Trisura Group Ltd.

Management's Discussion and Analysis

For the quarter ended March 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Trisura Group Ltd. for the three months ended March 31, 2024. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 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 May 2, 2024. Additional information is available on SEDAR+ at www.sedarplus.ca.

TABLE OF CONTENTS

SECTION 1 – OVERVIEW

OUR BUSINESS

Our Company is a leading specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, and Fronting business lines of the market. Our operating subsidiaries include a Canadian specialty insurance company and a US specialty insurance company. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 18 years of operation, which now includes a US Surety platform integrated with our Canadian team. Our US specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states. Our US specialty insurance company can also write business on an admitted basis in 49 states. We continue the process of applying for licenses in the remaining state.

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

SECTION 2 – FINANCIAL HIGHLIGHTS IN Q1 2024

- ✓ Insurance revenue of $744.3 million, increased by 16.5% compared to Q1 2023, demonstrating continued momentum across the organization.
- ✓ Net income of $36.4 million was substantially higher than Q1 2023 as a result of growth in the business, improved profitability from US fronting, gains from the investment portfolio and higher Net investment income. Operating net income(1) of $33.2 million increased 16.0% over Q1 2023 as a result of growth, improved profitability from US fronting and higher Net investment income.
- ✓ EPS of $0.75 in the quarter was greater than Q1 2023 as a result of growth of the business, improved profitability in US fronting, gains on the investment portfolio and higher Net investment income. Operating EPS(2) of $0.68 in the quarter increased by 11.5% demonstrating the profitability of core operations(3) through continued growth despite an increase in shares outstanding.
- ✓ ROE(4) was 15.3% as at Q1 2024 demonstrating an increase compared to recent quarters and a return to our mid-teens target despite the impact of the run-off program in 2023. Operating ROE(2) of 20.0% was comparable to Q1 2023.
- ✓ BVPS(4) of $13.89 increased by 24.6% over Q1 2023, primarily the result of earnings in the Canadian operations, higher Net investment income, foreign exchange gains, and the equity raise in Q3 2023.
- ✓ Canada:
  - Insurance revenue growth of 23.4% in the quarter reflects increased market share, expansion of distribution and fronting relationships, and growth of US Surety.
  - Insurance service result in the quarter grew 14.5% compared to Q1 2023 as a result of growth across all lines and profitable underwriting performance.
  - Combined ratio(2) of 81.8% was strong, although slightly higher than Q1 2023, as claims variability resulted in a marginally higher Loss ratio.
  - Net income of $22.5 million drove a 28.8% ROE. Operating net income of $20.4 million increased 22.7% over Q1 2023 and resulted in a 28.1% Operating ROE.
- ✓ United States:
  - Insurance revenue of $522.4 million in the quarter grew by 13.7% over Q1 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 23.0% increase over Q1 2023.
  - Net income of $12.5 million improved substantially compared to Q1 2023 as net income in Q1 2023 was impacted by a higher FOR(5). Operating net income of $13.4 million increased 29.9% as a result of growth and an improved Loss ratio. Operating ROE grew to 14.3%, demonstrating the continued potential of the business.
- ✓ Net investment income growth of 66.3% in the quarter was driven by higher yields and a larger investment portfolio.
- ✓ In the quarter we closed our US Treasury Listed surety acquisition as part of our expansion of North American surety capabilities, and anticipate expanding licenses across the US in the coming quarters.

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

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

SECTION 3 – FINANCIAL PERFORMANCE REVIEW

INCOME STATEMENT ANALYSIS

Table 3.1

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	744,266	639,100	105,166	16.5%
Insurance service expenses	(580,940)	(500,443)	(80,497)	16.1%
Net expense from reinsurance contracts assets	(127,878)	(121,942)	(5,936)	4.9%
Insurance service result	35,448	16,715	18,733	112.1%
Net investment income	16,753	10,071	6,682	66.3%
Net gains (losses)	12,276	(2,215)	14,491	nm
Net credit impairment losses	(1,830)	(149)	(1,681)	nm
Total investment income	27,199	7,707	19,492	252.9%
Finance expenses from insurance contracts	(36,658)	(36,628)	(30)	0.1%
Finance income from reinsurance contracts	32,800	31,902	898	2.8%
Net insurance finance expenses	(3,858)	(4,726)	868	(18.4%)
Net financial result	23,341	2,981	20,360	683.0%
Net insurance and financial result	58,789	19,696	39,093	198.5%
Other income	5,345	5,178	167	3.2%
Other operating expenses	(15,012)	(5,432)	(9,580)	176.4%
Other finance costs	(614)	(600)	(14)	(2.3)
Income before income taxes	48,508	18,842	29,666	157.5%
Income tax expense	(12,075)	(4,866)	(7,209)	148.2%
Net income	36,433	13,976	22,457	160.7%
Operating net income(1)	33,188	28,613	4,575	16.0%
Other comprehensive income	8,939	5,921	3,018	51.0%
Comprehensive income	45,372	19,897	25,475	128.0%
Earnings per common share – diluted – in dollars	0.75	0.30	0.45	150.0%
Operating earnings per common share – diluted – in dollars	0.68	0.61	0.07	11.5%
Book value per share – in dollars	13.89	11.15	2.74	24.6%
ROE	15.3%	4.1%	n/a	11.2pts
Operating ROE(2)	20.0%	20.6%	n/a	(0.6pts)

(1) 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.
(2) 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.

Insurance Revenue

Insurance revenue increased in the quarter as a result of growth across all lines of business, driven by expansion of Fronting and by growth in Surety, supported by Corporate Insurance and Risk Solutions Warranty.

Insurance Service Expenses

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

Net Expense from Reinsurance Contracts Assets

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

Insurance Service Result

Insurance service result increased compared to Q1 2023 as a result of growth in the business, and improved profitability in US fronting.

Net Investment Income, Net Gains (Losses) and Net Credit Impairment Losses

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 partially 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 comparable to Q1 2023, as liabilities for incurred claims has grown which has led to a greater impact from the unwinding of discounted claims, while the impact of the movement in yield curves was significantly greater in Q1 2023 as a result of significant downward movement in yield curves in that period.

Finance Income from Reinsurance Contracts

Finance income from reinsurance contracts was a recovery in the quarter reflecting the unwinding of discounted ceded claims, partially 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 comparable to Q1 2023, as assets for incurred claims have grown, which has led to a greater impact from the unwinding of discounted claims, while the impact of movement in yield curves was significantly greater in Q1 2023 as a result of significant downward movement in yield curves in that period.

Net Insurance and Financial Result

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

Other Income

Other income consists of fees for surety services. Other income increased over the prior quarter due to growth in the number of surety accounts. Q1 is the most significant quarter for surety fee income.

Other Operating Expenses

Other operating expenses were higher in the quarter than Q1 2023, as a result of growth in the business, and movement in the value of share based compensation ("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 37.3% in the quarter reflective primarily of growth in the Canadian and US operations. The movement in SBC was mitigated through a program using derivatives, the movement of which is presented in Net losses. The impact of Corporate and other costs, net of mitigation is shown in Section 3 – Performance Review, Corporate and Other.

Income Tax Expense

Income tax expense was greater in the quarter than 2023 as a result of higher Net income before taxes, and reflected similar effective tax rates in both periods. 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), higher Net investment income, and strong profitability as well as the impact of run-off costs in 2023. Operating net income increased in the quarter as a result of growth in Canada and the US, strong underwriting performance in Canada, improved profitability in US fronting and growth in Net investment income.

Other Comprehensive Income

See Section 4 – Investment Performance Review.

EPS, Operating EPS, BVPS, ROE, Operating ROE

EPS of $0.75 in the quarter increased compared to Q1 2023, as the prior period was impacted by the costs of run-off but also as a result of growth in the business, higher Net gains (losses) and greater investment income.

Operating EPS is meant to reflect EPS, adjusted for certain items to normalize earnings in order to reflect our North American 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 11.5% in the quarter, despite an increase in the number of shares outstanding, primarily due to growth in the business in both Canada and the US, higher Net investment income and improved profitability in US Fronting.

BVPS increased by 24.6% over Q1 2023 primarily as a result of strong earnings in the Canadian 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 US. Operating ROE was comparable to Q1 2023, as strong profitability from core operations continued.

(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.

(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 Risk Solutions Warranty, Canadian Fronting and Corporate Insurance which we primarily write in Canada, together these lines are referred to as Trisura Canada. 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 Trisura US Fronting.

The table below provides a split of our Specialty P&C Insurance revenue for Q1 2024. Although US Fronting comprises the majority of our insurance revenue, growth was substantial in Canada.

Table 3.2

Insurance revenue	Q1 2024	Q1 2023	% growth over prior year
Surety	34,851	27,523	26.6%
Risk Solutions Warranty	29,042	26,519	9.5%
Canadian Fronting	113,660	86,942	30.7%
Corporate Insurance	44,303	38,809	14.2%
US Fronting	522,410	459,307	13.7%
Total Insurance revenue	744,266	639,100	16.5%

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

CANADA

The table below presents financial highlights for our Canadian operations.

Table 3.3

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	221,856	179,793	42,063	23.4%
Insurance service expense	(154,436)	(114,882)	(39,554)	34.4%
Net expense from reinsurance contracts assets	(46,626)	(46,754)	128	(0.3%)
Insurance service result	20,794	18,157	2,637	14.5%
Net investment income	8,999	5,165	3,834	74.2%
Net gains	4,324	503	3,821	nm
Net credit impairment losses	(1,821)	(28)	(1,793)	nm
Other income(1)	5,345	5,178	167	3.2%
Net income	22,501	16,525	5,976	36.2%
Operating net income(2)	20,395	16,622	3,773	22.7%
Loss ratio	15.6%	14.6%		1.0pts
Expense ratio	66.2%	66.1%		0.1pts
Combined ratio(3)	81.8%	80.7%		1.1pts
ROE	28.8%	28.4%		0.4pts
Operating ROE(4)	28.1%	28.2%		(0.1pts)

(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 ROE excludes the impact of certain items to normalize earnings in order to reflect our Canadian operations.

Insurance revenue growth continued across all lines, 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. Risk Solutions Warranty insurance revenue grew in the quarter as a result of growth in certain programs. Canadian Fronting continued to grow as a result of continued growth of certain fronting relationships. 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 in Q1 2024 than Q1 2023, as a result of growth in the business, as well as a slightly higher Loss ratio. The Expense ratio remained approximately the same in Q1 2024 as Q1 2023.

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

Insurance service result for the quarter increased over the prior year as a result of growth in the business, and strong underwriting profitability. The Loss ratio increased slightly in the quarter as a result of a higher Loss ratio in Surety, which had an exceptionally low Loss ratio in Q1 2023. The quarterly Expense ratio was approximately the same as the prior year.

Other income, which reflects fees for surety services, was higher than the prior year which reflects a higher level of fee-generating activity in that period.

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

CANADA (CONTINUED)

The Combined ratio in the quarter remained strong and was similar to the prior year.

See Section 4 – Investment Performance Review for a discussion on Net investment income, Net gains and Net credit impairment losses.

Net income grew in the quarter as a result of growth in the business, a similar combined ratio, higher Net investment income and higher Net gains (losses). Operating net income removes the impact of Net gains on the investment portfolio, which includes unrealized gains or losses, as well as the impact of non-recurring surety revenue and the impact of yield curve movement on claims. Operating net income was lower than net income but grew for the quarter 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

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	34,851	27,523	7,328	26.6%
Insurance service expense	(25,617)	(18,137)	(7,480)	41.2%
Net expense from reinsurance contracts assets	(3,084)	(3,869)	785	(20.3%)
Insurance service result	6,150	5,517	633	11.5%
Other income	5,319	5,152	167	3.2%
Loss ratio	10.3%	5.5%		4.8pts

Insurance revenue grew significantly in Q1 2024 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.

Insurance service expense increased in Q1 2024 as a result of growth in claims, commissions and operating expenses, which have increased alongside growth in Insurance revenue, as well as a higher Loss ratio in the quarter which compares to a particularly low Loss ratio in Q1 2023. Net expense from reinsurance contracts assets decreased in the quarter as a result of a reduction in claims recoveries in Q1 2023. Insurance service result was higher in 2024 than the prior year as a result of growth in the business.

Other income, which reflects fees for surety services, was higher than the prior period as a result of greater fee generating activity in the period.

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

Risk Solutions Warranty

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

Table 3.5

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	29,042	26,519	2,523	9.5%
Insurance service expense	(25,963)	(21,608)	(4,355)	20.2%
Net expense from reinsurance contracts assets	(87)	(1,533)	1,446	(94.3%)
Insurance service result	2,992	3,378	(386)	(11.4%)

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

Insurance service expense increased for the quarter 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 from reinsurance contracts assets decreased in the quarter as a result of similar amounts of premium ceded, netted against higher claims recoveries on certain programs with reinsurance.

Insurance service result was lower than the prior year for the quarter primarily as a result of higher claims activity, which was particularly low in Q1 2023.

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

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

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	113,660	86,942	26,718	30.7%
Insurance service expense	(74,530)	(52,128)	(22,402)	43.0%
Net expense from reinsurance contracts assets	(33,915)	(30,609)	(3,306)	10.8%
Insurance service result	5,215	4,205	1,010	24.0%

(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.

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

Insurance service expense increased 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 primarily as a result of the maturing of programs and growth in the business.

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

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

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	44,303	38,809	5,494	14.2%
Insurance service expense	(28,326)	(23,009)	(5,317)	23.1%
Net expense from reinsurance contracts assets	(9,540)	(10,743)	1,203	(11.2%)
Insurance service result	6,437	5,057	1,380	27.3%
Loss ratio	26.9%	27.5%		(0.6pts)

Insurance revenue continued to grow in the quarter. 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.

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

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

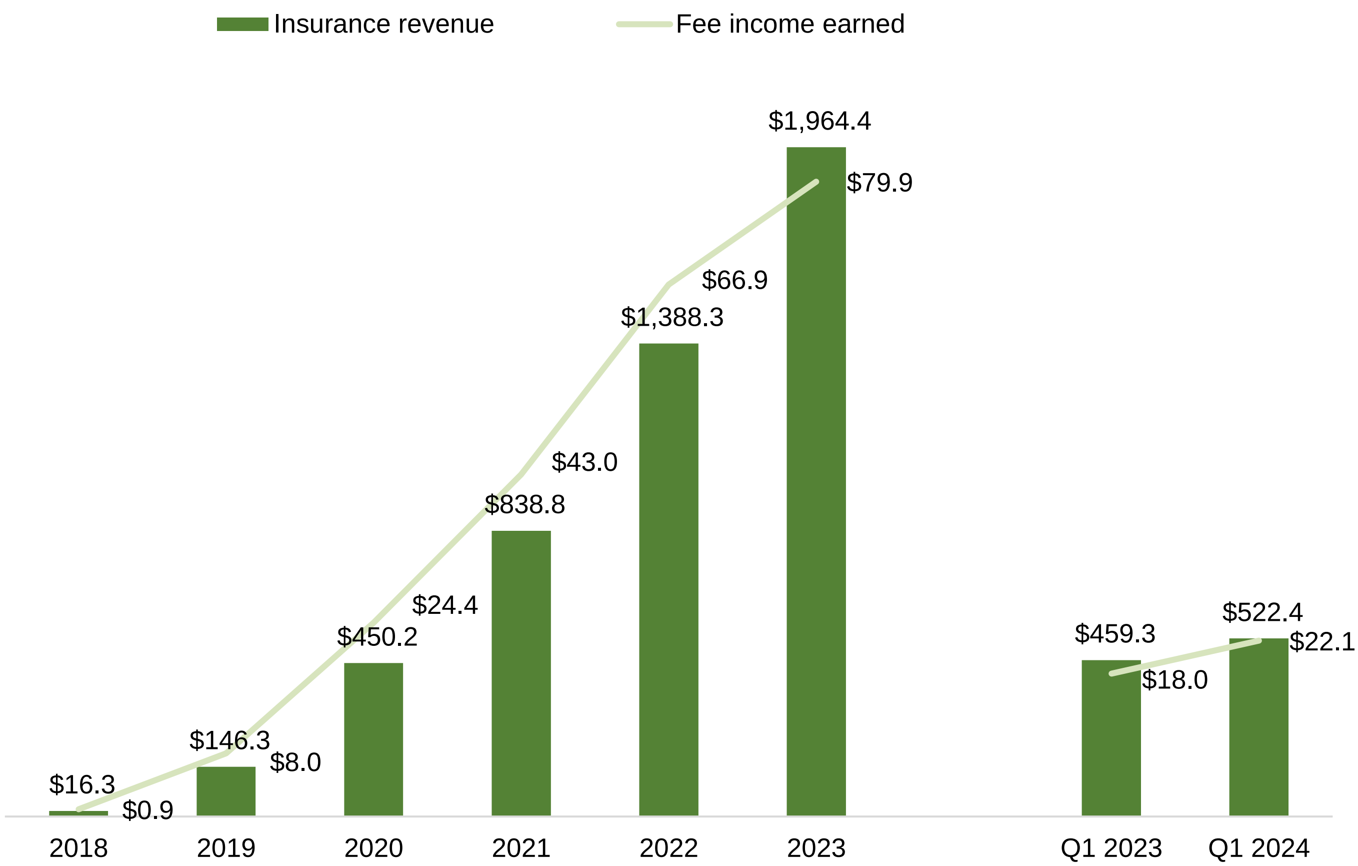
Insurance service result was greater in the quarter than the prior year as a result of growth in the business, and a similar Loss ratio.

In Q1 2024, the Loss ratio was stable compared to the prior year as a result of a similar level of claims activity.

UNITED STATES

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

Our US operations continued to grow Insurance revenue, producing $522.4 million in the quarter across 71 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.



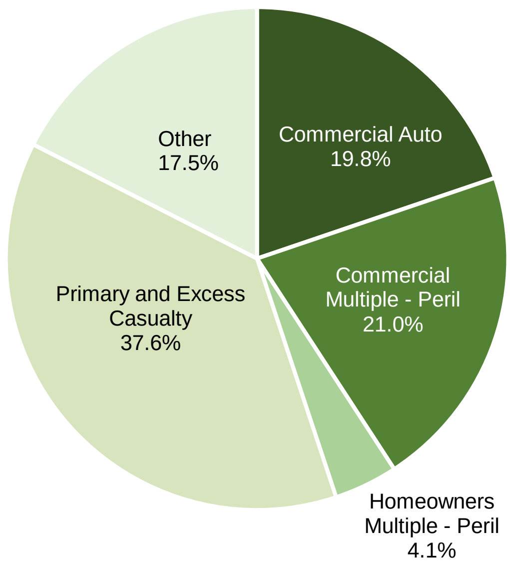
	2018	2019	2020	2021	2022	2023	Q1 2023	Q1 2024
Number of Programs Bound	14	29	48	62	69	74	70	71

(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.

UNITED STATES (CONTINUED)

The charts below provide a segmentation by class of business of our US Insurance revenue for Q1 2024.

Insurance Revenue
Q1 2024(1)



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

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

UNITED STATES (CONTINUED)

The table below presents financial highlights for our US operations.

Table 3.8

	Q1 2024	Q1 2023	$ variance	% variance
Insurance revenue	522,410	459,307	63,103	13.7%
Insurance service expenses	(426,504)	(385,548)	(40,956)	10.6%
Net expense from reinsurance contracts assets	(81,252)	(75,188)	(6,064)	8.1%
Insurance service result	14,654	(1,429)	16,083	nm
Net investment income	6,709	4,377	2,332	53.3%
Net gains	2,423	1,238	1,185	nm
Net credit impairment losses	(14)	(174)	160	nm
Net income (loss)	12,477	(1,742)	14,219	nm
Operating net income(1)	13,444	10,353	3,091	29.9%
Fee income(2)	22,130	17,996	4,134	23.0%
Loss ratio	71.9%	86.3%		
Loss ratio excluding certain non-recurring items(3)	67.0%	75.6%		
Retention rate(4)	9.3%	5.6%		
Fees as a % of ceded premium(4)	4.6%	4.2%		
Fees as a % of ceded premium excluding certain non-recurring items(3)	4.7%	4.5%		
FOR	89.6%	111.1%		
FOR excluding certain non-recurring items(3)	84.8%	86.0%		
ROE	4.1%	(16.0%)		
Operating ROE(5)	14.3%	13.6%		

(1) 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.
(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) Operating ROE excludes the impact of certain items to normalize earnings in order to reflect our US operations.

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

Table 3.9

As at	March 31, 2024	December 31, 2023	$ variance	% variance
Deferred fee income	39,731	39,854	(123)	(0.3%)

UNITED STATES (CONTINUED)

Insurance revenue grew in the quarter 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, $92.0 million of Insurance revenue was generated by admitted programs compared to $52.9 million in Q1 2023.

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

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

Insurance service result is greater in the quarter as a result of growth and a lower Loss ratio, as well as the impact of run-off costs in Q1 2023 which impacted profitability in that quarter. Excluding the impact of the run-off, Insurance service result was greater than the prior year as a result of growth in the business, and improved profitability.

Our US Fronting operations retained 9.3% of GPW in the quarter 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 Q1 2024 than Q1 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 US operations reflects fronting fees received from reinsurers which are recognized over the life of the insurance contracts with which they are associated. The earnings pattern of Fee income is similar to that of Insurance revenue, and is reflected as part of Net expense from reinsurance contracts assets. Fee income grew in the quarter as a result of premium growth over the past year.

Fees as a percentage of ceded premium, as well as Fees as a percentage of ceded premium excluding certain non-recurring items, improved compared to the prior year due to a higher average fronting fees.

The Loss ratio improved in the quarter in large part as a result of the run-off program in 2023 which contributed to a higher Loss ratio in that quarter. When the run-off is excluded from results, the Loss ratio was lower than the prior year as a result of improved claims performance on the portfolio.

The FOR in the quarter was lower than Q1 2023 primarily as a result of the impact of run-off costs in 2023. FOR excluding the 2023 run-off improved compared to 2023 as a result of an improved Loss ratio, mitigated by increased investment in internal infrastructure.

See Section 4 – Investment Performance Review for a discussion on Net investment income, Net gains (losses), and Net credit impairment losses.

Net income (loss) was greater for the quarter compared to the prior period as a result of the impact of run-off costs in Q1 2023, higher Net gains, and higher Net investment income. Operating net income in Q1 2024 was greater than the prior year, as a result of growth in the business, and a better Loss ratio in the quarter, as well as higher Net investment income.

ROE was 4.1%, 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 14.3%, which is greater than the prior year, reflecting growth in operations and Net investment income.

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

CORPORATE AND OTHER

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

Table 3.10

	Q1 2024	Q1 2023	$ variance
Corporate expenses and other	(1,236)	(739)	(497)
SBC, net of derivatives used to mitigate the impact	(469)	(400)	(69)
Net expenses[(1)]	(1,705)	(1,139)	(566)
Debt servicing	(541)	(544)	3
Corporate and other	(2,246)	(1,683)	(563)

(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, increased for the quarter 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 increased slightly as a result of more SBC having been awarded.

Debt servicing costs approximate the same in Q1 2024 as the prior year as a similar amount of debt was outstanding during that period.

(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

	Q1 2024	Q1 2023	$ variance
Net Investment income	16,753	10,071	6,682
Net gains excluding derivative (gains) losses[1]	9,822	1,555	8,267
Net credit impairment losses	(1,830)	(149)	(1,681)
Total investment income excluding derivative (gains) losses[2]	24,745	11,477	13,268

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

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

Net gains excluding derivative (gains) losses represent realized gains and losses from sales of investments, unrealized gains and losses on securities held that are classified as FVTPL, the impact of foreign exchange related to the investment portfolio and the operations of the business, and gains and losses on derivative instruments, with the exception of those mitigating SBC. We experienced a net gain in Q1 2024 primarily as a result of unrealized gains on securities classified as FVTPL as equities rose in the first quarter. Net gains also benefitted from foreign currency gains, driven by a strengthening USD.

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. The widening of credit spreads for certain positions in the Company's fixed income portfolio resulted in an increase in the ECL balance in Q1 2024. See Section 10 – Accounting and Disclosure Matters, for additional information on ECL impairments.

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

Other Comprehensive Income

Table 4.2

	Q1 2024	Q1 2023	$ variance
Unrealized gains in OCI	2,207	6,134	(3,927)
Cumulative translation income (loss)	6,732	(213)	6,945
Other comprehensive income	8,939	5,921	3,018

Unrealized gains in OCI reflect the mark to market impact of securities characterized as FVOCI, which was positive in Q1 2024, largely as a result of an increase in value of preferred shares.

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 income in Q1 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.

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 164 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. The Canadian operations have expanded our surety offering to the US, as part of the Company's growing US Surety business.

Our US business is now fully operational and demonstrating scale and profitability. It is licensed as a domestic excess and surplus lines insurer in Oklahoma operating as a non-admitted surplus lines insurer in all states, and as an admitted carrier in 49 states. We are in the process of obtaining admitted licenses in the remaining state. It is our belief that conditions are favourable for the continued growth of our US platform, which operates as a hybrid fronting carrier using a fee-based business model. Our focus is to source high quality business opportunities by partnering with a core base of established and well-managed program administrators. From our experience to date, these program administrators welcome our new capacity.

Furthermore, we continue to benefit from a strong supply of highly rated international reinsurance capacity keen to partner with us to gain exposure to this business, allowing us to cede the majority of the risk on policies to these reinsurers on commercially favourable terms. We are confident that this platform will generate attractive, stable fee income while maintaining a small risk position, right-sizing underwriting risk and aligning our interests with our program distribution partners and capacity providers. Our US fronting 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.

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.

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 has committed to meeting the gender diversity target of at least 30% of Directors identifying as women by our 2024 annual meeting of shareholders. Since adopting this policy the Company has welcomed three additional women to the board including Lilia Sham who joined the board in Q2 2024. An additional female director, Sacha Haque has been nominated for election to the board at our upcoming annual general meeting.

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

(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	March 31, 2024	December 31, 2023	$ variance
Cash and cash equivalents	636,186	604,016	32,170
Investments	1,056,639	890,157	166,482
Other assets	33,678	53,712	(20,034)
Reinsurance contract assets	1,947,341	2,003,589	(56,248)
Capital assets and intangible assets	28,053	16,657	11,396
Deferred tax assets	34,890	16,314	18,576
Total assets	3,736,787	3,584,445	152,342
Insurance contract liabilities	2,871,676	2,769,951	101,725
Other liabilities	127,897	120,065	7,832
Loan payable	75,000	75,000	-
Total liabilities	3,074,573	2,965,016	109,557
Shareholders' equity	662,214	619,429	42,785
Total liabilities and shareholders' equity	3,736,787	3,584,445	152,342

Cash and cash equivalents have increased as a result of cash generated from operating activities. 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 decreased largely as a result of a decrease in Assets for remaining coverage, due to an increase in collateral held from certain reinsurers. 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 First Founders. 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 Canada and the US. Other liabilities have increased as a result of holding more deposits in trust related to the Surety business line.

Shareholders' equity at March 31, 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.

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 March 31, 2024, 47,673,375 common shares were issued and outstanding.

As at March 31, 2024, 1,608,958 options were outstanding which could be converted to common shares (including unvested options). As at March 31, 2024, 224,178 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 259% as at March 31, 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 insurance companies of Trisura US Fronting are 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 10.2% as at March 31, 2024 (10.8% as at December 31, 2023), was below the Company's long-term target of 20.0%.

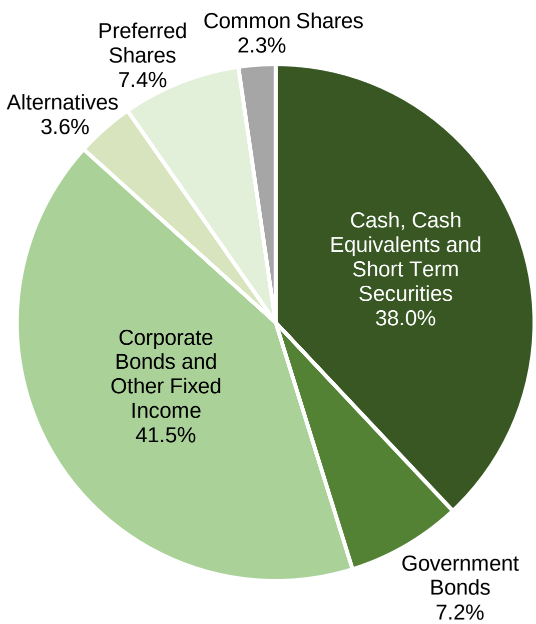
The Company continues to maintain a $50 million revolving credit facility. In Q3 2023, the Company issued a Letter of Credit through its banking facility, which lowered the undrawn capacity by $10 million USD. The letter of credit was drawn in relation to a partnership arrangement to support the growth 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.

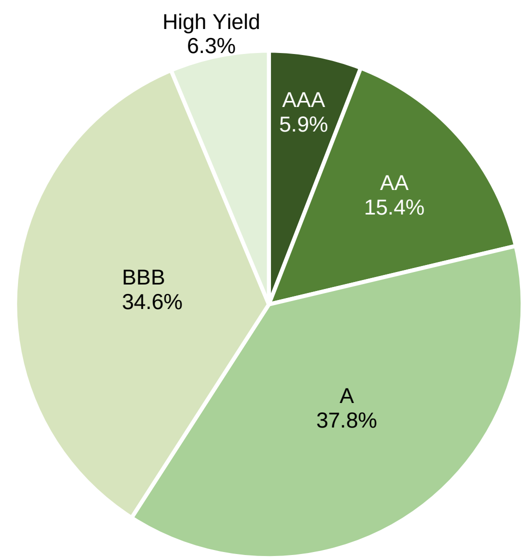
SUMMARY OF CASH AND INVESTMENTS

Our $1.7 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.

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

SECTION 8 – OTHER INFORMATION

RATINGS

Trisura's regulated Canadian operating subsidiary has been rated A- (Excellent) by A.M. Best since 2012. Trisura's regulated US operating subsidiary obtained an A- (Excellent) rating from A.M. Best in September 2017. As at March 31, 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

	Q1 2024	Q1 2023	$ variance
Net income	36,433	13,976	22,457
Non-cash items	(6,384)	5,232	(11,616)
Change in working capital	160,070	(1,046)	161,116
Realized losses	330	245	85
Income taxes paid	(4,056)	(3,837)	(219)
Interest paid	(115)	(127)	12
Net cash from operating activities	186,278	14,443	171,835
Proceeds on disposal of investments	38,368	31,601	6,767
Purchases of investments	(179,636)	(79,987)	(99,649)
Acquisition of subsidiary	(15,015)	-	(15,015)
Net purchases of capital and intangible assets	(532)	(177)	(355)
Net cash used in investing activities	(156,815)	(48,563)	(108,252)
Shares issued	1,335	711	624
Shares purchased under RSU plan	(3,076)	(869)	(2,207)
Principal portion of lease payments	(586)	(512)	(74)
Net cash used in financing activities	(2,327)	(670)	(1,657)
Net increase (decrease) in cash and cash equivalents	27,136	(34,790)	61,926
Cash and cash equivalents, beginning of period	604,016	406,368	197,648
Currency translation	5,034	(3,368)	8,402
Cash and cash equivalents, end of period	636,186	368,210	267,976

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

CASH FLOW SUMMARY (CONTINUED)

In Q1 2024, Net cash from operating activities was positive as a result of positive change in working capital at Trisura US Fronting and Trisura Canada as well as Net income generated from the Canadian and US operations. Net cash from operating activities was greater than Q1 2024 as a result of a larger change in working capital during those periods and higher net income, as well as lower cash outflows associated with the 2023 run-off.

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

Net cash used in financing activities was greater in 2024 than 2023 as a result of more shares purchased under an SBC plan.

SEGMENTED REPORTING

Table 8.2

As at	March 31, 2024			
	Trisura Canada	Trisura US Fronting	Corporate and other	Total(1)
Assets(2)	1,151,549	2,491,080	94,158	3,736,787
Liabilities(2)	817,875	2,201,301	55,397	3,074,573
Shareholders' Equity(2)	333,674	289,779	38,761	662,214
Book Value Per Share, $	7.00	6.08	0.81	13.89

Table 8.3

As at	December 31, 2023			
	Trisura Canada	Trisura US Fronting	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.

(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)]		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Insurance revenue	744,266	754,953	730,714	664,420	639,100	595,742	550,861	464,643
Insurance service result[(2)]	35,448	4,159	24,749	39,712	16,715	(53,762)	28,590	27,452
Net income (loss)[(2)]	36,433	11,320	14,838	26,807	13,976	(40,710)	24,224	20,943
EPS, basic (in dollars)	0.77	0.23	0.32	0.58	0.30	(0.89)	0.54	0.51
EPS, diluted (in dollars)	0.75	0.23	0.31	0.57	0.30	(0.87)	0.53	0.50
Total assets[(2)]	3,736,787	3,584,445	3,404,909	3,120,190	2,977,074	2,798,865	2,698,454	2,148,588
Total non-current financial liabilities[(3)]	75,000	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. In Q4 2022, the company experienced a write down on reinsurance recoverables which caused Insurance service result and Net income to be negative in that quarter. In Q2 2023, a positive impact of the run-off program caused Insurance service result to be greater than it otherwise would have been. In Q3 2023, a loss from a run-off program caused Insurance service result to be lower than what it otherwise would have been, and lower than Q3 2022. In Q4 2023, a loss from a run-off program caused insurance service result to be lower than it otherwise would have been, however it was still greater than Q4 2022 due to the impact of the write down on reinsurance recoverables. 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.

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. In Q2 2023, Net income was positively impacted by the run-off program, while in Q1, Q3 and Q4 2023 net income was negatively impacted by the run-off program. 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. Beginning in 2023, Net income is now be 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 Q1 2024, 2023 or 2022.

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. *Used to calculate the per-share value of a company based on equity available to common shareholders.*
Ceded Premiums Written	Premiums ceded to reinsurers in the period. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth and profitability.*
Combined Ratio	The sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income as a percentage of NPE, or underwriting margin. *A combined ratio under 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result. A measure to evaluate pre-tax underwriting profitability.*
Debt-to-Capital Ratio	Total Debt outstanding at the end of the reporting period, divided by the sum of: Debt outstanding balance and Shareholders' equity. *A measure used to assess the Company's financial leverage.*
Deferred Fee Income	Reflects unrecognized revenue associated with Fee income and is expected to be earned over the lifetime of the associated policies. *A precursor to Net income (expense) from reinsurance contracts assets, which can be used to assist with estimates of future pre-tax underwriting profitability.*
Expense Ratio	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 Canadian operations) as a percentage of NPE. *A measure to evaluate pre-tax underwriting profitability.*
Fee Income	A portion of Net income or expense from reinsurance contracts assets, which reflects fees received from reinsurers paid in exchange for fronting services. *A measure used to evaluate profitability.*
Fees as a Percentage of Ceded Premium	Fee income, adjusted to reflect the portion of fee income bound in a period, rather than recognized as revenue in a period, divided by Ceded Premiums Written. *Illustrates the rate of fee income generated from ceded premium, and can supplement measurements of pre-tax underwriting profitability.*
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. *A measure of pre-tax underwriting profitability.*
Gross Premiums Written	Insurance revenue, adjusted to reflect insurance revenue bound in the period inclusive of any portion of that premium not yet recognized as revenue. *Used by Management for internal measurement, budgeting and forecasting purposes. Management views the figure to be useful forward-looking information to measure growth.*
Loss Ratio	Net claims expense as a percentage of NPE. *A measure of claims used to evaluate pre-tax underwriting profitability.*
LTM Average Equity	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions and equity raises, if appropriate. *A measure used in calculating ROE and Operating ROE.*
MCT	Our regulated Canadian operations report the results of its MCT as prescribed by OSFI's Guideline A — Minimum Capital Test, as amended, restated or supplemented from time to time. *MCT determines the supervisory regulatory capital levels required by our regulated Canadian operations.*

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

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

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

NON-IFRS FINANCIAL MEASURES AND OTHER FINANCIAL MEASURES

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

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

Non-IFRS Financial Measures

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

	Q1 2024	Q1 2023
Other operating expenses per financial statements	**(15,012)**	(5,432)
Less: SBC	**2,923**	(3,370)
Other operating expenses excluding SBC	**(12,089)**	(8,802)
Year-over-year % increase, Other operating expenses	**176.4%**	
Year-over-year % increase, Other operating expenses excluding SBC	**37.3%**	

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 North American specialty operations.

	Q1 2024	Q1 2023
Net income (see Table 3.1)	**36,433**	13,976
Adjustments		
Non-recurring items	**3,714**	14,691
Impact of SBC, see Table 10.1	**2,923**	(3,370)
Impact of movement in yield curve within Finance (expenses) income from insurance and reinsurance contracts	**(436)**	4,726
Net (gains) losses, see Table 3.1	**(12,276)**	2,215
Net credit impairment losses, see Table 3.1	**1,830**	149
Tax impact of above items	**1,000**	(3,774)
Operating net income, as presented in Table 3.1	**33,188**	28,613

(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 Canada and US 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 Canadian and US operations.

	Trisura Canada		Trisura US Fronting	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Net income	**22,501**	16,525	**12,477**	(1,742)
Adjustments				
Non-recurring items	**-**	-	**3,714**	14,691
Impact of movement in yield curve within Finance (expenses) income from insurance and reinsurance contracts	**(358)**	607	**(78)**	1,563
Net gains	**(4,324)**	(503)	**(2,423)**	(1,238)
Net credit impairment losses	**1,821**	28	**14**	174
Tax impact of above items	**755**	(35)	**(260)**	(3,095)
Operating net income	**20,395**	16,622	**13,444**	10,353

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

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

	Q1 2024	Q1 2023
Net gains (losses), as presented in the financial statements	**12,276**	(2,215)
Derivative (gains) losses from SBC mitigation, from Table 10.8.2	**(2,454)**	3,770
Net gains excluding derivative losses, as presented in Table 4.1	**9,822**	1,555

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

	Q1 2024	Q1 2023
Average equity	**587,336**	439,502
Adjustments: days in quarter proration	**(3,538)**	9,915
LTM average equity, as presented in Table 10.4	**583,798**	449,417

(1) Average equity is calculated as the sum of opening equity and closing equity over the last twelve months, divided by two.
(2) LTM average equity, a component of ROE and Operating ROE, is a non-IFRS financial measure (details on ROE and Operating ROE presented in Table 10.4).

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

	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 March 31, 2024							
Trisura Canada	221,856	(55)	221,801	(106,607)	115,194	(9,060)	106,134
Trisura US Fronting	522,410	(21,197)	501,213	(454,650)	46,563	(3,204)	43,359
For the three months ended March 31, 2023							
Trisura Canada	179,793	(2,392)	177,401	(91,545)	85,856	884	86,740
Trisura US Fronting	459,307	23,748	483,055	(455,847)	27,208	24,149	51,357

Table 10.5.2 – Net underwriting income – Canada

	Q1 2024	Q1 2023
Line items, as presented in the financial statements, note 16:		
Insurance service result	**20,794**	18,157
Other operating expenses	**(5,846)**	(4,765)
Other income	**5,345**	5,178
Net insurance finance expenses	**(998)**	(1,775)
Net underwriting income	**19,295**	16,795

Table 10.5.3 – Net underwriting income – United States

	Q1 2024	Q1 2023
Line items, as presented in the financial statements, note 16:		
Insurance service result	**14,654**	(1,429)
Other operating expenses	**(5,007)**	(3,310)
Net insurance finance expenses	**(2,860)**	(2,951)
Net underwriting income	**6,787**	(7,690)

Table 10.5.4 – Reconciliation of Net expense from reinsurance contracts assets to Fee income – United States:

	Q1 2024	Q1 2023
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(81,252)**	(75,188)
Adjustment: Ceded commissions, Ceded claims, Ceded premiums earned, and Other directly attributable expenses – reinsurance	**103,382**	93,184
Fee income, as presented in Table 3.8	**22,130**	17,996

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

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

	Q1 2024	Q1 2023
Gross premiums written, as presented in Table 10.5.1	**501,213**	483,055
Less: Net premiums written, as presented in Table 10.5.1	**(46,563)**	(27,208)
Ceded reinsurance premiums written	**454,650**	455,847

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

	Q1 2024	Q1 2023
Insurance service expenses, as presented in the financial statements, note 16	**(154,436)**	(114,882)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	**(3,293)**	(5,165)
Subtotal	**(157,729)**	(120,047)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses	**91,173**	74,249
Gross claims and loss adjustment expenses	**(66,556)**	(45,798)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(46,626)**	(46,754)
Finance income (expenses) from reinsurance contracts, as presented in the financial statements, note 16	**2,295**	(3,390)
Subtotal	**(44,331)**	(43,364)
Adjustment: Ceded commissions and Ceded premiums earned	**94,331**	76,537
Ceded claims and loss adjustment expenses	**50,000**	33,173
Net claims and loss adjustment expenses	**(16,556)**	(12,625)

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

	Q1 2024	Q1 2023
Insurance service expenses, as presented in the financial statements, note 16	**(426,504)**	(385,548)
Finance expenses from insurance contracts, as presented in the financial statements, note 16	**(33,365)**	(31,463)
Subtotal	**(459,869)**	(417,011)
Adjustment: Gross commissions, Premium taxes, and Other directly attributable expenses – insurance	**118,308**	106,617
Gross claims and loss adjustment expenses	**(341,561)**	(310,394)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(81,252)**	(75,188)
Finance income from reinsurance contracts, as presented in the financial statements, note 16	**30,505**	28,512
Subtotal	**(50,747)**	(46,676)
Adjustment: Ceded commissions, Ceded premiums earned, Fee income, and Other directly attributable expenses – reinsurance	**361,121**	312,761
Ceded claims and loss adjustment expenses	**310,374**	266,085
Net claims and loss adjustment expenses	**(31,187)**	(44,309)

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 – Canada: used in the calculation of Net underwriting income and Expense ratio**.**

	Q1 2024	Q1 2023
Insurance service expenses, as presented in the financial statements, note 16	**(154,436)**	(114,882)
Adjustment: Gross claims and loss adjustment expenses (net of finance expense)	**63,261**	40,633
Gross commissions, Premium taxes, and Other directly attributable expenses	**(91,175)**	(74,249)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(46,626)**	(46,754)
Adjustment: Ceded claims and loss adjustment expenses (net of finance expense) and Ceded premiums earned	**68,019**	63,270
Ceded commissions	**21,393**	16,516
Net commissions, Premium taxes, and Other directly attributable expenses	**(69,782)**	(57,733)

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 – United States: used in the calculation of Net underwriting income and FOR**.**

	Q1 2024	Q1 2023
Insurance service expenses, as presented in the financial statements, note 16	**(426,504)**	(385,548)
Adjustment: Gross claims and loss adjustment expenses (net of finance expense)	**308,198**	278,931
Gross commissions, Premium taxes, and Other directly attributable expenses	**(118,306)**	(106,617)
Net expense from reinsurance contracts assets, as presented in the financial statements, note 16	**(81,252)**	(75,188)
Adjustment: Ceded claims and loss adjustment expenses (net of finance expense), Ceded premiums earned, and Fee income	**177,050**	152,381
Ceded commissions and Other directly attributable expenses	**95,798**	77,193
Net commissions, Premium taxes, and Other directly attributable expenses	**(22,508)**	(29,424)

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 North American specialty operations; a measure of after-tax profitability.

	Q1 2024	Q1 2023
Operating net income	**33,188**	28,613
Weighted-average number of common shares outstanding – basic (in thousands of shares)	**47,596**	45,887
Operating earnings per common share – basic (in dollars)	**0.70**	0.62
Operating net income	**33,188**	28,613
Weighted-average number of common shares outstanding – diluted (in thousands of shares)	**48,456**	46,788
Operating earnings per common share – diluted (in dollars)	**0.68**	0.61

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

	Q1 2024	Q1 2023
LTM net income	**89,398**	18,433
LTM average equity, from Table 10.4.1	**583,798**	449,417
ROE	**15.3%**	4.1%
LTM net income	**89,398**	18,433
Adjustments:		
Non-recurring items	**36,204**	96,164
Impact of SBC	**4,379**	1,256
Net credit impairment losses	**786**	149
Net gains	**(4,833)**	(7,061)
Impact of movement in yield curve within Finance (expenses) income from insurance and reinsurance contracts	**(1,883)**	3,666
Tax impact of above items	**(7,232)**	(19,940)
Operating LTM net income(1)	**116,819**	92,666
LTM average equity, from Table 10.4.1	**583,798**	449,417
Operating LTM ROE(1)	**20.0%**	20.6%

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

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

Table 10.5 – Loss ratio and Expense ratio – Canada

	Q1 2024	Q1 2023
Loss ratio		
Net claims, as presented in Table 10.6.1	**16,556**	12,625
Net premiums earned, as presented in Table 10.5.1	**106,134**	86,740
Loss ratio	**15.6%**	14.6%
Expense ratio		
Net commissions, Premium taxes, and Other directly attributable expenses, as presented in Table 10.6.3	**69,782**	57,733
Other operating expenses, as presented in the financial statements, note 16	**5,846**	4,765
Less: Fee income, as presented in the financial statements, note 16	**(5,345)**	(5,178)
Subtotal	**70,283**	57,320
Net premiums earned, as presented in Table 10.5.1	**106,134**	86,740
Expense ratio	**66.2%**	66.1%
Combined ratio	**81.8%**	80.7%

Table 10.6 – Loss ratio and FOR – United States

	Q1 2024	Q1 2023
Loss ratio		
Net claims, as presented in Table 10.6.2	**31,187**	44,309
Net premiums earned, as presented in Table 10.5.1	**43,359**	51,357
Loss ratio	**71.9%**	86.3%
FOR		
Net claims, as presented in Table 10.6.2	**31,187**	44,309
Net commissions, Premium taxes, and Other directly attributable expenses, as presented in Table 10.6.4	**22,508**	29,424
Other operating expenses, as presented in the financial statements, note 16	**5,007**	3,310
Subtotal	**58,702**	77,043
Net premiums earned, as presented in Table 10.5.1	**43,359**	51,357
Fee income, as presented in Table 10.5.4	**22,130**	17,996
Subtotal	**65,489**	69,353
FOR	**89.6%**	111.1%

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

	Q1 2024	Q1 2023
Retention rate		
Net premiums written, as presented in Table 10.5.1	**46,563**	27,208
Gross premiums written, as presented in Table 10.5.1	**501,213**	483,055
Retention rate	**9.3%**	5.6%
Fees as a percentage of ceded premium		
Gross fee income	**21,137**	19,361
Ceded written premium, as presented in Table 10.5.5	**454,650**	455,847
Fees as a percentage of ceded premium	**4.6%**	4.2%

(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 March 31, 2024		
	FS Note 16 – Net income before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income
Trisura Canada	30,757	(8,256)	22,501
Trisura US Fronting	15,872	(3,395)	12,477

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 March 31, 2023		
	FS Note 16 – Net income (loss) before tax	Tax impact	MD&A Table 3.3 and 3.8 – Net income (loss)
Trisura Canada	22,379	(5,854)	16,525
Trisura US Fronting	(2,249)	507	(1,742)

Corporate and Other

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

	Q1 2024	Q1 2023
Other operating expenses Corporate and other, as presented in Note 16 – Segmented Information	**(4,159)**	2,643
Insurance service expense – Reinsurance	**-**	(12)
Derivative gains (losses) from mitigation strategies[1]	**2,454**	(3,770)
Net expenses, as presented in Table 3.10	**(1,705)**	(1,139)

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

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

	Q1 2024	Q1 2023
SBC, gross of mitigation strategies[1]	**(2,923)**	3,370
Add: Derivative gains (losses) from mitigation strategies[2]	**2,454**	(3,770)
SBC, net of mitigation strategies as presented in Table 3.10	**(469)**	(400)

(1) Included in Other operating expenses in Corporate and Other segment of FS Note 16.
(2) Derivative losses from mitigation strategies are presented in Net gains in the Condensed Interim Consolidated Financial Statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of applicable Canadian securities 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.

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 Premiums Written
LAE	Loss Adjustment Expenses
LTM	Last Twelve Months
MCT	Minimum Capital Test
MGA	Managing General Agent
n/a	not applicable
nm	not meaningful
NPE	Net Premiums Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
Primary lines	Primary lines are lines of insurance business not classified as fronting, such as Surety, Corporate Insurance, and Risk Solutions – Warranty.
pts	Percentage points
Q1, Q2, Q3, Q4	The three months ended March 31, June 30, September 30 and December 31 respectively
Q2 YTD	The six months ended June 30
Q3 YTD	The nine months ended September 30
Q4 YTD	The twelve months ended December 31
ROE	Return on Shareholders' Equity over the last twelve months
RSUs	Equity-settled restricted share units
USD	United States Dollar
YTD	Year to Date