are held to maturity, the risk is limited to the reinvestment yield being different from the original yield to maturity. The fair value of bonds changes inversely with changes in market rates of interest, with greater impact to bonds with longer durations. The Company's discounted unpaid claims balance is also subject to interest rate risk.

The Company manages its interest rate risk through its investment policy which considers duration of investments held as well as asset liability matching.

As at December 31, 2022

Sensitivity factor	**Fixed income (including preferred shares)**	**Net unpaid claims**	**Impact on comprehensive income**
100 basis point increase in the yield curve(1)	**(23,586)**	**(2,239)**	**(15,973)**
100 basis point decrease in the yield curve(1)	**23,720**	**2,362**	**15,983**

(1) Assumes parallel shift in the yield curve, and all other variables remain constant.

As at December 31, 2021

Sensitivity factor	Fixed income (including preferred shares)	Net unpaid claims	Impact on comprehensive income
100 basis point increase in the yield curve(1)	(19,614)	(1,834)	(13,536)
100 basis point decrease in the yield curve(1)	19,550	1,941	13,408

(1) Assumes parallel shift in the yield curve, and all other variables remain constant.

c) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The Company's exposure to equity price risk is managed and mitigated through its investment policy which sets out maximum exposures to equities at aggregate and per issuer levels as well as requiring diversification across different industry sectors.

As at December 31,	**2022**	2021
Sensitivity factor	Impact on net income(1)	
10% increase in equity prices	**5,034**	6,819
10% decrease in equity prices	**(5,034)**	(6,819)

(1) The methodology used to calculate the change is based on 10% of the fair value of the equities (excluding preferred shares and any funds which hold predominantly fixed income securities), net of tax, at the statement of financial position dates.

Note 23 – Capital management

The Company's capital is its shareholders' equity, which consists of common shares, contributed surplus, retained earnings and accumulated other comprehensive (loss) income. The Company reviews its capital structure on a regular basis to ensure an appropriate capital structure in keeping with all regulatory, business and shareholder obligations.

Oversight of the capital of the Company rests with management and the board of directors. Their objectives are twofold: (i) to ensure the Company is prudently capitalized relative to the amount and type of risks assumed and the requirements established by the laws and regulations applicable to the Company's regulated subsidiaries; and (ii) to ensure shareholders receive an appropriate return on their investment.

In Canada, under guidelines established by the Office of the Superintendent of Financial Institutions which apply to the regulated insurance company of Trisura Canada, Canadian property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test, the minimum capital test ("MCT"), which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Companies are expected to maintain MCT level of at least 150% and are further required to establish their own target MCT level based on the nature of their operations and the business they write. Management, with the board of directors' approval, has established Trisura Canada's target MCT level in accordance with these requirements.

In the US, the regulated insurance companies of Trisura US are subject to externally imposed regulatory capital requirements by the Oklahoma Insurance Department as a Domestic Surplus Line Insurer. The Company's admitted carrier is subject to the various capital requirements of each US state in which it is licensed. A requirement of the regulators is that Trisura US's regulated insurance companies' Risk Based Capital exceed certain minimum thresholds as well as Company Action Levels ("CALs"), below which the companies would have to notify the regulators.

(in thousands of Canadian dollars, except as otherwise noted)

Note 24 – Segmented information

As at December 31, 2022, the Company has two reportable segments. The operations of Trisura Canada comprise Surety business underwritten in both Canada and the United States, and Risk Solutions and Corporate Insurance products primarily underwritten in Canada. Trisura US provides specialty fronting insurance solutions underwritten in the United States. The operations of Trisura US includes the reinsurance operations of Trisura International.

During Q1 2022, the Company determined that Trisura International, which comprised the Company's international reinsurance operations, no longer met the quantitative threshold for reportable segment disclosure purposes and the Company's chief operating decision maker no longer deems Trisura International's results to be significant. The run-off operations of Trisura International has been reclassified to Corporate and other in the current year and the comparative information has been restated to conform with the current year's presentation.

The following tables show the results for the years ended December 31, 2022 and 2021:

Year ended December 31, 2022	**Trisura Canada**	**Trisura US**	**Corporate and other**	**Total**
Gross premiums written	731,380	1,701,837	-	**2,433,217**
Net premiums written	366,053	132,058	-	**498,111**
Net premiums earned	315,074	103,547	-	**418,621**
Fee income	6,593	66,924	-	**73,517**
Net investment income	14,761	8,444	1,957	**25,162**
Net gains	2,375	2,867	3,560	**8,802**
Total revenues	338,803	181,782	5,517	**526,102**
Net claims and loss adjustment expenses	(53,430)	(73,641)	(121)	**(127,192)**
Net expenses	(210,991)	(64,504)	(3,865)	**(279,360)**
Write down on reinsurance recoverables	-	(81,473)	-	**(81,473)**
Interest expenses	(268)	(115)	(2,261)	**(2,644)**
Total claims and expenses	(264,689)	(219,733)	(6,247)	**(490,669)**
Net income (loss) before tax	**74,114**	**(37,951)**	**(730)**	35,433

Year ended December 31, 2021	Trisura Canada	Trisura US	Corporate and other	Total
Gross premiums written	564,006	999,100	100	1,563,206
Net premiums written	310,950	87,087	100	398,137
Net premiums earned	223,138	54,670	101	277,909
Fee income	6,844	43,035	-	49,879
Net investment income (loss)	8,722	4,926	(6,043)	7,605
Net gains	1,179	2,384	10,921	14,484
Total revenues	239,883	105,015	4,979	349,877
Net claims and loss adjustment expenses	(47,306)	(40,096)	5,072	(82,330)
Net expenses	(140,566)	(30,981)	(13,919)	(185,466)
Interest expense	(296)	(38)	(1,304)	(1,638)
Total claims and expenses	(188,168)	(71,115)	(10,151)	(269,434)
Net income (loss) before tax	51,715	33,900	(5,172)	80,443

(in thousands of Canadian dollars, except as otherwise noted)

Note 24 – Segmented information (continued)

As at December 31, 2022	**Trisura Canada**	**Trisura US**	**Corporate and other**	**Total**
Assets	**1,312,346**	**2,875,043**	**95,981**	**4,283,370**
Liabilities	**1,113,611**	**2,631,733**	**54,732**	**3,800,076**

As at December 31, 2021	Trisura Canada	Trisura US	Corporate and other	Total
Assets	1,095,984	1,763,972	140,398	3,000,354
Liabilities	929,845	1,549,154	162,566	2,641,565

Note 25 – Benefits

The Company has established and contributes to a number of group retirement savings plan arrangements under which the Company makes contributions. Contributions are charged to operating expense and are recognized as incurred.

Note 26 – Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any executive officers or directors of the Company.

The following transactions were carried out with key management personnel during the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Salaries and other employee benefits	**2,907**	3,080
Share based payments	**1,983**	11,380

Note 27 – Share based compensation

27.1 Equity-settled stock options

The Company currently administers a stock option plan. Under the stock option plan, the exercise price of each stock option will be established at the time that the option is granted. It is expected that the vesting period will normally be 20% per year over five years and the expiry date of stock options granted will not exceed ten years, however in some instances the vesting period may differ.

The following is a continuity schedule of stock options outstanding as at December 31, 2022 and December 31, 2021:

	December 31, 2022		December 31, 2021	
	Number of options	**Weighted average exercise price (in dollars)**	Number of options	Weighted average exercise price (in dollars)
Outstanding, beginning of year	**1,501,916**	**12.47**	1,334,720	8.23
Exercised during the year	**(145,141)**	**10.96**	(148,620)	7.07
Granted during the year	**184,864**	**30.95**	315,816	27.86
Outstanding, end of year	**1,541,639**	**14.83**	1,501,916	12.47

(in thousands of Canadian dollars, except as otherwise noted)

27.1 Equity-settled stock options (continued)

As at December 31, 2022, the outstanding stock options consist of the following:

Exercise price per share (in dollars)	**Number of options outstanding**	**Average remaining contractual life (in years)**	**Number of options exercisable**
30.95	184,864	9.19	-
37.99	30,000	8.46	6,000
29.38	181,191	8.14	32,540
21.99	80,200	8.01	200
12.56	325,796	7.15	106,328
7.16	40,000	6.63	24,000
7.31	64,000	6.21	-
6.77	269,588	6.16	141,212
6.42	40,000	5.88	20,000
6.09	326,000	4.64	326,000

As at December 31, 2021, the outstanding stock options consist of the following:

Exercise price per share (in dollars)	Number of options outstanding	Average remaining contractual life (in years)	Number of options exercisable
37.99	30,000	9.46	-
29.38	185,824	9.14	-
21.99	100,000	9.01	-
12.56	359,512	8.15	66,888
7.16	40,000	7.63	16,000
7.31	96,000	7.21	-
6.77	294,588	7.16	102,024
6.42	70,000	6.88	30,000
6.09	326,000	5.64	256,400

As at December 31, 2022, 656,280 (December 31, 2021 – 471,312) equity-based stock options were vested. As at December 31, 2022, the Company had recorded $3,599 (December 31, 2021 – $2,587) in share reserve related to the options in the contributed surplus balance of the Consolidated Statements of Financial Position. For the year ended December 31, 2022, the Company recorded $1,370 (December 31, 2021 – $1,308) of expense related to the options, in Operating expenses. The fair value of the options issued were determined using the Black-Scholes option pricing model. Inputs to the model include expected volatility, option life and risk free rate. Volatility estimate was based on the historical volatility of the Company's stock price. The weighted average fair value of stock options issued in 2022 at the measurement date was $7.13 (in dollars) (December 31, 2021 – $6.89 (in dollars)).

27.2 Cash-settled stock options

As at December 31, 2022, 187,480 options were outstanding which had been issued to officers of the Company by the board of directors as part of a cash-settled share based payment plan (December 31, 2021 – 187,480), with a vesting period of 20% per year over five years, and an expiration date of ten years. As at December 31, 2022, 128,536 options were vested (December 31, 2021 – 28,640). As at December 31, 2022, the Company had recorded $7,203 (December 31, 2021 – $6,800) in liabilities related to the options in the Consolidated Statements of Financial Position. For the year ended December 31, 2022, the Company recorded $404 (December 31, 2021 – $6,685) of expense related to the options, in Operating expenses. The fair value of the options issued were determined using the Black-Scholes option pricing model. Inputs to the model include expected volatility, option life and risk free rate. Volatility estimate was based on the historical volatility of the Company's stock price. As at December 31, 2022, the weighted average fair value of share options issued was $39.23 (in dollars) (December 31, 2021 – $41.35 (in dollars)).

(in thousands of Canadian dollars, except as otherwise noted)

27.3 Cash-settled DSUs

DSUs are awarded to certain directors of the Company at the market value of the Company's common shares at the grant date. These DSUs are awarded in lieu of directors fees at the option of the Directors. Each DSU entitles the holder to receive an amount equivalent to the value of a common share at settlement. As at December 31, 2022, 120,637 (December 31, 2021 –109,120) DSUs were awarded to directors who are not employees of the Company or one of its affiliates.

The following table shows the movement in the number of DSUs issued during the year:

For the years ended December 31,	**2022 (in units)**	2021 (in units)
Opening balance	**109,120**	100,364
Granted during the year	**11,553**	8,756
Ending balance	**120,673**	109,120

As at December 31, 2022, no units had been exercised (December 31, 2021 – nil) and $5,465 (December 31, 2021 – $5,204) had been recorded as liabilities. The liability was measured based on the fair value of the common shares of the Company at December 31, 2022. For the year ended December 31, 2022, the Company recorded $261 (December 31, 2021 – $2,949) of expense related to the DSUs in Operating expenses.

27.4 Equity-settled RSUs

The Company awards certain employees RSUs based on the fair value of the Company's common shares at the grant date. These RSUs will typically vest over three years, however in some instances the vesting period may differ.

The following table shows the RSUs issued and outstanding as at December 31, 2022 and December 31, 2021:

As at	**December 31, 2022 (in units)**	December 31, 2021 (in units)
Outstanding, beginning of year	**81,034**	32,956
Vested during the year	**(39,312)**	(10,824)
Cancelled during the year	**(2,365)**	(12,529)
Granted during the year	**91,312**	71,431
Outstanding, end of year	**130,669**	81,034

During the year ended December 31, 2022, compensation expense of $2,345 (December 31, 2021 - $1,121) related to the RSUs were recorded in Operating expenses.

Note 28 – Additional information on the Consolidated Statements of Cash Flows

The following table shows the Change in working capital for the years ended December 31, 2022 and December 31, 2021:

For the years ended December 31,	**2022**	2021
Reinsurance premiums payable	**152,346**	170,063
Unearned premiums, net	**79,910**	133,240
Unpaid claims and loss adjustment expenses, net	**63,339**	(48,358)
Income taxes	**10,691**	17,754
Other operating liabilities	**3,907**	2,426
Premiums and accounts receivable	**(155,290)**	(116,731)
Accounts payable and accrued liabilities	**(40,606)**	151,850
Deferred acquisition costs, net	**(23,768)**	(64,626)
Other operating assets	**(4,766)**	(1,571)
	85,763	244,047

Note 29 – Commitments

The Company has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the private equity investments and subject to the terms and conditions of each limited partnership agreement. As at December 31, 2022, the unfunded commitments for the Company are $28,497 (December 31, 2021 – $42,318).

CORPORATE INFORMATION

DIRECTORS

George Myhal[1]
Chair of the Board

Paul Gallagher[2]
Corporate Director

Barton Hedges[3]
Corporate Director

Greg Morrison
Corporate Director

Robert Taylor
Corporate Director

David Clare
Corporate Director

Janice Madon
Corporate Director

1. Chair of the Governance and Compensation Committee
2. Chair of the Audit Committee
3. Chair of the Investment and Risk Committee

CORPORATE OFFICE

Bay Adelaide Centre
333 Bay Street, Suite 1610
Toronto, Ontario
M5H 2R2
Telephone: (416) 214-2555
Facsimile: (416) 214-9597

REGISTRAR AND TRANSFER AGENT

TSX Trust Company
301 - 100 Adelaide Street West
Toronto, ON
M5H 4H1
Telephone: (416) 682-3860 or
toll free within North America
(800) 387-0825
Facsimile: (888) 249-6189
Website: *www.tsxtrust.com*
E-mail: *shareholderinquiries@tmx.com*

OFFICERS

David Clare
President and Chief Executive Officer
Chief Investment Officer

David Scotland
Chief Financial Officer

James Doyle
Chief Risk Officer

Chris Sekine
President and Chief Executive Officer
Trisura Guarantee Insurance Company

Michael Beasley
President and Chief Executive Officer
Trisura Specialty Insurance Company

EXCHANGE LISTING

TSX Stock Symbol: TSU

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