



Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended June 30, 2024

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Trisura Group Ltd. for the three and six months ended June 30, 2024. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2024 and the audited Consolidated Financial Statements for the year ended December 31, 2023.

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 August 1, 2024. Additional information is available on SEDAR+ at www.sedarplus.ca.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TABLE OF CONTENTS

SECTION 1 – OVERVIEW	3
OUR BUSINESS	3
SECTION 2 – FINANCIAL HIGHLIGHTS	4
SECTION 3 – FINANCIAL PERFORMANCE REVIEW	5
INCOME STATEMENT ANALYSIS	5
SPECIALTY P&C	9
TRISURA SPECIALTY	10
TRISURA US PROGRAMS	15
CORPORATE AND OTHER	19
SECTION 4 – INVESTMENT PERFORMANCE REVIEW	20
OVERVIEW	20
INVESTMENT PERFORMANCE	20
SECTION 5 – OUTLOOK & STRATEGY	22
INDUSTRY	22
OUTLOOK AND STRATEGY	23
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE	24
SECTION 6 – FINANCIAL CONDITION REVIEW	26
BALANCE SHEET ANALYSIS	26
SHARE CAPITAL	27
LIQUIDITY	27
CAPITAL	27
SUMMARY OF CASH AND INVESTMENTS	28
SECTION 7 – RISK MANAGEMENT	28
RISKS AND UNCERTAINTIES	28
SECTION 8 – OTHER INFORMATION	29
RATINGS	29
CASH FLOW SUMMARY	29
FINANCIAL INSTRUMENTS	30
SECTION 9 – SUMMARY OF RESULTS	31
SELECTED QUARTERLY RESULTS	31
SECTION 10 – ACCOUNTING AND DISCLOSURE MATTERS	32
OPERATING METRICS	32
NON-IFRS FINANCIAL MEASURES AND OTHER FINANCIAL MEASURES	34
SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION	41
GLOSSARY OF ABBREVIATIONS	42

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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 Canadian and US specialty insurance companies. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 18 years of operation. Our US specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states. Our US specialty insurance company can also write business on an admitted basis in 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.

Effective Q2 2024, we have refined the naming convention used for our operating segments. What was previously referred to as Trisura Canada has been renamed Trisura Specialty and includes US generated business in the Surety and Corporate Insurance lines. Trisura US has been renamed Trisura US Programs, acknowledging the range of structures in the segment. There have been no changes to what is operationally reflected in the two segments.

SECTION 2 – FINANCIAL HIGHLIGHTS IN Q2 2024

- ✓ Insurance revenue of \$772.2 million, increased by 16.2% compared to Q2 2023, demonstrating continued momentum across the organization.
- ✓ Net income of \$27.1 million was comparable to Q2 2023 as Q2 2023 included certain one-time gains. Operating net income⁽¹⁾ of \$31.3 million increased 20.1% over Q2 2023 as a result of growth in the business, growing earnings from US Programs and higher Net investment income.
- ✓ EPS of \$0.56 in the quarter was comparable to Q2 2023 as growth of the business was offset by one-time gains in Q2 2023 and greater shares outstanding. Operating EPS⁽²⁾ of \$0.65 in the quarter increased by 16.1% demonstrating the profitability of core operations⁽³⁾ through continued growth and profitability, despite an increase in shares outstanding.
- ✓ ROE⁽⁴⁾ was 14.4% as at Q2 2024 demonstrating a return to our mid-teens target despite the impact of the run-off program in 2023. Operating ROE⁽²⁾ of 19.6% was comparable to Q2 2023.
- ✓ BVPS⁽⁴⁾ of \$14.56 increased by 26.3% over Q2 2023, primarily the result of earnings in the Trisura Specialty operations, higher Net investment income and the equity raise in Q3 2023.
- ✓ Trisura Specialty:
 - Insurance revenue growth of 21.3% in the quarter reflects increased market share, expansion of distribution and fronting relationships, and growth of US Surety.
 - Combined ratio⁽²⁾ of 89.8% was driven by a higher Expense ratio, which was the result of a shift in business mix towards fronting, which has higher variable expenses, and certain one-time expenses as well as marginally higher Loss ratio.
 - Net income of \$16.6 million drove a 28.4% ROE. Operating net income of \$18.4 million increased 14.1% over Q2 2023 and resulted in a 27.5% Operating ROE.
- ✓ Trisura US Programs:
 - Insurance revenue of \$533.7 million in the quarter grew by 14.1% over Q2 2023, as a result of favourable market conditions, and maturation of existing programs.
 - Fee income⁽¹⁾ in the quarter of \$22.1 million reflects a larger premium base and a 16.7% increase over Q2 2023.
 - Net income of \$11.4 million was less than Q2 2023 as net income in Q2 2023 was impacted by a positive contribution from the run-off program. Operating net income of \$13.5 million increased 20.9% as a result of growth in the business.
- ✓ Net investment income growth of 42.0% in the quarter was driven by higher yields and a larger portfolio.
- ✓ In the quarter, Trisura continued the process of expanding its licensing and rate filing for US Corporate Insurance, and has added \$55 million USD of additional capital to its new surety balance sheet in the US.
- ✓ In the quarter, we increased the capacity of our revolving credit facility to \$75 million.

(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 – Accounting and Disclosure Matters 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 – Accounting and Disclosure Matters for details on composition, as well as each non-IFRS financial measure used as a component of the ratio, and an explanation of how it provides useful information to an investor.

(3) See Section 10 – Accounting and Disclosure Matters, definition of Operating Net Income, for further explanation of “core operations”.

(4) These are supplementary financial measures. Refer to Section 10 – Accounting and Disclosure Matters for its composition.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SECTION 3 – FINANCIAL PERFORMANCE REVIEW

INCOME STATEMENT ANALYSIS

Table 3.1

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	772,249	664,420	107,829	16.2%	1,516,515	1,303,520	212,995	16.3%
Insurance service expenses	(582,657)	(567,217)	(15,440)	2.7%	(1,163,597)	(1,067,660)	(95,937)	9.0%
Net expense from reinsurance contracts assets	(158,187)	(57,491)	(100,696)	175.2%	(286,065)	(179,433)	(106,632)	59.4%
Insurance service result	31,405	39,712	(8,307)	(20.9%)	66,853	56,427	10,426	18.5%
Operating insurance service result⁽¹⁾	34,621	33,083	1,538	4.7%	73,783	64,489	9,294	14.4%
Net investment income	16,902	11,899	5,003	42.0%	33,655	21,970	11,685	53.2%
Net gains (losses)	462	(6,867)	7,329	nm	12,738	(9,082)	21,820	nm
Net credit impairment (losses) reversals	(150)	376	(526)	nm	(1,980)	227	(2,207)	nm
Total investment income	17,214	5,408	11,806	218.3%	44,413	13,115	31,298	238.6%
Finance expenses from insurance contracts	(5,493)	(10)	(5,483)	nm	(42,151)	(36,638)	(5,513)	15.0 %
Finance income (expenses) from reinsurance contracts	3,894	(277)	4,171	nm	36,694	31,625	5,069	16.0%
Net insurance finance expenses	(1,599)	(287)	(1,312)	457.1%	(5,457)	(5,013)	(444)	8.9%
Net financial result	15,615	5,121	10,494	204.9%	38,956	8,102	30,854	380.8%
Net insurance and financial result	47,020	44,833	2,187	4.9%	105,809	64,529	41,280	64.0%
Other income	837	902	(65)	(7.2%)	6,182	6,080	102	1.7%
Other operating expenses	(10,060)	(10,075)	15	(0.2%)	(25,072)	(15,507)	(9,565)	61.7%
Other finance costs	(711)	(601)	(110)	18.3%	(1,325)	(1,201)	(124)	10.3%
Income before income taxes	37,086	35,059	2,027	5.8%	85,594	53,901	31,693	58.8%
Income tax expense	(9,945)	(8,252)	(1,693)	20.5%	(22,020)	(13,118)	(8,902)	67.9%
Net income	27,141	26,807	334	1.2%	63,574	40,783	22,791	55.9%
Operating net income⁽²⁾	31,253	26,032	5,221	20.1%	64,441	52,602	11,839	22.5%
Other comprehensive income (loss)	3,370	(9,871)	13,241	nm	12,309	(3,950)	16,259	nm
Comprehensive Income	30,511	16,936	13,575	80.2%	75,883	36,833	39,050	106.0%
Earnings per common share - diluted - in dollars	0.56	0.57	(0.01)	(1.8%)	1.31	0.87	0.44	50.6%
Operating earnings per common share - diluted - in dollars	0.65	0.56	0.09	16.1%	1.33	1.13	0.20	17.7%
Book value per share – in dollars	14.56	11.53	3.03	26.3%	14.56	11.53	3.03	26.3%
ROE	14.4 %	4.9 %	n/a	9.5pts	14.4 %	4.9 %	n/a	9.5pts
Operating ROE⁽³⁾	19.6 %	19.2 %	n/a	0.4pts	19.6 %	19.2 %	n/a	0.4pts

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

(2) This is a non-IFRS financial measure. See Table 10.2.1 in Section 10 – Accounting and Disclosure Matters for details on composition and an explanation of how it provides useful information to an investor.

(3) This is a non-IFRS ratio. See Table 10.4 in Section 10 – Accounting and Disclosure Matters 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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Insurance Revenue

Insurance revenue increased in the quarter and YTD period as a result of growth led by expansion of Fronting and Surety, supported by Warranty.

Insurance Service Expenses

Insurance service expenses increased in the quarter and YTD period as a result of growth in the business, as commissions grew accordingly and claims expense grew for the YTD period.

Net expense from reinsurance contracts assets

Net expense from reinsurance contracts assets increased in the quarter and YTD period as a result of growth in the business, and in particular from US Programs.

Insurance Service Result

Insurance service result in the quarter decreased compared to Q2 2023 despite growth in the business as a result of a one-time gain in Q2 2023 in US Programs and a higher combined ratio in Canadian Fronting. Insurance service result increased for the YTD period as a result of growth in the business. Operating insurance service result, which excludes the impact of one-time gains, was greater for the quarter and YTD period, as a result of growth in the business.

Net investment income, Net gains (losses) and Net credit impairment (losses) reversals

See Section 4 – Investment Performance Review.

Finance expenses from insurance contracts

Finance expenses from insurance contracts was an expense in the quarter reflecting the unwinding of discounted claims marginally offset by an upward shift in yield curves in the quarter, which impacted the rates at which claims were discounted. Finance expenses from insurance contracts was greater than Q2 2023, as the impact of the movement in yield curves was significantly greater in Q2 2023 as a result of significant upward movement in yield curves in that period. Finance expense from insurance contracts was an expense for the YTD period, reflecting the unwinding of discounted claims, offset by an upward shift in the yield curves, which impacted the rates at which claims were discounted. Finance expense from insurance contracts for the YTD period was greater than the prior year as a result of growth in insurance contract liabilities.

Finance income (expenses) from reinsurance contracts

Finance income (expenses) from reinsurance contracts was a recovery in the quarter reflecting the unwinding of discounted ceded claims, marginally offset by an upward shift in yield curves in the quarter, which impacted the rates at which ceded claims were discounted. Finance income from reinsurance contracts was greater than Q2 2023, as the impact of movement in yield curves was significantly greater in Q2 2023 as a result of significant upward movement in yield curves in that period. Finance income from reinsurance contracts was a recovery for the YTD period reflecting the unwinding of discounted ceded claims, offset by an upward shift in the yield curves, which impacted the rates at which claims were discounted. Finance income from reinsurance contracts for the YTD period was greater than the prior year reflecting growth in reinsurance contract assets.

Net Insurance and Financial Result

Net insurance and financial result increased in the quarter as a result of growth in the business, higher Net gains and higher Net investment income. Net insurance and financial result increased for the YTD period compared to 2023 as a result of growth of the business, higher Net investment income, higher Net gains (losses) and greater profitability from US Programs.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Other Income

Other income consists of fees for surety services. Other income was roughly flat in the quarter and YTD periods, reflecting a similar amount of fee generating activity over the periods. Q1 is the most significant quarter for surety fee income.

Other operating expenses

Other operating expenses were flat in the quarter compared to Q2 2023, as a result of movement in the value of share based compensation ("SBC"). Other operating expense for the YTD period grew as a result of growth in the business, as well as the impact of movement in the value of SBC.

The growth in Other operating expenses in the quarter was impacted by SBC, as the change in value of our share price led to an increase in the value of certain outstanding options and other forms of SBC. Other operating expenses excluding SBC⁽¹⁾ increased 17.0% in the quarter and 27.5% YTD 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 gains (losses). The impact of Corporate and other costs, net of mitigation is shown in Section 3 – Performance Review, Corporate and Other.

Income tax expense

Income tax expense was greater in the quarter and YTD period compared to 2023 as a result of higher Net income before taxes, as well as certain non-recurring tax payments incurred in Q2 2024. For additional information, see Note 17 of the Condensed Interim Consolidated Financial Statements.

Net income, Operating Net Income

Net income was greater in the quarter as a result of growth in the business, higher Net gains (losses), and higher Net investment income. Net income was greater for the YTD period as a result of growth in the business, higher Net gains (losses), higher Net investment income and higher profitability from Trisura US Programs. Operating net income increased in the quarter as a result of growth in Trisura Specialty and the Trisura US Programs, improved profitability in Trisura US Programs and growth in Net investment income. Operating net income increased for the YTD period as a result of growth in Trisura Specialty and the Trisura US Programs, improved profitability in Trisura US Programs, and growth in Net investment income.

Other comprehensive income (loss)

See Section 4 – Investment Performance Review.

(1) Other operating expenses excluding SBC is a non-IFRS financial measure, see Table 10.1 in Section 10 – Accounting and Disclosure Matters for details on composition.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

EPS, Operating EPS, BVPS, ROE, Operating ROE

EPS of \$0.56 in the quarter was roughly flat compared to the prior year, as a result of growth in the business, which was offset by one-time gains in the Trisura US Programs in Q2 2023. EPS of \$1.31 for the YTD period increased over the prior year as a result of growth in the business, higher Net gains (losses), higher Net investment income, and improved profitability at Trisura US Programs.

Operating EPS is meant to reflect EPS, adjusted for certain items to normalize earnings in order to reflect our specialty core operations. A detailed reconciliation between EPS and Operating EPS is included in Section 10 – Accounting and Disclosure Matters, under Non-IFRS ratios. Operating EPS grew by 16.1% in the quarter, despite an increase in the number of shares outstanding, primarily due to growth in the business in both Trisura Specialty and the Trisura US Programs, higher Net investment income and improved profitability in Trisura US Programs. Operating EPS grew for the YTD period as a result of growth in the business, improved profitability in Trisura US Programs, and higher Net investment income.

BVPS increased by 26.3% over Q2 2023 primarily as a result of strong earnings in the Trisura Specialty operations, higher Net investment income, and the equity raise in Q3 2023.

ROE increased compared to the prior year primarily due to improved profitability in the Trisura US Programs. Operating ROE was comparable to Q2 2023, as strong profitability from core operations continued.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SPECIALTY P&C

Our Specialty P&C business consists of Surety, written in Canada and the US, as well as Warranty, Canadian Fronting and Corporate Insurance which we primarily write in Canada, together these lines are referred to as Trisura Specialty. Our Specialty P&C business also consists of a broad range of admitted and surplus lines in the US written through a fronting model, referred to as the Trisura US Programs.

The table below provides a split of our Specialty P&C Insurance revenue for Q2 2024.

Table 3.2

Insurance revenue	Q2 2024	Q2 2023	% growth over prior year	Q2 2024 YTD	Q2 2023 YTD	% growth over prior year
Surety	41,314	34,760	18.9%	76,165	62,283	22.3%
Warranty	30,000	26,556	13.0%	59,042	53,075	11.2%
Canadian Fronting	126,044	95,020	32.6%	239,704	181,962	31.7%
Corporate Insurance	41,144	40,232	2.3%	85,447	79,041	8.1%
US Programs	533,747	467,852	14.1%	1,056,157	927,159	13.9%
Total Insurance revenue	772,249	664,420	16.2%	1,516,515	1,303,520	16.3%

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA SPECIALTY

The table below presents financial highlights for our Trisura Specialty operations.

Table 3.3

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	238,502	196,568	41,934	21.3%	460,358	376,361	83,997	22.3%
Insurance service expense	(168,106)	(140,884)	(27,222)	19.3%	(322,542)	(255,766)	(66,776)	26.1%
Net expense from reinsurance contracts assets	(53,221)	(35,356)	(17,865)	50.5%	(99,847)	(82,110)	(17,737)	21.6%
Insurance service result	17,175	20,328	(3,153)	(15.5)%	37,969	38,485	(516)	(1.3)%
Operating Insurance service result	19,710	20,328	(618)	(3.0)%	40,504	38,485	2,019	5.2%
Other income ⁽¹⁾	837	902	(65)	(7.2)%	6,182	6,080	102	1.7%
Net income	16,566	13,517	3,049	22.6%	39,067	30,042	9,025	30.0%
Operating net income ⁽²⁾	18,414	16,143	2,271	14.1%	38,809	32,765	6,044	18.4%
Loss ratio	19.6%	18.7%		0.9pts	17.7%	16.7%		1.0pts
Expense ratio	70.2%	64.2%		6.0pts	68.3%	65.1%		3.2pts
Combined ratio ⁽³⁾	89.8%	82.9%		6.9pts	86.0%	81.8%		4.2pts
Operating combined ratio ⁽³⁾⁽⁴⁾	87.5%	82.8%		4.7pts	84.8%	81.8%		3.0pts
ROE	28.4%	26.7%		1.7pts	28.4%	26.7%		1.7pts
Operating ROE ⁽⁴⁾	27.5%	28.4%		(0.9pts)	27.5%	28.4%		(0.9pts)

(1) Other income, refers to fees for surety services.

(2) This is a non-IFRS financial measure. See Table 10.2.2 in Section 10 – Accounting and Disclosure Matters for details on composition and an explanation of how it provides useful information to an investor.

(3) This is a non-IFRS ratio. See Section 10 – Accounting and Disclosure Matters, 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) Operating combined ratio and Operating ROE exclude the impact of certain items to normalize results in order to reflect our Trisura Specialty operations.

Insurance revenue growth continued across all lines in the quarter and YTD periods, led by Surety and Canadian Fronting. Growth in Surety reflects continued expansion of our market share, higher construction values which increases the amount of premium charged, and strong premium growth from our Surety business in the US. Canadian Fronting continued to grow as a result of continued growth of certain fronting relationships. Warranty insurance revenue grew in the quarter as a result of growth in certain programs. Growth in Corporate Insurance for the quarter was impacted by balancing market conditions in certain segments of the line, while growth continued due to expansion of our distribution partnerships.

Insurance service expense was higher for the quarter and YTD periods than the prior year, as a result of growth in the business, as well as a slightly higher Loss ratio. The Expense ratio in the quarter and YTD period was greater than the prior year as a result of some non-recurring costs associated with certain changes in reinsurance structures, start-up costs associated with US Corporate Insurance, and a shift in the business mix towards fronting, which has a higher Expense ratio.

Net expense from reinsurance contracts assets increased for the quarter and YTD period as reinsurance ceded increased compared to the prior period, reflecting growth in the business.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA SPECIALTY (CONTINUED)

Insurance service result decreased for the quarter and YTD period as a result of the impact of non-recurring costs, as well as higher US Corporate Insurance start up costs, and a higher Loss ratio. Operating insurance service result was lower than the prior year for the quarter as a result of a higher Loss ratio. Operating insurance service result was greater than the prior year for the YTD period as a result of growth in the business. The Loss ratio increased slightly in the quarter as a result of higher Loss ratios in Corporate Insurance. The Loss ratio for the YTD period was greater than the prior year as a result of a higher Loss ratio in Surety and Corporate Insurance.

Other income, which reflects fees for surety services, was approximately the same as the prior year which reflects a similar level of fee-generating activity for the quarter and YTD periods.

The Combined ratio was greater than the prior year quarter and YTD period as a result of a higher Loss ratio and Expense ratio, the reasons for which are described above. The Operating combined ratio was greater than the prior year for the quarter and YTD period as a result of start-up costs associated with US Corporate Insurance, and a shift in the business mix towards fronting, which has a higher Expense ratio.

Net income grew in the quarter and YTD period as a result of growth in the business, higher Net investment income, and higher Net gains (losses). Operating net income removes the impact of Net gains (losses) on the investment portfolio, which includes unrealized gains or losses, as well as the impact of non-recurring surety revenue, as well as other one-time items, and the impact of yield curve movement on claims. Operating net income grew for the quarter and YTD period as a result of growth in the business, strong underwriting and higher Net investment income. 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 3.4

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	41,314	34,760	6,554	18.9%	76,165	62,283	13,882	22.3%
Insurance service expense	(31,112)	(30,054)	(1,058)	3.5%	(56,729)	(48,191)	(8,538)	17.7%
Net (expense) income from reinsurance contracts assets	(4,643)	868	(5,511)	(634.9%)	(7,727)	(3,001)	(4,726)	157.5%
Insurance service result	5,559	5,574	(15)	(0.3)%	11,709	11,091	618	5.6%
Loss ratio	21.3%	23.8%		(2.5pts)	16.2%	15.7%		0.5pts

Insurance revenue grew significantly in the quarter and YTD period driven by growth in our US Surety platform and contract surety in Canada which was positively impacted by increased construction values which impacts the amount of premium charged.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA SPECIALTY (CONTINUED)

Insurance service expense increased in the quarter and YTD period as a result of growth in commissions and operating expenses, which have increased alongside growth in Insurance revenue. Net (expense) income from reinsurance contracts assets increased in the quarter and YTD period as a result of an increase in reinsurance ceded and a reduction in claims recoveries in the quarter. Insurance service result was approximately the same as the prior year for the quarter as a result of an unusually low Expense ratio in Q2 2023, which offset the impact of growth in the business, and a lower Loss ratio in Q2 2024. Insurance service result was higher for the YTD period than the prior year as a result of growth in the business, offset by a higher Loss ratio and a higher Expense ratio.

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 3.5

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	30,000	26,556	3,444	13.0%	59,042	53,075	5,967	11.2%
Insurance service expense	(26,703)	(25,528)	(1,175)	4.6%	(52,666)	(47,136)	(5,530)	11.7%
Net (expense) income from reinsurance contracts assets	(63)	659	(722)	(109.6%)	(150)	(874)	724	(82.8%)
Insurance service result	3,234	1,687	1,547	91.7%	6,226	5,065	1,161	22.9%

Insurance revenue increased in the quarter and YTD period compared to the prior year as a result of several programs which are continuing to mature. Certain Warranty programs have seen moderate growth as a result of automobile sales increasing in the period.

Insurance service expense increased for the quarter and YTD period as a result of an increase in commissions expense as a result of growth in the business, and also an increase in claims activity compared to the prior year.

Net (expense) income from reinsurance contracts assets increased in the quarter and decreased on a YTD basis as a result of the timing of certain reinsurance payments incurred in 2023.

Insurance service result was greater for the quarter and YTD period compared to the prior year as a result of growth in the business.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA SPECIALTY (CONTINUED)

Canadian Fronting

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

Table 3.6

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	126,044	95,020	31,024	32.6%	239,704	181,962	57,742	31.7%
Insurance service expense	(82,537)	(63,433)	(19,104)	30.1%	(157,067)	(115,561)	(41,506)	35.9%
Net expense from reinsurance contracts assets	(37,497)	(25,999)	(11,498)	44.2%	(71,412)	(56,608)	(14,804)	26.2%
Insurance service result	6,010	5,588	422	7.6%	11,225	9,793	1,432	14.6%

Insurance revenue increased in the quarter and YTD period compared to the prior year as a result of growth in the business due to platform maturation and new business.

Insurance service expense increased in the quarter and YTD period largely as a result of growth in the business, which resulted in greater claims and commissions expense.

Net expense from reinsurance contracts assets increased as a result of growth in the business, which led to more reinsurance ceded.

Insurance service result increased for the quarter and YTD period as a result of growth in the business.

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

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA SPECIALTY (CONTINUED)

Corporate Insurance

The main products offered by our Corporate Insurance business are Directors' & Officers' insurance for private, non-profit and public 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 3.7

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	41,144	40,232	912	2.3%	85,447	79,041	6,406	8.1%
Insurance service expense	(27,754)	(21,869)	(5,885)	26.9%	(56,080)	(44,878)	(11,202)	25.0%
Net expense from reinsurance contracts assets	(8,949)	(10,884)	1,935	(17.8%)	(18,489)	(21,627)	3,138	(14.5%)
Insurance service result	4,441	7,479	(3,038)	(40.6%)	10,878	12,536	(1,658)	(13.2%)
Loss ratio	28.6%	24.7%		3.9pts	27.7%	26.1%		1.6pts

Insurance revenue continued to grow in the quarter and YTD period. This was due to new business growth, stable policy retentions, and continued support from our distribution partners, despite balancing market conditions in certain segments of the line, which caused growth to slow in the quarter.

Insurance service expense increased in the quarter and YTD period as a result of growth in the business which led to higher claims and operating expense.

Net expense from reinsurance contracts assets decreased in the quarter and YTD period as a result of higher claims recoveries compared to the prior period.

Insurance service result was lower in the quarter and YTD period than the prior year as a result of a higher Loss ratio, and additional costs associated with the build-out of US Corporate Insurance.

In Q2 and YTD 2024, the Loss ratio was higher than the prior period as a result of increased claims activity.

TRISURA GROUP LTD.

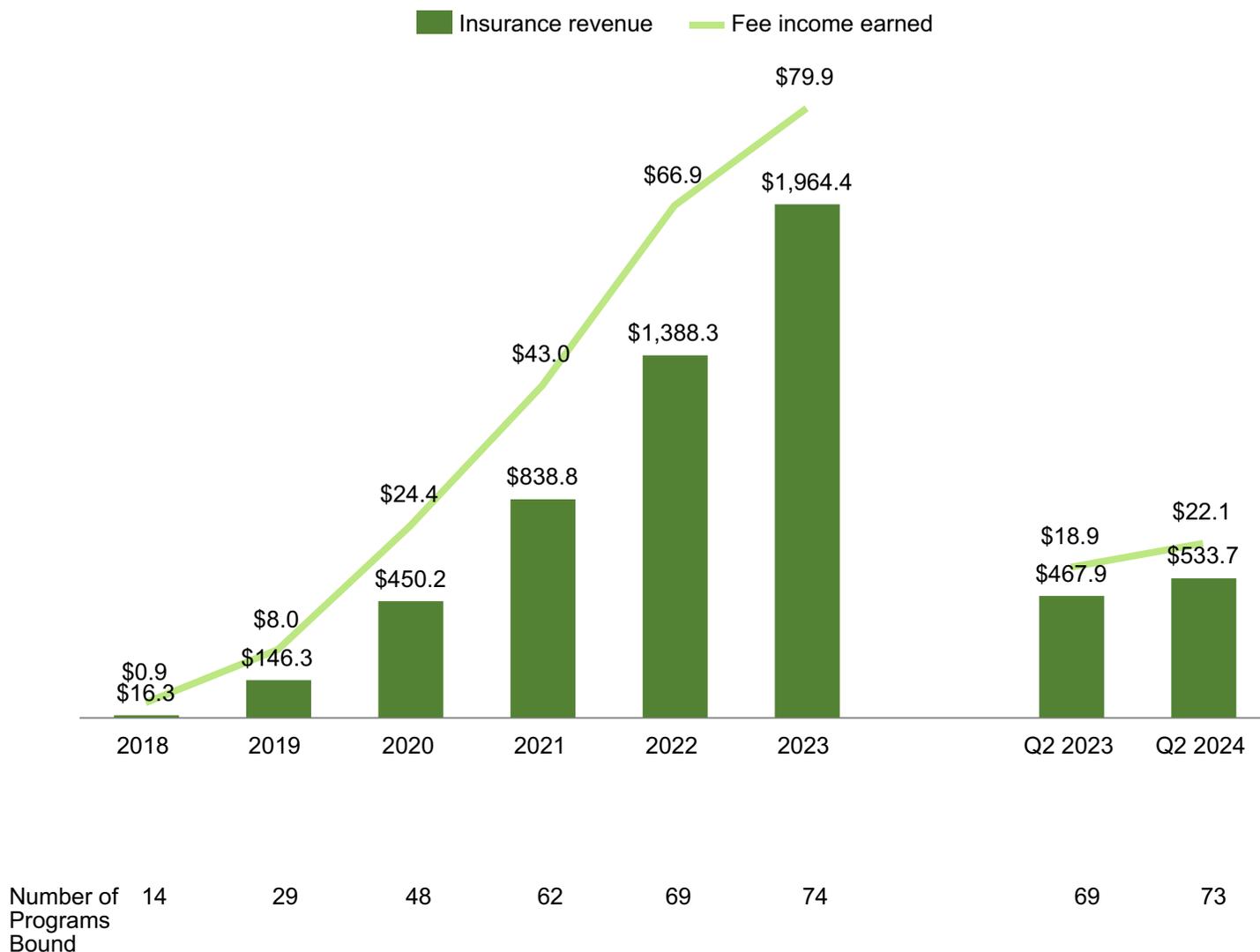
Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA US PROGRAMS

Our US Programs 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 Programs operations continued to grow Insurance revenue, producing \$533.7 million in the quarter and \$1,056.2 million for the YTD period across 73 programs. The graph below shows the evolution of Insurance revenue, fee income⁽¹⁾, and the number of programs bound in the US. Amounts are presented in millions of Canadian dollars.



(1) Fee income is a non-IFRS financial measure. See Section 10 – Accounting and Disclosure Matters for details and an explanation of how it provides useful information to an investor.

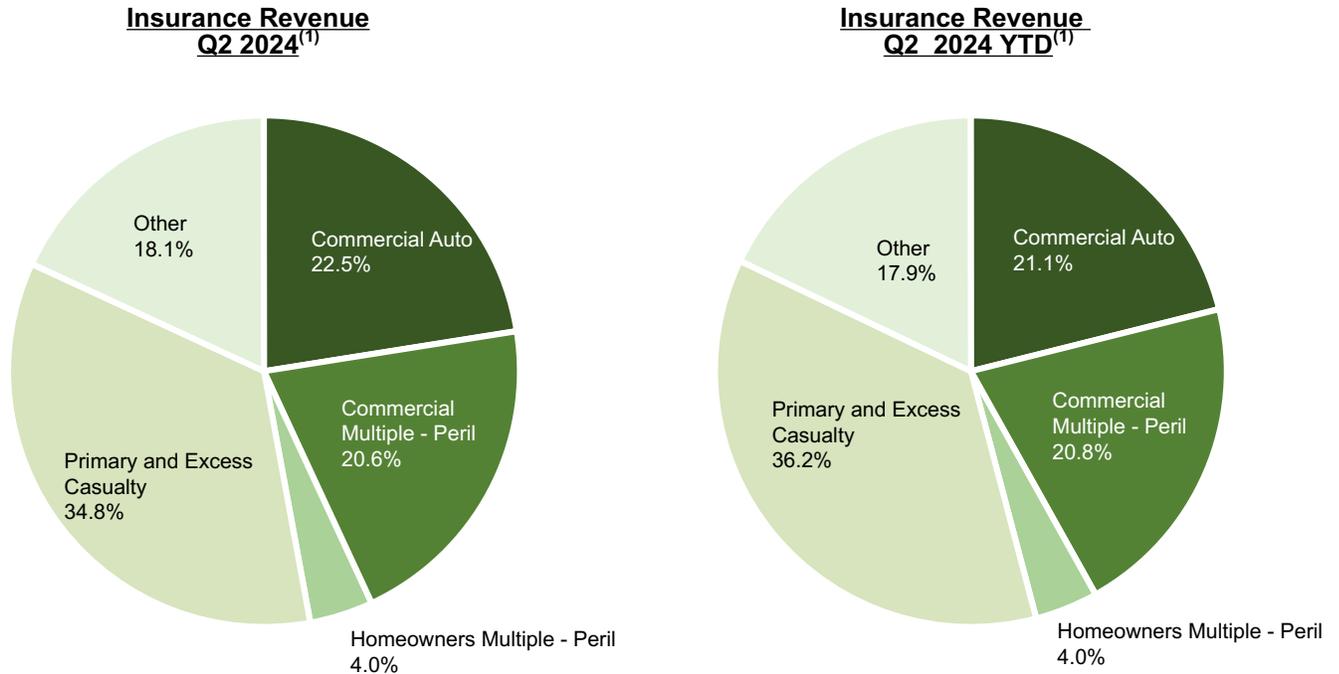
TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA US PROGRAMS (CONTINUED)

The charts below provide a segmentation by class of business of our US Programs Insurance revenue for Q2 2024.



(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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA US PROGRAMS (CONTINUED)

The table below presents financial highlights for our Trisura US Programs operations.

Table 3.8

	Q2 2024	Q2 2023	\$ variance	% variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance	% variance
Insurance revenue	533,747	467,852	65,895	14.1%	1,056,157	927,159	128,998	13.9%
Insurance service expenses	(414,551)	(426,221)	11,670	(2.7%)	(841,055)	(811,769)	(29,286)	3.6%
Net expense from reinsurance contracts assets	(104,966)	(22,135)	(82,831)	374.2%	(186,218)	(97,323)	(88,895)	91.3%
Insurance service result	14,230	19,496	(5,266)	(27.0%)	28,884	18,067	10,817	59.9%
Operating Insurance service result	14,911	12,867	2,044	15.9%	33,279	26,129	7,150	27.4%
Net income	11,433	15,984	(4,551)	(28.5%)	23,910	14,242	9,668	67.9%
Operating net income ⁽¹⁾	13,454	11,126	2,328	20.9%	26,898	21,479	5,419	25.2%
Fee income ⁽²⁾	22,068	18,908	3,160	16.7%	44,198	36,904	7,294	19.8%
Loss ratio	67.7%	52.5%			69.7%	68.4%		
Loss ratio excluding certain non-recurring items ⁽³⁾	67.7%	65.7%			67.3%	70.8%		
Retention rate ⁽⁴⁾	12.0%	3.2%			10.8%	4.3%		
Fees as a % of ceded premium ⁽⁵⁾	4.7%	4.3%			4.7%	4.3%		
Fees as a % of ceded premium excluding certain non-recurring items ⁽³⁾	4.7%	4.7%			4.7%	4.6%		
FOR ⁽⁵⁾	85.5%	78.6%			87.5%	94.0%		
FOR excluding certain non-recurring items ⁽³⁾	85.5%	79.9%			85.2%	83.0%		
ROE	2.5%	(12.8%)			2.5%	(12.8%)		
Operating ROE ⁽⁶⁾	14.9%	14.3%			14.9%	14.3%		

(1) This is a non-IFRS financial measure. See Table 10.2.2 and Table 10.2.3 in Section 10 – Accounting and Disclosure Matters for details on composition and an explanation of how it provides useful information to an investor.

(2) Fee income is a component of Net expense from reinsurance contracts assets, see Table 10.5.4 for its composition.

(3) These metrics exclude the impact of the 2023 run-off.

(4) This is a non-IFRS ratio. See Table 10.7 in Section 10 – Accounting and Disclosure Matters for details on composition.

(5) This is a non-IFRS ratio. See Section 10 – Accounting and Disclosure Matters and Table 10.6 for its composition.

(6) Operating ROE exclude the impact of certain items to normalize results in order to reflect our Trisura US Programs operations.

The table below shows Deferred fee income as at June 30, 2024, compared to December 31, 2023.

Table 3.9

As at	June 30, 2024	December 31, 2023	\$ variance	% variance
Deferred fee income	44,927	39,854	5,073	12.7%

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA US PROGRAMS (CONTINUED)

Insurance revenue grew in the quarter and YTD period primarily as a result of maturing programs, despite non renewing certain programs which either did not achieve sufficient scale, or were no longer within Trisura's risk appetite given current market conditions. In the quarter and YTD period, \$104.9 million and \$196.9 million of Insurance revenue was generated by admitted programs compared to \$60.7 million and \$113.6 million in Q2 2023 and YTD 2023.

Insurance service expenses decreased in the quarter compared to the prior year primarily as a result of a decrease in claims expense in the quarter compared to the prior year. Insurance service expense for the YTD period has grown as a result of growth in claims and commission expense which has grown due to an increase in insurance revenue.

Net expense from reinsurance contracts assets increased for the quarter and YTD period compared to 2023 as a result of additional ceded reinsurance which has increased as a result of growth in insurance revenue.

Insurance service result for the quarter is lower than the prior year as a result of gains associated with the run-off program in Q2 2023. Excluding the impact of the run-off, Insurance service result is greater than the prior year as a result of growth in the business. Insurance service result for the YTD period is greater than the prior year as a result of growth in the business and the impact of the run-off, which was negative for 2023 on a YTD basis. Excluding the impact of the run-off, Insurance service result was greater than the prior year as a result of growth in the business.

Our US Programs operations retained 12.0% of GPW in the quarter and 10.8% for the YTD period, which was greater than the prior year. The remainder of premiums were ceded to third party reinsurers. The increase in retention reflects a greater average retention on the programs written in 2024 than 2023. We target a quota share retention between 5.0% and 15.0% on all programs, and have been selectively increasing retentions on certain programs as we continue to grow.

Fee income in our Trisura US Programs 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 in the quarter and YTD period as a result of premium growth over the past year.

Fees as a percentage of ceded premium improved compared to the prior quarter and YTD period due to larger reinsurance purchases in the prior period. Fees as a percentage of ceded premium excluding certain non-recurring items are similar compared to the prior quarter and YTD period.

The Loss ratio was higher in the quarter and YTD period in large part as a result of the run-off program in 2023 which contributed to a lower Loss ratio in those periods. When the run-off is excluded from results, the Loss ratio was higher than the prior year for the quarter as a result of higher claims expense for certain programs, and lower than the prior year for the YTD period as a result of improved claims performance on the portfolio.

The FOR in the quarter was greater than Q2 2023 primarily as a result of a lower Loss ratio in 2023, largely as a result of the gain from run-off in that quarter. The FOR for the YTD period was lower than the prior year as a result of the impact in 2023 of the run-off. The FOR excluding the 2023 run-off was greater than the prior year as a result of a higher Loss ratio and an increase in retained business, which leads to a higher FOR. The FOR excluding run-off for the YTD period was greater than the prior year, largely as a result of the increase in retained business, which leads to a higher FOR as well as ongoing investment in internal infrastructure.

Net income was lower for the quarter compared to the prior year as a result of the gains from the run-off program in Q2 2023. Operating net income was higher in the quarter compared to the prior year as a result of growth in the business, and higher Net investment income. Net income for the YTD period was greater than the prior year as a result of the impact of the run-off in 2023, which was a loss for the YTD period, as well as growth in the business, higher Net investment income, and higher Net gains. Operating net income for the YTD period was greater than the prior year, largely as a result of growth in the business, and a better Loss ratio, as well as higher Net investment income.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

TRISURA US PROGRAMS (CONTINUED)

ROE was 2.5%, as a result of the impact of the run-off business in 2023, as well as a higher Loss ratio, and was greater than the prior year as a result of the Q4 2022 write down of reinsurance recoverables. Operating ROE was 14.9%, which is greater than the prior year, reflecting growth in operations and Net investment income.

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 3.10

	Q2 2024	Q2 2023	\$ variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance
Corporate expenses and other	(1,073)	(1,200)	127	(2,309)	(1,939)	(370)
SBC, net of derivatives used to mitigate the impact	(447)	(423)	(24)	(916)	(823)	(93)
Net expenses ⁽¹⁾	(1,520)	(1,623)	103	(3,225)	(2,762)	(463)
Debt servicing	(566)	(545)	(21)	(1,107)	(1,089)	(18)
Corporate and other	(2,086)	(2,168)	82	(4,332)	(3,851)	(481)

(1) 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 expenses and other, which includes some residual expense associated with the run-off of in-force reinsurance contracts of our Reinsurance operations, decreased in the quarter as a result of some lower professional fees. Corporate expenses and other increased for the YTD period as a result of certain one-time professional fees, related to activity in the business, as well as operational expenses which have grown alongside growth in the business.

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, net of derivatives for the quarter and YTD period were approximately the same as the prior year.

Debt servicing costs approximate the same in Q2 and YTD 2024 as the prior year as a similar amount of debt was outstanding during that period.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SECTION 4 – 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.

INVESTMENT PERFORMANCE

Net Investment Income

Table 4.1

	Q2 2024	Q2 2023	\$ variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance
Net investment income	16,902	11,899	5,003	33,655	21,970	11,685
Net gains (losses) excluding derivative losses (gains) ⁽¹⁾	516	(8,259)	8,775	10,338	(6,704)	17,042
Net credit impairment (losses) reversals	(150)	376	(526)	(1,980)	227	(2,207)
Total investment income excluding derivative losses (gains) ⁽²⁾	17,268	4,016	13,252	42,013	15,493	26,520

(1) This is a non-IFRS financial measure. See Table 10.3 in Section 10 – Accounting and Disclosure Matters for details to reconcile to Note 16 – Segmented Information in the Condensed Interim Consolidated Financial Statements.

(2) Total investment income excluding derivative losses (gains) is a non-IFRS financial measure and is equal to the sum of Net investment income, Net gains (losses) excluding derivative losses (gains), and Net credit impairment (losses) reversals.

Net investment income is driven by interest and dividend income on invested assets, the majority of which are investment grade bonds or cash, and was greater than the prior year for the quarter and YTD period as a result of a larger investment portfolio and higher portfolio yields.

Net gains (losses) excluding derivative losses (gains) 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. We experienced a net gain in Q2 2024 primarily as a result of foreign currency gains, driven by a strengthening USD. Net gains for the YTD period were driven by unrealized gains on securities classified as FVTPL, as equities rose in the first half of the year, as well as foreign currency gains.

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 ("ECL") impairment model is used to calculate Net credit impairment (losses) reversals. The increase in the ECL balance in Q2 2024 was driven by an increase in the amount of debt instruments that are classified as FVOCI. The widening of credit spreads for certain positions in the Company's fixed income portfolio resulted in an increase in the ECL balance in the YTD period of 2024. See Section 10 – Accounting and Disclosure Matters, for additional information on ECL impairments.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

INVESTMENT PERFORMANCE REVIEW (CONTINUED)

Other Comprehensive Income (Loss)

Table 4.2

	Q2 2024	Q2 2023	\$ variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance
Unrealized gains (losses) in OCI	312	(3,651)	3,963	2,518	2,485	33
Cumulative translation gain (loss)	3,058	(6,222)	9,280	9,791	(6,435)	16,226
Other comprehensive income (loss)	3,370	(9,873)	13,243	12,309	(3,950)	16,259

Unrealized gains (losses) in OCI reflect the mark to market impact of securities characterized as FVOCI, which was positive in Q2 and YTD 2024, largely as result of an increase in value of preferred shares and investment grade bonds.

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 gain (loss) in Q2 and YTD 2024 reflected the strengthening of the US dollar against the Canadian currency, driving higher Canadian dollar valuations of capital held outside of Canada.

Refer to Notes 14 and 15 in Condensed Interim Consolidated Financial Statements for more detail on the components of investment returns.

SECTION 5 – 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 \$75.5 billion USD of excess and surplus insurance direct premiums were written in 2022 (excluding Lloyd's), growth of 20% year-on-year, compared with the broader P&C industry which grew by 10% year-on-year to \$876.1 billion USD. In Canada, specialty market⁽¹⁾ growth was estimated to be 14% year-on-year for 2022 to \$8.5 billion in direct written premium⁽²⁾, as compared to the P&C industry at 8% growth and \$89.5 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 2022).

(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 – Accounting and Disclosure Matters for details and an explanation of how it provides useful information to an investor.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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 18 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 165 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. We have expanded our surety offering to the US, as part of the Company's growing US Surety business.

Our US Programs 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 Programs 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 Programs 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 the US 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 a US treasury listed surety acquisition, is a demonstration of the willingness and capabilities our team has to pursue these acquisitions.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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, our policy applied to at least 50% of our investment portfolio. 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.

Social

We recognize the importance of taking responsibility for charitable efforts, both globally and within the communities in which we operate.

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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”) (CONTINUED)

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 committed to meeting the gender diversity target of at least 30% of Directors identifying as women; with the election of Sacha Haque at our 2024 annual meeting of shareholders the Board has exceeded this target with 4 out of 9 Directors identifying as women.

Refer to our Management Information Circular dated April 12, 2024 for detailed information on Governance.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SECTION 6 – FINANCIAL CONDITION REVIEW

BALANCE SHEET ANALYSIS

Table 6.1

As at	June 30, 2024	December 31, 2023	\$ variance
Cash and cash equivalents	405,590	604,016	(198,426)
Investments	1,087,756	890,157	197,599
Other assets	32,539	53,712	(21,173)
Reinsurance contract assets	2,329,410	2,003,589	325,821
Capital assets and intangible assets	29,496	16,657	12,839
Deferred tax assets	34,602	16,314	18,288
Total assets	3,919,393	3,584,445	334,948
Insurance contract liabilities	2,978,858	2,769,951	208,907
Other liabilities	147,081	120,065	27,016
Loan payable	98,268	75,000	23,268
Total liabilities	3,224,207	2,965,016	259,191
Shareholders' equity	695,186	619,429	75,757
Total liabilities and shareholders' equity	3,919,393	3,584,445	334,948

Cash and cash equivalents has decreased as a result of cash having been deployed to the investment portfolio, as well as cash held on balance sheet as collateral being moved to collateral trust accounts. Investments have increased as a result of additional cash deployed to the investment portfolio, as well as unrealized gains in the portfolio. Other assets have decreased as a result of a decrease in tax recoveries, which is offset by an increase in Deferred tax assets. Reinsurance contract assets have increased largely as a result of an increase in Assets for remaining coverage, due to a shift in collateral to trust accounts. 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. Capital assets have increased as a result of an increase in Intangible assets related to the acquisition of the new Treasury Listed surety company. Deferred tax assets have increased as a result of a reallocation between current and deferred tax recoveries, and are largely offset by a corresponding decrease in Other assets.

Insurance contract liabilities have increased as a result of growth in Insurance revenue in both Trisura Specialty and Trisura US Programs. Other liabilities have increased as a result of holding more deposits in trust related to the Surety business line. Loan payable increased in the quarter as additional funds were drawn from the revolving credit facility.

Shareholders' equity at June 30, 2024 has increased from December 31, 2023 due to movement in retained earnings as a result of positive net income in the period. Shareholders' equity also increased due to increases in other comprehensive income from unrealized gains on the investment portfolio as well as the impact of foreign exchange movement which was positive in the quarter as a result of strengthening of the US dollar.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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 August 21, 2023, the Company completed a public offering of 1,620,000 common shares. As at June 30, 2024, 47,745,845 common shares were issued and outstanding.

As at June 30, 2024, 1,536,491 options were outstanding which could be converted to common shares (including unvested options). As at June 30, 2024, 223,015 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 11 of the Condensed Interim Consolidated Financial Statements). These funds are used primarily to pay claims and operating expenses, service the Company's Loan payable and purchase investments to support claims reserves and capital requirements.

CAPITAL

The MCT ratio⁽¹⁾ of Trisura's regulated Canadian operating subsidiary was 267% as at June 30, 2024 (251% as at December 31, 2023), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal target⁽²⁾.

As at December 31, 2023, the RBC⁽³⁾ of the regulated US insurance companies of Trisura 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, and fund our operations.

The Company's debt-to-capital ratio⁽⁴⁾ of 12.4% as at June 30, 2024 (10.8% as at December 31, 2023), was below the Company's long-term target of 20.0%.

In the quarter, the Company increased the size of its revolving credit facility to \$75 million, and drew down \$17 million USD to support further capitalization of our new US Surety balance sheet. In Q3 2023, the Company issued a Letter of Credit through its banking facility, which lowered the undrawn capacity by \$10 million USD. The letter of credit was drawn in relation to a partnership arrangement to support the growth of the Company's US Surety operations and remains outstanding.

(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 – Accounting and Disclosure Matters for its composition.

TRISURA GROUP LTD.

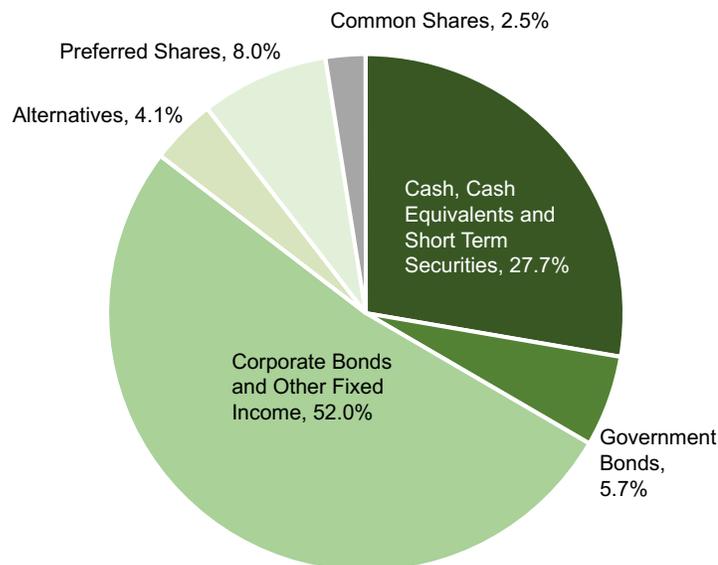
Management's Discussion and Analysis for the second quarter of 2024

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

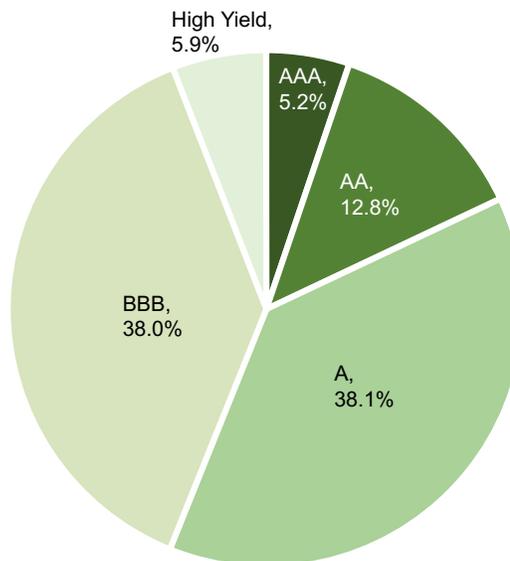
SUMMARY OF CASH AND INVESTMENTS

Our \$1.5 billion investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares, and alternative investments. Approximately 94% of our fixed income holdings are highly liquid⁽¹⁾, investment grade bonds⁽²⁾.

Investment Portfolio by Asset Class



Fixed Income Securities by Rating⁽³⁾



(1) Highly liquid refers to the Company's ability to sell a fixed income investment within a short period of time.

(2) Investment grade bonds refers to all bonds rated 'BBB-' and higher.

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

SECTION 7 – RISK MANAGEMENT

RISKS AND UNCERTAINTIES

Please refer to the "Risk Management" section in our year end 2023 MD&A. Risks have not changed materially from those disclosed in the year end 2023 MD&A.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

(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 June 30, 2024, 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 December 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

	Q2 2024	Q2 2023	\$ variance	Q2 2024 YTD	Q2 2023 YTD	\$ variance
Net income	27,141	26,807	334	63,574	40,783	22,791
Non-cash items	770	3,001	(2,231)	(5,614)	8,233	(13,847)
Change in working capital	(245,619)	(35,293)	(210,326)	(85,549)	(36,339)	(49,210)
Realized losses	393	196	197	723	441	282
Income taxes paid	(9,620)	(3,836)	(5,784)	(13,676)	(7,673)	(6,003)
Interest paid	(1,179)	(1,112)	(67)	(1,294)	(1,239)	(55)
Net cash flows (used in) from operating activities	(228,114)	(10,237)	(217,877)	(41,836)	4,206	(46,042)
Proceeds on disposal of investments	86,391	21,378	65,013	124,759	52,979	71,780
Purchases of investments	(112,680)	(45,781)	(66,899)	(292,316)	(125,768)	(166,548)
Acquisition of subsidiary	-	-	-	(15,015)	-	(15,015)
Net purchases of capital and intangible assets	(1,966)	(230)	(1,736)	(2,498)	(407)	(2,091)
Net cash flows used in investing activities	(28,255)	(24,633)	(3,622)	(185,070)	(73,196)	(111,874)
Shares issued	1,244	-	1,244	2,579	711	1,868
Shares purchased under RSU plan	(126)	(801)	675	(3,202)	(1,670)	(1,532)
Loans received	23,268	-	23,268	23,268	-	23,268
Principal portion of lease payments	(544)	(510)	(34)	(1,130)	(1,022)	(108)
Net cash flows from (used in) financing activities	23,842	(1,311)	25,153	21,515	(1,981)	23,496
Net decrease in cash and cash equivalents, during the period	(232,527)	(36,181)	(196,346)	(205,391)	(70,971)	(134,420)
Cash and cash equivalents, beginning of period	636,186	368,210	267,976	604,016	406,367	197,649
Currency translation	1,931	8,796	(6,865)	6,965	5,429	1,536
Cash and cash equivalents, end of period	405,590	340,825	64,765	405,590	340,825	64,765

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

CASH FLOW SUMMARY (CONTINUED)

In Q2 and YTD 2024, Net cash flows (used in) from operating activities was negative as a result of a change in working capital, which was largely related to movement of collateral to trust accounts, which offset Net income generated from the Trisura Specialty and Trisura US Programs operations in those periods. Net cash flows (used in) from operating activities was greater than 2023 for the quarter and YTD period as a result of a lower change in working capital in 2023.

Net cash flows used in investing activities in 2024 reflected primarily the purchase and disposal of portfolio investments in operating subsidiaries, and was higher than 2023. In Q2 and YTD 2024, Proceeds on disposal of investments were greater than 2023, as there were more disposals during 2024. Purchases of investments were greater in Q2 and YTD 2024 than in 2023 as a result of more purchases in 2024. Acquisition of subsidiary refers to the acquisition of the new Treasury Listed surety company.

Net cash flows from (used in) financing activities was greater in Q2 and YTD 2024 than 2023 as a result of funds drawn from our revolving credit facility in the quarter and more shares purchased under an SBC plan.

Table 8.2

As at	June 30, 2024			
	Trisura Specialty	Trisura US Programs	Corporate and other	Total ⁽¹⁾
Assets ⁽²⁾	1,277,275	2,599,615	42,503	3,919,393
Liabilities ⁽²⁾	850,061	2,296,904	77,242	3,224,207
Shareholders' Equity ⁽²⁾	427,214	302,711	(34,739)	695,186
Book Value Per Share, \$	8.95	6.34	(0.73)	14.56

Table 8.3

As at	December 31, 2023			
	Trisura Specialty	Trisura US Programs	Corporate and other	Total ⁽¹⁾
Assets ⁽²⁾	1,008,169	2,463,918	112,358	3,584,445
Liabilities ⁽²⁾	718,385	2,193,711	52,920	2,965,016
Shareholders' Equity ⁽²⁾	289,784	270,207	59,438	619,429
Book Value Per Share, \$	6.09	5.68	1.25	13.02

(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.

FINANCIAL INSTRUMENTS

See Notes 4, 5, 6, 14, and 15 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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SECTION 9 – SUMMARY OF RESULTS

SELECTED QUARTERLY RESULTS

Table 9.1

	2024		2023				2022 ⁽¹⁾	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Insurance revenue	772,249	744,266	754,953	730,714	664,420	639,100	595,742	550,861
Insurance service result ⁽²⁾	31,405	35,448	4,159	24,749	39,712	16,715	(53,762)	28,590
Net income (loss) ⁽²⁾	27,141	36,433	11,320	14,838	26,807	13,976	(40,710)	24,224
EPS, basic (in dollars)	0.57	0.77	0.23	0.32	0.58	0.30	(0.89)	0.54
EPS, diluted (in dollars)	0.56	0.75	0.23	0.31	0.57	0.30	(0.87)	0.53
Total assets ⁽²⁾	3,919,393	3,736,787	3,584,445	3,404,909	3,120,190	2,977,074	2,798,865	2,698,454
Total non-current financial liabilities ⁽³⁾	98,268	75,000	75,000	75,000	75,000	75,000	75,000	75,000

(1) Amounts have been restated to reflect the adoption of IFRS 17, but not IFRS 9 which is applied prospectively with effect from January 1, 2023. See Section 10 – Accounting and Disclosure Matters.

(2) Certain balances from 2022 Insurance service result, 2022 Net income (loss), as well as 2022 Total assets have been reclassified from the presentation in Table 9.1 in the Q1 2023 MD&A and Q2 2023 MD&A to reflect the adoption of IFRS 17 on these balances. The reclassifications are limited to Table 9.1 only.

(3) See Note 11 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. Growth was lower in Q1 2024 than Q4 2023 reflecting some seasonality in the business with Q4 2023 being particularly high.

Insurance service result has generally grown when compared to the prior year, reflecting growth in the business, with some exceptions. Insurance service result in Q2 2024 was lower than Q2 2023 as a result of a positive impact from the run-off program in Q2 2023, which caused Insurance service result to be greater in that quarter. In Q1 2024, Insurance service result was greater than Q1 2023, reflecting growth in the business and a smaller impact from the run-off program. In Q4 2023, a loss from a run-off program caused insurance service result to be lower, however it remained greater than Q4 2022 due to the impact of the write down on reinsurance recoverables in Q4 2022. In Q3 2023, a loss from a run-off program caused Insurance service result to be lower than Q3 2022.

Net income (loss) has generally grown quarter over quarter, but also experienced volatility quarter over quarter as a result of the write down on reinsurance recoverables in Q4 2022, and the impact of the run-off program in 2023. Net income in Q2 2024 was greater than Q2 2023 as a result of growth in the business, despite Net income in Q2 2023 being unusually high as a result of a positive impact in that quarter from the run-off. Net income in Q1 2024 was greater than the prior year reflecting growth in the business and a smaller impact from the run-off program in Q1 2024. Net income in Q4 2023 was greater than Net income in Q4 2022 largely as a result of the impact of the write down on reinsurance recoverables in Q4 2022. Net income in Q3 2023 was lower than Net income in Q3 2022 as Q3 2023 was impacted by the run-off program. Beginning in 2023, Net income is now impacted by unrealized gains and losses on investments classified as FVTPL under IFRS 9. EPS, Basic (in dollars) and EPS, diluted (in dollars), have been impacted by the same factors as Net income (loss).

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 Q2 2024, the company drew down additional borrowing from its revolving credit facility.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

SECTION 10 – ACCOUNTING AND DISCLOSURE MATTERS

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. <i>Used to calculate the per-share value of a company based on equity available to common shareholders.</i>
Ceded Premiums Written	Premiums ceded to reinsurers in the period. <i>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.</i>
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. <i>A combined ratio over 100% indicates an unprofitable underwriting result. A measure to evaluate pre-tax underwriting profitability.</i>
Debt-to-Capital Ratio	Total Debt outstanding at the end of the reporting period, divided by the sum of: Debt outstanding balance and Shareholders' equity. <i>A measure used to assess the Company's financial leverage.</i>
Deferred Fee Income	Reflects unrecognized revenue associated with Fee income and is expected to be earned over the lifetime of the associated policies. <i>A precursor to Net income (expense) from reinsurance contracts assets, which can be used to assist with estimates of future pre-tax underwriting profitability.</i>
Expense Ratio	Net commission expense, plus other directly attributable expenses excluding commission, plus Other operating expenses (net of Other income, which reflects surety fee income, in our Trisura Specialty operations) as a percentage of NPE. <i>A measure to evaluate pre-tax underwriting profitability.</i>
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. <i>A measure used to evaluate profitability.</i>
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. <i>Illustrates the rate of fee income generated from ceded premium, and can supplement measurements of pre-tax underwriting profitability.</i>
FOR	The sum of Net claims expenses, Net commission expense, Other directly attributable expenses and Other operating expenses divided by the sum of NPE and Fee income. <i>A measure of pre-tax underwriting profitability.</i>
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. <i>Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth.</i>
Loss Ratio	Net claims expense as a percentage of NPE. <i>A measure of claims used to evaluate pre-tax underwriting profitability.</i>
LTM Average Equity	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions and equity raises, if appropriate. <i>A measure used in calculating ROE and Operating ROE.</i>
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. <i>MCT determines the supervisory regulatory capital levels required by our regulated Canadian operations.</i>

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Operating Metrics	Definition and <i>Usefulness</i>
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 (expenses) income from insurance and reinsurance contracts. <i>A measure of pre-tax underwriting profitability.</i>
Net Commission Expense	The portion of Insurance service expenses related to gross commissions, less the portion of Net expense from reinsurance contracts assets related to ceded commissions. <i>A measure of pre-tax underwriting profitability.</i>
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. <i>Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful to measure growth and profitability.</i>
Net Premiums Written	The difference of Gross Written Premium less Ceded Premiums Written. <i>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.</i>
Net Underwriting Income	Insurance Service Result, plus Other operating expenses, plus Other income and Finance income (expense) from insurance or reinsurance contracts. <i>A measure of pre-tax underwriting profitability.</i>
Operating Combined Ratio	Combined ratio, incorporating the adjustments to Operating net income, which impact the Combined ratio, in order to reflect our core operations. <i>A measure to evaluate pre-tax underwriting profitability.</i>
Operating Insurance Service Result	Insurance service result, incorporating the adjustments to Operating net income, which impact the Insurance service result, in order to reflect our core operations. <i>A measure of pre-tax underwriting profitability.</i>
Operating Net Income	Net income, adjusted to remove impact of certain items to normalize earnings in order to reflect our specialty operations, which are considered core operations. Items which are not core to operations include Net gains (loss), ECL, and the impact of movement in the yield curve included in Finance income (expense) from insurance/reinsurance contracts. Adjustments also include items which may not be recurring, such as the write down of reinsurance recoverables, loss from run-off programs, non-recurring surety revenue, loss on sale of structured insurance assets, and certain tax adjustments. Adjustments also include SBC. <i>A measure of after-tax profitability, used in calculating Operating EPS and Operating ROE.</i>
Operating ROE	ROE calculated using Operating net income for the twelve month period preceding the reporting date. <i>An alternate measure of after-tax profitability, adjusted for certain items to normalize earnings to core operations in order to reflect our operations.</i>
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. <i>RBC determines the statutory minimum amount of capital required by our regulated US operations.</i>
Retention Rate	NPW as a percentage of GPW. <i>A measure of gross written premium that is not ceded to reinsurers, which can be used to evaluate insurance risk.</i>
ROE	Net income for the twelve month period preceding the reporting date, divided by LTM Average Equity. <i>A historical measure of after-tax profitability.</i>

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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

(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 (losses).

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Operating expenses, as presented in the financial statements	(10,060)	(10,075)	(25,072)	(15,507)
Less: SBC	393	1,815	3,316	(1,555)
Other operating expenses excluding SBC	(9,667)	(8,260)	(21,756)	(17,062)
Year-over-year % increase, Other operating expenses	(0.1)%		61.7%	
Year-over-year % increase, Other operating expenses excluding SBC	17.0%		27.5%	

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 reflect our specialty operations.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Net income, see Table 3.1	27,141	26,807	63,574	40,783
Adjustments				
Non-recurring items	3,874	(6,629)	7,588	8,062
Impact of SBC, see Table 10.1	393	1,815	3,316	(1,555)
Impact of movement in yield curve within Finance expenses from insurance and reinsurance contracts	(23)	(2,314)	(459)	(144)
Net (gains) losses, see Table 3.1	(462)	6,867	(12,738)	9,082
Net credit impairment losses (reversals), see Table 3.1	150	(376)	1,980	(227)
Tax impact of above items, and other tax adjustments	180	(138)	1,180	(3,399)
Operating net income, as presented in Table 3.1	31,253	26,032	64,441	52,602

(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 Trisura Specialty and Trisura US Programs Net income and reported to Operating net income: reflects Net income, adjusted for certain items to normalize earnings to core operations in order to reflect our Trisura Specialty and Trisura US Programs operations.

	Trisura Specialty		Trisura US Programs	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023
Net income	16,566	13,517	11,433	15,984
Adjustments				
Non-recurring items	2,705	-	681	(6,629)
Impact of movement in yield curve within Finance (expenses) income from insurance and reinsurance contracts	17	(753)	(40)	(1,560)
Net (gains) losses	(872)	4,410	920	2,441
Net credit impairment losses (reversals)	643	(91)	(198)	(280)
Tax impact of above items, and other tax adjustments	(645)	(940)	658	1,170
Operating net income	18,414	16,143	13,454	11,126

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Table 10.2.3 – Reconciliation of reported Trisura Specialty and Trisura US Programs Net income and reported to Operating net income: reflects Net income, adjusted for certain items to normalize earnings to core operations in order to reflect our Trisura Specialty and Trisura US Programs operations.

	Trisura Specialty		Trisura US Programs	
	Q2 2024 YTD	Q2 2023 YTD	Q2 2024 YTD	Q2 2023 YTD
Net income	39,067	30,042	23,910	14,242
Adjustments				
Non-recurring items	2,705	-	4,395	8,062
Impact of movement in yield curve within Finance (expenses) income from insurance and reinsurance contracts	(341)	(146)	(118)	2
Net (gains) losses	(5,196)	3,907	(1,503)	1,203
Net credit impairment losses (reversals)	2,464	(63)	(184)	(106)
Tax impact of above items, and other tax adjustments	110	(975)	398	(1,924)
Operating net income	38,809	32,765	26,898	21,479

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

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Net gains (losses), as presented in the financial statements	462	(6,867)	12,738	(9,082)
Derivative losses (gains) from SBC mitigation, from Table 10.8.2	54	(1,392)	(2,400)	2,378
Net gains (losses) excluding derivative losses (gains), as presented in Table 4.1	516	(8,259)	10,338	(6,704)

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

	Q2 2024	Q2 2023
Average equity	612,433	448,341
Adjustments: days in quarter proration	10,558	49,436
LTM average equity, as presented in Table 10.4	622,991	497,777

(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).

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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

	Insurance revenue	Change in unearned gross premiums	Gross premiums written	Reinsurance premiums ceded	Net premiums written	Change in unearned net premiums	Net premiums earned
For the three months ended June 30, 2024							
Trisura Specialty	238,502	75,876	314,378	(160,923)	153,455	(39,796)	113,659
Trisura US Programs	533,747	107,993	641,740	(564,930)	76,810	(27,173)	49,637
For the three months ended June 30, 2023							
Trisura Specialty	196,568	44,249	240,817	(120,771)	120,046	(22,114)	97,932
Trisura US Programs	467,852	93,087	560,939	(543,167)	17,772	40,207	57,979
For the six months ended June 30, 2024							
Trisura Specialty	460,358	75,821	536,179	(267,530)	268,649	(48,856)	219,793
Trisura US Programs	1,056,157	86,796	1,142,953	(1,019,580)	123,373	(30,377)	92,996
For the six months ended June 30, 2023							
Trisura Specialty	376,361	41,857	418,218	(212,316)	205,902	(21,230)	184,672
Trisura US Programs	927,159	116,834	1,043,993	(999,013)	44,980	64,356	109,336

Table 10.5.2 – Net underwriting income – Trisura Specialty

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Line items, as presented in the financial statements, note 16:				
Insurance service result	17,175	20,328	37,969	38,485
Other operating expenses	(4,964)	(4,003)	(10,810)	(8,768)
Other income	837	902	6,182	6,080
Net insurance finance expenses	(1,390)	(429)	(2,388)	(2,204)
Net underwriting income	11,658	16,798	30,953	33,593

Table 10.5.3 – Net underwriting income – Trisura US Programs

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Line items, as presented in the financial statements, note 16:				
Insurance service result	14,230	19,496	28,884	18,067
Other operating expenses	(3,631)	(3,166)	(8,638)	(6,476)
Net insurance finance expenses (income)	(209)	142	(3,069)	(2,809)
Net underwriting income	10,390	16,472	17,177	8,782

Table 10.5.4 – Reconciliation of Net expense from reinsurance contracts assets to Fee income – Trisura US Programs:

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	(104,966)	(22,135)	(186,218)	(97,323)
Adjustment: Ceded commissions, Ceded claims, Ceded premiums earned, and Other directly attributable expenses – reinsurance	127,034	41,043	230,416	134,227
Fee income, as presented in Table 3.8	22,068	18,908	44,198	36,904

Table 10.5.5 – Reconciliation of GPW and NPW to Ceded reinsurance written premium – Trisura US Programs: used in the calculation of Fees as a percentage of ceded premiums.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Gross premiums written, as presented in Table 10.5.1	641,740	560,939	1,142,953	1,043,993
Less: Net premiums written, as presented in Table 10.5.1	(76,810)	(17,772)	(123,373)	(44,980)
Ceded reinsurance premiums written	564,930	543,167	1,019,580	999,013

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Insurance service expenses, as presented in the financial statements, note 16	(168,106)	(140,884)	(322,542)	(255,766)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	(4,626)	(1,398)	(7,919)	(6,563)
Subtotal	(172,732)	(142,282)	(330,461)	(262,329)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses	92,874	77,961	184,049	152,213
Gross claims and loss adjustment expenses	(79,858)	(64,321)	(146,412)	(110,116)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	(53,221)	(35,356)	(99,847)	(82,110)
Finance income from reinsurance contracts, as presented in the financial statements, note 16	3,236	969	5,531	4,359
Subtotal	(49,985)	(34,387)	(94,316)	(77,751)
Adjustment: Ceded commissions and Ceded premiums earned	107,588	80,410	201,916	156,946
Ceded claims and loss adjustment expenses	57,603	46,023	107,600	79,195
Net claims and loss adjustment expenses	(22,255)	(18,298)	(38,812)	(30,921)

Table 10.6.2 – Reconciliation of Insurance service expenses and Net expense from reinsurance contracts assets to Net claims and loss adjustment expenses – Trisura US Programs: used in the calculation of Net underwriting income and Loss ratio.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Insurance service expenses, as presented in the financial statements, note 16	(414,551)	(426,221)	(841,055)	(811,769)
Finance (expenses) income from insurance contracts, as presented in the financial statements, note 16	(867)	1,388	(34,232)	(30,075)
Subtotal	(415,418)	(424,833)	(875,287)	(841,844)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses – insurance	126,715	110,135	245,023	216,752
Gross claims and loss adjustment expenses	(288,703)	(314,698)	(630,264)	(625,092)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	(104,966)	(22,135)	(186,218)	(97,323)
Finance income (expenses) from reinsurance contracts, as presented in the financial statements, note 16	658	(1,246)	31,163	27,266
Subtotal	(104,308)	(23,381)	(155,055)	(70,057)
Adjustment: Ceded commissions, Ceded premiums earned, Fee income, and Other directly attributable expenses – reinsurance	359,425	307,622	720,546	620,383
Ceded claims and loss adjustment expenses	255,117	284,241	565,491	550,326
Net claims and loss adjustment expenses	(33,586)	(30,457)	(64,773)	(74,766)

Table 10.6.3 – Reconciliation of Insurance service expenses and Net expense from reinsurance contracts assets to Net commissions, Premium taxes, and Other directly attributable expenses – Trisura Specialty: used in the calculation of Net underwriting income and Expense ratio.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Insurance service expenses, as presented in the financial statements, note 16	(168,106)	(140,884)	(322,542)	(255,766)
Adjustment: Gross claims and loss adjustment expenses (net of finance expense)	75,231	62,923	138,491	103,553
Gross commissions, Premium taxes, and Other directly attributable expenses	(92,875)	(77,961)	(184,051)	(152,213)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	(53,221)	(35,356)	(99,847)	(82,110)
Adjustment: Ceded claims and loss adjustment expenses (net of finance expense) and Ceded premiums earned	70,478	53,582	138,498	116,853
Ceded commissions	17,257	18,226	38,651	34,743
Net commissions, Premium taxes, and Other directly attributable expenses	(75,618)	(59,735)	(145,400)	(117,470)

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Table 10.6.4 – Reconciliation of Insurance service expenses and Net expense from reinsurance contracts assets to Net commissions, Premium taxes, and Other directly attributable expenses – Trisura US Programs: used in the calculation of Net underwriting income and FOR.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Insurance service expenses, as presented in the financial statements, note 16	(414,551)	(426,221)	(841,055)	(811,769)
Adjustment: Gross claims and loss adjustment expenses (net of finance expense)	287,837	316,086	596,032	595,017
Gross commissions, Premium taxes, and Other directly attributable expenses	(126,714)	(110,135)	(245,023)	(216,752)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	(104,966)	(22,135)	(186,218)	(97,323)
Adjustment: Ceded claims and loss adjustment expenses (net of finance expense), Ceded premiums earned, and Fee income	207,581	105,491	384,636	257,870
Ceded commissions and Other directly attributable expenses	102,615	83,356	198,418	160,547
Net commissions, Premium taxes, and Other directly attributable expenses	(24,099)	(26,779)	(46,605)	(56,205)

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 reflect our specialty operations; a measure of after-tax profitability.

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Operating net income	31,253	26,032	64,441	52,602
Weighted-average number of common shares outstanding – basic (in thousands of shares)	47,697	45,959	47,647	45,923
Operating earnings per common share – basic (in dollars)	0.66	0.57	1.35	1.15
Operating net income	31,253	26,032	64,441	52,602
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	48,555	46,781	48,482	46,740
Operating earnings per common share – diluted (in dollars)	0.65	0.56	1.33	1.13

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

	Q2 2024	Q2 2023
LTM net income	89,732	24,297
LTM average equity, from Table 10.4.1	622,991	497,777
ROE	14.4%	4.9%
LTM net income	89,732	24,297
Adjustments:		
Non- recurring items	46,707	89,535
Impact of SBC	2,957	2,877
Net credit impairment losses (reversals)	1,312	(227)
Net (gains) losses	(12,162)	1,247
Impact of movement in yield curve within Finance expenses (income) from insurance and reinsurance contracts	408	(310)
Tax impact of above items, and other tax adjustments	(6,914)	(21,789)
Operating LTM net income ⁽¹⁾	122,040	95,629
LTM average equity, from Table 10.4.1	622,991	497,777
Operating LTM ROE⁽¹⁾	19.6%	19.2%

(1) Operating LTM net income, a component of Operating LTM ROE, is a non-IFRS financial measure.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

Table 10.5 – Loss ratio and Expense ratio – Trisura Specialty

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Loss ratio				
Net claims, as presented in Table 10.6.1	22,255	18,298	38,812	30,921
Net premiums earned, as presented in Table 10.5.1	113,659	97,932	219,793	184,672
Loss ratio	19.6%	18.7%	17.7%	16.7%
Expense ratio				
Net commissions, Premium taxes, and Other directly attributable expenses, as presented in Table 10.6.3	75,618	59,735	145,400	117,470
Other operating expenses, as presented in the financial statements, note 16	4,964	4,003	10,810	8,768
Less: Fee income, as presented in the financial statements, note 16	(837)	(902)	(6,182)	(6,080)
Subtotal	79,745	62,836	150,028	120,158
Net premiums earned, as presented in Table 10.5.1	113,659	97,932	219,793	184,672
Expense ratio	70.2%	64.2%	68.3%	65.1%
Combined ratio	89.8%	82.9%	86.0%	81.8%

Table 10.6 – Loss ratio and FOR – Trisura US Programs

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Loss ratio				
Net claims, as presented in Table 10.6.2	33,586	30,457	64,773	74,766
Net premiums earned, as presented in Table 10.5.1	49,637	57,979	92,996	109,336
Loss ratio	67.7%	52.5%	69.7%	68.4%
FOR				
Net claims, as presented in Table 10.6.2	33,586	30,457	64,773	74,766
Net commissions, Premium taxes, and Other directly attributable expenses, as presented in Table 10.6.4	24,099	26,779	46,605	56,205
Other operating expenses, as presented in the financial statements, note 16	3,631	3,166	8,638	6,476
Subtotal	61,316	60,402	120,016	137,447
Net premiums earned, as presented in Table 10.5.1	49,637	57,979	92,996	109,336
Fee income, as presented in Table 10.5.4	22,068	18,908	44,198	36,904
Subtotal	71,705	76,887	137,194	146,240
FOR	85.5%	78.6%	87.5%	94.0%

Table 10.7 – Retention rate and Fees as a percentage of ceded premium – Trisura US Programs

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Retention rate				
Net premiums written, as presented in Table 10.5.1	76,810	17,772	123,373	44,980
Gross premiums written, as presented in Table 10.5.1	641,740	560,939	1,142,953	1,043,993
Retention rate	12.0%	3.2%	10.8%	4.3%
Fees as a percentage of ceded premium				
Gross fee income	26,718	23,539	47,855	42,900
Ceded written premium, as presented in Table 10.5.5	564,930	543,167	1,019,580	999,013
Fees as a percentage of ceded premium	4.7%	4.3%	4.7%	4.3%

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

(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 3.3 and 3.8)

	For the three months ended June 30, 2024			For the six months ended June 30, 2024		
	FS Note 16 – Net income before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income	FS Note 16 – Net income before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income
Trisura Specialty	21,672	(5,106)	16,566	52,429	(13,362)	39,067
Trisura US Programs	15,825	(4,392)	11,433	31,697	(7,787)	23,910

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 3.3 and 3.8)

	For the three months ended June 30, 2023			For the six months ended June 30, 2023		
	FS Note 16 – Net income before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income	FS Note 16 – Net income before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income
Trisura Specialty	18,105	(4,588)	13,517	40,484	(10,442)	30,042
Trisura US Programs	19,973	(3,989)	15,984	17,724	(3,482)	14,242

Corporate and Other

Table 10.8.1 – Reconciliation of Note 16 – Segmented information to Section 3 – Corporate and Other, Table 3.10

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
Other operating expenses Corporate and other, as presented in Note 16	(1,465)	(2,906)	(5,624)	(263)
Insurance service expense – Reinsurance	(1)	(109)	(1)	(121)
Derivative (losses) gains from mitigation strategies ⁽¹⁾	(54)	1,392	2,400	(2,378)
Net expenses, as presented in Table 3.10	(1,520)	(1,623)	(3,225)	(2,762)

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

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

	Q2 2024	Q2 2023	Q2 2024 YTD	Q2 2023 YTD
SBC, gross of mitigation strategies ⁽¹⁾	(393)	(1,815)	(3,316)	1,555
Add: Derivative (losses) gains from mitigation strategies ⁽²⁾	(54)	1,392	2,400	(2,378)
SBC, net of mitigation strategies as presented in Table 3.10	(447)	(423)	(916)	(823)

(1) Included in Other operating expenses in Corporate and Other segment of FS Note 16.

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

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of applicable Canadian securities legislation. 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 our 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,” “potential” 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; 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; risks relating to cyber-security; risks relating to credit ratings; 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 and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, our 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.

TRISURA GROUP LTD.

Management's Discussion and Analysis for the second quarter of 2024

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

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
FOR	Fronting Operational Ratio
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 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