



## PRESS RELEASE

### TRISURA GROUP REPORTS FOURTH QUARTER AND 2021 ANNUAL RESULTS

**TORONTO, February 10, 2022** — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading international specialty insurance provider, today announced financial results for the fourth quarter and year ended December 31, 2021.

David Clare, President and CEO of Trisura, stated, “Our business performed very well through 2021, recording earnings of \$62.6 million, an increase of 92.8% compared to 2020. Persistent growth and strong underwriting, supported by investment gains, generated a 19.0% return on equity<sup>(1)</sup>, despite continued investment in growth.

Expansion of market share, maturation of our platform and new products drove premium growth of 54.3% in the quarter and 68.7% for the year. In Canada, focused underwriting resulted in an 81.1% combined ratio for the year, despite higher than trend claims activity in Q4. Our US business bound a quarterly record \$293.3 million of gross premiums, supporting \$6.8 million in net income and significant deferred fee income.

We continued the rationalization of our Reinsurance platform, negotiating a novation of our life annuity reinsurance contract to a third party, which reduces our exposure to variability in European interest rates and allows management to direct focus to core North American businesses. The novation drove the \$2.6 million loss<sup>(2)</sup> from life annuity contracts in the quarter.”

#### Highlights

- ✓ EPS of \$0.24 in Q4 2021 and \$1.49 for the full year compared to \$0.26 and \$0.82 respectively in 2020. Adjusted EPS<sup>(3)</sup> of \$0.31 for the quarter and \$1.47 for the full year compared to \$0.24 and \$0.84 in prior periods.
- ✓ Book value per share<sup>(1)</sup> of \$8.70 increased by 23.2% from December 31, 2020, driven by significant earnings and unrealized gains in the investment portfolio.
- ✓ Gross written premiums growth of 54.3% in Q4 2021, and 68.7% for the full year, was supported by continued growth in Canada and strong momentum in US fronting.
- ✓ Net income of \$10.3 million in the quarter fell 6.0% compared to Q4 2020, negatively impacted by novation of our life annuity reinsurance contract and higher claims in the quarter. Adjusted net income<sup>(2)</sup> of \$13.2 million in the quarter grew by 31.6% compared to Q4 2020. Net income for the full year grew by 92.8% to \$62.6 million, a result of both growth and strong underwriting in Canada, increasing fee income from the US, and appropriate asset liability matching in our Reinsurance business.
- ✓ ROE of 19.0% compared to 13.4% in 2020, exceeding our mid-teens target despite significant growth.
- ✓ GPW in Canada increased by 84.9% in Q4 2021 and 102.1% for the full year. Strong underwriting performance across all lines contributed to a combined ratio<sup>(1)</sup> of 91.2% for the quarter and 81.1% for the year, and a 29.8% ROE.



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- ✓ New fronting arrangements in Canada contributed \$96.3 million in the quarter and \$198.2 million for the full year.
- ✓ US premium grew by 39.2% and fee income grew by 41.2% in the quarter compared to Q4 2020, reaching \$293.3 million and \$11.9 million, respectively. For the year, premium grew by 54.4% to \$1.0 billion and fee income grew by 76.6% to \$43.0 million. This contributed to improved net income of \$6.8 million in the quarter and \$27.2 million for the full year, contributing to a 14.0% ROE despite an increase in the capital base.

Amounts in C\$ millions	Q4 2021	Q4 2020	Variance	2021	2020	Variance
Gross premiums written	484.7	314.2	54.3%	1,563.2	926.4	68.7%
Net income	10.3	10.9	(6.0%)	62.6	32.4	92.8%
EPS - diluted, \$	0.24	0.26	(7.7%)	1.49	0.82	81.7%
Adjusted EPS - diluted, \$	0.31	0.24	29.2%	1.47	0.84	75.0%
Book value per share, \$	8.70	7.06	23.2%	8.70	7.06	23.2%
Debt-to-Capital ratio <sup>(1)</sup>	17.3%	8.7%	8.6pts	17.3%	8.7%	8.6pts
ROE	19.0%	13.4%	5.6pts	19.0%	13.4%	5.6pts
Adjusted ROE <sup>(4)</sup>	18.8%	13.8%	5.0pts	18.8%	13.8%	5.0pts
Combined ratio – Canada	91.2%	87.3%	3.9pts	81.1%	85.5%	(4.4pts)
Fronting Operational Ratio – US <sup>(1)</sup>	79.0%	68.5%	10.5pts	72.7%	70.6%	2.1pts

### COVID-19

- We have begun a gradual return to work in some jurisdictions based on local guidance, following increased safety measures and increased levels of vaccination.
- Despite demonstrated resilience, we acknowledge that, uncertainty regarding variants, economic reopening, normalization of government support and the potential for a weaker than anticipated economic recovery continue to threaten momentum.
- Premium generation and claims activity may be impacted depending on the length and depth of any future pandemic-related economic slowdown, as well as the effectiveness of government support programs and vaccines in driving a sustained re-opening. Depending on these factors, premium growth could slow and claims activity could increase.

### Insurance Operations

- Disciplined underwriting in Canada contributed to a loss ratio<sup>(1)</sup> of 26.2% for the quarter and 21.2% for the year, which were both improved over 2020, while premiums grew by 84.9% in the quarter and 102.1% for the full year.
- Growth continued in the US, with GPW of \$293.3 million in the quarter, compared to \$210.7 million in Q4 2020, and fee income of \$11.9 million in the quarter compared to \$8.4 million in Q4 2020. Growth was the result of maturing and new programs.
- Reinsurance business simplified following the novation of our life annuity contract.



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### Capital

- The minimum capital test (“MCT”) ratio<sup>(5)</sup> of our regulated Canadian subsidiary was 229% as at December 31, 2021 (249% as at December 31, 2020), which comfortably exceeded regulatory requirements<sup>(6)</sup> of 150%.
- Capital in our US operations of \$212.7 million at December 31, 2021 (\$156.0 million at December 31, 2020) was in excess of the various Company Action Levels of the states in which Trisura is licensed.
- Consolidated debt-to-capital ratio of 17.3% as at December 31, 2021 is below our long-term target of 20.0%, providing incremental capacity for growth.

### Investments

- Interest and dividend income rose 25.8% in the quarter compared to Q4 2020 and 17.6% for the full year compared to 2020. The Canadian and US portfolios benefited from improved diversification and increased capital generated from strong operational performance.

### Corporate Development

- Launched Bricktown Specialty Insurance Company, a companion Excess and Surplus balance sheet to support growth of our hybrid fronting platform.
- AM Best reaffirmed A- ratings for both Canada and the US, as well as introduced a group financial size rating increasing our financial size category to size IX, which is expected to be helpful as we continue to pursue admitted opportunities.
- Trisura continues to pursue admitted licenses in all 50 states.

### Financial Statement Presentation – Update

- Adjusted EPS and Adjusted ROE were introduced in Q4 2020, to adjust for certain items to normalize earnings of core operations in order to better reflect our North American specialty operations.

### Earnings Conference Call

Trisura will host its Fourth Quarter Earnings Conference Call to review financial results at 9:00 a.m. ET on Friday February 11<sup>th</sup>, 2022.

To listen to the call via live audio webcast, please follow the link below:

<https://edge.media-server.com/mmc/p/zi8qnky5>

A replay of the call will be available through the link above.



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### Footnotes

(1) This is a supplementary financial measure. Refer to 2021 MD&A, Section 10, Operating Metrics table for its composition. To access MD&A, see Trisura's website or SEDAR at [www.sedar.com](http://www.sedar.com).

(2) See section on Non-IFRS financial measures, Reconciliation of Reported Net Income to Adjusted Net Income. Adjusted Net Income 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. Details and an explanation of how it provides useful information to an investor can be found in the reconciliation table.

(3) This is a non-IFRS ratio, see table 10.2 in 2021 MD&A for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor. 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.

(4) This is a non-IFRS ratio. See table 10.4 in 2021 MD&A for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor.

(5) This measure is calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Guideline A, Minimum Capital Test.

(6) This target is in accordance with OSFI's Guideline A-4, Regulatory Capital and Internal Capital Targets.



## **PRESS RELEASE**

### **About Trisura Group**

Trisura Group Ltd. is an international specialty insurance provider operating in the surety, risk solutions, corporate insurance, fronting and reinsurance segments of the market. Trisura 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"), as well as Barbados ("Trisura International"). Trisura Group Ltd. is listed on the Toronto Stock Exchange under the symbol "TSU".

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

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## PRESS RELEASE

**Trisura Group Ltd.**  
**Consolidated Statements of Financial Position**  
**As at December 31, 2021 and December 31, 2020**  
(in thousands of Canadian dollars, except as otherwise noted)

As at	December 31, 2021	December 31, 2020
Cash and cash equivalents	341,319	136,519
Investments	641,140	503,684
Premiums and accounts receivable, and other assets	311,629	178,883
Recoverable from reinsurers	1,375,354	676,972
Deferred acquisition costs	304,580	188,190
Capital assets and intangible assets	17,109	13,907
Deferred tax assets	9,223	8,577
<b>Total assets</b>	<b>3,000,354</b>	<b>1,706,732</b>
Accounts payable, accrued and other liabilities	216,633	57,343
Reinsurance premiums payable	335,673	151,707
Unearned premiums	965,245	592,711
Unearned reinsurance commissions	152,003	100,281
Unpaid claims and loss adjustment expenses	897,011	487,271
Debt outstanding	75,000	27,555
<b>Total liabilities</b>	<b>2,641,565</b>	<b>1,416,868</b>
<b>Shareholders' equity</b>	<b>358,789</b>	<b>289,864</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,000,354</b>	<b>1,706,732</b>



## PRESS RELEASE

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

	Q4 2021	Q4 2020	2021	2020
<b>Gross premiums written</b>	484,740	314,200	1,563,206	926,442
Net premiums written	115,941	88,400	398,137	241,324
<b>Net premiums earned</b>	82,768	51,091	277,909	160,684
Fee income	12,625	9,659	49,879	29,719
Net investment income	7,430	5,922	7,605	27,779
Net gains	3,726	2,822	14,484	8,450
<b>Total revenues</b>	106,549	69,494	349,877	226,632
Net claims and loss adjustment expenses	(36,823)	(23,096)	(82,330)	(72,562)
Net commissions	(33,341)	(17,484)	(107,757)	(55,915)
Operating expenses	(21,957)	(14,037)	(77,709)	(57,560)
Interest expenses	(578)	(222)	(1,638)	(1,113)
<b>Total claims and expenses</b>	(92,699)	(54,839)	(269,434)	(187,150)
<b>Income before income taxes</b>	13,850	14,655	80,443	39,482
Income tax expense	(3,555)	(3,706)	(17,884)	(7,040)
<b>Net income</b>	10,295	10,949	62,559	32,442
Other comprehensive (loss) income	(2,173)	2,800	4,897	96
<b>Comprehensive income</b>	8,122	13,749	67,456	32,538



## PRESS RELEASE

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

	Q4 2021	Q4 2020	2021	2020
<b>Net income</b>	10,295	10,949	62,559	32,442
Non-cash items	5,205	(3,628)	20,270	2,378
Stock options granted	354	189	1,309	729
Change in working capital	113,822	23,958	244,047	81,412
Realized gains	(2,261)	(1,223)	(4,096)	(22,666)
Income taxes paid	(4,537)	(1,860)	(15,705)	(9,808)
Interest paid	(1,079)	(223)	(1,535)	(1,144)
<b>Net cash from operating activities</b>	121,799	28,162	306,849	83,343
Proceeds on disposal of investments	27,384	37,776	135,730	238,827
Purchases of investments	(52,559)	(50,152)	(280,918)	(331,933)
Net purchases of capital and intangible assets	(481)	(673)	(3,460)	(1,296)
<b>Net cash used in investing activities</b>	(25,656)	(13,049)	(148,648)	(94,402)
Shares issued	456	-	1,315	65,143
Shares purchased under Restricted Share Units plan	44	-	(2,011)	-
Proceeds from issuance of debt	-	-	75,000	-
Loans received	-	11,459	26,970	44,159
Loans repaid	-	(11,459)	(54,525)	(44,159)
Principal portion of lease payments	(442)	(318)	(1,596)	(1,515)
<b>Net cash from (used in) financing activities</b>	58	(318)	45,153	63,628
<b>Net increase in cash</b>	96,201	14,795	203,354	52,569
Cash at beginning of year	245,332	124,875	136,519	85,905
Currency translation	(214)	(3,151)	1,446	(1,955)
<b>Cash at end of year</b>	341,319	136,519	341,319	136,519





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### Non-IFRS financial measures

**Reconciliation of Reported Net Income to Adjusted Net Income** - reflect net income, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations

	Q4 2021	Q4 2020	2021	2020
<b>Net income</b>	<b>10,295</b>	10,949	<b>62,559</b>	32,442
Adjustments				
Add: impact of share-based compensation	1,942	745	10,224	7,469
Add: loss on sale of structured insurance assets	-	-	1,336	-
Less: net gains	(3,726)	(2,822)	(14,484)	(8,450)
Less: net loss from life annuity	2,591	592	559	4,588
Less: impact of CAT Programs Reinsurance <sup>(7)</sup>	2,158	-	2,158	-
Less: tax impact of above items	(49)	575	474	352
Less: adjustments relating to income tax benefits	-	-	(936)	(3,127)
<b>Adjusted net income</b>	<b>13,211</b>	10,039	<b>61,890</b>	33,274

(7) Refer to December 31, 2021 MD&A, section 4 - Performance Review, United States, for details.

**Reconciliation of Average equity to LTM average equity** - LTM average equity is used in calculating adjusted ROE

	Q4 2021	Q4 2020
<b>Average equity<sup>(8)</sup></b>	<b>324,327</b>	240,097
Adjustments: days in quarter proration, equity raise - Q2 2020	4,221	1,391
<b>LTM average equity</b>	<b>328,548</b>	241,488

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



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

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

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

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

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

### **Cautionary Non-IFRS and Other Financial Measures**

*Reported results conform to generally accepted accounting principles (GAAP), in accordance with IFRS. In addition to reported results, the Company also presents certain financial measures, including non-IFRS financial measures that are historical, non-IFRS ratios, and supplementary financial measures, to assess results. Non-IFRS financial measures, such as adjusted net income, are utilized to assess the Company’s overall performance. To arrive at adjusted results, the Company adjusts for certain items to normalize earnings to core operations, in order to better reflect our North American specialty operations. Non-IFRS ratios include a non-IFRS financial measure as one or more of its components. Examples of non-IFRS ratios include adjusted diluted earnings per share and adjusted ROE. The Company believes that non-IFRS financial measures and non-IFRS ratios provide the reader 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 and non-IFRS ratios are not standardized terms under IFRS and, therefore, may not be comparable to similar terms used by other companies. Supplementary financial measures depict the Company’s financial performance and position, and are explained in this document where they first appear, and incorporates information by reference to the Company’s current MD&A, for the year ended December 31, 2021. To access MD&A, see Trisura’s website or SEDAR at [www.sedar.com](http://www.sedar.com). These measures are pursuant to National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.*