Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended March 31, 2021

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 months ended March 31, 2021. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2021 and the audited Consolidated Financial Statements for the year ended December 31, 2020.

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 May 5, 2021. Additional information is available on SEDAR at www.sedar.com.

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SECTION 1 - OVERVIEW

OUR BUSINESS

Our Company is a leading international specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, Fronting and Reinsurance niche segments of the market. Our operating subsidiaries include a Canadian specialty insurance company, a US specialty insurance company and an international reinsurance company. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 15 years of operation. 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 most states. Our international Reinsurance business has been in operation in Barbados for more than 19 years and is managing its in-force run-off portfolio of specialty reinsurance contracts. It recently commenced writing new business in support of our US subsidiary.

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 through expansion of our Canadian business both organically and through strategic acquisitions. We believe our Company can capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform.

In 2019, the Company closed its acquisition of 21st Century Preferred Insurance Company and completed its re-domestication from Pennsylvania to Oklahoma in order to add admitted licenses, which now include 48 states. We continue the process of applying for licenses in the remaining states.

SECTION 2 – FINANCIAL HIGHLIGHTS IN Q1

- ✓ GPW of $310.3 million grew by 82.6% over Q1 2020, as a result of sustained growth in US Fronting and supported by significant expansion of our Canadian platform.

- ✓ Net income of $19.3 million in the quarter grew by 130.8% over the previous period, driven by strong underwriting performance and growth in Canada, accelerating profitability and continued growth in the US, and a positive contribution from our Reinsurance business.

- ✓ EPS of $1.84 in the quarter increased by 95.7%, compared to $0.94 in Q1 2020.

- ✓ ROE of 16.1% at Q1 2021 increased from 6.8% at Q1 2020. ROE reached our mid-teens target ahead of plan despite dilution from our equity raise in May 2020 and was achieved in the context of significant growth. A significant contributor to this was the strong underwriting performance in the Canadian operations over the last two quarters.

- ✓ BVPS of $30.04 was an increase of 6.4% over Q4 2020, the result of strong earnings.

- ✓ Continued strong performance of our operations in Canada and the US.
  - Canada:
    - GPW and NPE growth of 73.7% and 58.4% respectively in Q1 2021 reflected increased market share, expansion of distribution relationships, new fronting business and the benefit of hardening conditions in certain lines of business.
    - NUI growth of 204.2% over Q1 2020 was the result of sustained premium growth across all lines and strong claims experience.
    - In the context of significant growth, we achieved a 65.3% quarterly combined ratio, our best since becoming a public company.
    - NI in Q1 2021 of $12.0 million increased 185.7% over Q1 2020, generating a 27.4% ROE.
  - United States:
    - Sustained growth lead to $224.7 million of premiums in the quarter, as well as $9.5 million in earned fees.
    - Net income of $6.4 million in the quarter and continued improvements in operational leverage drove ROE to 13.2% despite an increase in capital.
    - Deferred fee income, a precursor to earned fees, grew to $20.9 million.
    - The fronting operational ratio of 67.2% in Q1 2021 improved compared to Q1 2020, reflecting growth in NPE and fronting fees as the business continued to build scale.

- ✓ Improved asset liability matching, a more favorable interest rate environment and contribution from assumed US Fronting premiums resulted in profitability in the Reinsurance business.

- ✓ Completion of our share-based compensation hedging program reduced Corporate operating expenses in Q1 2021, compared to Q1 2020.

- ✓ Trisura Canada and Trisura US were each assigned a Financial Strength Rating of A (low) by DBRS Morningstar, and Trisura Group Ltd. was assigned an Issuer Rating of BBB.

COVID-19 Update

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. To date, there have been restrictions on the conduct of business in many jurisdictions and the global movement of people and certain goods. We are closely monitoring developments related to COVID-19, including the existing and potential impact on the economy and global financial markets. Although COVID-19 has had minimal impact on our business to date, given the ongoing and dynamic nature of the circumstances surrounding COVID-19 and continuing uncertainty of its magnitude, outcome and duration, the longer-term impact of the COVID-19 pandemic on our Company, our insurance business or our financial results, if any, is difficult to predict. These impacts may differ in magnitude depending on a number of scenarios, which we continue to monitor and take into consideration in our decision making. See Section 7 – Risk Management.

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

SECTION 3 – FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	310,274	169,952	140,322	82.6%
Net premiums written	77,365	41,500	35,865	86.4%
Net premiums earned	52,624	30,567	22,057	72.2%
Fee income	13,784	7,541	6,243	82.8%
Net investment (loss) income	(5,317)	8,534	(13,851)	nm
Net gains (losses)	3,834	(2,054)	5,888	nm
Total revenues	64,925	44,588	20,337	45.6%
Net claims and loss adjustment expenses	(4,107)	(14,186)	10,079	nm
Net commissions	(18,559)	(11,233)	(7,326)	65.2%
Operating expenses	(17,014)	(12,085)	(4,929)	40.8%
Interest expense	(187)	(400)	213	(53.3%)
Total claims and expenses	(39,867)	(37,904)	(1,963)	5.2%
Income before income taxes	25,058	6,684	18,374	274.9%
Income tax (expense) benefit	(5,740)	1,687	(7,427)	nm
Net income	19,318	8,371	10,947	130.8%
Other comprehensive income (loss)	762	(11,370)	12,132	nm
Comprehensive income (loss)	20,080	(2,999)	23,079	nm
Earnings per common share - diluted - in dollars	1.84	0.94	0.90	95.7%
Adjusted earnings per common share - diluted - in dollars (1)	1.62	0.86	0.76	88.4%
Book value per share - in dollars	30.04	21.23	8.81	41.5%
ROE (1)	16.1%	6.8%	n/a	9.3pts
Adjusted ROE (1)	15.8%	11.9%	n/a	3.9pts

(1) See Non-IFRS financial measures in Section 8 – Other Information.

Premium Revenue and Fee Income

Premium momentum continued in the quarter with strong GPW growth over Q1 2020, driven by significant growth in Canada and the US. NPW growth for the quarter was also significant, primarily reflecting growth in Canadian business. Strength of NPE growth for the quarter was led by the Canadian operations reflecting strong growth in NPW in Canada across all lines. The increase in fee income in the quarter was driven primarily by fronting fees from the US, supported by growing fee income in Canada as we expand product offerings in Surety.

Net Investment (Loss) Income, Net Gains (Losses)

See Section 5 – Investment Performance Review.

Net Claims

Net claims in the quarter were lower than Q1 2020, reflecting claims recovery associated with the discounting of our life annuity reserves in the face of rising interest rates in Europe. Importantly, a significant portion of these reserve decreases associated with the annuity reserves are offset by investment income (see Section 5 – Investment Performance Review). Net claims in Canada were lower than the prior period, reflecting lower loss ratios across all lines. Net claims expense grew in the US, in line with growth of the business.

Net Commissions

Growth in Net commissions expense 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. Growth of Net commissions is in line with the growth in Net premiums earned, which is to be expected.

Operating Expenses

Operating expenses in Q1 2021 were greater than Q1 2020. The increase in operating expenses was driven partially by share-based compensation, as the increasing value of our share price led to an increase in the value of certain outstanding options. Excluding share-based compensation, operating expenses increased 21.4% in the quarter, reflective primarily of growth in the Canadian operations. The movement in share-based compensation was mitigated through a hedging program, the movement of which is presented in Net gains (losses). The impact of Corporate costs, net of hedging is shown in Section 4 – Performance Review, Corporate.

Income Tax (Expense) Benefit

Income Tax (Expense) Benefit, reflects an effective tax rate of approximately 22.9% which is in line with expectations and reflects the relatively lower tax rate applied to our reinsurance operations. In Q1 2020, we recognized a Deferred tax asset related to previously unrecognized tax losses, which resulted in a one-time tax recovery. For additional information see Note 19 of the Condensed Interim Consolidated Financial Statements.

Net Income

Net income for the quarter was significantly higher than Q1 2020 as a result of stronger underwriting results and growth in Canada, and continued maturation of the US platform. Positive contributions from the Reinsurance operations and lower Corporate expenses also contributed to the increase.

Other Comprehensive Income (Loss)

See Section 5 – Investment Performance Review.

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

EPS, Adjusted EPS, BVPS, Adjusted ROE and ROE

Quarterly diluted EPS of $1.84 in Q1 2021 compares favourably to $0.94 in Q1 2020. The improvement was the result of growth, exceptional underwriting results in Canada, growing profitability from fronting operations in the US, and net gains, mitigated by an increase in the average number of shares outstanding following our equity raise in May 2020, as well as the one-time tax benefit recognized in Q1 2020. BVPS of $30.04 was an increase of 6.4% over Q4 2020, a result of an increase in net income.

We recently introduced Adjusted EPS, a measure meant to adjust for non-recurring items and normalize earnings for core operations to reflect the potential of our North American specialty operations. A detailed bridge between EPS and Adjusted EPS is included in Section 8 – Other Information, under Non-IFRS financial measures. Adjusted EPS grew by 88.4% in Q1 2021 compared to Q1 2020, less than growth in EPS, due to the impact of adjusting for Net gains (losses) and the impact of movement in the annuity reserves.

BALANCE SHEET ANALYSIS

As at	March 31, 2021	December 31, 2020	$ variance
Cash and cash equivalents	129,649	136,519	(6,870)
Investments	524,393	503,684	20,709
Premiums and accounts receivable, and other assets	211,078	178,883	32,195
Recoverable from reinsurers	784,381	676,972	107,409
Deferred acquisition costs	215,880	188,190	27,690
Capital assets and intangible assets	14,536	13,907	629
Deferred tax assets	6,769	8,577	(1,808)
Total assets	1,886,686	1,706,732	179,954
Accounts payable, accrued and other liabilities	49,697	57,343	(7,646)
Reinsurance premiums payable	180,858	151,707	29,151
Unearned premiums	668,417	592,711	75,706
Unearned reinsurance commissions	106,675	100,281	6,394
Unpaid claims and loss adjustment expenses	545,307	487,271	58,036
Loan payable	26,970	27,555	(585)
Total liabilities	1,577,924	1,416,868	161,056
Shareholders' equity	308,762	289,864	18,898
Total liabilities and shareholders' equity	1,886,686	1,706,732	179,954

Total assets at March 31, 2021 were $180.0 million higher than at December 31, 2020 as a result of growth across our Specialty P&C businesses. The growth in the US has led to increases across a number of categories, particularly Recoverables from reinsurers which has grown alongside growth in premium and ceded premium. The nature of the fronted operations of the US business causes it to generate significant Recoverables from reinsurers, which increase alongside an increase in Unearned premiums and Unpaid claims and loss adjustment expenses. These recoverables are monitored in accordance with the Company's reinsurance risk management policies and are generally owing from reinsurers with A.M. Best ratings of A- or higher or are otherwise fully collateralized. Investments also increased as additional cash from operations was deployed to the investment portfolio, and we benefitted from continued strength of the market recovery.

The main drivers of liability increases were Unearned premiums, and Unpaid claims and loss adjustment expenses primarily as a result of business growth in the US but also related to growth in the Canadian business. These increases are partially offset by an increase in Recoverable from reinsurers.

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).

In Q2 2020, the Company completed a $65.1 million equity raise, to support growth in the US. The Company issued an additional 1,449,250 shares.

As at March 31, 2021, 10,276,769 common shares were issued and outstanding.

LIQUIDITY

Both short-term and long-term liquidity sources are available to the Company. Short-term liquidity sources immediately available include: (i) cash and cash equivalents; (ii) our portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include receipt of net premiums, fee income and investment income and; (iv) bank loan facilities including our revolving credit facility (see Note 14 to the Condensed Interim Consolidated Financial Statements). These funds are used primarily to pay claims and operating expenses, service the Company's credit facility and purchase investments to support claims reserves and capital requirements.

CAPITAL

The MCT ratio of Trisura Canada was 254% at March 31, 2021 (249% as at December 31, 2020), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal targets.

Trisura US's capital and surplus of $126.6 million USD as at March 31, 2021 ($122.6 million USD as at December 31, 2020) was in excess of the various Company Action Levels of the states in which it is licensed.

Trisura International's capital of $10.9 million USD as at March 31, 2021 ($10.3 million USD as at December 31, 2020) was sufficient to meet the FSC's regulatory capital requirement.

The Company's debt-to-capital ratio of 8.0% as at March 31, 2021 (8.7% as at December 31, 2020), was below our long-term target debt-to-capital ratio of 20.0% as a result of our May 2020 equity raise and growth in book value from strong earnings.

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.

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

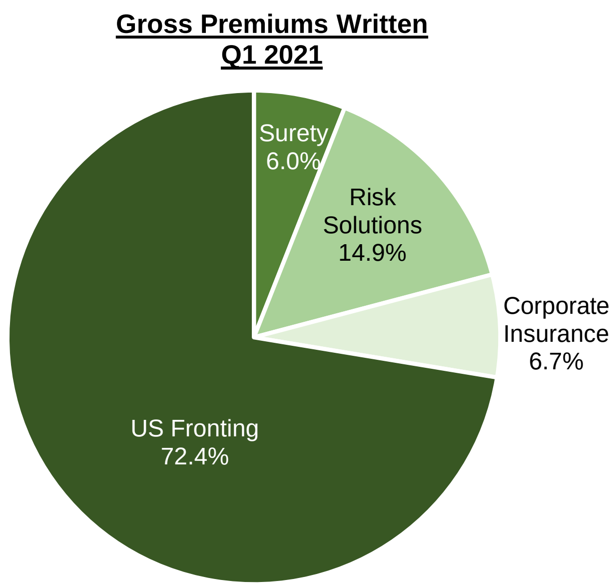
SECTION 4 – PERFORMANCE REVIEW

SPECIALTY P&C

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

The table and chart below provide a segmentation of our Specialty P&C GPW and NPW for the first quarter of 2021 and 2020, respectively. Our US operation produced 72.4% of GPW in Q1 2021. Premium growth was also supported by considerable momentum in Canada across all lines.

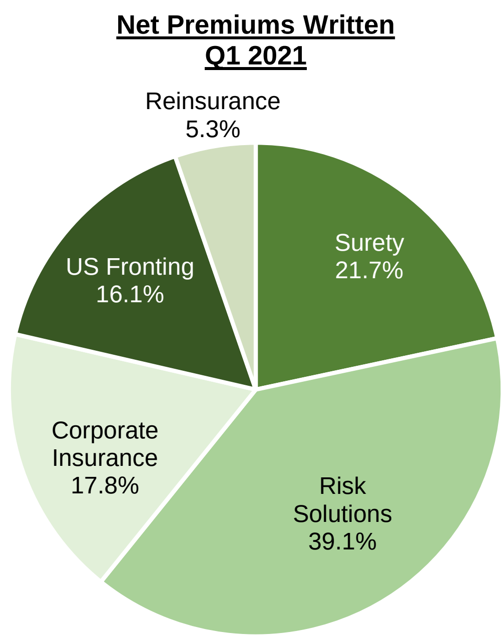
GPW	Q1 2021	Q1 2020	% growth over prior year
Surety	18,531	13,959	32.8%
Risk Solutions	46,128	22,447	105.5%
Corporate Insurance	20,913	12,864	62.6%
US Fronting	224,673	120,682	86.2%
Total GPW	310,245	169,952	82.5%



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

NPW in Q1 2021 grew by 86.4% over Q1 2020, with particular strength observed in US Fronting, Risk Solutions and Surety. Our US operations continued to cede premium to our Reinsurance business in the quarter, resulting in premium generation for our Reinsurance business. In certain tables, the premiums ceded to the reinsurance business are grouped with US Fronting to better reflect the result of the business and are identified as such.

NPW	Q1 2021	Q1 2020	% growth over prior year
Surety	16,760	8,388	99.8%
Risk Solutions	30,272	17,244	75.6%
Corporate Insurance	13,779	9,301	48.1%
US Fronting	12,457	6,014	107.1%
Reinsurance	4,097	553	nm
Total NPW	77,365	41,500	86.4%



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

CANADA

The table below presents financial highlights for our Canadian operations.

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	85,572	49,270	36,302	73.7%
Net premiums written	60,811	34,933	25,878	74.1%
Net premiums earned	41,975	26,500	15,475	58.4%
Fee income	4,301	3,442	859	25.0%
Net underwriting revenue	46,276	29,942	16,334	54.6%
Net underwriting income	14,552	4,784	9,768	204.2%
Net investment income	1,833	2,313	(480)	(20.8%)
Net income	11,959	4,186	7,773	185.7%
Loss ratio: current accident year	27.4%	34.1%		(6.7pts)
Loss ratio: prior years' development	(14.1%)	(9.8%)		(4.3pts)
Loss ratio	13.3%	24.3%		(11.0pts)
Expense ratio	52.0%	57.7%		(5.7pts)
Combined ratio	65.3%	82.0%		(16.7pts)
ROE	27.4%	19.3%		8.1pts

In the quarter GPW growth was substantial across all lines led by Risk Solutions and Corporate Insurance. Risk Solutions continued to benefit from the addition of new programs and new fronting business. Corporate insurance has benefitted from a hardening insurance market with improved pricing and growth in new programs and distribution partnerships. Growth in Surety primarily reflects continued expansion of our market share as well as product expansion.

In Q1 2021, growth in NPE was the result of the factors discussed above, as well as a change to the company's surety reinsurance program. Beginning in 2021 the company modified its surety reinsurance program to primarily an excess of loss structure, rather than a quota share structure. The impact of this modification is to reduce ceded premium, as well as to increase the Company's net retention on surety business. The modified reinsurance program reflects the Company's capacity to retain more risk in attractive business lines, given the expansion of our capital base.

Increases in Fee income in the quarter reflected growth in surety accounts as well as product expansion into new home warranty products.

The loss ratio of 13.3% for Q1 2021 was lower than Q1 2020, driven by an improvement in the loss ratios of Corporate Insurance, Surety and Risk Solutions. The expense ratio decreased to 52.0% in Q1 2021 from 57.7% in Q1 2020, as a result of improved operational leverage as the platform continues to scale, and was also lower as a result of the reduction of certain operational costs due to the COVID-19 shutdown. The expense ratio benefitted from a ceding commission from Surety reinsurers of approximately $1.8 million associated with the change in reinsurance structure in the quarter. In the quarter, the combined ratio was 65.3%, which is the lowest we have achieved since becoming a public company.

Net underwriting income for Q1 2021 experienced growth of 204.2%, a result of growth across all lines, an improved loss ratio across all lines as well as the impact of profit sharing arrangements with our reinsurers.

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

Growth in Net Income of 185.7% was particularly strong in the quarter. Strong growth in premium generation combined with disciplined underwriting demonstrated the benefit of our specialty focus and the ability of our platform to perform through volatile markets.

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

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.

In Q1, Surety accounted for 6.0% and 21.7% of our overall GPW and NPW, respectively.

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	18,531	13,959	4,572	32.8%
Net premiums written	16,760	8,388	8,372	99.8%
Net premiums earned	13,241	8,050	5,191	64.5%
Fee income	4,288	3,442	846	24.6%
Net underwriting revenue	17,529	11,492	6,037	52.5%
Net underwriting income	8,097	3,318	4,779	144.0%
Loss ratio: current accident year	26.4%	21.6%		4.8pts
Loss ratio: prior years' development	(17.1%)	(2.7%)		(14.4pts)
Loss ratio	9.3%	18.9%		(9.6pts)

Surety GPW demonstrated strong growth of 32.8% in Q1 2021 over Q1 2020. The growth has been primarily driven by the expansion of our home warranty products in western Canada and continued growth in Commercial Surety attributed to large bonds issued for new and existing accounts, as well as growth with distribution partnerships.

The growth in NPW was strong in Q1 as a result of the switch in reinsurance structures for our Surety business from primarily a quota share to primarily an excess of loss structure. Growth in NPE for Q1 2021 was primarily the result of growth in Contract and Commercial surety.

For Q1 2021, Surety experienced a lower claims ratio than Q1 2020, as a result of fewer claims than the prior period. Since the beginning of the COVID-19 pandemic, most construction projects have been deemed essential through the economic shutdowns and contractors have continued working. This has had a positive impact on the loss ratio.

Net underwriting income for the quarter increased to $8.1 million compared to $3.3 million in Q1 2020 driven by growth, and an improved loss ratio in the quarter.

(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. Risk Solutions provides fronting for reinsurers through licensed brokers and MGAs for various risks. Risk Solutions also sells warranty products which will serve as a complimentary business to the insurance products sold through Trisura Canada.

In Q1 2021, Risk Solutions accounted for 14.9% and 39.1% of our overall GPW and NPW, respectively.

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	46,128	22,447	23,681	105.5%
Net premiums written	30,272	17,244	13,028	75.6%
Net premiums earned	15,544	9,558	5,986	62.6%
Fee income	13	-	13	nm
Net underwriting revenue	15,557	9,558	5,999	62.8%
Net underwriting income	2,064	1,045	1,019	97.5%
Loss ratio: current accident year	18.7%	33.8%		(15.1pts)
Loss ratio: prior years' development	(2.6%)	(14.5%)		11.9pts
Loss ratio	16.1%	19.3%		(3.2pts)

Risk solutions GPW and NPW for Q1 2021 increased significantly over Q1 2020 primarily as a result of the addition of new programs in 2020 in the warranty space, and revenue from fronting arrangements.

Growth in NPE was driven by maturation of the portfolio resulting in greater earned premiums from programs written in prior years, as well as benefitting from the impact of the new programs.

In Q1 2021 the loss ratio decreased compared to the same period in the prior year, which can be attributed to a change in the mix of business. Claims across Risk Solutions continued to be in line with expectations.

Net underwriting income in Q1 2021 was nearly double Q1 2020 primarily as a result of growth in the business, a growing contribution from maturing programs that are performing well, and from earned premiums on fronting programs.

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

Corporate Insurance

The main products offered by our Corporate Insurance business line 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.

In Q1 2021, Corporate Insurance represented 6.7% and 17.8% of our overall GPW and NPW respectively.

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	20,913	12,864	8,049	62.6%
Net premiums written	13,779	9,301	4,478	48.1%
Net premiums earned	13,190	8,892	4,298	48.3%
Net underwriting revenue	13,190	8,892	4,298	48.3%
Net underwriting income	4,391	421	3,970	943.0%
Loss ratio: current accident year	38.8%	45.7%		(6.9pts)
Loss ratio: prior years' development	(24.6%)	(11.1%)		(13.5pts)
Loss ratio	14.2%	34.6%		(20.4pts)

GPW, NPW and NPE continued to demonstrate strong growth in Q1 2021. This was due to new business growth, stable policy retentions, increasing rates and business from new distribution partners.

In the quarter, the loss ratio decreased from Q1 2020, with a lower current accident year loss ratio as well as a lower prior year's development loss ratio as a result of fewer claims in the quarter. Several claims from prior accident years closed during the quarter which contributed to a decrease in prior years' development loss ratio. We continue to reserve current accident year business at a higher rate than prior years to reflect the uncertainty related to the current economic environment. Should the economic climate become more certain, the current year loss ratio may return to previous levels.

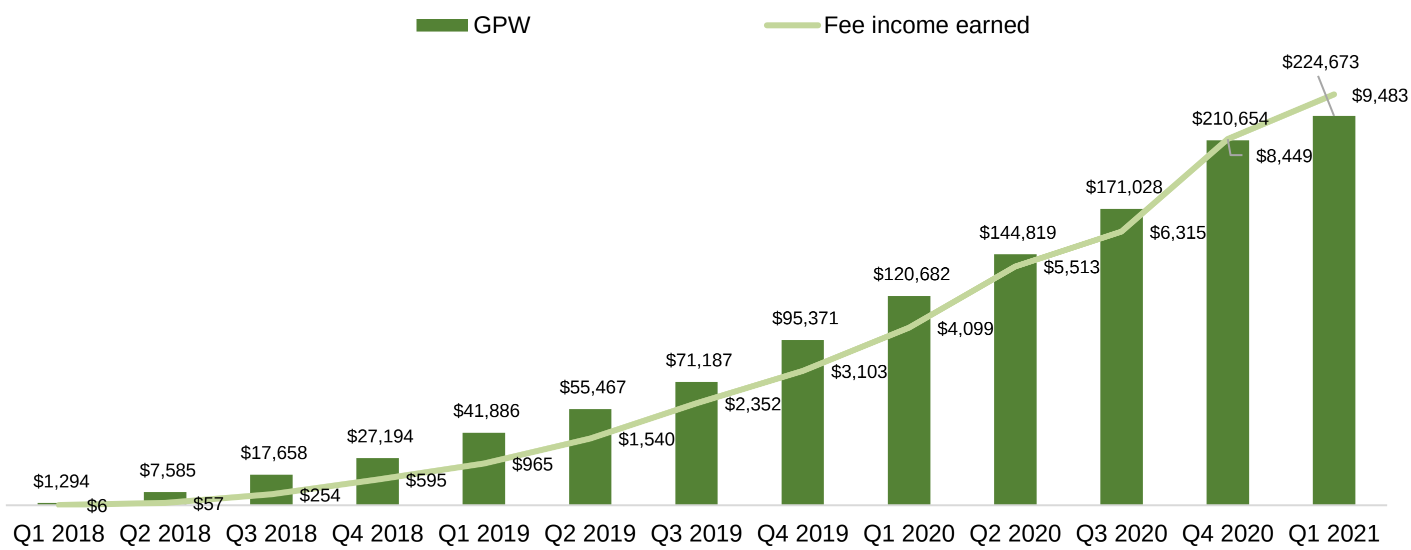
Net underwriting income increased in Q1 2021 primarily as a result of strong GPW, and a decrease in the loss ratio.

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

UNITED STATES

Our US subsidiary functions as a non-admitted surplus line insurer in all states, operating as a hybrid fronting carrier with a fee-based business model. We are actively expanding our admitted licenses, with licenses in 48 states and the intention of gaining admitted licenses across all 50 states in time.

Our US operations continued to grow premium, producing $224.7 million in the quarter across 50 programs. The graph below shows the evolution of GPW, fee income earned (1), and the number of programs bound in the US.

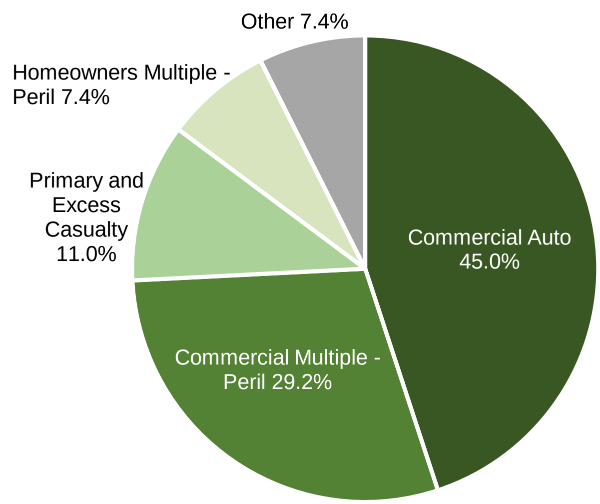


Number of Programs bound	4	11	11	14	16	23	25	29	35	38	40	48	50

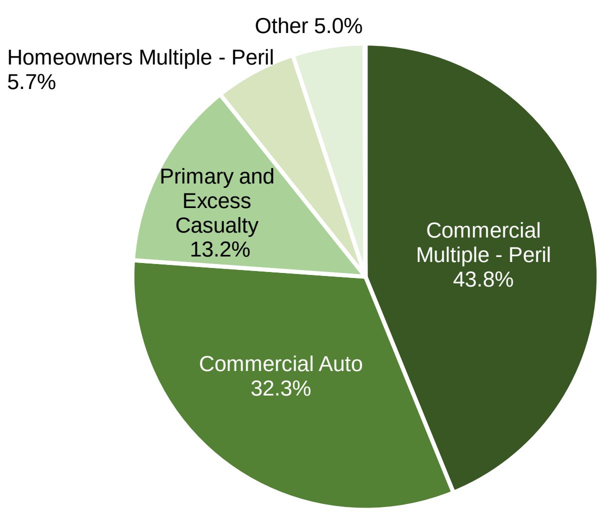
(1) Fee income earned excludes fees earned on premiums ceded to Trisura's captive reinsurance operations.

The charts below provide a segmentation by class of business of our US GPW and NPW for Q1 2021. The charts include premiums ceded to the captive reinsurance operations.

Gross Premiums Written
Q1 2021 (1)



Net Premiums Written
Q1 2021 (1)



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

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

The table below presents financial highlights for our US operations. The table includes premiums ceded to Trisura's captive reinsurance operations, and excludes fronting fees earned on premiums ceded to the captive reinsurance operations.

	Q1 2021	Q1 2020	$ variance	% variance
Gross premiums written	224,673	120,682	103,991	86.2%
Net premiums written	16,525	6,568	9,957	151.6%
Net premiums earned	10,620	4,067	6,553	161.1%
Fee income	9,483	4,099	5,384	131.3%
Net underwriting revenue	20,103	8,166	11,937	146.2%
Net underwriting income	6,603	2,510	4,093	163.1%
Net investment income	1,043	685	358	52.3%
Net income	6,413	2,625	3,788	144.3%
Loss ratio	73.4%	63.6%		
Retention rate	7.4%	5.4%		
Fees as percentage of ceded premium	5.9%	5.8%		
Fronting operational ratio	67.2%	69.3%		
ROE (1)	13.2%	7.0%		

(1) ROE excludes premiums ceded to the captive reinsurance operations.

The table below shows Deferred fee income as at Q1 2021, compared to Q4 2020.

As at	March 31, 2021	December 31, 2020	$ variance
Deferred fee income	20,859	18,306	2,553

GPW and NPW in Q1 2021 grew significantly over the Q1 2020. The increase was a result of the addition of new programs as well as maturation of existing programs. Growth in NPW was higher than growth in GPW in Q1 2021 as our US operations wrote more business in the period with a higher retention in Q1 2021. In the quarter, $7.6 million of premium were generated by admitted programs, as we are still in the early stages of our admitted platform rollout.

Our US Fronting operations retained 7.4% of GPW inclusive of premiums ceded to our reinsurance operations. The remainder of which was ceded to third party reinsurers. The increase in retention reflects a more mature business mix and selective increased retention on renewed programs. We continue to target retention between 5.0% and 10.0% on all new programs, after which we contemplate ceding to our captive reinsurer. Fees as a percentage of ceded premium were 5.9% in the quarter which is comparable to 2020.

NPE grew significantly in the quarter, driven by an increase in retained premium earned in the period from business bound in 2020. 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 net premium earned. Fee income grew strongly in Q1 2021, reaching $9.5 million in the quarter, a result of significant premium growth and the related fees.

The loss ratio increased over the comparable quarter as US property business experienced claims associated with southern US freeze losses in the quarter. Excluding this event, the loss ratio continues to be in line with expectations, supporting profitability.

The fronting operational ratio continued to improve to 67.2% in the quarter and reflecting greater operational leverage as the business builds scale.

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

UNITED STATES (CONTINUED)

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

Net Income increased in Q1 2021 over Q1 2020, primarily as a result of increased fee income as program volume and program partners continued to grow.

Our US operations continued its trend of growing profitability, achieving a 13.2% ROE, following a significant increase in equity in Q2 2020.

REINSURANCE

Our Reinsurance business ceased writing third party business in 2008 but previously wrote quota share reinsurance (prospective), loss portfolio transfers (retrospective) and niche, specialty contracts covering international risks across multiple commercial lines. Currently our international Reinsurance business is managing its remaining portfolio of in-force reinsurance contracts and has commenced writing business in support of our US operations.

The remaining in-force portfolio of third-party reinsurance contracts is dominated by one large life annuity reinsurance contract denominated in Euros. We measure the performance of our Reinsurance business by reference to net income in order to capture (i) the change in annuity reserves which is included in claims expense; (ii) the offsetting change in the value of the supporting assets, which is included in net investment income as these supporting assets are designated FVTPL.

	Q1 2021	Q1 2020	$ variance
Net income (loss) from life annuity	1,455	(698)	2,153
Operating expenses and other (1)	(884)	147	(1,031)
Net income (loss) from legacy reinsurance	571	(551)	1,122
Net income from reinsurance assumed from US Fronting (2)	392	42	350
Net income (loss)	963	(509)	1,472

(1) Includes operating and other expenses, operational income from legacy property casualty business currently in run-off, and certain gains/losses.
(2) Net income from reinsurance assumed from US Fronting is included with the US Fronting results reported in the section United States.

Net income from legacy reinsurance in the quarter was driven by rising European interest rates in the quarter and imperfect performance of asset liability matching. Our objective continues to be to minimize volatility through appropriate asset liability matching, however the program is market-based and can experience volatility quarter to quarter. The favourable asset liability matching was within our expected quarterly tolerances.

Operating expenses and other in the quarter were higher than Q1 2020 primarily due to unrealized losses in Q1 2021 associated with the structured insurance assets held at FVTPL, which are related to the legacy property and casualty business.

In Q1 2021 Reinsurance ceded from our US Fronting operations continued to generate positive net income.

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

CORPORATE

Our corporate results represent expenses that do not relate specifically to any one business line of the Company as well as debt servicing costs and certain derivative gains and losses on hedging instruments.

Corporate expenses in Q1 2021 were comparable to Q1 2020 and are comprised mainly of compensation expenses.

Share-based compensation includes payment to directors and senior management and can be impacted by movement in the share price. As a result, we have completed a hedging program for Share-based compensation to mitigate volatility. Share-based compensation is presented below net of the impact of hedging instruments. Share-based compensation was a contributor to earnings in Q1 2021 as a result of a slightly over-hedged position.

Debt servicing costs declined in the quarter as we benefitted from lower prevailing interest rates on our revolving credit facility.

	Q1 2021	Q1 2020	$ variance
Corporate expenses	(389)	(359)	(30)
Share-based compensation, net of hedging (1)	245	(517)	762
Debt servicing	(99)	(242)	143
Corporate	(243)	(1,118)	875

(1) Refer to Section 8 – Other Information, Non-IFRS Financial Measures for details to reconcile to Note 18 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

SECTION 5 – INVESTMENT PERFORMANCE REVIEW

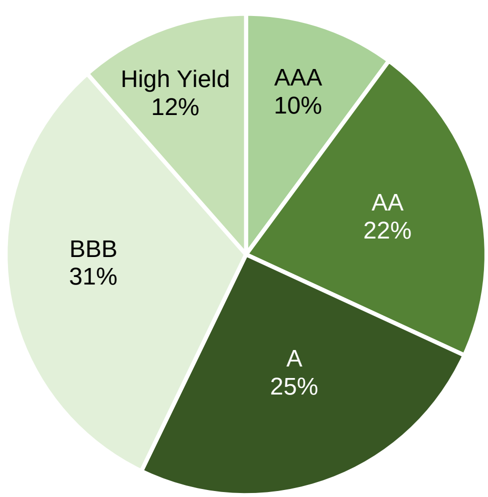
OVERVIEW

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.

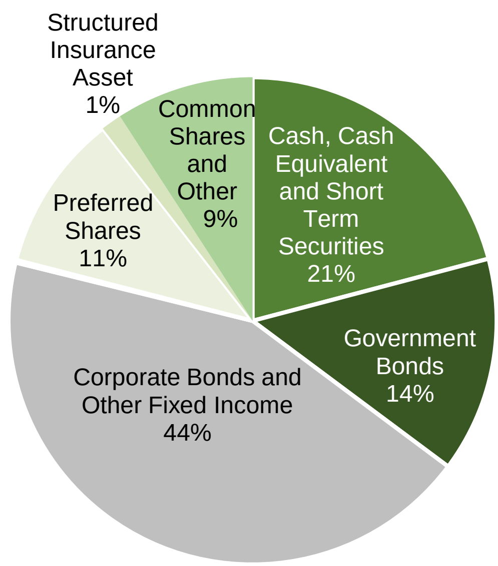
SUMMARY OF INVESTMENT PORTFOLIO

Our $654.0 million investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares and a small amount of alternative investments. Approximately 88% of our fixed income holdings are highly liquid, investment grade bonds.

Fixed Income Securities by Rating



Investment Portfolio by Asset Class



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

INVESTMENT PERFORMANCE

Net Investment Income

	Q1 2021	Q1 2020	$ variance
Canada	1,833	2,313	(480)
United States	1,043	685	358
Reinsurance Operations	(8,347)	5,536	(13,883)
Corporate	154	-	154
Investment (loss) income	(5,317)	8,534	(13,851)
Net gains (losses) (1)	3,834	(2,054)	5,888
Net investment (loss) income	(1,483)	6,480	(7,963)

(1) Net gains (losses) include derivative gains that are also included in Section 4 – Corporate.

The Company's operations currently include Specialty P&C insurance in Canada and the US, and international reinsurance. These businesses focus on different market segments, geographic regions and risks and can be subject to different regulatory investment requirements and accordingly, hold different assets and currencies to support their liabilities. Consequently, investment returns are most appropriately viewed at a business unit level.

Following the equity raise in May 2020, a portion of excess capital has been maintained and managed at Corporate. Net Investment income is driven by interest and dividend income on invested assets. The market-based yield of the Corporate portfolio as at March 31, 2021 was 3.1%. We expect to allocate additional capital to the US platform from Trisura Group as growth continues.

Canadian investment income is driven by interest and dividend income on portfolio assets. Net investment income in the quarter fell compared to prior year primarily as a result of portfolio re-allocation, negatively impacted by deployment into tightening corporate bond spreads. The market-based yield of the Canadian portfolio as at March 31, 2021 was 3.6% (Q1 2020 – 4.9%). The decline in portfolio yield was driven by increased market value of assets versus a comparatively more volatile market as at Q1 2020. We continue to diversify the Canadian portfolio, having introduced additional alternative investments in Q1 2021 which are expected to enhance portfolio yield and grow as a portion of the portfolio going forward.

In the quarter we continued to broaden the US portfolio to include allocations to asset classes beyond investment grade bonds. The market-based yield of the US portfolio as at March 31, 2021 was 3.2% (Q1 2020 – 3.7%). The decline in portfolio yield was driven by increased market value of assets versus a comparatively more volatile market as at Q1 2020. Investment income, which is primarily driven by interest and dividend income, grew in Q1 2021 as growth in operations led to an increase in the size of our investment portfolio, alongside the deployment of new capital from the equity raise in Q2 2020.

In the Reinsurance portfolio, Euro-denominated bonds supporting the life annuity reserves are held at FVTPL. Investment losses were driven by an increase in interest rates in Q1 2021. It is important to note that these losses were offset by a reduction in life annuity reserves which generated a corresponding gain. The market-based yield of the Reinsurance portfolio as at March 31, 2021 was 1.7% (Q1 2020 – 1.5%).

Net gains include realized gains and losses from sales of investments, the impact of foreign exchange related to the investment portfolio and the operations of the business, impairments and any derivative gain or loss. Net gains were greater in Q1 2021 than Q1 2020 primarily as a result of gains in our share-based compensation hedging program and comparatively challenging markets in Q1 2020. These gains were largely offset by share-based compensation expense. Favourable foreign exchange movements in the quarter also contributed to the higher Net gains in the quarter.

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

Other Comprehensive Income (Loss) ("OCI")

	Q1 2021	Q1 2020	$ variance
Unrealized gains (losses) in OCI	2,889	(22,824)	25,713
Cumulative translation (loss) gain	(2,127)	11,454	(13,581)
Other Comprehensive Income (Loss)	762	(11,370)	12,132

The Company records unrealized gains and losses in the market value of its AFS assets through OCI. The mark to market impact of these assets on OCI was positive in Q1 2021, driven by unrealized gains in the preferred share and equity portfolios in Canada, and mitigated by reduction in market value of investment grade fixed income as a result of rising interest rates.

Foreign exchange differences arising from the translation of the financial statements of Trisura International and Trisura US to Canadian dollars are recognized as cumulative translation gains or losses, which are also a component of OCI. Cumulative translation losses in Q1 2021 were due to the strengthening of the Canadian currency against the US dollar, driving lower Canadian dollar valuations of capital held outside of Canada.

Refer to Notes 7 and 8 in Condensed Interim Consolidated Financial Statements for more detail on the components of investment returns.

SECTION 6 – OUTLOOK & STRATEGY

INDUSTRY

The specialty insurance market offers products and services that are not written by most insurance companies. The risks covered by specialty insurance policies generally require specialist underwriting knowledge and technical financial and actuarial expertise. Specialty lines are niche segments of the market that tend to involve more complex risks and a more concentrated set of competitors. Consequently, these risks are difficult to place in the standard insurance market where many carriers are unable or unwilling to underwrite them. As a result, specialty insurers have more pricing and policy form flexibility than traditional market insurers whose prices and policy forms are subject to authorization and approval by insurance regulators. Specialty lines are less commoditized areas of the market where relationships, product expertise and product structure are not easily replicated. For this reason, specialty insurers have historically, and are expected to continue to outperform the standard markets by having lower claims ratios and combined ratios than traditional insurance companies.

In contrast to the standard P&C insurance market, which is divided almost evenly between personal and commercial lines, specialty insurers are focused almost exclusively on commercial lines. Even within the commercial sector, the business mix of the specialty insurers can vary significantly from that of the overall P&C industry. Although no standard definition for the specialty insurance market exists, some common examples of business written by specialty insurers include non-standard insurance, niche market segments (such as Surety, D&O and E&O) and products that require tailored underwriting. Many insurance groups with a specialty focus have several different carriers and licenses and allocate business between these carriers depending on market conditions and regulatory requirements. The agency channel is the primary distribution channel for specialty insurance. Managing general agents often serve an important role in helping carriers distribute specialty insurance products.

In the US, the excess and surplus insurance industry is more fragmented than the standard marketplace. It is estimated that the top ten players capture just under 40% of market share, with the top 25 players averaging two percent market share positions. An estimated $55.5 billion of excess and surplus insurance direct premiums were written in 2019, exhibiting significant growth compared to the broader P&C industry, expanding by 11.2%. From 2000 until 2019, the average combined ratio for excess and surplus markets was 97.0% versus 101.7% for the P&C industry.

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 15 years and in the international specialty reinsurance market for over 19 years, establishing a conservative underwriting and investing track record.

In Canada, we have built our brand through serving our clients, brokers and institutional partners as a leading provider of niche specialty insurance products. We will continue to build out our product offerings in existing and new niche segments of the market with suitably skilled underwriters and professionals. We remain committed to our broker distribution channel to promote and sell insurance products. We are selective in partnering with a limited brokerage force, focusing its efforts on leading brokerage firms in the industry with expertise in specialty lines. This distribution network currently comprises over 150 major international, national and regional brokerage firms operating across Canada in all provinces and territories as well as boutique niche brokers with a focus on specialty lines.

Our US business is now fully operational and demonstrating scale and profitability. It is licensed as a domestic excess and surplus lines insurer in Oklahoma operating as a non-admitted surplus lines insurer in all states, and as an admitted carrier in 48 states. We are in the process of obtaining admitted licenses in the remaining states. 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 as there is currently a lack of fronting carriers and the products and arrangements currently offered to them by the existing market do not always meet the needs of their business and clients.

Furthermore, we continue to benefit from a strong supply of highly rated international reinsurance capacity keen to partner with us to gain exposure to this business, allowing us to cede the majority of the risk on policies to these reinsurers on commercially favourable terms. This belief has been supported by our experience in the market through 2020 and Q1 2021. We are confident that this platform will generate attractive, stable fee income while maintaining a small risk position, right-sizing underwriting risk and aligning our interests with our program distribution partners and capacity providers. Our US business is already 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. Additionally, our Reinsurance business has commenced writing new business in support of our US operations.

SECTION 7 – RISK MANAGEMENT

RISKS AND UNCERTAINTIES

Risks Associated with the COVID-19 Pandemic

The rapid spread of the COVID-19 coronavirus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken by government authorities globally in response to COVID-19, have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets; resulted in lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions as well as the labour market. As a result of the rapid spread of COVID-19, many companies and various governments have imposed restrictions on business activity and travel which may continue and could expand. The Company has largely transitioned to a remote work environment as a result of the COVID-19 pandemic, with limited impact to the Company's workforce. Governments and central banks around the world have enacted fiscal and monetary stimulus measures to counteract the effects of the COVID-19 pandemic and various other response measures, however, the overall magnitude and long-term effectiveness of these actions remain uncertain. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and our Company or for how long any disruptions are likely to continue.

The nature and extent of such impacts will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19. Additional actions may be taken to contain COVID-19 or treat its impact, such as re-imposing previously lifted measures or putting in place additional restrictions. The pace, availability, distribution and acceptance of effective vaccines could also affect the impact of COVID-19. Such developments may result in a material adverse effect on our assets, liquidity, financial condition and the operating results of our insurance business due to its impact on the economy and global financial markets there can be no assurance that strategies to address these risks will mitigate the adverse impacts related to the outbreak.

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

SECTION 8 – OTHER INFORMATION

RATINGS

Trisura Canada has been rated A- (Excellent) by A.M. Best since 2012. This rating was reaffirmed with stable outlook by A.M. Best in November 2020. Trisura US obtained an A- (Excellent) rating with stable outlook from A.M. Best in September 2017, which was last reaffirmed in November 2020. A.M Best increased the financial size category of Trisura US from VII to VIII (US $50 million to US $100 million capital) in November 2020.

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.

CASH FLOW SUMMARY

	Q1 2021	Q1 2020	$ variance
Net income from operating activities	19,318	8,371	10,947
Non-cash items	10,942	(1,661)	12,603
Change in working capital	2,453	(539)	2,992
Realized gains on investments	(870)	(2,821)	1,951
Income taxes paid	(1,191)	(3,279)	2,088
Interest paid	(250)	(436)	186
Net cash from (used in) operating activities	30,402	(365)	30,767
Proceeds on disposal of investments	36,844	27,062	9,782
Purchases of investments	(69,935)	(33,769)	(36,166)
Net purchases of capital and intangible assets	(856)	(371)	(485)
Net cash used in investing activities	(33,947)	(7,078)	(26,869)
Shares issued	257	-	257
Shares purchased under RSUs plan	(1,814)	-	(1,814)
Loans received	26,970	32,700	(5,730)
Repayment of loan payable	(27,555)	(29,700)	2,145
Lease payments	(334)	(480)	146
Net cash (used in) from financing activities	(2,476)	2,520	(4,996)
Net decrease in cash and cash equivalents	(6,021)	(4,923)	(1,098)
Cash and cash equivalents, beginning of period	136,519	85,905	50,614
Currency translation	(849)	3,370	(4,219)
Cash and cash equivalents, end of period	129,649	84,352	45,297

Net cash used in investing activities in Q1 2021 reflected the purchase and disposal of portfolio investments in all three principal operating subsidiaries. In Q1 2021, purchases of investments was greater than Q1 2020, as more cash was deployed to the portfolio. Disposals of investments were greater in Q1 2021 than in Q1 2020 as a result of a higher rotation of investments in the portfolio than in the prior year.

In Q1 2021, there was movement in the Loans received and Repayment of loan payable balance as a result of the repayment of the outstanding USD denominated Loan payable, which was replaced with a new Loan payable denominated in CAD. A small increase in Shares issued in Q1 2021 was the result of certain options being exercised. In Q1 2020, there was movement in Loans received and Repayment of loans payable as a result of the repayment of the outstanding CAD denominated Loan payable balance, which was replaced with a new Loan payable balance denominated in USD. Q1 2020 included an additional drawing of $3.0 million from the credit facility.

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

CASH FLOW SUMMARY (CONTINUED)

In Q1 2021, the increase in Net cash from (used in) operating activities was primarily related to an increase in cash generated from operating activities at our US and Canadian operations. In both cases the increase was largely related to growth in the business and in the case of the Canadian operations, fewer claims payments made in the period.

SEGMENTED REPORTING

As at	March 31, 2021				
	Trisura Canada	Trisura US	Trisura International	Corporate (1)	Total (2)
Assets	581,442	1,178,494	107,537	19,213	1,886,686
Liabilities	455,989	1,019,244	93,783	8,908	1,577,924
Shareholders' Equity	125,453	159,250	13,754	10,305	308,762
Book Value Per Share, $ (3)	12.20	15.50	1.34	1.00	30.04

(1) Corporate includes consolidation adjustments.
(2) Total reflects the Group's Assets, Liabilities, and Book Value Per Share after consolidation adjustments.
(3) Number of common shares used in the calculation of book value per share equals to the Group's total number of common shares outstanding as at March 31, 2021.

As at	December 31, 2020				
	Trisura Canada	Trisura US	Trisura International	Corporate (1)	Total (2)
Assets	541,603	1,021,020	121,347	22,762	1,706,732
Liabilities	431,858	864,983	108,295	11,732	1,416,868
Shareholders' Equity	109,745	156,037	13,052	11,030	289,864
Book Value Per Share, $ (3)	10.69	15.20	1.27	1.06	28.23

(1) Corporate includes consolidation adjustments.
(2) Total reflects the Group's Assets, Liabilities, and Book Value Per Share after consolidation adjustments.
(3) Number of common shares used in the calculation of book value per share equals to the Group's total number of common shares outstanding as at December 31, 2020.

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

FINANCIAL INSTRUMENTS

See Notes 4, 5, 6, 7, and 8 in the Company's Condensed Interim Consolidated Financial Statements for financial statement classification of the change in fair value of financial instruments, significant assumptions made in determining the fair values, amounts of income, expenses, gains and losses associated with the instruments.

SELECTED QUARTERLY RESULTS

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Gross premiums written	310,274	314,200	239,607	202,683	169,952	143,212	114,354	109,313
Net premiums written and other revenue	91,149	98,059	71,195	52,748	49,041	43,231	39,959	38,885
Total revenues	64,925	69,494	60,095	52,455	44,588	29,325	42,752	34,038
Net income (loss) attributable to shareholders	19,318	10,949	6,535	6,587	8,371	4,172	2,543	(4,138)
EPS, basic (in dollars)	1.88	1.07	0.64	0.69	0.95	0.47	0.37	(0.63)
EPS, diluted (in dollars)	1.84	1.05	0.62	0.68	0.94	0.47	0.37	(0.63)
Distributions or cash dividends per-share	-	-	-	-	-	$ 0.375	$ 0.375	$ 0.375
Total assets	1,886,686	1,706,732	1,517,516	1,327,613	1,143,064	978,393	886,893	750,472
Total non-current financial liabilities	16,000	16,096	28,869	29,494	33,704	29,700	29,700	29,700

OPERATING METRICS

We use operating metrics to assess our operating performance.

Operating Metrics	Definition
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.
Expense Ratio	All expenses incurred (net of fee income in our Canadian operations) as a percentage of NPE.
Fees as Percentage of Ceded Premium	Written fee income divided by ceded written premium.
Fronting Operational Ratio	The sum of claims, acquisition costs and operating expenses divided by the sum of NPE and fronting fees.
Loss Ratio	Net claims and loss adjustment expenses incurred as a percentage of NPE.
ROE	Net income for the twelve month period preceding the reporting date, divided by the average common shareholders' equity over the same period, adjusted for significant capital transactions, if appropriate.
Adjusted ROE	ROE calculated using Adjusted net income for the twelve month period preceding the reporting date.
Adjusted Net Income	Net income, adjusted to remove impact of non-recurring items and normalize earnings for core operations.
MCT	Our Canadian operations report the results of its MCT as prescribed by OSFI's Guideline A — Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies, as amended, restated or supplemented from time to time. MCT determines the supervisory regulatory capital levels required by our Canadian operations.
Retained Premium (%)	NPW as a percentage of GPW.
LTM Average Equity	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions, if appropriate.
Net Underwriting Revenue	The sum of net premiums earned and fee income.
Net Underwriting Income	Net underwriting revenue, less net claims and loss adjustment expenses, net commissions, and operating expenses.

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.

NON-IFRS 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.

Adjusted Earnings per Common Share

	Q1 2021	Q1 2020
Net income	19,318	8,371
Adjustments, net of tax*		
Add: impact of share-based compensation (net of tax)*	2,023	250
Less: net (gains) losses (net of tax)*	(2,894)	1,523
Less: net (income) loss from life annuity*	(1,455)	698
Less: income tax benefit related to tax loss utilization	-	(3,127)
Adjusted net income attributable to shareholders	16,992	7,715
Weighted-average number of common shares outstanding - basic (in thousands of shares)	10,270	8,820
Adjusted earnings per common share – basic - in dollars	1.65	0.87
Weighted-average number of common shares outstanding - diluted (in thousands of shares)	10,498	8,919
Adjusted earnings per common share – diluted - in dollars	1.62	0.86

** The table below provides a reconciliation of the various adjustments from pre-tax to net of tax.*

Reconciliation of Earnings per Common Share per Condensed Interim Consolidated Financial Statements to Adjusted Earnings per Common Share:

	Q1 2021	Q1 2020
Earnings per common share – diluted - in dollars	1.84	0.94
Adjustments	(0.22)	(0.08)
Adjusted earnings per common share – diluted - in dollars	1.62	0.86

Reconciliation of Tax-Effected Amounts in Adjusted Earnings per Common Share to Condensed Interim Consolidated Financial Statements:

	Q1 2021	Q1 2020
Share-based compensation, gross of hedging	2,753	340
Less: tax on share-based compensation	(730)	(90)
Impact of share-based compensation, net of tax	2,023	250
Net (gains) losses	(3,834)	2,054
Less: tax impact	940	(531)
Net (gains) losses, net of tax	(2,894)	1,523
Net (income) loss from life annuity	(1,455)	698
Less: tax impact	-	-
Net (income) loss from life annuity, net of tax	(1,455)	698

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

ROE and Adjusted ROE

	Q1 2021	Q1 2020
LTM net income attributable to shareholders	43,389	10,948
LTM average equity	268,889	161,090
ROE	16.1%	6.8%
Adjusted LTM net income attributable to shareholders	42,552	19,219
LTM average equity	268,889	161,090
Adjusted ROE	15.8%	11.9%

US Operations

Reconciliation of Note 18 - Segmented information in the Company's Condensed Interim Consolidated Financial Statements to Results including premiums ceded to the captive reinsurance operations (as per Section 4 - Performance Review)

For the three months ended March 31, 2021	**As presented in Note 18 – Segmented information**	**Adjustment to include captive reinsurance operations**	**Amount per Section 4 – Performance Review**
Gross premiums written	224,673	-	224,673
Net premiums written	12,457	4,068	16,525
Net premiums earned	7,196	3,424	10,620
Fee income	9,680	(197)	9,483
Net underwriting revenue	16,876	3,227	20,103
Net underwriting income	6,211	392	6,603
Net investment income	1,043	-	1,043
Net income	6,021	392	6,413

For the three months ended March 31, 2020	As presented in Note 18 – Segmented information	Adjustment to include captive reinsurance operations	Amount per Section 4 – Performance Review
Gross premiums written	120,682	-	120,682
Net premiums written	6,014	554	6,568
Net premiums earned	3,878	189	4,067
Fee income	4,099	-	4,099
Net underwriting revenue	7,977	189	8,166
Net underwriting income	2,468	42	2,510
Net investment income	685	-	685
Net income	2,583	42	2,625

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

Corporate

Reconciliation of Section 4 – Corporate to Note 18 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements

For the three months ended March 31	2021	2020
As presented in Section 4 – Corporate:		
Corporate expenses	(389)	(359)
Share-based compensation, net of hedging	245	(517)
Subtotal	(144)	(876)
Less: Derivative (gains) losses from hedging*	(2,998)	177
Plus: Consolidation adjustment	197	-
Total, as presented in Note 18 – Segmented Information	(2,945)	(699)

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

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available for Sale Financial Asset
BVPS	Book Value Per Share
D&O	Directors' and Officers' insurance
E&O	Errors and Omissions Insurance
EPS	Diluted Earnings Per Share
FVTPL	Fair Value Through Profit & Loss
GPW	Gross Premium Written
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
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