Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended March 31, 2023

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, 2023. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2023 and the audited Consolidated Financial Statements for the year ended December 31, 2022, except for the adoption, effective January 1, 2023, of IFRS 9, Financial Instruments, and IFRS 17, Insurance Contracts that resulted in the restatement of certain comparative amounts (see Section 10, Changes in Accounting Policies).

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 Condensed Interim 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 11, 2023. Additional information is available on SEDAR at www.sedar.com.

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SECTION 1 - OVERVIEW

OUR BUSINESS

Our Company is a leading specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, and Fronting business lines of the market. Our operating subsidiaries include a Canadian specialty insurance company and a US specialty insurance company. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 17 years of operation, with a newly launched US surety platform integrated with our Canadian team. Our US specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states. Our US specialty insurance company can also write business on an admitted basis in 49 states. We continue the process of applying for licenses in the remaining state.

Our Company has an experienced management team, strong partnerships with brokers, program administrators and reinsurers, and a specialized underwriting focus. We plan to grow by building our business in the US and Canada, both organically and through strategic acquisitions. We believe our Company can capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform.

SECTION 2 – FINANCIAL HIGHLIGHTS IN Q1 2023

- ✓ Insurance revenue of $639.1 million, increased by 58.3% compared to Q1 2022, demonstrating sustained momentum for the organization with growth across all lines of business.
- ✓ Net income of $14.0 million decreased by 40.1% compared to Q1 2022 as a result of losses on the run-off of a US program. Operating net income(1) of $28.6 million grew 38.5% over Q1 2022 and is indicative of the core operations of the business.
- ✓ EPS of $0.30 in the quarter decreased by 45.5% over Q1 2022. Operating EPS(2) of $0.61 in the quarter increased by 24.5% demonstrating the profitability of core operations through continued growth.
- ✓ ROE(3) was 4.1% in the quarter. Operating ROE(1) of 20.6% increased compared to Q1 2022. A significant contributor to Operating ROE in the quarter was strong underwriting performance in Canada and the US, as well as strong investment income.
- ✓ BVPS(3) of $11.15 increased by 25.4% over Q1 2022, primarily the result of strong earnings in the Canadian operations, and the equity raise in Q3 2022.
- ✓ Canada:
  - Insurance revenue growth of 33.2% in the quarter reflects increased market share, expansion of distribution relationships, new fronting arrangements and the benefit of stable market pricing conditions in certain lines of business.
  - Insurance service result of $18.2 million in the quarter grew 17.6% versus Q1 2022 as a result of growth in revenue and profitable underwriting performance.
  - Combined ratio(2) of 80.7% was strong, supported by improved loss ratio(2) and mitigated by higher expense ratio(2) as the business mix evolves.
  - Net income of $16.5 million drove a 28.4% ROE.
- ✓ United States:
  - Insurance revenue of $459.3 million in the quarter grew by 70.9% over Q1 2022, as a result of favourable market conditions, and maturation of existing programs.
  - Fee income(1) in the quarter of $18.0 million reflects a larger premium base and a 29.6% increase over Q1 2022.
  - Deferred fee income(1), a precursor to earned fees, surpassed $35.9 million.
  - After-tax losses of $11.6 million were associated with the run-off of a US program. It is expected that Q2 will reflect a benefit from the run-off business. Excluding this impact, core operations of US Fronting continued to demonstrate progress and profitability.
- ✓ Net investment income growth of 150.3% in the quarter was driven by increasing yields and a larger investment portfolio.

(1) These are non-IFRS financial measures. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Company to which the measure relates and might not be comparable to similar financial measures disclosed by other companies. See Section 10, Non-IFRS Financial Measures and Other Financial Measures for details and an explanation of how it provides useful information to an investor.
(2) These are non-IFRS ratios. Non-IFRS ratios are not standardized under the financial reporting framework used to prepare the financial statements of the Company to which the ratio relates and might not be comparable to similar ratios disclosed by other companies. See non-IFRS ratios in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details on composition, as well as each non-IFRS financial measure used as a component of ratio, and an explanation of how it provides useful information to an investor.
(3) These are supplementary financial measures. Refer to Section 10, Operating Metrics for its composition.

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

SECTION 3 – FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

Table 3.1

	Q1 2023	Q1 2022[1]	$ variance	% variance
Insurance revenue	639,100	403,669	235,431	58.3%
Insurance service expenses	(500,443)	(313,450)	(186,993)	59.7%
Net expense from reinsurance contracts assets	(121,942)	(63,313)	(58,629)	92.6%
Insurance service result	16,715	26,906	(10,191)	(37.9%)
Net investment income	10,071	4,023	6,048	150.3%
Net losses	(2,215)	(474)	(1,741)	367.3%
Net credit impairment losses	(149)	-	(149)	nm
Finance (expenses) income from insurance contracts	(36,628)	8,822	(45,450)	nm
Finance income (expenses) from reinsurance contracts	31,902	(8,065)	39,967	nm
Net Insurance and investment result	19,696	31,212	(11,516)	(36.9%)
Other income	5,178	4,342	836	19.3%
Other operating expenses	(5,432)	(4,335)	(1,097)	25.3%
Other finance costs	(600)	(591)	(9)	1.5%
Income before income taxes	18,842	30,628	(11,786)	(38.5%)
Income tax expense	(4,866)	(7,290)	2,424	(33.3%)
Net income	13,976	23,338	(9,362)	(40.1%)
Operating net income[2]	28,613	20,657	7,956	38.5%
Other comprehensive income (loss)	5,921	(21,054)	26,975	nm
Comprehensive income	19,897	2,284	17,613	771.1%
Earnings per common share - diluted - in dollars	0.30	0.55	(0.25)	(45.5%)
Operating earnings per common share - diluted - in dollars	0.61	0.49	0.12	24.5%
Book value per share - in dollars	11.15	8.89	2.26	25.4%
ROE [3]	4.1%	18.7%	n/a	(14.6pts)
Operating ROE[3][4]	20.6%	18.2%	n/a	2.4pts

(1) *Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.*
(2) *This is a non-IFRS financial measure. See Table 10.2.1 in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details on composition and an explanation of how it provides useful information to an investor.*
(3) *Q1 2022 balances for ROE and Operating ROE have not been restated to conform with adoption of new accounting standards as it is not feasible to do so.*
(4) *This is a non-IFRS ratio. See Table 10.4 in Section 10, Non-IFRS Financial Measures and Other Financial Measures for details on composition, as well as each non-IFRS financial measure used as a component of this ratio, and an explanation of how it provides useful information to an investor.*

Refer to Section 10, Accounting and Disclosure Matters for details regarding the composition of the line items presented below.

Insurance Revenue

Momentum continued in the quarter, driven by expansion of US Fronting, as well as growth in Canada led by Canadian Fronting, but supported by both Surety and Corporate Insurance. Insurance revenue increased as a result of growth in premiums across all lines.

Insurance Service Expenses

Insurance service expenses increased in the quarter as a result of growth in the business, as claims and commissions grew in both Canada and the US. Gross claims expense increased, but much of this was offset by claims recoveries which are reflected as reductions to Net expense from reinsurance contracts assets.

Net Expense from Reinsurance Contracts Assets

Net expense from reinsurance contracts assets increased in the period as a result of growth in the business, and in particular from Canadian and US Fronting. The increase was not as significant as the increase in Insurance service expenses, as this balance includes claims recoveries which also increased, offsetting the increase in Insurance service expense.

Insurance Service Result

Insurance service result decreased compared to Q1 2022 as a result of certain losses associated with the run-off of a program in Trisura US. Excluding the impact of those losses, Insurance service result would have increased as a result of growth in the business.

Net Investment Income, Net Losses and Net Credit Impairment Losses

See Section 5 – Investment Performance Review.

Finance Income (Expenses) from Insurance and Reinsurance Contracts

Finance expense from insurance contracts was an expense in the period as a result of a downward shift in the yield curve used to discount claims reserves. In Q1 2022, Finance income from insurance contracts was an income balance as there was an upward shift in the yield curve used to discount claims reserves.

Finance income from reinsurance contracts was a recovery in the period as a result of a downward shift in the yield curve used to discount ceded claims reserves. In Q1 2022, Finance expense from reinsurance contracts was an expense as there was an upward shift in the yield curve used to discount ceded claims reserves.

Net Insurance and Investment Result

Net insurance and investment result decreased in Q1 2023 compared to Q1 2022 as a result of certain losses associated with the run-off of a program in Trisura US.

Other Income

Other income consists of fees for surety services. Other income has grown compared to Q1 2022 as a result of growth in the number of surety accounts.

Other Operating Expenses

Other operating expenses in the quarter were greater than Q1 2022 driven primarily by costs associated with growth in the business.

The growth in Other operating expenses was also impacted by share based compensation ("SBC"), as the change in value of our share price led to a decrease in the value of certain outstanding options and other forms of SBC. Other operating expenses excluding SBC(1) increased 17.7% in the quarter reflective primarily of growth in the Canadian and US operations. The movement in SBC was mitigated through a program using derivatives, the movement of which is presented in Net losses. The impact of Corporate and other costs, net of mitigation is shown in Section 4 – Performance Review, Corporate and Other.

Income Tax Expense

Income tax expense was lower in Q1 2023 than Q1 2022 largely as a result of lower Income before income taxes. For additional information, see Note 17 of the Condensed Interim Consolidated Financial Statements.

Net Income

Net income decreased in the quarter, as certain losses associated with a run-off program in Trisura US offset strong Canadian net income and higher Net investment income. Operating net income increased in the quarter as a result of strong core operations including underwriting performance in Canada and the US, as well as growth in Net investment income.

Other Comprehensive Income (Loss)

See Section 5 – Investment Performance Review.

EPS, Operating EPS, BVPS, ROE, Operating ROE

EPS of $0.30 in the quarter declined by 45.5% over Q1 2022, the result of certain losses associated with the run-off of a program in Trisura US.

Operating EPS is meant to reflect EPS, adjusted for certain items to normalize earnings of core operations(2) in order to better reflect our North American specialty core operations. A detailed reconciliation between EPS and Operating EPS is included in Section 10, under Non-IFRS ratios. Operating EPS grew by 24.5% in the quarter primarily due to growth in Specialty P&C earnings in Canada and the US.

BVPS increased by 25.4% over Q1 2022 primarily as a result of strong earnings in the Canadian operations, and the equity raise in Q3 2022.

ROE decreased from the prior year due to the write down of reinsurance recoverables in Q4 2022. Operating ROE increased due to growth in the business, and strong profitability from core operations.

(1) Other Operating expenses excluding SBC is a non-IFRS financial measure.
(2) See Section 10, Operating Metrics, definition of Operating Net Income, for further explanation of "core operations".

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

BALANCE SHEET ANALYSIS

Table 3.2

As at	March 31, 2023	December 31, 2022 (1)	$ variance
Cash and cash equivalents	368,210	406,368	(38,158)
Investments	824,365	765,375	58,990
Other Assets	45,863	61,852	(15,989)
Reinsurance contract assets	1,702,484	1,527,799	174,685
Capital assets and intangible assets	18,691	19,529	(838)
Deferred tax assets	17,461	17,942	(481)
Total assets	2,977,074	2,798,865	178,209
Insurance contract liabilities	2,318,964	2,165,103	153,861
Other liabilities	70,652	65,111	5,541
Loan payable	75,000	75,000	-
Total liabilities	2,464,616	2,305,214	159,402
Shareholders' equity	512,458	493,651	18,807
Total liabilities and shareholders' equity	2,977,074	2,798,865	178,209

(1) Comparatives have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Cash and cash equivalents has decreased primarily as a result of additional purchases of investments in the period. Investments have increased as a result of additional cash deployed to the investment portfolio, as well as unrealized gains on the investment portfolio in the period. Reinsurance contract assets have increased as a result of growth in the business in both Canada and the US. These recoverables are monitored in accordance with the Company's reinsurance risk management policies and generally, are owing from reinsurers with A.M. Best ratings of A- or higher or who otherwise have posted an agreed upon level of collateral.

Insurance contract liabilities have increased as a result of growth in Insurance revenue in both Canada and the US. This increase is partially offset by an increase in Reinsurance contract assets. Other liabilities have increased in the quarter as a result of holding more deposits in trust related to the surety business line.

Shareholders' equity at March 31, 2023 has increased from December 31, 2022 due to movement in Accumulated other comprehensive income (loss) as a result of unrealized gains in the investment portfolio.

SHARE CAPITAL

Our authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series).

On July 14, 2022, the Company completed a public offering of 4,512,000 common shares. As at March 31, 2023, 45,831,745 common shares were issued and outstanding.

As at March 31, 2023, 1,554,839 options were outstanding which could be converted to common shares (including unvested options). As at March 31, 2023, 160,250 RSU's were outstanding which could be converted to common shares (including unvested RSUs).

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 (See Balance Sheet); (ii) our portfolio of highly rated, highly liquid investments (see Note 4 of the Condensed Interim Consolidated Financial Statements); (iii) cash flow from operating activities which include receipt of insurance revenue and investment income (see Statements of Cash Flows) and; (iv) bank loan facilities including our revolving credit facility (see Note 13 to the Condensed Interim Consolidated Financial Statements). These funds are used primarily to pay claims and operating expenses, service the Company's debt outstanding and purchase investments to support claims reserves and capital requirements.

CAPITAL

The MCT ratio(1) of Trisura's regulated Canadian operating subsidiary was 240% at March 31, 2023 (233% as at December 31, 2022), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal target(2).

As at December 31, 2022, the RBC(3) of the regulated insurance companies of Trisura US were in excess of the various company action levels of the states in which they are licensed.

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.

The Company's debt-to-capital ratio(4) of 12.8% as at March 31, 2023 (13.2%(5) as at December 31, 2022), was below the Company's long-term target of 20.0%.

The Company continues to maintain an entirely undrawn $50 million revolving credit facility.

(1) This measure is calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Guideline A, Minimum Capital Test.
(2) This target is in accordance with OSFI's Guideline A-4, Regulatory Capital and Internal Capital Targets.
(3) This measure is calculated in accordance with the National Association of Insurance Commissioners, ("NAIC") Risk Based Capital ("RBC") for Insurers Model Act.
(4) This is a supplementary financial measure. See Section 10, Operating Metrics for its composition.
(5) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

(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 Warranty, Canadian Fronting and Corporate Insurance business lines which we primarily write in Canada, referred to as Trisura Canada, and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as Trisura US or US Fronting.

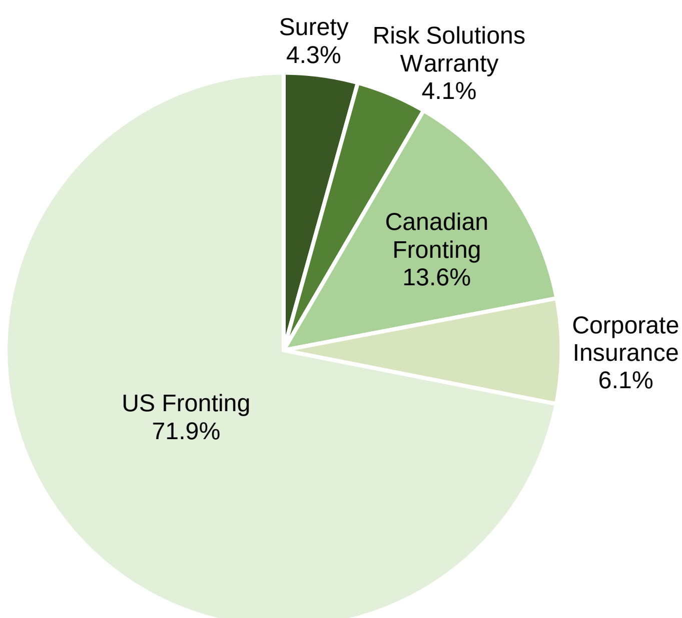
The table below provides a split of our Specialty P&C Insurance revenue for the first quarter of 2023 and 2022, respectively. Although US Fronting comprises the majority of our insurance revenue, growth was substantial in Canada.

Table 4.1

Insurance revenue	Q1 2023	Q1 2022(1)	% growth over prior year
Surety	27,523	19,998	37.6%
Risk Solutions Warranty	26,519	23,237	14.1%
Canadian Fronting	86,942	60,504	43.7%
Corporate Insurance	38,809	31,217	24.3%
US Fronting	459,307	268,713	70.9%
Total Insurance revenue	639,100	403,669	58.3%

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Insurance revenue
Q1 2023



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

CANADA

The table below presents financial highlights for our Canadian operations.

Table 4.2

	Q1 2023	Q1 2022[(1)]	$ variance	% variance
Insurance revenue	179,793	134,956	44,837	33.2%
Insurance service expense	(114,882)	(71,609)	(43,273)	60.4%
Net expense from reinsurance contracts assets	(46,754)	(47,901)	1,147	(2.4%)
Insurance service result	18,157	15,446	2,711	17.6%
Net investment income	5,165	2,705	2,460	90.9%
Net gains	503	3,081	(2,578)	(83.7%)
Net credit impairment losses	(28)	-	(28)	nm
Other income[(2)]	5,178	4,342	836	19.3%
Net income	16,525	15,963	562	3.5%
Loss ratio	14.6%	14.8%		(0.2pts)
Expense ratio	66.1%	62.4%		3.7pts
Combined ratio[(3)]	80.7%	77.2%		3.5pts
ROE[(4)]	28.4%	29.8%		(1.4pts)

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.
(2) Other income, refers to fees for surety services.
(3) This is a non-IFRS ratio. See Section 10, Non-IFRS Ratios, Table 10.5, and Other Financial Measures for details on its composition, as well as each non-IFRS financial measure used as a component of this ratio, and an explanation of how it provides useful information to an investor.
(4) Q1 2022 balance for ROE has not been restated to conform with adoption of new accounting standards.

Q1 2023 Insurance revenue growth continued across all lines, led by Canadian Fronting and Surety. In the quarter, Risk Solutions Warranty grew as automobile inventory problems have started to abate. Corporate Insurance has continued to benefit from a stable insurance market with stable pricing, growth in programs, and expansion of distribution partnerships. Growth in Surety reflects continued expansion of our market share including strong premium growth from our nascent Surety business in the US.

Insurance service expense grew in Q1 2023 as a result of growth in claims and commission expense, driven by growth in insurance revenue, and in particular due to growth in Fronting. Net expense from reinsurance contracts assets decreased slightly as reinsurance ceded increased alongside an increase in claims recoveries.

Insurance service result for Q1 2023 increased over Q1 2022 as a result of growth in the business, and strong underwriting profitability. The loss ratio decreased in the quarter, as a result of fewer claims, however, this was offset by an increase in the expense ratio for Q1 2023 partly as a result of a continued shift in business mix towards Risk Solutions Warranty, which has higher commissions.

Other income, which reflects fees for surety services, grew in Q1 2023 compared to Q1 2022, as the number of accounts increased which was positively impacted by the acquisition of the Sovereign Surety portfolio.

The combined ratio for Q1 2023 was higher than the prior year as a result of the higher expense ratio but nonetheless strong at 80.7%.

See Section 5 – Investment Performance Review for a discussion on Net investment income, Net gains and Net credit impairment losses.

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

Net income grew in Q1 2023 compared to Q1 2022 as a result of growth in the business and strong underwriting and investment results. Revenue generation combined with disciplined underwriting demonstrated the benefit of our specialty focus and the ability of our platform to perform through volatile markets.

Surety

The main products offered by our Surety business line are:

- ✓ Contract surety bonds, such as performance and labour and material payment bonds, primarily for the construction industry;
- ✓ Commercial surety bonds, such as license and permit, tax and excise, and fiduciary bonds, which are issued on behalf of commercial enterprises and professionals to governments, regulatory bodies or courts to guarantee compliance with legal or fiduciary obligations;
- ✓ Developer surety bonds, comprising mainly bonds to secure real estate developers' legislated deposit and warranty obligations on residential projects; and
- ✓ New home warranty insurance for residential homes.

Table 4.3

	Q1 2023	Q1 2022(1)	$ variance	% variance
Insurance revenue	27,523	19,998	7,525	37.6%
Insurance service expense	(18,137)	(13,891)	(4,246)	30.6%
Net expense from reinsurance contracts assets	(3,869)	(3,715)	(154)	4.1%
Insurance service result	5,517	2,392	3,125	130.6%
Other income	5,152	4,311	841	19.5%
Loss ratio	5.5%	18.0%		(12.5pts)

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Insurance revenue grew significantly for Q1 2023 driven by growth in our nascent US Surety platform and contract surety.

Insurance service expense increased in Q1 2023 compared to Q1 2022 as a result of growth in commissions and operating expenses, which have increased alongside growth in Insurance revenue. Net expense from reinsurance contracts assets increased as a result of growth in the business. Insurance service result improved significantly for Q1 2023 compared to Q1 2022 as a result of strong growth and a lower loss ratio.

Other income, which reflects fees for surety services, also improved for the quarter which was positively impacted by the Company's acquisition of Sovereign Insurance's surety business in Canada in 2022.

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

Risk Solutions Warranty

Risk Solutions includes specialty insurance contracts which are structured, to meet the specific requirements of program administrators, managing general agents, captive insurance companies, and affinity groups. Our Risk Solutions business line consists primarily of warranty programs in the automotive and consumer goods space. Risk Solutions also sells warranty products which serve as complementary products to our insurance policies.

Table 4.4

	Q1 2023	Q1 2022[(1)]	$ variance	% variance
Insurance revenue	26,519	23,237	3,282	14.1%
Insurance service expense	(21,608)	(18,714)	(2,894)	15.5%
Net expense from reinsurance contracts assets	(1,533)	(689)	(844)	122.5%
Insurance service result	3,378	3,834	(456)	(11.9%)

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Insurance revenue increased in Q1 2023 compared to Q1 2022 as a result of several programs seeing a higher rate of automobile sales activity in Q1 2023 compared to Q1 2022, which had been negatively impacted by supply chain disruptions.

Insurance service expense increased primarily as a result of an increase in commissions expense as a result of growth in the business, and also an increase in claims activity as supply chain disruptions ease, lessening the strain on inventories in the automobile sector.

Net expense from reinsurance contracts assets increased in the quarter compared with the prior year as a result of growth in the business and an increase in reinsurance ceded in that line of business. Insurance service result was lower than the prior year primarily as a result of an increase in claims, as claims expense has begun to return to more long-term levels.

Canadian Fronting

Canadian Fronting includes fronting for reinsurers through licensed brokers and MGAs, which the company began writing in 2020.

Table 4.5

	Q1 2023	Q1 2022[(1)]	$ variance	% variance
Insurance revenue	86,942	60,504	26,438	43.7%
Insurance service expense	(52,128)	(21,140)	(30,988)	146.6%
Net expense from reinsurance contracts assets	(30,609)	(36,243)	5,634	(15.5%)
Insurance service result	4,205	3,121	1,084	34.7%

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Insurance revenue increased compared to the prior year as a result of growth in the business due to platform maturation.

Insurance service expense increased in the period, largely as a result of an increase in claims activity. This increase was offset by an increase in claims recoveries from reinsurers which form part of Net expense from reinsurance contracts assets.

Net expense from reinsurance contracts assets decreased in Q1 2023 from the prior year as a result of an increase in claims recoveries and reinsurance ceding commissions.

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

For fronted business in the Canadian operations, we generally target a fronting fee in the range of 4.0% to 8.0% of GPW(1) depending on the nature of the arrangement. Insurance service result increased primarily as a result of growth in the business.

(1) This is a non-IFRS financial measure. See Section 10 for details on its composition and an explanation of how it provides useful information to an investor.

Corporate Insurance

The main products offered by our Corporate Insurance business are Directors' & Officers' insurance for public, private and non-profit enterprises, professional liability insurance for both enterprises and professionals, technology and cyber liability insurance for enterprises, commercial package insurance for both enterprises and professionals and fidelity insurance for both commercial enterprises and financial institutions.

Table 4.6

	Q1 2023	Q1 2022(1)	$ variance	% variance
Insurance revenue	38,809	31,217	7,592	24.3%
Insurance service expense	(23,009)	(17,864)	(5,145)	28.8%
Net expense from reinsurance contracts assets	(10,743)	(7,254)	(3,489)	48.1%
Insurance service result	5,057	6,099	(1,042)	(17.1%)
Loss ratio	27.5%	19.1%		8.4pts

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

Insurance revenue continued to demonstrate strong growth in Q1 2023. This was due to continued new business growth, stable policy retentions, continued moderate premium rate increases and strong support from our distribution partners.

Insurance service expense grew as a result of growth in claims, commissions, and operating expenses which grew alongside growth in the business.

Net expense from reinsurance contracts assets grew as a result of an increase in reinsurance ceded, which increased alongside growth in the business.

Insurance service result was lower in Q1 2023 than Q1 2022 as a result of the higher loss ratio, which was particularly low in Q1 2022.

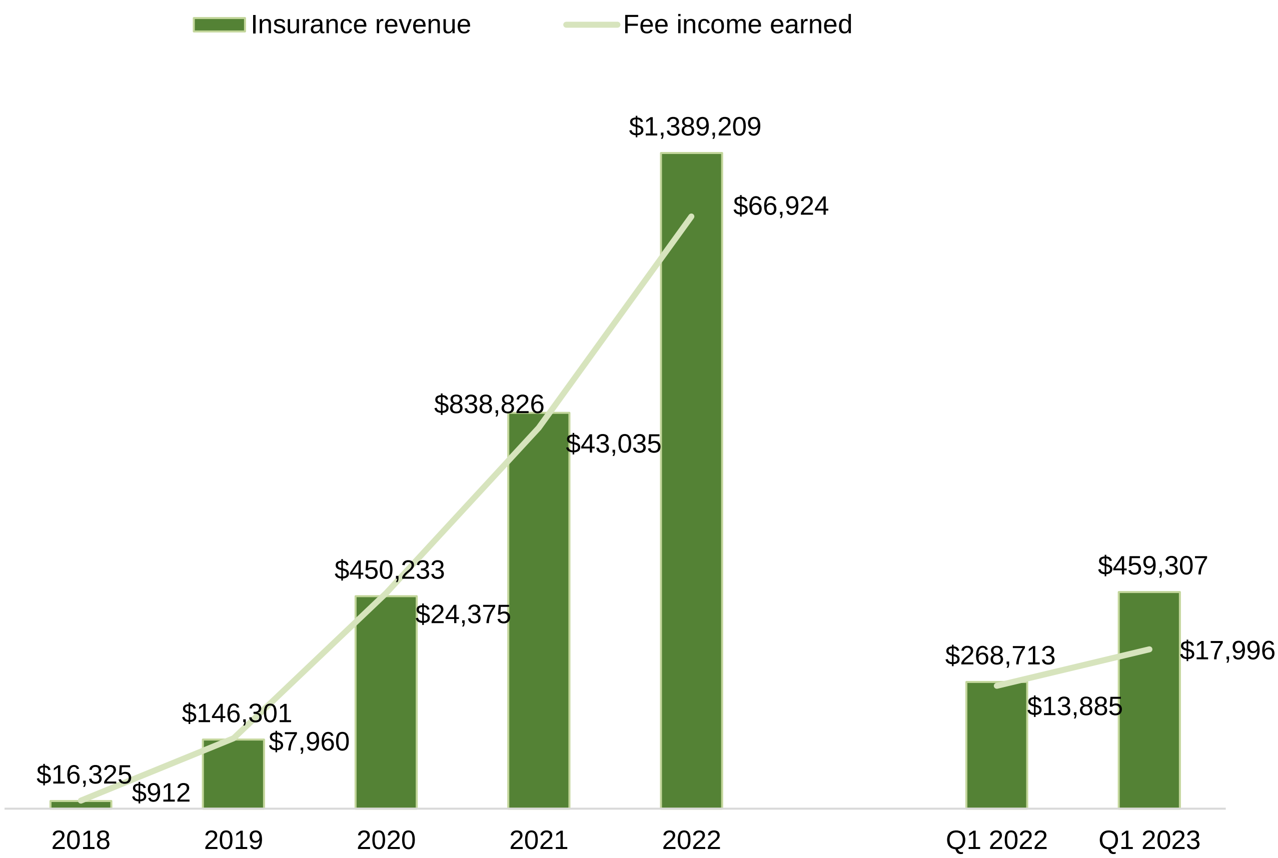
In Q1 2023, the loss ratio increased compared to the prior year period, as a result of higher claims activity in the period.

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

UNITED STATES

Our US platform functions as a non-admitted surplus line insurer in all states, participating as a hybrid fronting carrier with a fee-based business model.

Our US operations continued to grow premium, producing $459.3 million in the quarter across 70 programs. The graph below shows the evolution of Insurance revenue, fee income(1), and the number of programs bound in the US.



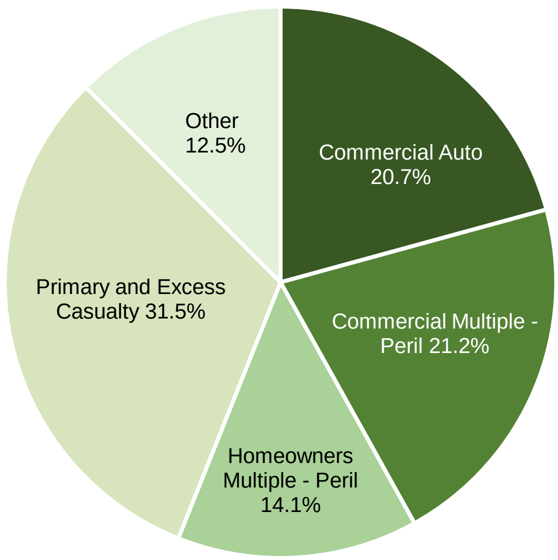
Number of Programs bound	14	29	48	62	69	63	70

(1) Fee 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. See Section 10, Non-IFRS Financial Measures and Other Financial Measures for details and an explanation of how it provides useful information to an investor.

UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US Insurance revenue for Q1 2023.

Insurance Revenue
Q1 2023(1)



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

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

UNITED STATES (CONTINUED)

The table below presents financial highlights for our US operations.

Table 4.7

	Q1 2023	Q1 2022[1]	$ variance	% variance
Insurance revenue	459,307	268,713	190,594	70.9%
Insurance service expenses	(385,548)	(241,854)	(143,694)	59.4%
Net expense from reinsurance contracts assets	(75,188)	(15,412)	(59,776)	387.9%
Insurance service result	(1,429)	11,447	(12,876)	-112.5%
Net investment income	4,377	1,113	3,264	293.3%
Net gains (losses)	1,238	(1,020)	2,258	nm
Net credit impairment losses	(174)	-	(174)	nm
Net (loss) income	(1,742)	7,772	(9,514)	-122.4%
Adjusted net income[2]	9,864	7,772	2,092	26.9%
Fee income[3]	17,996	13,885	4,111	29.6%
Loss ratio	86.3%	61.4%		
Adjusted Loss ratio[2]	75.6%	N/A		
Retention rate	5.6%	9.7%		
Fees as a percentage of ceded premium	4.2%	5.4%		
Adjusted Fees as a percentage of ceded premium[2]	4.5%	N/A		
Fronting operational ratio[4]	111.1%	70.8%		
Adjusted Fronting operational ratio[2]	86.0%	N/A		
ROE[5]	(16.0%)	13.9%		
Adjusted ROE[5,6]	12.8%	N/A		

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.
(2) This is a non-IFRS financial measure. Adjusted figures exclude impact of the run-off program.
(3) Fee income is a component of Net expense from reinsurance contracts assets, see Table 10.5.5 for its composition.
(4) This is a non-IFRS ratio. See Section 10, Operating Metrics and Table 10.6 for its composition.
(5) Q1 2022 balance for ROE and Adjusted ROE have not been restated to conform with adoption of new accounting standards.
(6) Adjusted ROE excludes impact of the run-off program and write down on reinsurance recoverables.

The table below shows Deferred fee income as at March 31, 2023, compared to December 31, 2022.

Table 4.8

As at	March 31, 2023	December 31, 2022	$ variance	% variance
Deferred fee income	35,924	34,587	1,337	3.9%

Insurance revenue grew in the quarter compared to Q1 2022. The increase was primarily the result of maturing programs, supplemented by new program additions. In the quarter $52.9 million of insurance revenue was generated by admitted programs compared to $16.4 million in Q1 2022.

Insurance service expenses increased in the quarter compared to the prior year primarily as a result of an increase in claims and commission expense, which have grown as a result of growth in insurance revenue.

UNITED STATES (CONTINUED)

Net expense from reinsurance contracts assets increased in Q1 2023 as a result of more reinsurance ceded, which has increased as a result of growth in insurance revenue.

Insurance service result is lower in Q1 2023 than Q1 2022 as a result of certain losses incurred in relation to the run-off of a significant program.

Our US Fronting operations retained 5.6% of GPW in the quarter. The remainder of premiums were ceded to third party reinsurers. The decrease in retention primarily reflects additional reinsurance coverage purchased in the period, leading to a lower reported retention rate. We continue to target a quota share retention between 5.0% and 10.0% on all programs.

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 Insurance revenue, and is reflected as part of Net expense from reinsurance contracts assets. Fee income grew strongly in the quarter as a result of significant premium growth over the past year.

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

The Q1 2023 loss ratio was higher than Q1 2022 primarily as a result of certain costs associated with the run-off program. When the run-off portfolio is adjusted out of results, the loss ratio is greater than the prior year partly as a result of certain additional reinsurance costs incurred in the quarter, as well as a decrease in yields in the quarter used to discount claims reserves.

The fronting operational ratio in Q1 2023 was higher than 2022 primarily as a result of the impact of the run-off program. When adjusted for the impact of the run-off program, the fronting operational ratio is higher than the prior year partly as a result of certain additional reinsurance costs incurred in the quarter, as well as a decrease in yields in the quarter used to discount claims reserves. Excluding these impacts, the loss ratio and fronting operational ratio is within our expected range.

See Section 5 – Investment Performance Review for a discussion on Net investment income, Net gains (losses), and Net credit impairment losses.

Net (loss) income decreased for the quarter as a result of the run-off program. On an adjusted basis, net income increased over the prior year as a result of growth in the business.

In Q1 2023 the ROE was (16.0%), the negative result being primarily driven by the write down in Q4 2022. Adjusted ROE, was 12.8%, which is greater than the prior year, reflecting growth in operations.

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

CORPORATE AND OTHER

Our corporate results represent expenses that do not relate specifically to any one segment of the Company as well as debt servicing costs and certain derivative gains and losses on derivatives instruments used to mitigate the movement of SBC.

Table 4.9

	Q1 2023	Q1 2022[1]	$ variance
Net claims and expenses - Reinsurance	(112)	(279)	167
Corporate expenses and other	(627)	(724)	97
SBC, net of derivatives used to mitigate the impact	(400)	(979)	579
Net expenses[2]	(1,139)	(1,982)	843
Debt servicing	(544)	(492)	(52)
Corporate and other	(1,683)	(2,474)	791

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.
(2) Refer to Table 10.8.1 for details to reconcile to Note 16 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

Corporate and other now includes some residual expenses associated with the run-off of in-force reinsurance contracts of our Reinsurance operations. These costs were approximately the same in Q1 2023 as Q1 2022 as the run-off remains small.

Corporate expenses and other in quarter have marginally decreased from Q1 2022 to Q1 2023, as corporate costs have remained relatively flat.

SBC includes payment to directors and senior management and can be impacted by movement in the share price. As a result, we employ a strategy using derivatives to mitigate volatility. SBC is presented net of the impact of this mitigation strategy. SBC decreased for the quarter over the prior year as a result of being over-hedged in Q1 2022, though hedge accounting is not applied.

Debt servicing costs are slightly higher in Q1 2023 as a result of certain margin costs during the quarter.

SECTION 5 – INVESTMENT PERFORMANCE REVIEW

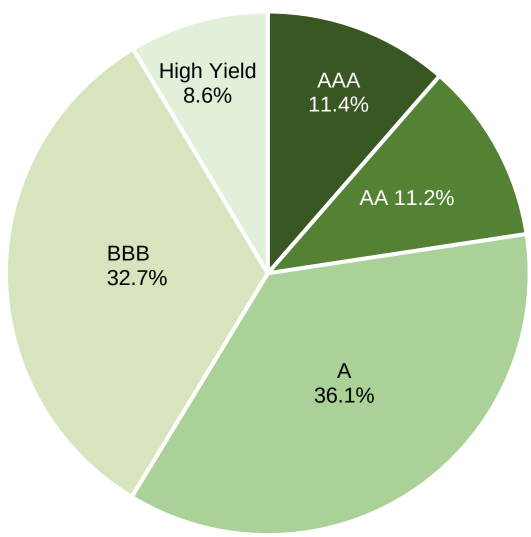
OVERVIEW

The Company's investment policy seeks to achieve attractive total returns without incurring an undue level of investment risk while supporting our liabilities and maintaining strong regulatory and economic capital levels. We take a centralized investment approach across all subsidiary portfolios and invest with a global posture.

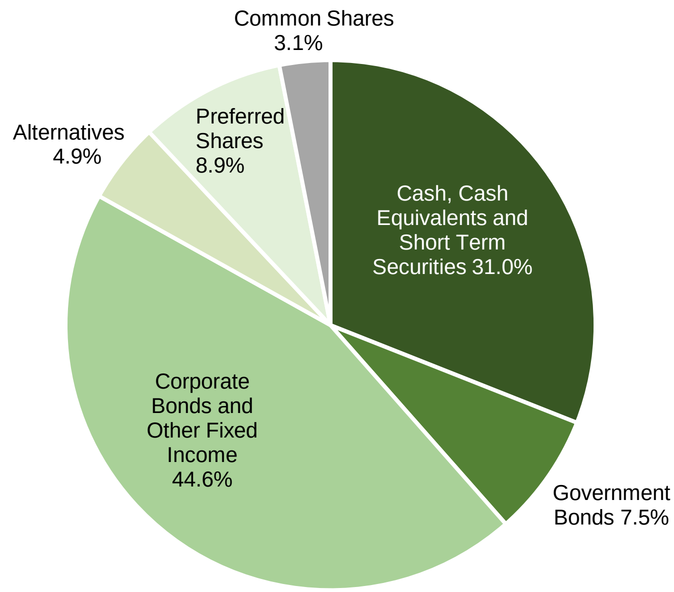
SUMMARY OF CASH AND INVESTMENTS

Our $1.2 billion investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares, and alternative investments. Approximately 91% of our fixed income holdings are highly liquid (highly liquid refers to the Company's ability to sell a fixed income investment within a short period of time), investment grade bonds (investment grade bonds refers to all bonds rated BBB and higher).

Fixed Income Securities by Rating[(1)]



Investment Portfolio by Asset Class



(1) This is a supplementary financial measure. Composition: balance for each credit rating, divided by total balance for fixed income investments.

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

INVESTMENT PERFORMANCE

Net Investment Income

Table 5.1

	Q1 2023	Q1 2022(1)	$ variance
Net Investment income	10,071	4,023	6,048
Net gains excluding derivative losses(2)	1,555	3,647	(2,092)
Net credit impairment losses	(149)	-	(149)
Total investment income excluding derivative losses(3)	11,477	7,670	3,807

(1) Q1 2022 balances have been presented in accordance with IAS 39 and accordingly have not been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.
(2) This is a non-IFRS financial measure. See Table 10.3 in Section 10 for details to reconcile to Note 16 - Segmented Information in the Condensed Interim Consolidated Financial Statements.
(3) Total investment income excluding derivative losses is a non-IFRS financial measure and is equal to the sum of Net investment income, Net gains excluding derivative (gains) losses, and Net credit impairment losses.

The Company's operations include Specialty P&C insurance in Canada and the US.

Net investment income is driven by interest and dividend income on invested assets and was greater in Q1 2023 than the prior year as a result of a larger investment portfolio and higher portfolio yields.

Net gains excluding derivative losses, represent realized gains and losses from sales of investments, unrealized gains and losses on securities held that are classified as FVTPL, the impact of foreign exchange related to the investment portfolio and the operations of the business, and gains and losses on derivative instruments, with the exception of those mitigating SBC. Net gains excluding derivative losses were lower in Q1 2023 primarily as a result of lower realized and unrealized gains and losses on securities classified as FVTPL. In Q1 2023, foreign exchange movement also contributed to lower net gains than Q1 2022.

Effective January 1, 2023, net credit impairment losses represent the impairment allowances on the Company's debt instruments that are classified as FVOCI. The Expected Credit Loss impairment model is used to calculate Net credit impairment losses. Growth in the Company's fixed income portfolio resulted in an increase in Net credit impairment losses in Q1 2023. See Section 10 – Accounting Policy Changes, for additional information on Expected Credit Loss impairments.

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

Other Comprehensive Income (Loss)

Table 5.2

	Q1 2023	Q1 2022(1)	$ variance
Unrealized gains (losses) in OCI	6,134	(17,822)	23,956
Cumulative translation loss	(213)	(3,232)	3,019
Other comprehensive income (loss)	5,921	(21,054)	26,975

(1) Q1 2022 balances have been presented in accordance with IAS 39 and accordingly have not been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.

The mark to market impact of securities characterized as FVOCI was positive in Q1 2023 and higher than the prior year as a result of unrealized gains on fixed income in Canada and the US.

Foreign exchange differences arising from the translation of the financial statements of international operations to Canadian dollars are recognized as cumulative translation gains or losses, which are also a component of OCI. Cumulative translation losses in the quarter reflected the weakening of the US dollar against the Canadian currency, driving lower Canadian dollar valuations of capital held outside of Canada. Movement in foreign exchange in Q1 2023 was minimal.

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.

The specialty market is more fragmented than the broader P&C industry. In the US, it is estimated that the top ten excess and surplus participants capture less than 35% market share, with the top 25 averaging 2% market share. An estimated $63.2 billion USD of excess and surplus insurance direct premiums were written in 2021 (excluding Lloyd's), growth of 32% year-on-year, compared with the broader P&C industry which grew by 9% year-on-year to $797.8 billion USD. In Canada, specialty market(1) growth was estimated to be 17% year-on-year for 2021 to $7.4 billion in direct written premium(2), as compared to the P&C industry at 8% growth and $83.1 billion in direct written premium. Direct written premium is a measure of Gross written premium, which excludes assumed premium, and is a commonly used metric in the industry.

(1) Growth figures for the specialty market in Canada include Boiler and Machinery, Credit, Credit Protection, Fidelity, Hail, Legal Expense, Cyber Liability, Directors and Officers Liability, Excess Liability, Professional Liability, Umbrella Liability, Pollution Liability, Surety and Marine. Market data is based on the latest available data from MSA Research Inc. (FY 2021).

(2) This is a non-IFRS financial measure. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Company to which the measure relates and might not be comparable to similar financial measures disclosed by other companies. See Section 10, Operating Metrics for details and an explanation of how it provides useful information to an investor.

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 17 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 49 states. We are in the process of obtaining admitted licenses in the remaining state. It is our belief that conditions are favourable for the continued growth of our US platform, which operates as a hybrid fronting carrier using a fee-based business model. Our focus is to source high quality business opportunities by partnering with a core base of established and well-managed program administrators. From our experience to date, these program administrators welcome our new capacity.

Furthermore, we continue to benefit from a strong supply of highly rated 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. 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 the largest component of insurance revenue, and as we continue to grow, we expect that it will become an increasingly significant contributor to profitability.

We will continue to develop our distribution network, building on our existing partner network in Canada and our core base of program administrators in the US. Our Company will strive to increase the penetration of our products with our partners by providing the support they require to enhance the effectiveness of their sales and marketing efforts.

We also intend to consider acquisitions on an opportunistic basis and pursue those that fit with our strategic plan. Building on the knowledge and expertise of our existing operations, we intend to initially target businesses in the US that operate in similar niches of the specialty insurance market, or that can expand our licensing. The closing of 21st Century Preferred Insurance Company is a demonstration of the willingness and capabilities our team has to pursue these acquisitions.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG")

We believe that acting responsibly toward all stakeholders is fundamental to operating a productive, profitable and sustainable business. This underlies our philosophy of conducting business with a long-term perspective in a sustainable and ethical manner.

In Q1 2022 the Company entered into an Amended and Restated Credit Agreement which includes a sustainability-linked loan ("SLL") structure. This structure allows for the borrowing rate to be adjusted based on the achievement of certain key performance indicators ("KPI"). As a first of its kind for insurers in Canada, the SLL is linked to our ambition to further incorporate ESG considerations into our investment activities. The structure introduces an incentive mechanism tied to KPIs around our responsible activities, including disclosure.

In connection with the SLL, we have implemented a Responsible Investing Policy applicable to our investment portfolio, which mandates the inclusion of ESG factors into our investment decisions, starting with the due diligence of a potential investment through to the ultimate exit process. As part of the policy, during the initial due diligence phase, we utilize both internal and third-party research to identify material ESG risks and opportunities relevant to the potential investment. By the end of 2023, we aim for this policy to apply to at least 50% of our investment portfolio and our goal is to align disclosure of our responsible investing activities in accordance with a recognized framework.

Environmental

Climate change is one of the greatest challenges of our times. Countries, including United Kingdom, United States, Germany, Italy, France and Japan, have committed to achieving net-zero emissions by 2050. Canada has made intensive efforts to target 40-50 percent emission reduction by 2030. Climate-related risks are strategically relevant to our business over time.

Although the Company's property exposure is primarily related to fronted programs, physical and weather-related risks have an impact on the property-exposed business that the Company retains, and we continue to adapt our business to the impacts of climate change through enhanced catastrophe modelling, adjustments to pricing practices related to severe weather, continuing to refine how we select property-exposed business and structure appropriate reinsurance coverage.
During Q1 2022, we partnered with Nature Force, to support the funding of natural infrastructure projects in British Columbia, Ontario and Quebec with a prioritization on flood attenuation in the most populous regions.

Social

We recognize the importance of taking responsibility for charitable efforts, both globally and within the communities in which we operate. In Q1 2022, we responded to humanitarian relief efforts related to Russia's invasion of Ukraine by donating fifty thousand dollars to the Canada-Ukraine Foundation.

We value our employees, actively seek opportunities to develop them and to ensure they are engaged. We are committed to fostering, cultivating, and preserving a culture of diversity and inclusion. Equity and inclusion are imperative to our business. To that effect, the Company has also engaged a service provider to assist with the development of an equity framework, which Trisura intends to implement.

In order to provide our clients with the products and services they require and to ensure that we make informed underwriting and claims decisions, it is necessary that we obtain private information about our clients and/or their businesses. We take all necessary and reasonable precautions to protect the privacy of the information provided to us by our clients. We use manual and electronic controls to protect personal information that has been entrusted to us. These controls include restricted access to our premises, user authentication, encryption, firewall technology and the use of detection software.
We have a Cyber Security Incident Response Policy that communicates the overall process and guidelines for the identification, reporting and response to cyber security events, incidents and data breach at the Company. It is intended to help us respond to a security event or incident in a way that is consistent with our obligations, including legal obligations, to our customers, colleagues, and shareholders.

Governance

The Board has ultimate oversight of ESG strategy, which includes oversight of climate related risks and opportunities. The Board receives regular updates on the Company's ESG initiatives throughout the year.

The Governance Committee is responsible for implementing the board diversity policy, monitoring progress towards the achievement of its objectives and recommending to the Board any necessary changes that should be made to the policy. The Board has committed to meeting the gender diversity target of at least 30% of Directors identifying as women by our 2024 annual meeting of shareholders. Since adopting this policy the Company has welcomed two additional women to the board including Anik Lanthier who joined the board in Q1 2023.

Refer to our Management Information Circular dated April 14, 2023 for detailed information on Governance.

SECTION 7 – RISK MANAGEMENT

RISKS AND UNCERTAINTIES

Please refer to the "Risk Management" section in our year end 2022 MD&A. Risks have not changed materially from those disclosed in the year end 2022 MD&A.

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

SECTION 8 – OTHER INFORMATION

RATINGS

Trisura's regulated Canadian operating subsidiary has been rated A- (Excellent) by A.M. Best since 2012. Trisura's regulated US operating subsidiary obtained an A- (Excellent) rating from A.M. Best in September 2017. As at March 31, 2023 all regulated operating subsidiaries of Trisura have an A- (Excellent) rating. A.M Best increased the financial size category of the Trisura entities from VIII to IX (US $250 million to US $500 million capital) in December 2021, based on the Company's consolidated balance sheet.

In March 2023, DBRS Morningstar reaffirmed the rating of A (low) to the principal operating subsidiaries of Trisura and reaffirmed the Issuer Rating of BBB to Trisura Group Ltd, and the Senior Unsecured Notes rating of BBB to the Company's outstanding notes.

CASH FLOW SUMMARY

Table 8.1

	Q1 2023	Q1 2022(1)	$ variance
Net income	13,976	23,338	(9,362)
Non-cash items	5,232	6,096	(864)
Change in working capital	(1,046)	1,009	(2,055)
Realized losses (gains)	245	(3,053)	3,298
Income taxes paid	(3,837)	(11,634)	7,797
Interest paid	(127)	(499)	372
Net cash from operating activities	14,443	15,257	(814)
Proceeds on disposal of investments	31,601	53,589	(21,988)
Purchases of investments	(79,987)	(100,983)	20,996
Net purchases of capital and intangible assets	(177)	(290)	113
Net cash used in investing activities	(48,563)	(47,684)	(879)
Shares issued	711	551	160
Shares purchased under RSU plan	(869)	(2,106)	1,237
Lease payments	(512)	(502)	(10)
Net cash used in financing activities	(670)	(2,057)	1,387
Net decrease in cash and cash equivalents, and short-term securities	(34,790)	(34,484)	(306)
Cash and cash equivalents, beginning of period	406,368	341,319	65,049
Currency translation	(3,368)	(2,371)	(997)
Cash and cash equivalents, and short-term securities, end of period	368,210	304,464	63,746

(1) Q1 2022 balances have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes

In Q1 2023, Net cash from operating activities was similar to Q1 2022, though slightly lower primarily as a result of lower net income in the quarter.

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

CASH FLOW SUMMARY (CONTINUED)

Net cash used in investing activities in Q1 2023 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries, and was similar to Q1 2022. In Q1 2023, Proceeds on disposal of investments were lower than Q1 2022, as there were fewer disposals of investments made in that quarter. Purchases of investments were lower in Q1 2023 than in Q1 2022 as a result of fewer purchases in this quarter.

Net cash used in financing activities was lower in Q1 2023 as compared to Q1 2022 primarily due to a decrease in the Shares purchased under RSUs in Q1 2023 relative to Q1 2022. The small increase in Shares issued in 2023 and 2022 was the result of certain options being exercised.

SEGMENTED REPORTING

Table 8.2

As at	March 31, 2023			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	792,046	2,118,066	66,962	2,977,074
Liabilities(2)	562,335	1,848,259	54,022	2,464,616
Shareholders' Equity(2)	229,711	269,807	12,940	512,458
Book Value Per Share, $	5.00	5.87	0.28	11.15

Table 8.3

As at	December 31, 2022(3)			
	Trisura Canada	Trisura US	Corporate and other	Total(1)
Assets(2)	750,056	1,952,537	96,272	2,798,865
Liabilities(2)	539,192	1,710,980	55,042	2,305,214
Shareholders' Equity(2)	210,864	241,557	41,230	493,651
Book Value Per Share, $	4.61	5.28	0.89	10.78

(1) *Total reflects the Group's Assets, Liabilities, and Book Value Per Share.*
(2) *Individual segmented amounts are supplementary financial measures. The total amount is presented in the Condensed Interim Consolidated Financial Statements.*
(3) *Comparatives have been restated to conform with adoption of new accounting standards, see Section 10 – Accounting Policy Changes.*

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.

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

SECTION 9 – SUMMARY OF RESULTS

SELECTED QUARTERLY RESULTS

Table 9.1	2023	2022(1)				2021(2)		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Insurance revenue	639,100	595,742	550,861	464,643	403,669	N/A	N/A	N/A
Gross premiums written	N/A	N/A	N/A	N/A	N/A	484,740	404,678	363,514
Insurance service result	16,715	(54,842)	29,061	28,061	26,906	N/A	N/A	N/A
Net premiums written(3) and fee income	N/A	N/A	N/A	N/A	N/A	128,566	115,989	112,312
Net income (loss)	13,976	(40,861)	24,375	20,943	23,338	10,295	16,057	16,889
EPS, basic (in dollars)	0.30	(0.89)	0.54	0.51	0.57	0.25	0.39	0.41
EPS, diluted (in dollars)	0.30	(0.87)	0.53	0.50	0.55	0.24	0.38	0.40
Total assets	2,977,074	2,798,865	2,662,777	2,126,804	1,939,615	3,000,354	2,575,613	2,203,460
Total non-current financial liabilities(4)	75,000	75,000	75,000	75,000	75,000	75,000	75,000	74,429

(1) *Amounts have been restated to reflect the adoption of IFRS 17, but not IFRS 9 which is applied prospectively with effect from Jan 1, 2023. See Section 10 Accounting and Disclosure Matters.*
(2) *Amounts have not been restated to reflect the adoption of IFRS 9 and IFRS 17. See Section 10 Accounting and Disclosure Matters.*
(3) *This is a non-IFRS financial measure. See Section 10 Operating Metrics for details and an explanation of how it provides useful information to an investor.*
(4) *See Note 13 in the Company's Condensed Interim Consolidated Financial Statements for details on Loan payable.*

Insurance revenue has generally grown over time, and quarter over quarter reflecting growth in the business. Insurance service result has generally grown over time and quarter over quarter reflecting growth in the business, with the exception of Q4 2022, where the company experienced a write-down of reinsurance recoverables which caused the Insurance service result and Net income to be negative in that quarter. In Q1 2023, a loss from a run-off program caused a decline in Insurance service result compared to Q1 2022. Net income (loss) has also experienced volatility quarter over quarter as a result of the write down in Q4 2022, and the impact of the run-off program in Q1 2023. Total assets have generally grown over time and quarter over quarter as the business has grown. Total non-current financial liabilities reflect outstanding debt which has not changed during 2023 or 2022.

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

SECTION 10 – ACCOUNTING AND DISCLOSURE MATTERS

CHANGES IN ACCOUNTING POLICIES

a) ***IFRS 17 - Insurance Contracts ("IFRS 17")***

IFRS 17 replaces IFRS 4, *Insurance Contracts,* and became effective on January 1, 2023, with a transition date of January 1, 2022. IFRS 17 requires that the Company apply the standard retrospectively unless impracticable, in which case the Company may elect to use a modified retrospective or fair value method. The Company is applying the standard using a full retrospective approach, and has recognized any difference in equity. Presentation and disclosure on the financial statements has changed significantly, as described below, however the impact to total equity is not significant. The Company does not expect that the standard will have an impact to the business.

Presentation and disclosures

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

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

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

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

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

Retained earnings	
Closing balance under IFRS 4 (31 December 2021)	66,692
Impact of initial application of IFRS 17 related to the deferral of acquisition cash flows[1], tax effected	8,374
Impact of initial application of IFRS 17 related to the measurement of the LIC and reinsurance assets[2], tax effected	(1,049)
Total change to retained earnings	7,325
Opening balance under and IFRS 17 (1 January 2022)	74,017

(1) Under IFRS 17 Insurance acquisition cash flows attributable to insurance contracts issued are required to be deferred and amortized through insurance service expense. As a result, certain operating expenses which were previously expensed are now deferred and amortized.

(2) Under IFRS 17, the Reinsurance assets are lower than the equivalent measures under IFRS 4 as a result of a provision for non-performance.

Measurement model

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

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

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts assets that differ from insurance contracts issued, for example the recognition of expenses or reduction in expenses rather than revenue. For reinsurance contracts assets, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The Company measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the period, plus premiums received in the period, minus insurance acquisition cash flows paid or derecognized from insurance acquisition asset, plus any amounts relating to the amortization of the insurance acquisition cash flows recognized as an expense in the reporting period for the Company, plus any adjustment to the financing component, where applicable, minus the amount recognized as insurance revenue for the coverage period, minus any investment component paid or transferred to the liability for incurred claims

The Liability for incurred claims ("LIC") represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. The estimation process employed in determining future claims and loss adjustment expense ("LAE") payments includes consideration of individual case estimates of claims and LAE payments on reported claims, provision for future development of case estimates on reported claims, and provision for claims and LAE related to incurred but not reported ("IBNR") claims. Further provisions are made for the time value of money. The Company uses qualified actuaries in its reserving processes.

Discounting of insurance contract liabilities

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

Risk adjustment

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

For reinsurance contracts assets, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Onerous contracts

To determine if a group of contracts are onerous, the Company considers facts and circumstances based on the expected fulfilment cash flows, pricing data, the outcomes of similar contracts, and the operating and regulatory environment. At initial recognition, the Company assumes that no contracts are onerous, unless facts and circumstances indicate otherwise, as all the Company's contracts meet the PAA criteria. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the difference between fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group.

Insurance acquisition cash flows

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

Insurance revenue and Insurance service expenses

The Company recognizes insurance revenue for each period over the coverage period of a group of contracts. The Company recognizes groups of insurance contracts from the earliest of the following: the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group is due, or for a group of onerous contracts, when the group becomes onerous. Premiums are earned over the terms of the related policies, generally on a pro rata basis. There are some instances where premiums are earned over the term of the policy in accordance with the risk profile of those policies with more premiums being earned when the risk exposure from the policy is greatest.

Insurance service expenses consist of amortization of insurance acquisition cash flows, incurred claims and other insurance expenses, and losses on onerous groups of contracts and reversals of such losses.

Reinsurance contracts

A group of reinsurance contracts assets that covers the losses of separate insurance contracts on a proportionate basis is recognized at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract, and in all other cases, from the beginning of the coverage period of the group of contracts.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant possibility of becoming onerous, and the remainder.

Net income or expense from reinsurance contracts assets

The Company presents on the face of the statements of profit or loss and other comprehensive income, the income and expenses from a group of reinsurance contracts assets, other than insurance finance income or expenses, as a single amount, including the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. The Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk.

The Company records insurance finance income or expenses on insurance contracts issued in net income, including the impact of changes in market interest rates on the value of the insurance assets and liabilities.

b) IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and requires financial assets to be classified and measured at fair value, with changes in fair value through profit and loss ("FVTPL") as they arise, unless certain criteria are met for classifying and measuring the asset at either amortized cost or fair value through other comprehensive income ("FVOCI"). IFRS 9 also establishes new criteria for an expected credit loss ("ECL") model for the impairment assessment of financial assets held at amortized cost and at FVOCI. IFRS 9 was effective January 1, 2018, however, the IASB provided entities whose predominant activities are insurance an option to defer implementation of IFRS 9 to January 1, 2023 to coincide with the implementation of IFRS 17. The impact of new classification categories impacts unrealized gains or losses on certain items which were previously measured through OCI and will now be measured through net income, however, there is no impact to total equity or to the carrying value of any financial instruments as a result of the adoption of the new classification standard. The adoption of the standard does not have a material impact on the business.

Implementation update

The Company has adopted IFRS 9 effective January 1, 2023. The IFRS 17 amendment published by the IASB in December 2021 permitted an entity to apply a classification overlay in the comparative periods presented on initial application of IFRS 17 and IFRS 9, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities. Management has determined that as the Company's financial assets, that are related to insurance contract liabilities, were previously classified and measured on a fair value basis under IAS 39, the classification overlay's impact on mitigating an accounting mismatch for the Company is limited. Accordingly, the Company has elected not to restate comparative periods, as permitted by IFRS 9. The significant impacts of the adoption of IFRS 9 on the Company's consolidated financial statements are summarized below:

Classification and measurement

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

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

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

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

Classifications of financial instruments

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

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the Solely Payments of Principal and Interest ("SPPI") test or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

FVTPL financial instruments are carried at fair value and recognized on the trade date, with the changes in fair value recognized in net income. Transaction costs related to FVTPL financial instruments are expensed in net investment income.

ii) Fair Value Through Other Comprehensive Income ("FVOCI")

The Company applies this category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met: the instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

The Company also applies the new category under IFRS 9 for equity instruments when both of the following conditions are met: the instrument is not held for trading, and the Company has elected the OCI option for the instrument.

These instruments largely comprise certain Preferred shares that had previously been classified as available-for-sale under IAS 39. Equity instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

FVOCI financial instruments are carried at fair value and recognized on the trade date, with changes in fair value recorded as unrealized gains or losses in other comprehensive income. Transaction costs related to financial instruments classified as FVOCI are capitalized on initial recognition and, where applicable, amortized to interest income using the effective interest method.

iii) Amortized Cost

Debt instruments are held at amortized cost if both of the following conditions are met: the instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows, and the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments are held at amortized cost when they have fixed or determinable payments and are not quoted in an active market. Transaction costs are capitalized on initial recognition and are recognized in investment income using the effective interest rate method. The Company has classified Other assets (excluding derivative assets) as amortized cost. Derivative assets which are grouped with Other assets are carried at fair value.

Financial liabilities, such as Other liabilities are measured at amortized cost.

Derecognition of financial assets

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

Subsequent Measurement

i) Financial assets at FVTPL

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate on an effective interest rate basis. Dividend income from equity instruments measured at FVTPL is recorded in net income as other operating income when the right to the payment has been established.

ii) Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in net income in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to net income.

iii) Equity instruments at FVOCI

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Foreign exchange gains and losses are included as unrealized gains (losses) within OCI. Dividend income is recognized in net income in the same manner as for financial assets measured at amortized cost. No impairment or ECL calculation is performed for FVOCI equity instruments. On derecognition, cumulative gains or losses previously recognized in OCI are not reclassified from OCI to net income.

Expected credit loss ("ECL")

The impairment model for measuring impairment of financial assets changed from an incurred loss model under IAS 39 to an ECL model under IFRS 9. ECL is based on probability of default, loss given default and exposure at default inputs and takes into account the expected timing of the loss. The ECL model also incorporates forward-looking economic information. IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortized cost or FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

The majority of the Company's debt instruments at FVOCI comprise quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL basis.

As of January 1, 2023, the adoption of the ECL requirements of IFRS 9 has resulted in increases in impairment allowances in respect of the Company's debt instruments recognized through net income, with an offsetting movement through OCI.

Transition disclosures - IFRS 9

The following pages set out the impact of adopting IFRS 9 on the statement of financial position.

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

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of 1 January 2023 is, as follows:

	Measurement category		Carrying amount		
	IAS 39	**IFRS 9**	**IAS 39**	**Impact of IFRS 9**	**IFRS 9**
Cash and equivalents	Amortized cost	Amortized cost	406,368	-	406,368
Debt securities	AFS	FVOCI	582,729	(140,820)	441,909
		FVTPL	-	140,820	140,820
Preferred shares	AFS	FVOCI	101,106	(51,779)	49,327
		FVTPL	-	51,779	51,779
Common shares	AFS	n/a	34,401	(34,401)	-
		FVTPL	-	34,401	34,401
Alternatives	AFS	n/a	47,139	(47,139)	-
		FVTPL	-	47,139	47,139
			1,171,743	-	1,171,743

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

Impact of transition to IFRS 9 and IFRS 17 on AOCI and retained earnings

	Reserves and retained earnings
AOCI	
Closing balance under IAS 39 of unrealized gains in AOCI (31 December 2022)	(44,054)
Impact of initial application of IFRS 9 (1)	33,431
Deferred tax in relation to IFRS 9 application	(8,252)
Impact of initial application of IFRS 17	(112)
Opening balance under IFRS 9 (1 January 2023)	(18,987)
Retained earnings	
Closing balance under IAS 39 (31 December 2022)	91,343
Impact of initial application of IFRS 17(2)	14,494
Deferred tax in relation to IFRS 17 application	(4,025)
Impact of initial application of IFRS 9 (1)	(33,431)
Deferred tax in relation to IFRS 9 application	8,252
Opening balance under IFRS 9 and IFRS 17 (1 January 2023)	76,633
Total change in equity due to application of IFRS 9	-
Total change in equity due to application of IFRS 17	10,357

(1) Reflects movement of unrealized gains and losses between AOCI and retained earnings, as well as the impact of new ECL reserves.
(2) Reflects addition to equity primarily as a result of increases in deferred acquisition costs, now referred to insurance acquisition cash flows, as a result of an increasing amount of costs required to be deferred under IFRS 17 than under IFRS 4.

Changes in EPS are primarily as a result of an increase in deferred acquisition costs, now referred to insurance acquisition cash flows.

OPERATING METRICS

We use operating metrics to assess our operating performance.

Operating Metrics	Definition and *Usefulness*
BVPS	Shareholders' equity, divided by total number of shares outstanding. *Used to calculate the per-share value of a company based on equity available to common shareholders.*
Ceded Premiums Written	Premiums ceded to reinsurers in the period. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth and profitability.*
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. A measure to evaluate pre-tax underwriting profitability.*
Debt-to-Capital Ratio	Total Debt outstanding at the end of the reporting period, divided by sum of: Debt outstanding balance and Shareholders' equity.
Deferred Fee Income	Reflects unrecognized revenue associated with Fee income and is expected to be earned over the lifetime of the associated policies. *A precursor to Net income (expense) from reinsurance contracts assets, which can be used to assist with estimates of future pre-tax underwriting profitability.*
Expense Ratio	Insurance service expense plus Other operating expenses (net of Other income, which reflects surety fee income, in our Canadian operations) as a percentage of NPE. *A measure to evaluate pre-tax underwriting profitability.*
Fee Income	A portion of Net income or expense from reinsurance contracts assets, which reflects fees received from reinsurers paid in exchange for fronting services. *A measure used to evaluate profitability.*
Fees as a Percentage of Ceded Premium	Fee income, adjusted to reflect the portion of fee income bound in a period, rather than recognized as revenue in a period, divided by Ceded Premiums Written. *Illustrates the rate of fee income generated from ceded premium, and can supplement measurements of pre-tax underwriting profitability.*
Fronting Operational Ratio	The sum of Net claims expenses, Insurance service expense, and Other operating expenses divided by the sum of NPE and Fee income. *A measure of pre-tax underwriting profitability.*
Gross Premiums Written	Insurance revenue, adjusted to reflect insurance revenue bound in the period inclusive of any portion of that premium not yet recognized as revenue. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth.*
Loss Ratio	Net claims as a percentage of NPE. *A measure of claims used to evaluate pre-tax underwriting profitability.*
LTM Average Equity	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions and equity raises, if appropriate. *A measure used in calculating ROE and Operating ROE.*
MCT	Our regulated Canadian operations report the results of its MCT as prescribed by OSFI's Guideline A — Minimum Capital Test, as amended, restated or supplemented from time to time.

	MCT determines the supervisory regulatory capital levels required by our regulated Canadian operations.
Net Claims Expense	The portion of Insurance service expenses related to movement in the Liability for Incurred claims, less the portion of Net expense from reinsurance contracts assets related to the Asset for incurred claims, plus the finance (expense) income from insurance and reinsurance contracts. *A measure of pre-tax underwriting profitability.*
Net Premiums Earned	The sum of Net Premiums Written and an adjustment to reflect the portion of Net Premiums Written that has been recognized as revenue in a given period. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful to measure growth and profitability.*
Net Premiums Written	The difference of Gross Written Premium less Ceded Premiums Written. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth and profitability.*
Net Underwriting Income	Net Premiums Earned, less Insurance service expense, expense from reinsurance contracts assets, and Other operating expenses, plus Other income and Finance income (expense) from insurance or reinsurance contracts. *A measure of pre-tax underwriting profitability.*
Operating Net Income	Net income, adjusted to remove impact of certain items to normalize earnings in order to better reflect our North American specialty operations, which are considered core operations. Items which are not core to operations include Net gains (loss), ECL, Finance income (expense) from insurance/reinsurance contracts, and Net loss (gain) from life annuity. Adjustments also include items which may not be recurring, such as the write-down of reinsurance recoverables, loss from run-off programs, loss on sale of structured insurance assets, the impact of CAT Programs Reinsurance, and certain tax adjustments. Adjustments also include SBC. *A measure of after-tax profitability, used in calculating Operating EPS and Operating ROE.*
Operating ROE	ROE calculated using Operating net income for the twelve month period preceding the reporting date. *An alternate measure of after-tax profitability, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American operations.*
RBC	Our regulated US operations report the results of its RBC as prescribed by the NAIC's Risk-Based Capital for Insurers Model Act, as amended, restated or supplemented from time to time. *RBC determines the statutory minimum amount of capital required by our regulated US operations.*
Retention Rate	NPW as a percentage of GPW. *A measure of gross written premium that is not ceded to reinsurers, which can be used to evaluate insurance risk.*
ROE	Net income for the twelve month period preceding the reporting date, divided by LTM Average Equity. *A historical measure of after-tax profitability.*

These operating metrics are operating performance measures that highlight trends in our core business or are required ratios used to measure compliance with OSFI and other regulatory standards. Our Company also believes that securities analysts, investors and other interested parties use these operating metrics to compare our Company's performance against others in the specialty insurance industry. Our Company's management also uses these operating metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Such operating metrics should not be considered as the sole indicators of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.

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

NON-IFRS FINANCIAL MEASURES AND OTHER FINANCIAL MEASURES

We report certain financial information using non-IFRS financial measures. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. They are used by management and financial analysts to assess our performance.

Further, they provide users with an enhanced understanding of our results and related trends and increase transparency and clarity into the core results of the business.

Non-IFRS Financial Measures

Table 10.1 – Other operating expenses excluding SBC: useful to show growth in expenses excluding volatility from SBC due to movement in our share price, as we attempt to mitigate this item through the use of derivatives, whose offsetting movement is reflected in Net gains.

	Q1 2023	Q1 2022
Other operating expenses per financial statements	**(5,432)**	(4,335)
Less: SBC	**(3,370)**	(3,142)
Other operating expenses excluding SBC	**(8,802)**	(7,477)
Year-over-year % increase, Other operating expenses	**25.3%**	
Year-over-year % increase, Other operating expenses excluding SBC	**17.7%**	

Table 10.2.1 – Reconciliation of reported Net income to Operating net income(1): reflects Net income, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations.

	Q1 2023	Q1 2022
Net income (see Table 3.1)	**13,976**	23,338
Adjustments		
Run-off program	**14,691**	-
Impact of SBC, see Table 10.1	**(3,370)**	(3,142)
Finance expenses (income) from insurance and reinsurance contracts	**4,726**	(757)
Net losses, see Table 3.1	**2,215**	474
Net credit impairment losses, see Table 3.1	**149**	-
Net losses from life annuity	**-**	77
Tax impact of above items	**(3,774)**	667
Operating net income	**28,613**	20,657

(1) Operating net income, a component of Operating EPS, is a non-IFRS financial measure (details on Operating EPS presented in Table 10.2).

Table 10.2.2 – Reconciliation of reported US Net income to Adjusted net income: reflects Net income, adjusted for impact of run-off program to normalize earnings to core operations in order to better reflect our US operations.

	Q1 2023	Q1 2022
Net (loss) income (see Table 4.7)	**(1,742)**	7,772
Adjustments		
Run-off program	**14,691**	-
Tax impact	**(3,085)**	-
Adjusted net income	**9,864**	7,772

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

Table 10.3 – Reconciliation of Net gains to Net gains excluding derivative (gains) losses from SBC mitigation: represents realized gains and losses, impact of foreign exchange related to investment portfolio.

	Q1 2023	Q1 2022
Net losses, as presented in the financial statements	**(2,215)**	(474)
Derivative losses from SBC mitigation, from Table 10.8.2	**3,770**	4,121
Net gains excluding derivative losses, as presented in Table 5.1	**1,555**	3,647

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

	Q1 2023	Q1 2022
Average equity	**439,502**	332,856
Adjustments: days in quarter proration	**9,915**	10,131
LTM average equity, as presented in Table 10.4	**449,417**	342,987

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

(2) *LTM average equity, a component of ROE and Operating ROE, is a non-IFRS financial measure (details on ROE and Operating ROE presented in Table 10.4).*

Table 10.5.1 – Reconciliation of Insurance revenue to GPW, NPW, and NPE - Canada:

	Q1 2023	Q1 2022
Insurance revenue, as presented in the financial statements, note 16	**179,793**	134,956
Adjustment: Change in unearned gross premiums	**(2,392)**	4,680
Gross premiums written	**177,401**	139,636
Adjustment: Reinsurance premiums ceded	**(91,545)**	(64,768)
Net premiums written	**85,856**	74,868
Adjustment: Change in unearned net premiums	**884**	(5,913)
Net premiums earned	**86,740**	68,955

Table 10.5.2 – Reconciliation of Insurance revenue to GPW – United States:

	Q1 2023	Q1 2022
Insurance revenue, as presented in the financial statements, note 16	**459,307**	268,713
Adjustment: Change in unearned gross premiums	**23,748**	73,031
Gross premiums written	**483,055**	341,744
Adjustment: Reinsurance premiums ceded	**(455,847)**	(308,442)
Net premiums written	**27,208**	33,302
Adjustment: Change in unearned net premiums	**24,149**	(13,908)
Net premiums earned	**51,357**	19,394

Table 10.5.3 – Net underwriting income - Canada

	Q1 2023	Q1 2022
Line items, as presented in the financial statements, note 16:		
Insurance service result	**18,157**	15,446
Other operating expenses	**(4,765)**	(4,195)
Other income	**5,178**	4,342
Net underwriting income	**18,570**	15,593

Table 10.5.4 – Net underwriting income - United States

	Q1 2023	Q1 2022
Line items, as presented in the financial statements, note 16:		
Insurance service result	**(1,429)**	11,447
Other operating expenses	**(3,310)**	(2,371)
Net underwriting income	**(4,739)**	9,076

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

Table 10.5.5 – Reconciliation of Net expense from reinsurance contracts assets to Fee income – United States:

	Q1 2023	Q1 2022
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(75,188)**	(15,412)
Finance income (expenses) from reinsurance contracts, as presented in the financial statements, note 16	**28,512**	(8,603)
Subtotal	**(46,676)**	(24,015)
Adjustment: Ceded commissions, Ceded claims, Ceded premiums earned, and Other directly attributable expenses - reinsurance	**64,672**	37,900
Fee income, as presented in Table 4.7	**17,996**	13,885

Table 10.5.6 – Reconciliation of GPW and NPW to Ceded reinsurance written premium – United States: used in the calculation of Fees as a percentage of ceded premiums.

	Q1 2023	Q1 2022
Gross premiums written, as presented in Table 10.5.2	**483,055**	341,744
Less: Net premiums written, as presented in Table 10.5.2	**(27,208)**	(33,302)
Ceded reinsurance premiums written	**455,847**	308,442

Table 10.6.1 – Reconciliation of Insurance service expenses and Net income (expense) from reinsurance contracts assets to Net claims and loss adjustment expenses - Canada: used in the calculation of Net underwriting income and Loss ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(114,882)**	(71,609)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	**(5,165)**	(407)
Subtotal	**(120,047)**	(72,016)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses	**74,249**	54,140
Gross claims and loss adjustment expenses	**(45,798)**	(17,876)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(46,754)**	(47,901)
Finance income from reinsurance contracts, as presented in the financial statements, note 16	**3,390**	538
Subtotal	**(43,364)**	(47,363)
Adjustment: Ceded commissions and Ceded premiums earned	**76,537**	55,039
Ceded claims and loss adjustment expenses	**33,173**	7,676
Net claims and loss adjustment expenses	**(12,625)**	(10,200)

Table 10.6.2 – Reconciliation of Insurance service expenses and Net income (expense) from reinsurance contracts assets to Net claims and loss adjustment expenses – United States: used in the calculation of Net underwriting income and Loss ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(385,548)**	(241,854)
Finance (expenses) income from insurance contracts, as presented in the financial statements, note 16	**(31,463)**	9,229
Subtotal	**(417,011)**	(232,625)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses - insurance	**106,617**	68,850
Gross claims and loss adjustment expenses	**(310,394)**	(163,775)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(75,188)**	(15,412)
Finance income (expenses) from reinsurance contracts, as presented in the financial statements, note 16	**28,512**	(8,603)
Subtotal	**(46,676)**	(24,015)
Adjustment: Ceded commissions, Ceded premiums earned, Fee income, and Other directly attributable expenses - reinsurance	**312,761**	175,881
Ceded claims and loss adjustment expenses	**266,085**	151,866
Net claims and loss adjustment expenses	**(44,309)**	(11,909)

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

Table 10.6.3 – Reconciliation of Insurance service expenses and Net income (expense) from reinsurance contracts assets to Net commissions – Canada: used in the calculation of Net underwriting income and Expense ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(114,882)**	(71,609)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	**(5,165)**	(407)
Subtotal	**(120,047)**	(72,016)
Adjustment: Gross claims and loss adjustment expenses, Premium taxes, and Other directly attributable expenses	**62,175**	29,812
Gross commissions	**(57,872)**	(42,204)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(46,754)**	(47,901)
Finance income from reinsurance contracts, as presented in the financial statements, note 16	**3,390**	538
Subtotal	**(43,364)**	(47,363)
Adjustment: Ceded claims and loss adjustment expenses and Ceded premiums earned	**59,880**	58,325
Ceded commissions	**16,516**	10,962
Net commissions	**(41,356)**	(31,242)

Table 10.6.4 – Reconciliation of Insurance service expenses and Net income (expense) from reinsurance contracts assets to Net commissions – United States: used in the calculation of Net underwriting income and Expense ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(385,548)**	(241,854)
Finance (expenses) income from insurance contracts, as presented in the financial statements, note 16	**(31,463)**	9,229
Subtotal	**(417,011)**	(232,625)
Adjustment: Gross claims and loss adjustment expenses, Premium taxes, and Other directly attributable expenses - insurance	**312,875**	166,423
Gross commissions	**(104,136)**	(66,202)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(75,188)**	(15,412)
Finance income (expenses) from reinsurance contracts, as presented in the financial statements, note 16	**28,512**	(8,603)
Subtotal	**(46,676)**	(24,015)
Adjustment: Ceded claims and loss adjustment expenses, Ceded premiums earned, Fee income, and Other directly attributable expenses - reinsurance	**126,018**	83,568
Ceded commissions	**79,342**	59,553
Net commissions	**(24,794)**	(6,649)

Table 10.6.5 – Reconciliation of Insurance service expenses to Premium taxes and Other directly attributable expenses – Canada: used in the calculation of Net underwriting income and Expense ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(114,882)**	(71,609)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	**(5,165)**	(407)
Subtotal	**(120,047)**	(72,016)
Adjustment: Gross commissions and Gross claims and loss adjustment expenses	**103,670**	60,081
Premium taxes and Other directly attributable expenses	**(16,377)**	(11,936)

Table 10.6.6 – Reconciliation of Insurance service expenses to Premium taxes and Other directly attributable expenses – United States: used in the calculation of Net underwriting income and Fronting Operational ratio**.**

	Q1 2023	Q1 2022
Insurance service expenses, as presented in the financial statements, note 16	**(385,548)**	(241,854)
Finance (expenses) income from insurance contracts, as presented in the financial statements, note 16	**(31,463)**	9,229
Subtotal	**(417,011)**	(232,625)
Adjustment: Gross commissions and Gross claims and loss adjustment expenses	**414,531**	229,977
Premium taxes and Other directly attributable expenses - insurance	**(2,480)**	(2,648)

Non-IFRS Ratios

Table 10.2 – Operating earnings per common share: reflect EPS, adjusted for certain items to normalize earnings to core operations in order to better reflect our North American specialty operations; a measure of after-tax profitability.

	Q1 2023	Q1 2022
Operating net income	**28,613**	20,657
Weighted-average number of common shares outstanding – basic (in thousands of shares)	**45,887**	41,175
Operating earnings per common share – basic (in dollars)	**0.62**	0.50
Operating net income	**28,613**	20,657
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	**46,788**	42,161
Operating earnings per common share – diluted (in dollars)	**0.61**	0.49

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

	Q1 2023	Q1 2022(1)
LTM net income	**18,433**	64,291
LTM average equity, from Table 10.4.1	**449,417**	342,987
ROE(1)	**4.1%**	18.7%
LTM net income	**18,433**	64,291
Adjustments:		
Write down on reinsurance recoverables	**81,473**	-
Impact of SBC	**1,256**	2,349
Loss on sale of structured insurance assets	**-**	1,336
ECL	**149**	-
Net gains	**(7,061)**	(10,175)
Net losses from life annuity	**-**	2,091
Finance income (expense) from insurance/reinsurance contracts	**3,666**	-
Loss from run-off program	**14,691**	-
Impact of Catastrophe programs reinsurance	**-**	2,158
Tax impact of above items	**(19,940)**	1,331
Adjustments relating to income tax benefits	**-**	(936)
Operating LTM net income(2)	**92,666**	62,445
LTM average equity, from Table 10.4.1	**449,417**	342,987
Operating LTM ROE(2)	**20.6%**	18.2%

(1) Q1 2022 balances have not been restated to conform with adoption of new accounting standards.
(2) Operating LTM net income, a component of Operating LTM ROE, is a non-IFRS financial measure.

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

Table 10.5 – Loss ratio and Expense ratio - Canada

	Q1 2023	Q1 2022
Loss ratio		
Net claims, as presented in Table 10.6.1	**12,625**	10,200
Net premiums earned, as presented in Table 10.5.1	**86,740**	68,955
Loss ratio	**14.6%**	14.8%
Expense ratio		
Net commissions, as presented in Table 10.6.3	**41,356**	31,242
Premium taxes and Other directly attributable expenses, as presented in Table 10.6.5	**16,377**	11,936
Other operating expenses, as presented in the financial statements, note 16	**4,765**	4,195
Less: Fee income, as presented in the financial statements, note 16	**(5,178)**	(4,342)
Subtotal	**57,320**	43,031
Net premiums earned, as presented in Table 10.5.1	**86,740**	68,955
Expense ratio	**66.1%**	62.4%
Combined ratio	**80.7%**	77.2%

Table 10.6 – Loss ratio and Fronting operational ratio - United States

	Q1 2023	Q1 2022
Loss ratio		
Net claims, as presented in Table 10.6.2	**44,309**	11,909
Net premiums earned, as presented in Table 10.5.2	**51,357**	19,394
Loss ratio	**86.3%**	61.4%
Fronting operational ratio		
Net claims, as presented in Table 10.6.2	**44,309**	11,909
Net commissions, as presented in Table 10.6.4	**24,794**	6,649
Premium taxes and Other directly attributable expenses - insurance, as presented in Table 10.6.6	**2,480**	2,648
Other directly attributable expenses - reinsurance(1)	**2,150**	-
Other operating expenses, as presented in the financial statements, note 16	**3,310**	2,371
Subtotal	**77,043**	23,577
Net premiums earned, as presented in Table 10.5.2	**51,357**	19,394
Fee income, as presented in Table 10.5.5	**17,996**	13,885
Subtotal	**69,353**	33,279
Fronting operational ratio	**111.1%**	70.8%

(1) Other directly attributable expenses - reinsurance represent a write-down of reinsurance recoverables.

Table 10.7 – Retention rate and Fees as a percentage of ceded premium - United States

	Q1 2023	Q1 2022
Retention rate		
Net premiums written, as presented in Table 10.5.2	**27,208**	33,302
Gross premiums written, as presented in Table 10.5.2	**483,055**	341,744
Retention rate	**5.6%**	9.7%
Fees as a percentage of ceded premium		
Gross fee income	**19,361**	16,587
Ceded written premium, as presented in Table 10.5.6	**455,847**	308,442
Fees as a percentage of ceded premium	**4.2%**	5.4%

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

Additional Information

Table 10.7.1 – Reconciliation of Note 16 – Segmented information in the Company's Condensed Interim Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.2 and 4.7)

	For the three months ended March 31, 2023		
	FS Note 16 – Income (loss) before tax	Tax impact	MD&A Table 4.2 and 4.7 – Net income (loss)
Trisura Canada	22,379	(5,854)	16,525
Trisura US	(2,249)	507	(1,742)

Table 10.7.2 – Reconciliation of Note 16 – Segmented information in the Company's Condensed Interim Consolidated Financial Statements to results including tax impacts (as per MD&A Table 4.2 and 4.7)

	For the three months ended March 31, 2022		
	FS Note 16 – Income before tax	Tax impact	MD&A Table 4.2 and 4.7 – Net income
Trisura Canada	21,443	(5,480)	15,963
Trisura US	9,763	(1,991)	7,772

Corporate and Other

Table 10.8.1 – Reconciliation of Note 16 – Segmented information to Section 4 – Corporate and Other Table 4.9

	Q1 2023	Q1 2022
Other operating expenses Corporate and other, as presented in Note 16 - Segmented Information	**2,643**	2,231
Insurance service expense – Reinsurance	**(12)**	(92)
Derivative losses from mitigation strategies(1)	**(3,770)**	(4,121)
Net expenses, as presented in Table 4.9	**(1,139)**	(1,982)

(1) Derivative losses from SBC mitigation are presented in Net gains in the Condensed Interim Consolidated Financial Statements.

Table 10.8.2 – Reconciliation from SBC, gross of mitigation strategies to SBC, net of mitigation strategies

	Q1 2023	Q1 2022
SBC, gross of mitigation strategies(2)	**3,370**	3,142
Add: Derivative losses from mitigation strategies(3)	**(3,770)**	(4,121)
SBC, net of mitigation strategies as presented in Table 4.9	**(400)**	(979)

(2) Included in Other operating expenses in Corporate and Other segment of FS Note 16.
(3) Derivative losses from mitigation strategies are presented in Net gains 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: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available for Sale Financial Asset
BVPS	Book Value Per Share
D&O	Directors' and Officers' insurance
E&O	Errors and Omissions Insurance
EPS	Diluted Earnings Per Share
Fronted lines	Fronted lines are referring to US Fronting and Canadian Fronting
FVTPL	Fair Value Through Profit & Loss
FVTOCI	Fair Value Through Other Comprehensive Income
GPW	Gross Premium Written
LAE	Loss Adjustment Expenses
LTM	Last Twelve Months
MCT	Minimum Capital Test
MGA	Managing General Agent
n/a	not applicable
nm	not meaningful
NPE	Net Premiums Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
Primary lines	Primary lines are lines of insurance business not classified as fronting, such as Surety, Corporate Insurance, and Risk Solutions – Warranty.
pts	Percentage points
Q1, Q2, Q3, Q4	The three months ended March 31, June 30, September 30 and December 31 respectively
Q2 YTD	The six months ended June 30
Q3 YTD	The nine months ended September 30
Q4 YTD	The twelve months ended December 31
ROE	Return on Shareholders' Equity over the last twelve months
RSUs	Equity-settled restricted share units
USD	United States Dollar
YTD	Year to Date