TRISURA GROUP LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

Our Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess our results of operations and financial condition for the interim period ended March 31, 2017. This MD&A should be read in conjunction with the Interim Combined Financial Statements as at and for the three months ended March 31, 2017 and each of the financial statements included in our Prospectus, dated May 12, 2017. Unless the context indicates otherwise, references in this report 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 combined 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.

This MD&A is dated May 23, 2017. Additional information is available on SEDAR at www.sedar.com.

This MD&A has been prepared on a combined basis, reflecting the combination of our directly held subsidiaries as detailed in Note 1 to the Interim Combined Financial Statements as at and for the three months ended March 31, 2017.

OUTLINE OF THE MD&A

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This interim report to shareholders contains "forward-looking information" within the meaning of Canadian provincial and territorial securities laws. We may provide such information and make such statements in this interim report and in other filings with Canadian regulators. See "Special Note Regarding Forward-Looking Information" on page 15.

SECTION 1 – OVERVIEW

OUR BUSINESS

Our Company is an international specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance and Reinsurance niche segments of the market. Our operating subsidiaries include a Canadian specialty insurance business, an international reinsurance business and we are in the process of establishing a U.S. specialty insurance business. Our Canadian specialty insurance business started writing business in 2006 and has a long track record of strong underwriting having been in operation for more than ten years. Our international reinsurance business has operated as a reinsurance company for more than fifteen years. Although our international reinsurer ceased writing new business in 2008, we expect to recommence writing new business in the near future acting as a multi-line reinsurer in the international reinsurance markets initially in support of our Canadian and U.S. specialty insurance businesses and thereafter where other opportunities arise.

Our Company benefits from an experienced management team, strong distribution partners and a specialized business focus. We plan to grow through strategic acquisitions and by building our business in the U.S. We believe our Company will be able to opportunistically capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform. Further, we will continue to focus on our existing distribution network, and strive to increase the penetration of our products.

ORGANIZATIONAL STRUCTURE & REGULATORY FRAMEWORK

Trisura Group Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") in January 2017. We have three principal regulated subsidiaries: Trisura Guarantee Insurance Company ("Trisura Guarantee"), Trisura Specialty Insurance Company ("Trisura US")(1) and Trisura International Insurance Ltd. ("Trisura International"). We have an indirect 60% ownership interest in Trisura Guarantee with the remaining 40% ownership interest held by certain members of the Trisura Guarantee management team. Trisura US(1) and Trisura International are each wholly-owned subsidiaries of the Company.

Trisura Guarantee is federally incorporated in Canada and regulated by the Office of the Superintendent of Financial Institutions ("OSFI"). Trisura Guarantee is licensed in all provinces and territories of Canada and subject to both prudential regulation by OSFI and market conduct regulation by each of the insurance regulatory authorities of the provinces and territories in which it conducts business.

Trisura US will be incorporated and regulated by the Department of Insurance in Oklahoma and will have non-admitted status in all other states and jurisdictions within the U.S.

Trisura International is subject to regulation by the Financial Services Commission in Barbados. A wholly-owned subsidiary of Trisura International, Imagine Asset Services dac, is subject to regulation by the Central Bank of Ireland; however given that the company commuted its last remaining reinsurance contract in December 2016, we commenced the withdrawal of authorization process with the Central Bank of Ireland in January 2017. Upon conclusion of this process, Imagine Asset Services dac will no longer be a reinsurance company and no longer be subject to regulation by the Central Bank of Ireland.

(1) Trisura US is not yet incorporated. We are in the process of seeking regulatory approval and we anticipate incorporating the company following the completion of the spin-off.

SPIN-OFF TRANSACTION FROM BROOKFIELD

The Company is currently a wholly-owned subsidiary of Brookfield Asset Management Inc. ("Brookfield"). We have received the necessary approvals to complete the spin-off transaction from Brookfield whereby all of the common shares of the Company will be distributed to the holders of Brookfield's Class A limited voting shares and Class B limited voting shares (the "spin-off"). We expect the spin-off to take place on June 22, 2017, whereby Brookfield will distribute, as a special dividend, to its shareholders of record as of June 1, 2017, all of its interests in the Company, representing approximately 5,800,000 common shares of the Company. Holders of Class A limited voting shares and Class B limited voting shares of Brookfield as of June 1, 2017 will receive 1 common share of the Company for every 170 Class A limited voting shares or Class B limited voting shares of Brookfield held.

Prior to the spin-off, on or about June 15, 2017, Brookfield will subscribe for approximately 5,799,960 common shares of the Company in exchange for or about approximately $144.9 million. The Company will use the $144.9 million to acquire: (i) Brookfield's interest in Trisura International for approximately $51.8 million; (ii) Brookfield's 60% interest in Trisura Guarantee for approximately $51.8 million; and (iii) Brookfield's interest in a note payable from the holding company of Trisura Guarantee to Brookfield for approximately $0.2 million, leaving the Company with $41.1 million in additional cash (collectively, the "Reorganization Transaction").

We have received conditional approval to list the common shares of the Company on the Toronto Stock Exchange (the "TSX") under the symbol "TSU". We expect the common shares of the Company to commence trading on a "when-issued" basis on the TSX on May 30, 2017. "Regular-way" trading on the TSX is expected to commence on June 22, 2017.

Unless otherwise indicated or the context otherwise requires, this MD&A assumes that the spin-off and the Reorganization Transaction have been completed.

SECTION 2 – FINANCIAL REVIEW

HIGHLIGHTS

- ✓ **Gross premiums written of $28.6 million, a 13% increase compared to the prior year period.**
- ✓ **Net underwriting income of $1.4 million reflects strong underwriting results.**
- ✓ **Net loss totaled $4.0 million including a negative $5.2 million change in liabilities to participating shareholders of our Canadian business. Absent this valuation increase, net income was $1.2 million.**

INCOME STATEMENT ANALYSIS

	Three months ended March 31,		
Expressed in C$ thousands	**2017**	**2016**	Variance
Gross premiums written	**$ 28,615**	$ 25,380	$ 3,235
Net premiums written	**19,466**	17,290	2,176
Change in unearned premiums	**(1,837)**	(1,630)	(207)
Net premiums earned	**17,629**	15,660	1,969
Fee income	**2,929**	2,951	(22)
	20,558	18,611	1,947
Claims and loss adjustment expenses	**9,350**	10,885	(1,535)
Reinsurers' share of claims and loss adjustment expenses	**(5,085)**	(2,464)	(2,621)
Commissions	**8,180**	7,349	831
Reinsurance commissions	**(1,548)**	(1,409)	(139)
Premium taxes	**897**	736	161
Operating expenses	**7,335**	6,530	805
	19,129	21,627	(2,498)
Net underwriting income (loss)	**1,429**	(3,016)	4,445
Net investment income	**744**	6,213	(5,469)
Foreign exchange losses	**(15)**	(152)	137
Interest expense	**(276)**	-	(276)
Change in liabilities to participating shareholders	**(5,158)**	(160)	(4,998)
Income tax expense	**(759)**	(914)	155
Net (loss) income	**$ (4,035)**	$ 1,971	$ (6,006)
Other comprehensive income (loss)	**765**	(6,757)	7,522
Comprehensive loss	**$ (3,270)**	$ (4,786)	$ 1,516

We experienced overall growth of 13% in premiums written during the three months ended March 31, 2017 relative to the prior year period. Net underwriting income of $1.4 million was strong and a $4.4 million increase relative to the prior year as the prior year included a reserve increase in an annuity reinsurance contract resulting from a fall in interest rates, which was offset by an increase in the assets supporting this contract.

The Company's net loss of $4.0 million represented a decrease of $6.0 million compared to the prior year period and was driven primarily by a $5.2 million change in the valuation of the liability to participating shareholders (minority interests) recorded in the first quarter of 2017. Absent this valuation increase, net income would have totaled $1.2 million for the three months ended March 31, 2017.

Accounting rules require the Company to account for the Trisura Guarantee minority interest as a liability as a result of a puttable feature included within the terms of a shareholder agreement between the Company and management shareholders (the "Shareholder Agreement"). While accounting rules require us to fair value this 40% minority interest, we are not able to record a fair value increase on our 60% ownership interest. Therefore, while the value of our share of Trisura Guarantee has similarly increased, we do not reflect this increase in our financial results.

BALANCE SHEET ANALYSIS

Expressed in C$ thousands	*As at* **March 31, 2017**	*As at* December 31, 2016	Variance
ASSETS			
Cash and cash equivalents	**$ 109,344**	$ 122,096	$ (12,752)
Investments	**194,953**	194,393	560
Premiums and accounts receivable and other	**19,734**	22,069	(2,335)
Deferred acquisition costs	**31,462**	30,985	477
Recoverable from reinsurer's	**51,498**	47,120	4,378
Fixed and intangible assets	**2,033**	2,116	(83)
Deferred tax assets	**649**	622	27
TOTAL ASSETS	**$ 409,673**	$ 419,401	$ (9,728)
LIABILITIES			
Accounts payable, accrued and other liabilities	**$ 15,215**	$ 21,933	$ (6,718)
Reinsurance premiums payable	**8,623**	13,461	(4,838)
Unearned premiums	**94,154**	90,612	3,542
Unearned reinsurance commissions	**5,114**	4,928	186
Unpaid claims and loss adjustment expenses	**165,864**	163,970	1,894
Loan payable	**31,400**	34,100	(2,700)
Income tax payable	**484**	3,501	(3,017)
Minority interests	**21,200**	16,008	5,192
	342,054	348,513	(6,459)
SHAREHOLDERS' EQUITY	**67,619**	70,888	(3,270)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 409,673**	$ 419,401	$ (9,728)

The Company's total assets decreased by $9.7 million during the three months ended March 31, 2017 driven primarily by decreases in our cash and cash equivalents and premiums receivable balances offset by increases in the recoverable amounts from reinsurer's, relating to their share of unearned premiums and unpaid claims and loss adjustment expenses. The decline in cash and cash equivalents was driven mainly by repayments on the bank loan, payment of income taxes and other accounts payable balances.

Total liabilities decreased during the three months ended March 31, 2017 primarily due to the payment of accounts payable, reinsurance premiums payables and income tax payments made in relation to 2016 income taxes previously accrued. We also made repayments on our bank loan. Offsetting this was the increase in the liability to participating shareholders (minority interests) which increased during the quarter as a result of the valuation increase recorded during the first quarter, as contractually required pursuant to the Shareholder Agreement.

Shareholders' equity decreased by $3.3 million as a function of the comprehensive loss during the quarter. No other equity movements were recorded during the first quarter.

LIQUIDITY & CAPITAL RESOURCES

Liquidity sources for the Company include: (i) existing cash and cash equivalents; (ii) cash flow from operating activities; (iii) utilization of existing working capital balances; (iv) external debt financing; and (v) new capital through the issuance of additional share capital.

The Company's primary source of funds consist of net premiums written, fee income and investment income. Funds are used primarily to pay claims and operating expenses, service the bank loan and to purchase investments. We expect the resulting cash flow from operating activities, measured annually, will be sufficient to fund our operations for the foreseeable future. In addition, our investments are readily convertible into cash should the need to cover outflows in relation to unforeseen claims arise.

The minimum capital test ("MCT") ratio of the Company's Canadian specialty insurance business, Trisura Guarantee, was 258% as of March 31, 2017 which comfortably exceeds the supervisory regulatory capital levels required by OSFI. Please refer to our Prospectus for a discussion of the applicable regulatory capital requirements under the heading "Liquidity and Capital Resources" in each of the MD&A sections for Trisura Guarantee and Trisura International.

Subsequent to quarter end, the Company will receive a cash injection of $41.1 million from Brookfield in exchange for common shares as part of the Reorganization Transaction. This additional cash will be included as part of the Company's overall liquidity and may be used freely for a variety of purposes, including paying down debt or seeding Trisura US.

Following the spin-off from Brookfield, the Company will be well-capitalized and we expect to have sufficient liquidity to fund our operations and to meet regulatory capital requirements for the foreseeable future.

SECTION 3 – PERFORMANCE REVIEW

We operate through the following four business lines: Surety, Risk Solutions, Corporate Insurance, and Reinsurance. Substantially all of our premiums have been written by our Canadian specialty insurance business, Trisura Guarantee, in the Canadian specialty insurance market. We intend to write new business in the U.S. through our U.S. Specialty Insurance operations, Trisura US, following the receipt of regulatory approvals, which we expect will occur during the third quarter of 2017.

	Three months ended March 31,		
Expressed in C$ thousands	**2017**	2016	Variance
SPECIALTY P&C (Surety, Risk Solutions, Corporate Insurance)			
Gross premiums written	***$ 28,615***	*$ 25,380*	$ 3,235
Net premiums earned	***17,629***	*15,660*	1,969
Fee income	***2,929***	*2,951*	(22)
Net underwriting income	***2,194***	*2,435*	(241)
Combined ratio	***99.5%***	*98.1%*	*1.4%*
REINSURANCE			
Net underwriting loss	***69***	*(5,451)*	5,520
Net investment (loss) income	***(266)***	*5,174*	(5,440)
Comprehensive loss	***(544)***	*(7,290)*	6,746
CORPORATE			
Change in liabilities to participating shareholders	***(5,158)***	*(160)*	(4,998)
Corporate expenses	***834***	-	834

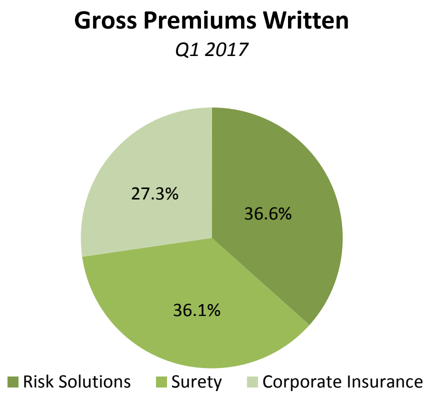
SPECIALTY P&C

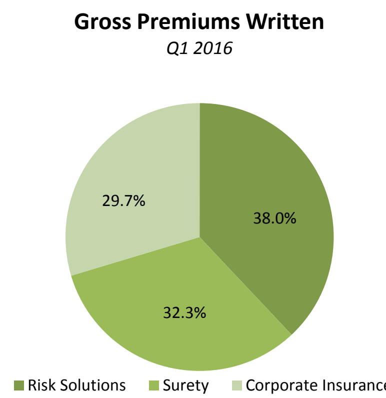
Overview

Our specialty insurance business produced strong growth in written premiums in the first quarter of 2017 relative to the prior year period, driven by increases in all business lines, mainly in Surety. Underwriting income of $2.2 million during the first quarter was strong but slightly behind the prior year period of $2.4 million driven by higher claims activity in our risk solutions and corporate insurance business lines.

The combined ratio in our specialty insurance business increased to 99.5% as a result of higher claims activity during the first quarter of 2017 relative to the prior year period. The combined ratio does not reflect fee income from our Surety business, which is a significant driver of profitability. Therefore the combined ratio demonstrates only a portion of the profitability of our specialty insurance business, an important nuance when considering operating metrics.

The chart below provides a segmentation of our gross premiums written for the three months ended March 31, 2017 and 2016, respectively:





	Three months ended March 31,					
Expressed in C$ thousands		**2017**	***%***		2016	%
Risk Solutions	**$**	**10,482**	***36.6%***	$	9,643	*38.0%*
Surety		**10,316**	***36.1%***		8,207	*32.3%*
Corporate Insurance		**7,817**	***27.3%***		7,530	*29.7%*
Total GPW	**$**	**28,615**	***100.0%***	$	25,380	100.0%
GPW Growth %		*12.7%*			*10.1%*	

Surety

Surety accounted for 36.1% of our gross premiums written during the first quarter of 2017.

Surety bonds are used to guarantee contractors' completion of contractual obligations and the payment to suppliers and sub-contractors, and in a wide variety of other circumstances to guarantee an entity's compliance with legal or fiduciary obligations.

The major products offered by the Surety business are:

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

Written premiums increased 26% compared to the prior year period or 10% on an earned basis.

Our Surety results experience some seasonality. Written premiums are typically lower in the first quarter due to a decline in construction activity during the winter months. Premiums earned are low in the first quarter given surety contracts typically have a term of less than one year, and many were completed prior to the first quarter. Operating expenses are consistent throughout the year, driving increased expenses as a proportion of net premiums earned during the first quarter.

Expressed in C$ thousands	Three months ended March 31, 2017	2016	Variance
Gross premiums written	$ *10,316*	$ *8,207*	$ 2,109
Net premiums earned	*6,318*	*5,762*	556
Fee income	*2,923*	*2,936*	(13)
Net underwriting income	*2,488*	*1,545*	943
Combined ratio[(1)]	*93.7%*	*109.9%*	*-16.2%*

(1) Ratio calculations exclude fee income and commission expenses incurred in relation to fee income earned

Net underwriting income improved to $2.5 million in the first quarter of 2017 compared to $1.5 million in the first quarter of 2016 due to a combination of higher earned premiums and lower claims activity.

Surety also produced strong fee income during the first quarter, consistent with the prior year period, principally representing its annual bonding facility fees which are typically all earned and recorded during the first quarter of each year.

Risk Solutions

Risk Solutions accounted for 36.6% of our gross premiums written during the first quarter.

Risk Solutions includes specialty insurance contracts managed by program administrators. These specialty insurance contracts are structured insurance solutions to meet the specific requirements of program administrators, Managing General Agencies, captive insurance companies, affinity groups and reinsurers. Historically, our Risk Solutions business has consisted primarily of warranty programs.

Expressed in C$ thousands	Three months ended March 31, 2017	2016	Variance
Gross premiums written	$ *10,482*	$ *9,643*	$ 839
Net premiums earned	*5,253*	*4,278*	975
Fee income	*15*	*15*	-
Net underwriting income	*160*	*369*	(209)
Combined ratio	*97.3%*	*91.7%*	*5.6%*

Written premiums increased 9% compared to the prior year period or 23% on an earned basis. Underwriting income however decreased slightly, driven by higher claims activity in an affinity program.

Corporate Insurance

Corporate Insurance accounted for 27.3% of our gross premiums written during the first quarter.

The major products offered by this business are: directors' and officers' insurance for public, private and non-profit enterprises; errors and omissions liability insurance for both enterprises and professionals; business office package insurance for both enterprises and professionals; and fidelity insurance for both commercial and financial institutions.

Expressed in C$ thousands	Three months ended March 31, 2017	2016	Variance
Gross premiums written	$ *7,817*	$ *7,530*	$ 287
Net premiums earned	*6,058*	*5,620*	438
Net underwriting (loss) income	*(446)*	*528*	(974)
Combined ratio	*107.2%*	*90.6%*	*16.6%*

Written premiums increased 4% compared to the prior year period or 8% on an earned basis. Underwriting income during the first quarter of 2017 was negatively impacted by an adverse development of a prior year directors and officers claim.

REINSURANCE

We ceased writing new business in 2008 but previously wrote reinsurance including quota share (prospective), loss portfolio transfers (retrospective) and unique opportunities on an international, multi-line basis. Currently our international reinsurance business is managing its portfolio of in-force reinsurance contracts while considering opportunities in a difficult reinsurance market.

The remaining in-force portfolio of reinsurance contracts is dominated by one large life annuity reinsurance contract denominated in euros, where annuity reserve levels and supporting assets change in relation to interest rate movements. As such, we typically measure our reinsurance business principally using comprehensive income in order to consider both (i) changes in annuity reserve levels included as part of underwriting income; and (ii) the offsetting changes in asset values which are included either in investment income or other comprehensive income.

Expressed in C$ thousands	Three months ended March 31, 2017	2016	Variance
Net underwriting income (loss)	$ *69*	$ *(5,451)*	$ 5,520
Net investment (loss) income	*(266)*	*5,174*	(5,440)
Comprehensive loss	*(544)*	*(7,290)*	6,746

Net underwriting income increased by $5.5 million relative to the prior year period when a significant decrease in European interest rates drove an increase in annuity reserves and the claims expense recorded during that period. The net underwriting loss in the first quarter of 2016 was largely offset by increases in the value of supporting assets and net investment income.

The net loss during the first quarter of 2017 was $0.2 million consisting principally of operating costs of managing the in-force portfolio offset by a reversal in claims and loss adjustment expenses, compared to a loss of $0.5 million in the prior year period reflecting similar characteristics, including net investment income which exceeded the movement in claim reserve balances.

Comprehensive income during the three months ended March 31, 2017 represented a loss of $0.5 million, compared to a loss of $7.3 million in the prior year period primarily reflecting the operating costs of managing the in-force portfolio in the current year and the prior year being negatively impacted by unrealized losses in our corporate bond portfolio and unrealized foreign exchange losses on translation to the Canadian dollar.

CORPORATE

Our corporate results represent operating expenses that do not relate to any of the business lines of the Company, as well as the valuation of the liability to participating shareholders (minority interests). During the first quarter of 2017, the Company incurred setup costs of $0.8 million related to the incorporation of the Company and the setup of Trisura US. Additional corporate costs relate to management compensation and consulting expenses incurred all of which were not incurred in the prior year period.

The valuation increase associated with liabilities to participating shareholders (minority interests) increased $5.2 million during the first quarter of 2017, compared to a $0.2 million increase in the prior year period.

SECTION 4 – INVESTMENT PERFORMANCE REVIEW

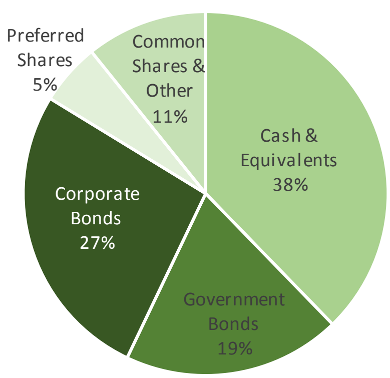
OVERVIEW

The Company's investment policy seeks to provide attractive total return without incurring an undue level of investment risk while supporting our liabilities and maintaining strong regulatory capital levels. Currently, we have outsourced a portion of our investment management to Soundvest Capital Management and Brookfield. As we grow, we intend to develop internal investment management capabilities.

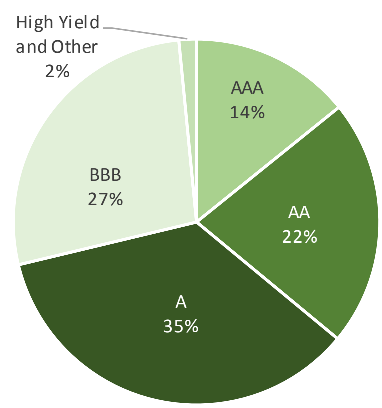
SUMMARY OF INVESTMENT PORTFOLIO

Our investment portfolio consists of government and corporate bonds, preferred shares, common shares and asset backed securities. Our bond portfolio is highly rated and liquid, with 98% of fixed income securities rated investment grade.

Investment Portfolio by Asset Class



Fixed Income Securities by Rating



INVESTMENT PERFORMANCE

For more details of our investment portfolio, refer to Note 4 to the Interim Combined Financial Statements as at and for the three months ended March 31, 2017, including additional disclosure of the various components of investment gains and losses.

The Company's operations include direct specialty P&C insurance (our Surety, Risk Solutions and Corporate Insurance business lines) and international reinsurance. The businesses focus on different market segments and risks, and correspondingly, hold different assets to support their liabilities. As a result, investment results of P&C and reinsurance are more appropriately viewed independently.

The Company's combined investment income was $0.7 million for the three months ended March 31, 2017, compared to $6.2 million in the prior year period. The Company's P&C insurance assets produced investment income of $1.0 million for the three months ended March 31, 2017, equal to the investment income earned in the prior year period. Reinsurance investment income totaled a loss of $0.3 million in the first quarter of 2017 driven by unrealized losses on fixed income investments, compared to $5.2 million in investment income in the prior year period. Strong performance in the first quarter of 2016 was driven primarily from valuation movements on Euro-denominated assets supporting the reinsurance business. Importantly, changes in the value of the reinsurance portfolio are matched by corresponding movements in the values of our reinsurance liabilities.

Our business also records changes in the value of certain investments through other comprehensive income, primarily portfolio holdings designated as available-for-sale financial assets. Other comprehensive income was $0.8 million during the first quarter of 2017, compared to a loss of $6.8 million in the prior year period. The Company's Specialty P&C investment portfolio contributed $1.1 million to other comprehensive income in Q1 2017, driven by positive mark to market movements in the portfolio, compared to $nil in the prior year period. The Reinsurance portfolio contributed other comprehensive income of ($0.3) million in during the first quarter of 2017, driven by slightly positive investment results and a negative impact from currency adjustments. This compares to ($6.8) million in the prior year period driven by negative movements in corporate fixed income portfolio and currency impacts.

SECTION 5 – OUTLOOK & STRATEGY

INDUSTRY

The specialty insurance market offers products and services that are not written by most insurance companies. These products generally require focused underwriting knowledge and financial expertise compared to more broadly sold insurance products.

Although no standard definition for the specialty insurance market exists, some common examples of premiums written in specialty insurance include: nonstandard insurance, niche market segments (such as surety, error and omissions lines) 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. In general, specialty insurers focus on niche products that other carriers have not focused on, or are unable or unwilling to underwrite.

In contrast to the overall P&C market, which is divided almost evenly between personal and commercial lines, specialty writers are focused almost exclusively on commercial lines. Even within the commercial sector, the business mix of the specialty writers varies significantly from that of the overall P&C industry. Specialty line writers have historically, and are expected to continue to, outperform the standard market. One of the main reasons for this is that specialty writers usually have more pricing and policy form flexibility than traditional market writers. Many risks covered by a specialty insurance policy are difficult to place. For this reason, specialty line writers generally have lower claims ratios than traditional insurance companies.

OUTLOOK AND STRATEGY

Our Company has a highly experienced and capable management team benefiting from a diverse set of backgrounds and strong relationships, experience and reputation with rating agencies, insurance regulators and business partners. In Canada, Trisura Guarantee will remain committed to its broker distribution channel to promote and sell its P&C insurance products. In the U.S., we intend to partner with a core base of established and well-managed program administrators that are known to management to access high quality business opportunities.

We intend to continue to build out our product offerings in other niche segments of the market with suitably qualified underwriters. We have operated in the Canadian P&C insurance market for more than ten years and in the international specialty insurance market for over fifteen years establishing a conservative underwriting and investing track record. We have built our brand in Canada to our clients and institutional partners as a leading provider of niche specialty insurance products. Our fee-based business model demonstrates that we can generate attractive, stable fee income while maintaining a small risk position, limiting underwriting risk and aligning our interests with distribution partners and reinsurers. As we grow our U.S. specialty business, we expect that this business model will become a more significant component for our Company.

We intend to opportunistically consider acquisition opportunities and pursue those that fit with our long-term strategic plan. We expect consolidation in the U.S. and international specialty insurance and reinsurance markets will continue, in which we may participate. Building on the knowledge and expertise of the existing operations, we intend to initially target businesses in the U.S. that operate in similar niches of the specialty insurance market.

In the U.S., it is our belief that the conditions are favourable for our business to grow, generating new specialty insurance business and partnering with strong reinsurance providers to cede a large portion of the underwriting risk. Managed general agencies are expected to welcome the new capacity provided by our U.S. business as there is currently a lack of fronting carriers, and the products and arrangements offered do not always meet the needs of their business. Furthermore, we believe there is an abundance of reinsurance capacity, allowing our U.S. business to cede most of the risk on its policies to third party reinsurers on commercially favourable terms.

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

Our Company's Canadian distribution network comprises over 150 contracted insurance brokerage firms operating across Canada in all provinces and territories. These include major international, national and regional firms as well as boutique niche brokers with a focus on specialty lines. We are selective in partnering with a limited brokerage force, focusing our efforts on those that are leading brokerage firms in the industry with expertise in specialty lines. In the U.S. market, our focus will be on building strong and profitable relationships with program administrators, insurance organizations, reinsurance companies and reinsurance intermediaries to generate business opportunities. Many of these relationships already exist with our management team and can be leveraged to source new business.

As previously mentioned, we are in the process of seeking regulatory approval to launch our U.S. specialty insurance business, Trisura US, and anticipate incorporating this entity following the receipt of regulatory approval from the Department of Insurance in Oklahoma. Trisura US will have a non-admitted status in all other states and jurisdictions in the U.S.

Additionally, we expect our reinsurance business to commence writing new reinsurance business as an international multi-line reinsurer, initially in support of our Canadian and U.S. specialty insurance businesses and thereafter where other opportunities arise.

SECTION 6 – OTHER INFORMATION

RATINGS

Our Canadian specialty insurance business, Trisura Guarantee, has a "A-" rating assigned by A.M. Best Company Inc. ("A.M. Best"), and a long profitable track record, having been in operation for more than ten years. Our U.S. specialty insurance business, Trisura US, intends to apply to A.M. Best for a rating prior to commencing writing business.

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).

As of March 31, 2017, 40 common shares of the Company were issued and outstanding. No preference shares or non-voting shares were outstanding. Following the completion of the Reorganization Transaction, and the spin-off, approximately 5,800,000 common shares will be issued and outstanding.

CASH FLOW SUMMARY

The table below summarizes the cash flows from operating activities and their uses in financing and investment activities for the three months ended March 31st:

	Three months ended March 31,	
Expressed in C$ thousands	**2017**	2016
Operating Activities		
Net (loss) income	**$ (4,035)**	$ 1,971
Non-cash items:		
Change in minority interests	**5,158**	160
Depreciation and amortization	**115**	128
Realized and unrealized gains (losses)	**95**	(213)
Changes in working capital balances and other	**(6,050)**	1,282
Interest paid	**(268)**	(4)
Income taxes paid	**(4,188)**	(22)
Net cash used in operating activities	**(9,173)**	3,302
Investing Activities		
Proceeds on disposition of investments	**4,412**	295
Purchase of investments	**(4,044)**	(1,952)
Purchase of fixed and intangible assets	**(41)**	(93)
Net cash from (used in) investing activities	**327**	(1,750)
Financing Activities		
Repayment on notes payable	**(319)**	(240)
Net movement on loan payable	**(2,700)**	(6,853)
Net cash used in financing activities	**(3,019)**	(7,093)
Currency translation	**(887)**	(4,610)
Net decrease in cash and cash equivalents during the period	**$ (12,752)**	$ (10,151)
Cash and cash equivalents at beginning of the year	**122,096**	101,388
Cash and cash equivalents at end of the period	**$ 109,344**	$ 91,237

Cash Flows used in Operating Activities

Operating cash flows were negative $9.2 million for the three months ended March 31, 2017, driven principally by working capital outflows of $6.1 million reflecting reduced accounts payable, accrued liabilities and reinsurance premiums payable as well as income tax payments of $4.2 million.

Cash Flows from/used in Investing Activities

Cash flows from investing activities were relatively flat for the three months ended March 31, 2017, compared to an outflow of $1.8 million in the prior year period as investment purchases in our Canadian specialty insurance business were greater than asset dispositions in our Reinsurance business.

Cash Flows used in Financing Activities

Cash flows used in financing activities totaled an outflow of $3.0 million and $7.1 million for the three months ended March 31, 2017 and 2016, respectively. The outflows in both periods relate to repayments made on the Company's bank loan and the note payable to Brookfield.

CONTRACTUAL OBLIGATIONS

The Company's long-term obligations as of March 31, 2017 include a bank loan, a note payable to Brookfield and premises leases for our offices, as set out in the following table:

Expressed in C$ thousands	Total	>1 Year	1-3 Years	4-5 Years	>5 Years
Bank loan	$ 31,400	$ -	$ -	$ 31,400	$ -
Note payable	211	-	-	-	211
Lease commitments	5,163	1,119	2,951	568	525
Total Contractual Obligations	**$ 36,774**	**$ 1,119**	**$ 2,951**	**$ 31,968**	**$ 736**

FINANCIAL INSTRUMENTS

See Notes 4 and 10 to the Interim Combined Financial Statements as at and for the three months ended March 31, 2017 for a discussion of our financial instruments and related risks.

CRITICAL ACCOUNTING ESTIMATES

See Note 3 to the Interim Combined Financial Statements as at and for the three months ended March 31, 2017 for a discussion of the estimates and judgments made by management in preparation of these financial statements.

RELATED PARTY TRANSACTIONS

In connection with the spin-off, the Company will enter into a number of transactions to acquire its operating subsidiaries from Brookfield or its subsidiaries, which are described in our Prospectus under the headings "The Spin-Off – Transaction Agreements" and "Selected Pro Forma Financial Information". The Company has in the past entered into certain transactions with Brookfield and with certain employees of Trisura Guarantee pursuant to that company's share purchase plan, which are described in our Prospectus under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations - Trisura Guarantee – Transactions with Related Parties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Trisura International – Transactions with Related Parties". Upon completion of the spin-off, Brookfield will no longer hold any common shares or other interests in our Company and will cease to be a "related party" under IFRS.

CONTROLS AND PROCEDURES

The Company's first quarter ended prior to the date when it became a reporting issuer. The Company has elected to use its exception and will not be filing CEO and CFO certifications in respect of its first quarter financial report.

OPERATING METRICS

We use operating metrics to assess our operating performance. The combined ratio is 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 premiums earned, or underwriting margin. A combined ratio under 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.

We use return on shareholders' equity ("ROE") to assess operating performance. ROE is calculated based on comprehensive income, divided by the average amount of shareholders' equity of the Company for a given year.

We report the results of our MCT as prescribed by OSFI's Guideline A — Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies, as amended, restated or supplemented from time to time. MCT determines the minimum capital/margin required by Trisura Guarantee.

These operating metrics are operating performance measures that highlight trends in our core business or are required ratios used to measure compliance with OSFI standards. Our Company also believes that securities analysts, investors and other interested parties will 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This interim report contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information may relate to our Company's future outlook and anticipated events or results and may include information regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of our Company. Particularly, information regarding future results, performance, achievements, prospects or opportunities of our Company or the Canadian, U.S. or international markets is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements.

Please refer to our Prospectus for a list of risks and uncertainties under the heading "Risk Factors".