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 interim period ended June 30, 2017. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Interim Consolidated Financial Statements") as at and for the three and six months ended June 30, 2017, and all of the financial statements included in our Prospectus, dated May 12, 2017.

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 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, unless otherwise specified or the context otherwise requires, all references to "$" are to Canadian dollars.

This MD&A is dated August 10, 2017. Additional information is available on SEDAR at www.sedar.com.

MD&A OUTLINE

Statement regarding forward-looking information:

This MD&A 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 MD&A and in other filings with Canadian regulators. See "Special Note Regarding Forward-Looking Information" on page 20.

SECTION 1 – OVERVIEW

OUR BUSINESS

Our Company is a leading international specialty insurance and reinsurance provider operating in the Surety, Risk Solutions, Corporate Insurance and Reinsurance niche segments of the market. Our operating subsidiaries include a Canadian specialty insurance company, an international reinsurance company and a new US specialty insurance company, which recently received its authorization to commence transacting business across the US. Our Canadian specialty insurance business started writing business in 2006 and has a strong underwriting track record over its more than ten years of operation. Our international reinsurance business has operated as a reinsurance company for more than fifteen years and although we ceased writing new reinsurance business in 2008, we will recommence writing business in the near future. Our reinsurance company will initially act as a multi-line reinsurer in support of our Canadian and US specialty insurance businesses and thereafter in the international reinsurance markets as attractive opportunities arise.

Our Company benefits from an experienced management team, strong distribution partners and a specialized business focus. We plan to grow by building our new business in the US, by growing our Canadian and international businesses organically and through strategic acquisitions. We believe our Company will be able to 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.

Since our last report, we have made considerable progress on our business plan, most significantly completing our spin-off from Brookfield Asset Management Inc. ("Brookfield") and commencing trading on the Toronto Stock Exchange (the "TSX"). We added substantial experience to the board, appointing two new directors; Barton Hedges and Paul Gallagher. We also recently received regulatory approval for our new US specialty insurance company to start writing business and are focused now on obtaining its rating from A.M. Best Company Inc. ("A.M. Best"), which will enhance our ability to write business in the US.

ORGANIZATIONAL STRUCTURE & REGULATORY FRAMEWORK

Trisura Group Ltd. was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") in January 2017. We have three regulated subsidiaries:

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

(ii) Trisura Specialty Insurance Company ("Trisura Specialty"), our US specialty insurance company and a wholly-owned subsidiary. Trisura Specialty is incorporated in Oklahoma and is licensed and regulated by the Oklahoma Insurance Department as a domestic surplus line insurer. As such, Trisura Specialty is licensed to operate as a non-admitted surplus line insurer in all other states within the US.

(iii) Trisura International Insurance Ltd. ("Trisura International"), our international reinsurance company and a wholly-owned subsidiary. Trisura International is incorporated in Barbados, is licensed to write international reinsurance business and is regulated by the Financial Services Commission ("FSC") in Barbados.

Imagine Asset Services dac ("IASD"), a wholly-owned subsidiary of Trisura International, was regulated by the Central Bank of Ireland ("CBI") until June 7, 2017, when CBI approved IASD's application to cancel its reinsurance authorization following the termination of all its reinsurance contracts. As a result, IASD is no longer a reinsurance company or subject to regulation by CBI and will focus solely on the continued management and servicing of its structured insurance assets, which are its only material remaining assets.

SPIN-OFF TRANSACTION FROM BROOKFIELD

The Company was a wholly-owned subsidiary of Brookfield. On June 22, 2017, Brookfield distributed, as a special dividend, to its shareholders of record as of June 1, 2017, all of its interests in the Company, representing 5,813,352 common shares. Holders of Class A limited voting shares and Class B limited voting shares of Brookfield as of June 1, 2017 received 1 common share of the Company for every 170 Class A limited voting shares or Class B limited voting shares of Brookfield held. In preparation for the spin-off the Company received a capital injection of $39.6 million, as of June 15, 2017, from Brookfield as partial consideration for its subscription for common shares of the Company.

The common shares of the Company commenced trading on the TSX on a "when-issued" basis on May 30, 2017. "Regular-way" trading on the TSX commenced on June 22, 2017.

SECTION 2 – Q2 2017 VERSUS Q2 2016 FINANCIAL HIGHLIGHTS

- ✓ Strong growth in both gross and net premiums written, increasing 25% and 8%, respectively, compared to the prior period.
- ✓ Consistently strong underwriting results at Trisura Guarantee with net underwriting income of $3.3 million compared to $2.8 million in the prior year period.
- ✓ Combined ratio of 84% at Trisura Guarantee compared to 86% in the prior year period.
- ✓ Net income totalled $1.8 million compared to $2.4 million in the prior year period with the reduction due to corporate expenses related to the launch and development of Trisura Specialty.
- ✓ Shareholders' equity as at June 30, 2017 increased by $34.8 million compared to December 31, 2016 principally due to the Brookfield capital injection in connection with the spin-off.

SECTION 3 – FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Gross premiums written	43,336	34,548	8,788	71,951	59,928	12,023
Net premiums written	26,968	24,973	1,995	46,434	42,263	4,171
Net premiums earned	19,948	17,818	2,130	37,577	33,478	4,099
Fee income	128	95	33	3,057	3,046	11
Total underwriting revenue	20,076	17,913	2,163	40,634	36,524	4,110
Net claims	3,072	5,839	(2,767)	7,337	14,260	(6,923)
Net commissions	6,256	5,775	481	12,888	11,715	1,173
Premium taxes	1,093	860	233	1,990	1,596	394
Operating expenses	8,227	3,942	4,285	15,562	10,472	5,090
Net claims and expenses	18,648	16,416	2,232	37,777	38,043	(266)
Net underwriting income (loss)	1,428	1,497	(69)	2,857	(1,519)	4,376
Net investment income	1,593	1,818	(225)	2,337	8,031	(5,694)
Foreign exchange gains (losses)	130	(26)	156	115	(178)	293
Interest expense	(263)	-	(263)	(539)	-	(539)
Change in minority interests	-	-	-	(5,158)	(160)	(4,998)
Income (loss) before income taxes	2,888	3,289	(401)	(388)	6,174	(6,562)
Income tax expense	(1,128)	(846)	(282)	(1,887)	(1,760)	(127)
Net income (loss)	1,760	2,443	(683)	(2,275)	4,414	(6,689)
Other comprehensive (loss) income	(3,436)	2,289	(5,725)	(2,671)	(4,468)	1,797
Comprehensive (loss) income	(1,676)	4,732	(6,408)	(4,946)	(54)	(4,892)
Earnings per common share, basic and diluted, in dollars (for the period June 22 to June 30, 2017)	0.05	n/a	n/a	0.05	n/a	n/a

Premium Revenue and Fee Income

The 25% increase in GPW and 8% increase in NPW in Q2 2017 was driven by fronting business written through Risk Solutions, largely ceded to reinsurers. This contributed to a 12% increase in Q2 2017 total underwriting revenue.

In Q2 2017 YTD, GPW grew 20% and NPE grew 12%, driven by growth in both the Surety and Risk Solutions business lines. Fee income, a significant driver of net underwriting income, was flat year-over-year at $3.1 million for Q2 2017 YTD. The majority of fee income is earned in the first quarter of each year. Total underwriting revenue rose 11%.

Net Claims and Loss Adjustment Expense

Net claims in Q2 2016 were higher than 2017 as a result of reserve strengthening of $2.9 million in the Company's reinsurance business.

In Q2 2017 YTD, net claims and loss adjustment expense were significantly lower than the prior year period. Net claims in Q2 2016 YTD included a large reserve increase on an annuity reinsurance contract resulting from a fall in interest rates. This reserve increase was largely offset by an increase in the assets supporting this annuity contract – see Net Investment Income below for additional detail.

Operating Expenses

Operating expenses in Q2 2017 increased due to the inclusion of corporate expenses related to the launch of Trisura Specialty. In addition, Q2 2016 operating expenses were low due to a $2.9 million reimbursement of legal expenses following the successful conclusion of a legal dispute in our reinsurance business. These two factors drove the higher Q2 2017 YTD operating expenses compared to Q2 2016 YTD.

Net Underwriting Income

2017 net underwriting income was in line with 2016. The slight decrease in net underwriting income in Q2 2017 was the result of growth in expenses, driven by the timing of the launch of Trisura Specialty.

Net underwriting income in Q2 2017 YTD was significantly ahead of the prior year period as higher premium growth and fee income and lower claims costs more than offset higher expenses resulting in net underwriting income of $2.9 million in Q2 2017 YTD compared to a loss of $1.5 million in Q2 2016 YTD.

Net Investment Income

See Section 5 – Investment Performance Review.

Minority Interests

Minority interests, which are revalued annually on January 1, increased by $5.2 million, compared to an increase of $0.2 million with effect from January 1, 2016.

Other Comprehensive Loss

See Section 5 – Investment Performance Review.

BALANCE SHEET ANALYSIS

$ 000, As at	June 30, 2017	December 31, 2016	$ variance
Cash and cash equivalents	160,344	122,096	38,248
Investments	190,151	194,393	(4,242)
Premiums and accounts receivable and other	24,388	22,069	2,319
Deferred acquisition costs	35,306	30,985	4,321
Recoverable from reinsurers	57,317	47,120	10,197
Fixed and intangible assets	1,964	2,116	(152)
Deferred tax assets	647	622	25
Total assets	470,117	419,401	50,716
Accounts payable, accrued and other liabilities	18,483	25,434	(6,951)
Reinsurance premiums payable	13,448	13,461	(13)
Unearned premiums	107,119	90,612	16,507
Unearned reinsurance commissions	7,094	4,928	2,166
Unpaid claims and loss adjustment expenses	166,670	163,970	2,700
Loan payable	30,400	34,100	(3,700)
Minority interests	21,200	16,008	5,192
Total liabilities	364,414	348,513	15,901
Shareholders' equity	105,703	70,888	34,815
Total liabilities and shareholders' equity	470,117	419,401	50,716

The Company's total assets increased by $50.7 million during the six months ended June 30, 2017 driven primarily by an increase in our cash and cash equivalents arising from the capital injected by Brookfield in connection with the to spin-off. In addition, recoverables from reinsurers increased by over $10 million due to the increase in ceded premiums and related reserves.

Liabilities increased by $15.9 million during the six months ended June 30, 2017 primarily due to an increase in gross unearned premiums and the value of minority interests. Offsetting these increases were reductions in accounts payable and the Loan payable. See Note 11 to the Interim Consolidated Financial Statements for details on the Company's bank loan.

Accounting rules require the Company to account for the Trisura Guarantee minority interests 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"). The minority interests are revalued annually each January 1 as required by the Shareholder Agreement. While accounting rules require us to fair value this 40% minority interests, 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.

Shareholders' equity increased by $34.8 million primarily as a result of the capital injected by Brookfield in connection with the spin-off.

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 at June 30, 2017, 5.8 million common shares of the Company were issued and outstanding. No preference shares or non-voting shares were outstanding.

LIQUIDITY

Liquidity sources for the Company include: (i) existing cash and cash equivalents; (ii) its portfolio of highly rated, highly liquid investments (iii) cash flow from operating activities; (iv) utilization of existing working capital balances; (v) debt and bank loan facilities and (vi) new capital through the issuance of additional share capital.

The Company's primary sources of funds are the receipt of net premiums, fee income and investment income. These funds are used primarily to pay claims and operating expenses, service the bank loan and purchase investments to support claims reserves. In addition, our investments portfolio of highly liquid assets are readily convertible into cash should the need to cover unanticipated outflows arise.

We expect to have sufficient liquidity to fund our operations and to meet our current business plans.

CAPITAL RESOURCES

The minimum capital test ("MCT") ratio of Trisura Guarantee was 266% as at June 30, 2017 (272% as at December 31, 2016), which comfortably exceeds the regulatory requirements prescribed by OSFI.

Trisura International's capital of $25.7 million as at June 30, 2017 was well in excess of FSC's regulatory capital requirement of $0.3 million.

We had a debt-to-capital ratio of 22.3% as at June 30, 2017 compared to 32.5% as at December 31, 2016 with the reduction reflecting the continuing repayment of our bank loan and the Brookfield capital injection in connection with the spin-off.

The Company is well-capitalized and we expect to have sufficient capital to meet our regulatory capital requirements, fund our operations and support our current business plans.

SECTION 4 – UNDERWRITING PERFORMANCE REVIEW

We operate through the following four business lines: Surety, Risk Solutions, Corporate Insurance and Reinsurance. Substantially all of our premiums in 2017 and 2016 have been written by Trisura Guarantee, in the Canadian specialty insurance market. We expect to commence writing new specialty insurance business in the US within the next few months through Trisura Specialty supported by new reinsurance writings at Trisura International.

SPECIALTY P&C

The table below presents financial highlights for our Specialty P&C business (which consists of our Surety, Risk Solutions and Corporate Insurance business lines).

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
SPECIALTY P&C						
Gross premiums written	43,292	34,497	8,795	71,907	59,877	12,030
Net premiums earned	19,905	17,767	2,138	37,534	33,427	4,107
Fee income	119	95	24	3,048	3,046	2
Net underwriting revenue	20,024	17,862	2,162	40,582	36,473	4,109
Net underwriting income	3,267	2,658	609	5,461	5,093	368
Net investment income	1,128	1,017	111	2,138	2,056	82
Loss ratio: current accident year(1)(3)	26.2%	n/a	n/a	28.4%	31.0%	(2.7%)
Loss ratio: Prior years' development(2)(3)	(11.1%)	n/a	n/a	(7.2%)	(10.8%)	3.7%
Loss ratio(3)	15.1%	15.9%	(0.8%)	21.2%	20.2%	1.0%
Expense ratio(4)	68.9%	69.6%	(0.6%)	70.1%	71.2%	(1.1%)
Combined ratio(4)	84.0%	85.5%	(1.4%)	91.3%	91.4%	(0.1%)

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q2 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

(4) Excludes fee income and commission expenses incurred in relation to fee income earned.

Our Specialty P&C business produced strong growth in GPW in Q2 2017, increasing by 25.5% over Q2 2016, driven mainly by Risk Solutions. Net underwriting income of $3.3 million during Q2 2017 was strong and ahead of Q2 2016 by $0.6 million as a result of both growth in NPE and relatively lower net claims and commission expenses. These in turn led to an improvement in the Q2 2017 combined ratio to 84.0% from 85.5% in Q2 2016.

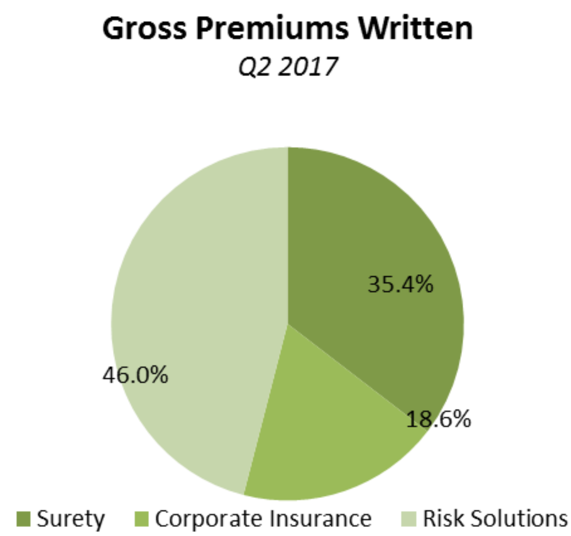
Q2 2017 YTD GPW grew by 20.1%, driven by Risk Solutions and Surety. Q2 2017 YTD net underwriting income of $5.5 million and combined ratio of 91.3% were slightly ahead of the Q2 2016 YTD results of $5.1 million and 91.4% respectively.

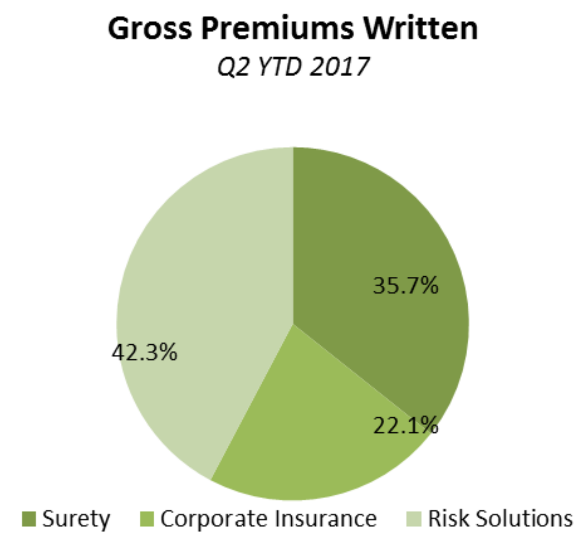
The combined ratio does not reflect fee income of $3.0 million arising from our Surety business in each of 2017 and 2016. This fee income is a significant driver of profitability. Consequently, the combined ratio gives only a partial view of the profitability of our Specialty P&C business. This should be kept in mind when considering performance review and operating metrics.

The table and charts below provide a segmentation of our GPW for the three and six months ended June 30, 2017 and 2016, respectively.

$ 000	Q2 2017		Q2 2016		Q2 2017 YTD		Q2 2016 YTD	
Surety	15,335	35.4%	14,536	42.1%	25,651	35.7%	22,743	38.0%
Corporate Insurance	8,052	18.6%	8,422	24.5%	15,869	22.0%	15,952	26.6%
Risk Solutions	19,905	46.0%	11,539	33.4%	30,387	42.3%	21,182	35.4%
Total GPW	43,292	100.0%	34,497	100.0%	71,907	100.0%	59,877	100.0%
GPW growth %(1)	25.5%				20.1%			

(1) % growth relative to prior year period.





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; and
- Developer surety bonds, comprising mainly bonds to secure real estate developers' legislated deposit and warranty obligations on residential projects.

$ 000	Q2 2017	Q2 2016	$ variance	% variance	Q2 2017 YTD	Q2 2016 YTD	$ variance	% variance
Gross premiums written	15,335	14,536	799	5.5%	25,651	22,743	2,908	12.8%
Net premiums earned	8,094	7,506	588	7.8%	14,412	13,268	1,144	8.6%
Fee income	119	95	24	25.3%	3,042	3,031	11	0.4%
Net underwriting revenue	8,213	7,601	612	8.1%	17,454	16,299	1,155	7.1%
Net underwriting income	1,297	1,155	142	12.3%	3,785	2,700	1,085	40.2%
Loss ratio: current accident year(1)(3)	16.2%	n/a			18.4%	26.1%		(7.7%)
Loss ratio: Prior years' development(2)(3)	(10.3%)	n/a			(11.0%)	(10.3%)		(0.7%)
Loss ratio(3)	5.9%	9.6%		(3.7%)	7.4%	15.8%		(8.4%)
Expense ratio	79.2%	76.1%		3.1%	81.5%	80.4%		1.1%
Combined ratio(4)	85.1%	85.7%		(0.6%)	88.9%	96.2%		(7.3%)

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q2 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

(4) Excludes fee income and commission expenses incurred in relation to fee income earned.

Surety accounted for 35.4% of our overall GPW in Q2 2017 and 35.7% for Q2 2017 YTD. The significant growth in Risk Solutions reduced the relative proportion of Surety premiums written versus prior periods.

Our Surety premiums experience some seasonality. Typically, premiums written are higher in the second and third quarters due to the decline in construction activity during the winter months. Our Surety contracts usually have terms of less than one year, resulting in the premiums earned being highest in the third quarter of the year. This seasonality can cause some volatility in the combined ratio, in particular when comparing quarter only with year to date ratios.

Q2 2017 combined ratio of 85.1% was comparable to Q2 2016 combined ratio of 85.7%. Net underwriting income of $1.3 million and the combined ratio of 85.1% in Q2 2017 were similar to Q2 2016.

Q2 2017 YTD GPW grew by 12.8% relative to Q2 2016 YTD and NPE increased by 8.6% over the same period. Growth in premiums was driven by activity in British Colombia and Ontario. Lower current year claims activity was the driver of increased Q2 2017 YTD net underwriting income compared to Q2 2016 YTD and the improved YTD combined ratio. Favourable prior years claim development was in line with 2016.

Risk Solutions

Risk Solutions includes specialty insurance contracts which are structured to meet the specific requirements of program administrators, managing general agencies, captive insurance companies, affinity groups and reinsurers. Our Risk Solutions business line consists primarily of warranty programs.

$ 000	Q2 2017	Q2 2016	$ variance	% variance	Q2 2017 YTD	Q2 2016 YTD	$ variance	% variance
Gross premiums written	19,905	11,539	8,366	72.5%	30,387	21,182	9,205	43.5%
Net premiums earned	5,617	4,549	1,068	23.5%	10,870	8,827	2,043	23.1%
Fee income	-	-	-		15	15	-	0.0%
Net underwriting revenue	5,617	4,549	1,068	23.5%	10,885	8,842	2,043	23.1%
Net underwriting income	771	797	(26)	(3.3%)	931	1,166	(235)	(20.2%)
Loss ratio: current accident year(1)(3)	27.5%	n/a			30.0%	20.0%		10.0%
Loss ratio: Prior years' development(2)(3)	(0.7%)	n/a			(1.1%)	(2.1%)		1.0%
Loss ratio(3)	26.8%	14.8%		12.0%	28.9%	17.9%		11.0%
Expense ratio	59.5%	67.7%		(8.2%)	62.7%	69.0%		(6.3%)
Combined ratio	86.2%	82.5%		3.8%	91.6%	86.9%		4.7%

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q2 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

Risk Solutions accounted for 46.0% of our overall GPW in Q2 2017 and 42.3% Q2 2017 YTD. This is up substantially from 33.4% and 35.4% in the same periods in 2016 and reflects the substantial growth of one fronting program.

GPW grew by 72.5% in Q2 2017 while Q2 2017 NPE were 23.5% higher than the previous year. The bulk of the premiums written on the above mentioned fronting program are ceded to reinsurers each year. Thus, while the timing of the premium bookings on this program can vary year on year it does not give rise to material volatility in the net underwriting result. The Q2 2017 loss ratio was 12.0% higher than the prior year period. The higher Q2 2017 loss ratio was largely attributable to once-off loss adjustment expenses, which did not impact the net underwriting result as there was a corresponding reduction in ceded premiums. Net underwriting income was almost flat in Q2 2017 compared to Q2 2016.

Q2 2017 YTD GPW grew by 43.5% relative to Q2 2016, while Q2 2017 NPE were 23.1% higher than Q2 2016. The lower growth rate of net premiums earned reflects the slower earning pattern of the multi-year warranties of many of the programs in Risk Solutions. The Q2 2017 YTD loss ratio of 28.9% was 11.0% higher than Q2 2016 YTD due to elevated current year claims costs in two affinity programs. The Q2 2017 YTD expense ratio is 6.3% lower than Q2 2016 YTD due to additional ceding commission. Net underwriting income was down by $0.2 million Q2 2017 YTD compared to the Q2 2016 YTD, due to higher current year claims costs more than offsetting the lower net expenses. This also had the effect of increasing the Q2 2017 YTD combined ratio to 91.6% compared to 86.9% in Q2 2016 YTD.

Corporate Insurance

The main products offered by our Corporate Insurance business line are D&O insurance for public, private and non-profit enterprises, E&O 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.

$ 000	Q2 2017	Q2 2016	$ variance	% variance	Q2 2017 YTD	Q2 2016 YTD	$ variance	% variance
Gross premiums written	8,052	8,422	(370)	(4.4%)	15,869	15,952	(83)	(0.5%)
Net premiums earned	6,194	5,712	482	8.4%	12,252	11,332	920	8.1%
Net underwriting revenue	6,194	5,712	482	8.4%	12,243	11,332	911	8.0%
Net underwriting income	1,206	713	493	69.1%	760	1,241	(481)	(38.8%)
Loss ratio: current accident year(1)(3)	38.1%	n/a			38.5%	45.4%		(6.9%)
Loss ratio: Prior years' development(2)(3)	(21.6%)	n/a			(8.0%)	(18.2%)		10.2%
Loss ratio(3)	16.5%	24.8%		(8.3%)	30.5%	27.2%		3.3%
Expense ratio	63.5%	62.0%		1.5%	63.2%	61.9%		1.3%
Combined ratio	80.0%	86.8%		(6.8%)	93.7%	89.1%		4.6%

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q2 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

Corporate Insurance accounted for 18.6% of our overall GPW in Q2 2017, and 22.1% for Q2 2017 YTD. This compares to 24.4% and 26.6% in Q2 2016 and Q2 2016 YTD respectively. The decrease reflects the strong growth of the Risk Solutions business compared with the relatively flat premiums written in Corporate Insurance.

Corporate Insurance includes a number of three-year policies. We are required to recognize the premiums for the full three-year term at the time these policies are written but earn them over the three-year term. This can impact the period-on-period premiums written and premiums earned growth rates as was the case in Q2 2017 when GPW decreased by 4.4% compared to Q2 2016 but grew by 8.4% on a NPE basis. This mainly reflects the premium accounting of a large three-year non-profit D&O group policy written in Q2 2016, combined with the cancellation of two programs in 2017. Net underwriting income in Q2 2017 improved over that for the prior year because of lower claims costs which was also reflected in the lower Q2 2017 combined ratio of 80.0% compared to 86.8% last year.

GPW in Q2 2017 YTD was flat compared to Q2 2016 YTD but grew by 8.1% on a NPE basis, driven mainly by reporting requirements for three-year policies. There was favourable development on prior year claims of 8.0% Q2 2017 YTD albeit at a lower level than the 18.2% favourable development Q2 2016 YTD. The Q2 2017 YTD underwriting results and combined ratio were negatively impacted by the adverse development of a prior year D&O claim in Q1 2017.

REINSURANCE

Our international reinsurance business ceased writing new business in 2008 but previously wrote quota share reinsurance (prospective), loss portfolio transfers (retrospective) and niche, specialty contracts covering international risks across multiple commercial lines. Currently our international reinsurance business is managing its remaining portfolio of in-force reinsurance contracts and will shortly recommence writing new business, initially in support of our Canadian and US specialty insurance businesses and thereafter in the international reinsurance markets as attractive opportunities arise.

The remaining in-force portfolio of reinsurance contracts is dominated by one large life annuity reinsurance contract denominated in euros, on which annuity reserves and supporting assets change in response to interest rate changes. As a result, we measure the performance of our reinsurance business by reference to net income in order to capture (i) the change in annuity reserves, which is included in net underwriting income; and (ii) the offsetting change in the value of the supporting assets, which is included in net investment income as these supporting assets are designated FVTPL.

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Net underwriting (loss) income	(759)	(1,161)	402	(691)	(6,612)	5,921
Net investment income	466	801	(335)	199	5,975	(5,776)
Net (loss) income	(191)	(327)	136	(398)	(815)	417

The net loss in Q2 2017 of $0.2 million was not materially different from Q2 2016. During Q2 2017 annuity reserve movements were largely offset by corresponding movements in the value of the supporting assets.

Q2 2016 was impacted significantly by two additional factors, being the reimbursement of $2.9 million in legal expenses arising from the successful conclusion of a legal dispute and reserve strengthening on our P&C reserves of $2.9 million. The net effect of these two factors was nil.

The offsetting effect of movements in annuity reserves and supporting assets was evident in Q2 2016 YTD, when the large net underwriting loss of $6.6 million arose mainly from an increase in annuity reserves as a result of a significant decrease in European interest rates during the period. The fall in European interest rates also significantly increased the value of the assets supporting the annuity reserves resulting in net investment income of $6.0 million in this period.

With investment income largely offsetting claim reserve movements and the nil net impact of the additional factors affecting Q1 2016, the net losses of the Reinsurance business are primarily attributable to the operating expenses of managing the in-force portfolio. These operating expenses have reduced by 36% in Q2 2017 YTD compared to Q2 2016 YTD as the scale and complexity of the in-force portfolio has diminished as demonstrated by the table below. Note that this table excludes the legal expense reimbursement in Q2 2016.

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Operating expenses	713	1,100	(387)	1,322	2,061	(739)

CORPORATE

Our corporate results represent operating expenses that do not relate specifically to any one business line of the Company as well as any changes in the valuation of the minority interests.

During Q2 2017 and Q2 2017 YTD, we incurred corporate costs of $1.0 million and $1.9 million respectively. These expenses comprised the costs associated with the launch of Trisura Specialty, group management compensation and consulting fees. No such costs were incurred in the corresponding periods of 2016.

The minority interests are revalued as at January 1 of each year. The valuation of the minority interests increased by $5.2 million in 2017 compared to an increase of $0.2 million in 2016, impacting Q2 2017 YTD and Q2 2016 YTD accordingly.

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Corporate expenses	1,079	-	1,079	1,913	-	1,913
Increase in minority interests	-	-	-	5,158	160	4,998
Corporate	1,079	-	1,079	7,071	160	6,911

SECTION 5 – INVESTMENT PERFORMANCE REVIEW

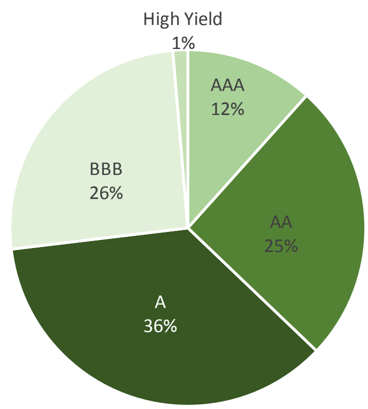
OVERVIEW

The Company's investment policy seeks to achieve attractive total returns without incurring an undue level of investment risk while supporting our liabilities and maintaining strong regulatory capital levels. Currently, we have outsourced a portion of our investment management to third-party managers. As we grow, we intend to develop internal investment management capabilities.

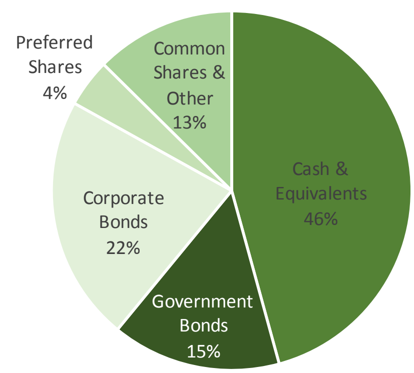
SUMMARY OF INVESTMENT PORTFOLIO

Our $350 million investment portfolio consists of cash and cash equivalents, government and corporate bonds, preferred shares, common shares and a small amount of other asset types. 98% of our fixed income holdings are highly liquid, investment grade bonds.

Fixed Income Securities by Rating



Investment Portfolio by Asset Class



INVESTMENT PERFORMANCE

Net Investment Income

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Specialty P&C	1,128	1,017	111	2,138	2,056	82
Reinsurance	466	801	(335)	199	5,975	(5,776)
Net investment income	1,593	1,818	(225)	2,337	8,031	(5,694)

The Company's net investment income for Q2 2017 was $1.6 million, compared to $1.8 million in Q2 2016. Investment income was $2.3 million for Q2 2017 YTD compared to $8.0 million for the same period in 2016.

The Company's operations currently include specialty property and casualty insurance (Surety, Risk Solutions, and Corporate Insurance business lines), underwritten predominantly in Canada by Trisura Guarantee, and international reinsurance business at Trisura International. These businesses focus on different market segments, geographic regions and risks, and accordingly, hold different assets and currencies to support their liabilities. Consequently, investment returns are most appropriately viewed at a business unit level.

Trisura Guarantee produced net investment income of $1.1 million in Q2 2017, comparable to net investment income of $1.0 million in Q2 2016. Net investment income for Q2 2017 YTD was $2.1 million, aligned with the $2.1 million earned over the same period in 2016. Trisura Guarantee's net investment income was driven by interest and dividend income on portfolio assets.

Trisura International's net investment income for Q2 2017 was $0.5 million, versus $0.8 million in the same period in 2016. The higher net investment income in the 2016 period was attributable to realized gains on the disposal of certain mortgage backed securities. Net investment income for Q2 2017 YTD was $0.2 million versus $6.0 million for the same period in 2016. The strong performance in the first six months of 2016 was driven by an increase in the valuation of certain Euro-denominated assets designated FVTPL which support the reserves on a Euro-denominated annuity reinsurance contract. Importantly, there was a largely offsetting increase in the reserves held on the same annuity reinsurance contract.

Other Comprehensive Income ("OCI")

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Unrealised (losses) gains in OCI	(1,229)	2,738	(3,967)	17	(857)	874
Cumulative translation	(2,207)	(449)	(1,758)	(2,688)	(3,611)	923
OCI	(3,436)	2,289	(5,725)	(2,671)	(4,468)	1,797

The Company records changes in the value of its AFS assets through OCI. The mark to market effect of these assets on OCI was a loss of $1.2 million in Q2 2017 driven by negative mark to market movements in the fixed income portfolio due to rising Canadian interest rates, compared to a $2.7 million gain in Q2 2016, from market value increases on Canadian and US securities. Unrealized market movements on AFS assets were negligible for Q2 2017 YTD compared to a $0.9 million unrealized loss in the same period of 2016, mainly due to market value reductions on certain US bonds.

Foreign exchange differences arising from the translation of the financial statements of Trisura International and Trisura Specialty to Canadian dollars are recognized as cumulative translation gains or losses, which are a constituent part of overall OCI. There were cumulative translation losses in Q2 2017 and Q2 2016 of $2.2 million and $0.4 million respectively. Cumulative translation losses Q2 2017 YTD and Q2 2016 YTD were $2.7 million and $3.6 million respectively. The cumulative translation losses were due to the strengthening of the Canadian dollar against the US dollar.

Refer to Note 3 Investments and Note 14 Other Comprehensive Income in the Interim Consolidated Financial Statements for more detail on the components of investment returns.

SECTION 6 – OUTLOOK & STRATEGY

INDUSTRY

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

Although no standard definition for the specialty insurance market exists, some common examples of business written in specialty insurance include: nonstandard 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. 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 traditional 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 outperformance 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 and operating 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 industry relationships, experience and reputation with rating agencies, insurance regulators and business partners. We have operated in the Canadian specialty P&C insurance market for more than ten years and in the international specialty reinsurance market for over fifteen years establishing a conservative underwriting and investing track record.

In Canada, we have built our brand through Trisura Guarantee to serve our clients, brokers and institutional partners as a leading provider of niche specialty insurance products. Trisura Guarantee will continue to build out its product offerings in existing and new niche segments of the market with suitably qualified underwriters. Trisura Guarantee remains committed to its broker distribution channel to promote and sell its insurance products. This 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.

We have recently launched our US specialty insurance business, Trisura Specialty, which is licensed as a domestic surplus line insurer in Oklahoma. As such, Trisura Specialty can operate as a non-admitted surplus line insurer in all other states within the US. It is our belief that the conditions are favourable for the growth of Trisura Specialty, which will operate primarily as a fronting carrier. Our focus will be to source business by partnering with a core base of established and well-managed program administrators that are already known to our management to access high quality business opportunities. We are confident that these program administrators will welcome our new capacity as there is currently a lack of fronting carriers and the products and arrangements currently offered to them by the existing market do not always meet the needs of their business and clients.

Furthermore, we believe there is a strong supply of reinsurance capacity, allowing Trisura Specialty to cede most of the risk on its policies to third party reinsurers on commercially favourable terms. Again, our management team has strong, established relationships with these reinsurers. We are confident that this fee-based business model will generate attractive, stable fee income while maintaining a small risk position, limiting underwriting risk and aligning our interests with our program distribution partners and reinsurers. As Trisura Specialty grows, we expect that our US operations will become a more significant component of our Company.

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

We also intend to opportunistically consider acquisitions and pursue those that fit with our long-term strategic plan. We expect the consolidation in the Canadian, US and international specialty insurance and reinsurance markets will continue and in which we may participate. 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. 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 US specialty insurance businesses and thereafter where other attractive opportunities arise.

SECTION 7 – OTHER INFORMATION

RATINGS

Trisura Guarantee has a "A-" rating assigned by A.M. Best. Trisura Specialty has applied to A.M. Best for a rating to support its business plan.

CASH FLOW SUMMARY

$ 000	Q2 2017	Q2 2016	$ variance	Q2 2017 YTD	Q2 2016 YTD	$ variance
Net income (loss) from operating activities	1,760	2,442	(682)	(2,275)	4,414	(6,689)
Non-cash items to be deducted:						
Depreciation and amortization	175	143	32	290	271	19
Unrealized (losses) gains	(77)	(363)	286	46	(493)	539
Change in minority interests	-	-	-	5,158	160	4,998
Change in working capital operating items	14,702	(2,385)	17,087	8,652	(1,104)	9,756
Realised losses on AFS assets	(336)	(957)	621	(364)	(1,040)	676
Income taxes paid	(967)	(1,775)	808	(5,155)	(1,797)	(3,358)
Interest paid	(256)	-	(256)	(524)	(4)	(520)
Net cash from (used in) operating activities	15,001	(2,895)	17,896	5,828	407	5,421
Proceeds on disposal of investments	15,420	31,208	(15,788)	19,832	31,503	(11,671)
Purchases of investments	(115,618)	(16,938)	(98,680)	(119,662)	(18,890)	(100,772)
Purchases of capital assets	(66)	(706)	640	(107)	(799)	692
Net cash (used in) from investing activities	(100,264)	13,564	(113,828)	(99,937)	11,814	(111,751)
Dividends paid	-	(1,643)	1,643	-	(1,643)	1,643
Shares issued	140,270	-	140,270	140,270	-	140,270
Shares redeemed	-	(2,000)	2,000	-	(2,000)	2,000
Repayment of notes payable	(36)	(34)	(2)	(355)	(274)	(81)
Repayment of loans payable	(1,000)	212	(1,212)	(3,700)	(6,641)	2,941
Net cash from (used in) financing activities	139,234	(3,465)	142,699	136,215	(10,558)	146,773
Net increase (decrease) in cash	53,971	7,204	46,767	42,106	1,663	40,443
Cash at beginning of the period	109,344	91,237	18,107	122,096	101,388	20,708
Currency translation	(2,971)	(933)	(2,038)	(3,858)	(5,543)	1,685
Cash at the end of the period	160,344	97,508	62,836	160,344	97,508	62,836

On June 15, 2017 the Company issued approximately 5.8 million common shares to Brookfield for $140 million, as indicated in the financing activities section above. These funds were used to acquire the Company's interest in Trisura Guarantee and Trisura International from Brookfield for approximately $100 million, as indicated in the Investment activities section above. Additional purchases and disposals of investments, as indicated in the investment activities section, were primarily related to activity in the bond portfolio of Trisura Guarantee as bonds matured and new investments were purchased. The increase in working capital is primarily attributable to increases in unearned premiums and reinsurance premiums payable at Trisura Guarantee.

FINANCIAL INSTRUMENTS

See Note 3 to the Company's Interim Consolidated Financial Statements.

RELATED PARTY TRANSACTIONS

See Note 13 to the Company's Interim Consolidated Financial Statements.

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. The loss ratio is claims and loss adjustment expenses incurred as a percentage of premiums earned. The expense ratio is all expenses incurred other than loss adjustment expenses as a percentage of premiums earned.

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 time period.

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 supervisory regulatory capital levels 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 MD&A 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, US 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 and US information statement dated May 12, 2017 for a list of risks and uncertainties under the heading "Risk Factors".

GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available For Sale financial asset
CTA	Cumulative Translation Adjustment
D&O	Directors' and Officers' insurance
E&O	Errors and Omissions insurance
EPS	Earnings Per Share
FVTPL	Fair Value Through Profit & Loss
GPW	Gross Premium Written
Minority interests	The liability to participating shareholders
n/a	Not available
NII	Net Investment Income
NPE	Net Premium Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
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
YTD	Year To Date