



PRESS RELEASE

TRISURA GROUP REPORTS FIRST QUARTER 2020 RESULTS

TORONTO, May 6, 2020 — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading international specialty insurance provider, today announced financial results for the first quarter of 2020.

David Clare, President and CEO of Trisura, stated, “We are pleased with Trisura’s first quarter results, generating net income of \$8.4 million, vs. \$2.5 million in Q1 2019 driven by increasing profitability from our US platform and continued strength in Canada.

Our US operations bound \$120.7 million of gross premiums written and generated \$2.6 million in net income. In Canada, disciplined underwriting and enhanced investment returns sustained our industry-leading 19.3% return on equity.

Importantly, improved asset-liability matching in our international reinsurance operations limited volatility in a challenging environment.

Notwithstanding our improved net income, book value per share decreased as a result of mark-to-market losses in the investment portfolio. However, our balance sheet remains healthy. Regulatory capital levels are strong despite market volatility while liquidity has been enhanced through an increase in available capacity from our revolving credit facility.”

Highlights

- ✓ Gross and net written premiums growth of 108.8% and 46.1% in Q1, supported by continued momentum in our US operations and continued growth in Canada.
- ✓ Net income of \$8.4 million vs. \$2.5 million in Q1 2019, driven by strong underwriting performance and investment income in Canada, and growing profitability in the US. We also recognized a gain related to the recognition of previously generated tax losses.
- ✓ EPS of \$0.94 in Q1 2020, compared to \$0.37 in Q1 2019.
- ✓ Book value per share of \$21.23, a 1.6% decrease from \$21.58 at December 31, 2019 as a result of unrealized losses in the investment portfolio.
- ✓ Industry-leading results from our Canadian business, achieving a combined ratio of 82.0% in the current quarter vs. 83.5% in Q1 2019, and producing a 19.3% LTM ROE.
- ✓ Continued acceleration in our US. operations, producing \$120.7 million in GPW in the quarter vs. \$41.9 million in Q1 2019; \$2.6 million in net income, and a 9.3% LQA ROE demonstrate the potential of our maturing platform.
- ✓ Increased our revolving credit facility capacity to \$50.0 million, at consistent pricing, with the ability to draw proceeds in Canadian or US dollars. Debt-to-capital ratio was 15.3% at March 31, 2020, below our long-term target of 20.0%.

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| Amounts in C\$ millions | Q1 2020 | Q1 2019 | Variance |
|--------------------------------|---------|---------|----------|
| Gross premiums written | 170.0 | 81.4 | 108.8% |
| Net premiums written | 41.5 | 28.4 | 46.1% |
| Net underwriting income (loss) | 0.6 | (8.3) | nm |
| Net investment income | 8.5 | 4.3 | 97.9% |
| Net income | 8.4 | 2.5 | 232.6% |
| EPS - diluted, \$ | 0.94 | 0.37 | 154.9% |
| Book value per share, \$ | 21.2 | 20.4 | 4.0% |
| Debt-to-Capital ratio | 15.3% | 18.0% | (2.7pts) |
| LTM ROE | 6.8% | 7.2% | (0.4pts) |
| Combined ratio - Canada | 82.0% | 83.5% | (1.5pts) |
| LTM ROE - Canada | 19.3% | 21.3% | (2.0pts) |

COVID-19

- Preliminary results for the month of April have demonstrated resilience, however Q2 2020 premium generation and claims activity may be impacted by the length and depth of the pandemic-related economic slowdown, as well as the effectiveness of government support programs. Depending on these factors, premium growth could slow and claims activity could increase.
- The most direct financial impact observed during the quarter related to COVID-19 was the mark-to-market volatility in our investment portfolio.
- In April, we did not observe a significant impact on underwriting results; our policies generally do not provide pandemic coverage and many surety bonds are focused on infrastructure projects deemed essential.
- Trisura employees are working effectively from home.

Underwriting

- Disciplined underwriting from our Canadian operations, achieving a loss ratio of 24.3% in the quarter, supported by strong underwriting across all lines. Improvements in expense ratio driven by operational efficiency resulted in a combined ratio of 82.0%
- Accelerating growth in our US platform, with GPW of \$120.7 million in Q1 2020 compared to \$95.4 million in Q4 2019, and fee income of \$4.1 million in Q1 2020 compared to \$3.1 million in Q4 2019.
- Improved asset-liability matching in our international reinsurance operations limited volatility in the quarter.



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Capital

- The minimum capital test (“MCT”) ratio of our Canadian operations was 233% (258% as at December 31, 2019), which comfortably exceeded regulatory requirements of 150%.
- Trisura US’s capital of \$81.3 million USD as at March 31, 2020 (\$83.3 million USD as at December 31, 2019) was in excess of the minimum requirement of the Oklahoma Insurance Department.
- Trisura International’s capital of \$13.0 million USD as at March 31, 2020 (\$14.2 million USD as at December 31, 2019) was greater than the FSC’s regulatory capital requirement.
- Consolidated debt-to-capital ratio of 15.3% as at March 31, 2020 is below our long-term target of 20.0%.

Investments

- In Q1 2020, net investment income of \$8.5 million compared to \$4.3 million in Q1 2019. The improvement was driven by an increase in interest and dividend income in North America, as well as longer duration reinsurance assets, which generated strong results in a declining interest rate environment.
- In Canada, interest and dividend income increased 28.1% in Q1 2020, over Q1 2019, as we continued to benefit from an improved asset mix.
- In the US, interest and dividend income increased 41.2% in Q1 2020, over Q1 2019, as we benefited both from diversification of the portfolio and increased capital following our equity raise in September 2019.
- European rates fell in Q1 2020, which resulted in net investment gain of \$5.5 million in Trisura International, offset by reserve increases.
- Other comprehensive (loss) income was negatively impacted by unrealized losses in the preferred share and equity portfolios in both Canada and the US, stemming from the sell-off related to the COVID-19 pandemic.
- Foreign exchange differences, arising from the translation of financial statements of our US and International operations, provided a benefit in the quarter. We have initiated a hedging program to mitigate future currency-related volatility.



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Corporate Development

- Following the close of the acquisition of Trisura Insurance Company (formerly known as 21st Century Preferred Insurance Company) on November 1, 2019, Trisura continues to grow its capabilities with the intention of securing admitted licenses in all 50 states.



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About Trisura Group

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

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

| As at | March 31, 2020 | December 31, 2019 |
|--|------------------|-------------------|
| Cash and cash equivalents, and short-term securities | 84,352 | 85,905 |
| Investments | 394,484 | 392,617 |
| Premiums and accounts receivable, and other assets | 124,661 | 86,669 |
| Recoverable from reinsurers | 394,224 | 293,068 |
| Deferred acquisition costs | 124,861 | 104,197 |
| Capital assets and intangible assets | 14,507 | 14,477 |
| Deferred tax assets | 5,975 | 1,460 |
| Total assets | 1,143,064 | 978,393 |
| Accounts payable, accrued and other liabilities | 37,035 | 40,916 |
| Reinsurance premiums payable | 103,517 | 80,186 |
| Unearned premiums | 401,642 | 328,091 |
| Unearned reinsurance commissions | 68,463 | 51,291 |
| Unpaid claims and loss adjustment expenses | 311,483 | 257,880 |
| Loan payable | 33,704 | 29,700 |
| Total liabilities | 955,844 | 788,064 |
| Shareholders' equity | 187,220 | 190,329 |
| Total liabilities and shareholders' equity | 1,143,064 | 978,393 |



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

| | Q1 2020 | Q1 2019 |
|---|-----------------|-----------------|
| Gross premiums written | 169,952 | 81,383 |
| Net premiums written | 41,500 | 28,410 |
| Net premiums earned | 30,567 | 22,093 |
| Fee income | 7,541 | 4,349 |
| Total underwriting revenue | 38,108 | 26,442 |
| Net claims | (14,186) | (14,894) |
| Net commissions | (11,233) | (8,518) |
| Operating expenses and premium taxes | (12,085) | (11,290) |
| Net claims and expenses | (37,504) | (34,702) |
| Net underwriting income (loss) | 604 | (8,260) |
| Net investment income | 8,534 | 4,313 |
| Settlement from structured insurance assets | - | 8,077 |
| Net (losses) gains | (2,054) | 655 |
| Interest expense | (400) | (345) |
| Income before income taxes | 6,684 | 4,440 |
| Income tax benefit (expense) | 1,687 | (1,923) |
| Net income | 8,371 | 2,517 |
| Other comprehensive (loss) income | (11,370) | 2,658 |
| Comprehensive (loss) income | (2,999) | 5,175 |



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

| | Q1 2020 | Q1 2019 |
|---|----------|----------|
| Net income from operating activities | 8,371 | 2,517 |
| Non-cash items to be deducted | (1,813) | 1,378 |
| Stock options granted | 152 | 65 |
| Change in working capital operating items | (539) | (2,435) |
| Realized (gains) on AFS investments | (2,821) | (1,421) |
| Income taxes paid | (3,279) | (860) |
| Interest paid | (436) | (283) |
| Net cash used in operating activities | (365) | (1,039) |
| Proceeds on disposal of investments | 27,062 | 13,540 |
| Purchases of investments | (33,769) | (23,793) |
| Net purchases of capital and intangible assets | (371) | (200) |
| Net cash used in investing activities | (7,078) | (10,453) |
| Dividends paid | - | (24) |
| Loans received | 32,700 | - |
| Repayment of loan payable | (29,700) | - |
| Lease payments | (480) | (313) |
| Net cash from (used in) financing activities | 2,520 | (337) |
| Net decrease in cash | (4,923) | (11,829) |
| Cash at beginning of the period | 85,905 | 95,212 |
| Currency translation | 3,370 | (1,311) |
| Cash at the end of the period | 84,352 | 82,072 |



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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, 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.