



Trisura Group Ltd.

Condensed Interim Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2024

TRISURA GROUP LTD.

Condensed Interim Consolidated Financial Statements (unaudited)

Table of contents for the Condensed Interim Consolidated Financial Statements of Trisura Group Ltd, as at and for the three and nine months ended September 30, 2024

Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Income	4
Condensed Interim Consolidated Statements of Comprehensive Income	5
Condensed Interim Consolidated Statements of Changes in Equity	6
Condensed Interim Consolidated Statements of Cash Flows	7
Notes to the Condensed Interim Consolidated Financial Statements	8

TRISURA GROUP LTD.**Condensed Interim Consolidated Statements of Financial Position (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

As at	<i>Note</i>	September 30, 2024	December 31, 2023
Assets			
Cash and cash equivalents		262,850	604,016
Investments	4,6	1,324,286	890,157
Other assets	8	39,692	53,712
Reinsurance contract assets	7.2	2,418,331	2,003,589
Capital assets and intangible assets		28,764	16,657
Deferred tax assets		37,204	16,314
Total assets		4,111,127	3,584,445
Liabilities			
Insurance contract liabilities	7.1	3,107,035	2,769,951
Other liabilities	9	158,439	120,065
Loan payable	11	98,272	75,000
		3,363,746	2,965,016
Shareholders' equity			
Common shares	12	480,875	481,023
Contributed surplus		9,280	7,491
Retained earnings		243,236	143,574
Accumulated other comprehensive income (loss)		13,990	(12,659)
		747,381	619,429
Total liabilities and shareholders' equity		4,111,127	3,584,445

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.

Condensed Interim Consolidated Statements of Income (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

For the three and nine months ended September 30,	Note	Three months		Nine months	
		2024	2023	2024	2023
Insurance revenue	7.1	807,645	730,714	2,324,160	2,034,234
Insurance service expenses		(702,514)	(562,419)	(1,866,111)	(1,630,079)
Net income (expense) from reinsurance contracts assets	7.2	(69,539)	(143,546)	(355,604)	(322,979)
Insurance service result		35,592	24,749	102,445	81,176
Net investment income (loss)	14	16,252	13,493	49,907	35,463
Net gains (losses)	15	11,379	(8,708)	24,117	(17,790)
Net credit impairment reversals (losses)	4.2	(324)	(258)	(2,304)	(31)
Total investment income (loss)		27,307	4,527	71,720	17,642
Finance income (expenses) from insurance contracts		(29,356)	(11,521)	(71,507)	(48,159)
Finance income (expenses) from reinsurance contracts		25,130	10,623	61,824	42,248
Net insurance finance income (expenses)		(4,226)	(898)	(9,683)	(5,911)
Net financial result		23,081	3,629	62,037	11,731
Net insurance and financial result		58,673	28,378	164,482	92,907
Other income		816	847	6,998	6,927
Other operating expenses		(11,056)	(7,094)	(36,128)	(22,601)
Other finance costs		(998)	(643)	(2,323)	(1,844)
Income before income taxes		47,435	21,488	133,029	75,389
Income tax expense	17	(11,347)	(6,650)	(33,367)	(19,768)
Net income attributable to shareholders		36,088	14,838	99,662	55,621
Weighted average number of common shares outstanding during the period (in thousands) – basic		47,755	46,671	47,683	46,174
Earnings per common share (in dollars) – basic	13	0.76	0.32	2.09	1.20
Earnings per common share (in dollars) – diluted	13	0.74	0.31	2.05	1.18

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.**Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)**

(in thousands of Canadian dollars, except as otherwise noted)

For the three and nine months ended September 30,	<i>Note</i>	Three months		Nine months	
		2024	2023	2024	2023
Net income attributable to shareholders		36,088	14,838	99,662	55,621
Items that may be or are reclassified subsequently to Net income					
Net unrealized gains (losses) on FVOCI investments		22,832	(5,123)	20,468	(1,079)
Income tax benefit (expense)		(5,700)	1,069	(5,410)	11
FVOCI amounts		17,132	(4,054)	15,058	(1,068)
Net realized losses (gains)		425	(30)	1,200	(795)
Net credit impairment losses (reversals)	4.2	324	258	2,304	31
Income tax benefit (expense)		(40)	5	(529)	238
Items reclassified to Net income		709	233	2,975	(526)
Net unrealized gains (losses) on FVOCI investments		2,863	(444)	6,149	(66)
Net realized gains (losses) on FVOCI investments		-	-	(168)	(96)
Income tax benefit (expense) on FVOCI investments		(711)	106	(1,503)	83
Items that will not be reclassified to Net income		2,152	(338)	4,478	(79)
Items other than Cumulative translation gains (losses)		19,993	(4,159)	22,511	(1,673)
Cumulative translation gains (losses)		(5,653)	5,985	4,138	(451)
Other comprehensive income (loss)		14,340	1,826	26,649	(2,124)
Total comprehensive income		50,428	16,664	126,311	53,497

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

	Note	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (net of income taxes)	Total
Balance as at January 1, 2024		481,023	7,491	143,574	(12,659)	619,429
Net income		-	-	99,662	-	99,662
Other comprehensive income (loss)		-	-	-	26,649	26,649
Total comprehensive income (loss)		-	-	99,662	26,649	126,311
Share issuance	12	2,989	-	-	-	2,989
Shares purchased under Restricted Share Units ("RSUs") plan	12	(3,137)	-	-	-	(3,137)
Share based payments		-	1,789	-	-	1,789
Balance as at September 30, 2024		480,875	9,280	243,236	13,990	747,381

		Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (net of income taxes)	Total
Balance at January 1, 2023, as restated		430,262	5,743	76,633	(18,987)	493,651
Net income		-	-	55,621	-	55,621
Other comprehensive income (loss)		-	-	-	(2,124)	(2,124)
Total comprehensive income (loss)		-	-	55,621	(2,124)	53,497
Share issuance		52,164	-	-	-	52,164
Shares purchased under Restricted Share Units ("RSUs") plan		(1,845)	-	-	-	(1,845)
Share based payments		-	1,219	-	-	1,219
Balance as at September 30, 2023		480,581	6,962	132,254	(21,111)	598,686

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

For the nine months ended September 30,	Note	2024	2023
Operating activities			
Net income		99,662	55,621
Items not involving cash:			
Depreciation and amortization		897	1,268
Unrealized losses (gains)		(21,734)	14,763
Net credit impairment losses (reversals)	4.2	2,304	31
Stock options granted		1,143	929
Change in working capital	18	(34,022)	93,736
Realized losses (gains) on investments		(1,530)	2,181
Income taxes paid		(25,707)	(8,105)
Interest paid		(1,656)	(1,324)
Net cash flows from (used in) operating activities		19,357	159,100
Investing activities			
Proceeds on disposal of investments		201,926	89,598
Purchases of investments		(573,793)	(178,120)
Purchases of capital assets		(2,888)	(459)
Acquisition of subsidiary	19	(15,015)	-
Purchases of intangible assets		(300)	(287)
Net cash flows from (used in) investing activities		(390,070)	(89,268)
Financing activities			
Shares issued	12	2,989	51,570
Shares purchased under RSU plan	12	(3,137)	(1,845)
Loans received	11	46,607	-
Loans repaid	11	(23,335)	-
Principal portion of lease payments		(1,772)	(1,524)
Net cash flows from (used in) financing activities		21,352	48,201
Net increase (decrease) in cash and cash equivalents during the period		(349,361)	118,033
Cash, beginning of period		559,741	381,485
Cash equivalents, beginning of period		44,275	24,883
Cash and cash equivalents, beginning of period		604,016	406,368
Impact of foreign exchange on cash and cash equivalents		8,195	7,083
Cash, end of period		243,217	524,484
Cash equivalents, end of period		19,633	7,000
Cash and cash equivalents, end of period		262,850	531,484

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 1 – The Company

Trisura Group Ltd. (the “Company”) was incorporated under the Business Corporations Act (Ontario) (the “Act”) on January 27, 2017. The Company’s head office is located at 333 Bay Street, Suite 1610, Box 22, Toronto Ontario, M5H 2R2.

The Company has investments in wholly owned subsidiaries through which it conducts insurance and reinsurance operations. Those operations are primarily in Canada and the United States.

The Company’s Canadian business operates as a Canadian property and casualty insurance company, licensed in all provinces and territories. Certain lines of the Canadian business operate as a fronting carrier with a large portion of gross premiums written ceded to reinsurers. The Company’s US business is a domestic surplus lines insurer that can write business as a non-admitted surplus line insurer in all states and admitted business in most states. The US business primarily operates as a hybrid fronting carrier where a large portion of its gross premiums written are ceded to reinsurers.

The common shares of the Company are publicly traded on the Toronto Stock Exchange under the symbol “TSU”.

Note 2 – Basis of presentation

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The Condensed Interim Consolidated Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023. These statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Condensed Interim Consolidated Financial Statements comprise the financial results of the Company and all entities controlled by the Company, on a consolidated basis of presentation. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In accordance with IFRS, presentation of assets and liabilities on the Condensed Interim Consolidated Statements of Financial Position is in order of liquidity. The Company’s functional and presentation currency is Canadian dollars.

These Condensed Interim Consolidated Financial Statements were authorized for issuance by the Company’s Board of Directors on November 7, 2024.

Note 3 – Summary of material accounting policies

The accounting policies applied during the three and nine months ended September 30, 2024 are the same as those described and disclosed in *Note 2 – Summary of material accounting policies* of the December 31, 2023 Consolidated Financial Statements, unless updated below. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 IFRS 18 – Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosures in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 enhances disclosure requirements in the following areas: the statement of profit and loss, aggregation and disaggregation of financial information, and management-defined performance measures. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and will be applied retrospectively. The Company is currently assessing potential impacts of this new standard on the presentation and disclosure in the financial statements.

3.2 IAS 12 - Income Taxes, International Tax Reform - Pillar Two Model Rules

In May 2023, the IASB issued *International Tax Reform - Pillar Two Model Rules*, which amended IAS 12, *Income Taxes*, for fiscal years on or after December 31, 2023. The Company has applied the mandatory temporary exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to the Pillar Two top-up taxes. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The Company has performed an assessment of the potential exposure to Pillar Two income taxes.

This assessment is based on the most recent Country-by-Country reporting and financial performance of the Company’s constituent entities. Based on the assessment conducted, the Company qualifies for the transitional safe harbour in all jurisdictions in which it operates, and management is not aware of any circumstances under which this might change. Therefore, the Group does not expect a material impact from the implementation of Pillar Two top-up taxes.

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 4 – Investments

4.1 Classification of cash and investments

The following table presents the classification of cash and cash equivalents, short-term securities and investments:

As at September 30, 2024	FVOCI	FVTPL	Amortized Cost	Total
Cash and cash equivalents	-	-	262,850	262,850
Investments				
Short-term securities	-	-	12,500	12,500
Fixed income ⁽¹⁾	920,134	147,827	4,500	1,072,461
Common shares	-	40,896	-	40,896
Preferred shares	70,790	65,246	-	136,036
Alternatives	-	62,393	-	62,393
Total investments	990,924	316,362	17,000	1,324,286
Total cash, cash equivalents and investments	990,924	316,362	279,850	1,587,136
As at December 31, 2023	FVOCI	FVTPL	Amortized Cost	Total
Cash and cash equivalents	-	-	604,016	604,016
Investments				
Short-term securities	-	-	7,500	7,500
Fixed income ⁽¹⁾	527,880	144,815	2,500	675,195
Common shares	-	35,412	-	35,412
Preferred shares	50,068	65,204	-	115,272
Alternatives	-	56,778	-	56,778
Total investments	577,948	302,209	10,000	890,157
Total cash, cash equivalents and investments	577,948	302,209	614,016	1,494,173

(1) As at September 30, 2024, included in Fixed income are exchange-traded debt funds amounting to \$138,070 (December 31, 2023 - \$138,754).

4.2 Unrealized gains and losses and carrying value of investments

The amortized cost and carrying value of investments as at September 30, 2024 and December 31, 2023 were as follows:

As at September 30, 2024	FVTPL	FVOCI and amortized cost investments				Total
	investments	investments				investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	12,500	-	-	12,500	12,500
Fixed income	147,827	916,635	9,426	(1,427)	924,634	1,072,461
Common shares	40,896	-	-	-	-	40,896
Preferred shares	65,246	70,931	-	(141)	70,790	136,036
Alternatives	62,393	-	-	-	-	62,393
	316,362	1,000,066	9,426	(1,568)	1,007,924	1,324,286

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 4 – Investments (Continued)

As at December 31, 2023	FVTPL	FVOCI and amortized cost investments				Total
	investments					investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	7,500	-	-	7,500	7,500
Fixed income	144,815	543,868	-	(13,488)	530,380	675,195
Common shares	35,412	-	-	-	-	35,412
Preferred shares	65,204	56,303	-	(6,235)	50,068	115,272
Alternatives	56,778	-	-	-	-	56,778
	302,209	607,671	-	(19,723)	587,948	890,157

The ECL of \$5,596 as at September 30, 2024 (September 30, 2023 – \$4,218) does not reduce the carrying amount of these investments in the Condensed Interim Consolidated Statements of Financial Position. The movement in ECL is recognized in Other comprehensive income (loss) as Net credit impairment reversals (losses).

Impairment losses on financial investments subject to impairment assessment

For the nine months ended September 30, 2024 and 2023, an analysis of changes in the fair value and the corresponding ECL is as follows:

	For the period ended Sep. 30, 2024			For the period ended Sep. 30, 2023		
	12mECL	LTECL	Total	12mECL	LTECL	Total
Beginning fair value	527,130	750	527,880	441,932	656	442,588
New assets purchased	543,033	-	543,033	133,427	-	133,427
Assets derecognized or matured	(168,601)	-	(168,601)	(76,757)	-	(76,757)
Change in fair value	15,265	(482)	14,783	(487)	(49)	(536)
Net foreign exchange income (loss)	3,039	-	3,039	4	-	4
Movement between 12mECL and LTECL	(4,504)	4,504	-	(675)	675	-
Ending fair value	915,362	4,772	920,134	497,444	1,282	498,726

	For the period ended Sep. 30, 2024			For the period ended Sep. 30, 2023		
	12mECL	LTECL	Total	12mECL	LTECL	Total
Beginning ECL	3,193	99	3,292	3,935	252	4,187
New assets purchased	1,901	-	1,901	537	-	537
Assets derecognized or matured	(607)	-	(607)	(197)	-	(197)
Movement in ECL	140	870	1,010	(147)	(162)	(309)
Movement between 12mECL and LTECL	(981)	981	-	(167)	167	-
Ending ECL	3,646	1,950	5,596	3,961	257	4,218

4.3 Pledged assets

In the normal course of insurance and reinsurance operations, the Company must secure its obligations under certain insurance and reinsurance contracts by collateralizing them with letters of credit or trust arrangements. As at September 30, 2024, the Company has pledged cash amounting to \$101 (December 31, 2023 – \$479), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at September 30, 2024, the Company pledged \$11,204 (December 31, 2023 – \$7,212) of fixed income investments, and \$569 (December 31, 2023 – \$nil) of cash and cash equivalents, as security deposits to various US state insurance departments to be held in trust for various states and are therefore not readily available for general use by the Company.

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 5 – Fair value and notional amount of derivatives

The following sets out the fair value and notional amount of derivatives as at September 30, 2024 and December 31, 2023:

As at	September 30, 2024			December 31, 2023		
	Notional amount	Fair value		Notional amount	Fair value	
Asset		Liability	Asset		Liability	
Foreign currency contracts						
Forwards	118,565	-	1,369	136,312	1,052	-
Equity contracts						
Swap agreement	12,026	13,875	-	11,088	10,907	-
	130,591	13,875	1,369	147,400	11,959	-
Term to maturity						
less than one year	130,591	13,875	1,369	136,762	2,396	-
from one to five years	-	-	-	10,638	9,563	-

The Company uses foreign currency forward contracts to reduce its exposure to fluctuations in the exchange rates that could arise from its USD, EUR and GBP denominated investments. The notional amounts of the forwards as at September 30, 2024 are \$83,811 USD (December 31, 2023 – \$97,664 USD), €1,545 EUR (December 31, 2023 – €1,477 EUR) and £2,466 GBP (December 31, 2023 – £2,349 GBP). The Company also uses swap agreements to mitigate exposure to equity market fluctuations associated with its share based compensation. These derivatives are recorded at fair value (see Note 6, Note 8, Note 9) and gains and losses are recorded in Net gains (losses) (see Note 15).

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 6 – Fair value measurement

The following sets out the financial instruments classified in accordance with the fair value hierarchy as at September 30, 2024 and December 31, 2023:

As at September 30, 2024	Total fair value	Level 1	Level 2	Level 3
Fixed income	1,067,961	-	1,067,961	-
Common shares	40,896	40,896	-	-
Preferred shares	136,036	125,904	10,132	-
Alternatives	62,393	-	-	62,393
Total investments	1,307,286	166,800	1,078,093	62,393
Derivative financial assets	13,875	-	13,875	-
Total assets	1,321,161	166,800	1,091,968	62,393
Derivative financial liabilities	1,369	-	1,369	-
Total liabilities	1,369	-	1,369	-

As at December 31, 2023	Total fair value	Level 1	Level 2	Level 3
Fixed income	672,695	-	672,695	-
Common shares	35,412	35,412	-	-
Preferred shares	115,272	115,272	-	-
Alternatives	56,778	-	-	56,778
Total investments	880,157	150,684	672,695	56,778
Derivative financial assets	11,959	-	11,959	-
Total assets	892,116	150,684	684,654	56,778

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Balance at beginning of period	56,778	47,139
Realized and unrealized gains (losses)	(1,083)	(5,787)
Purchase of securities	8,110	16,378
Sale of securities	(2,609)	-
Foreign exchange	1,197	(952)
Balance at end of period	62,393	56,778

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 7 – Insurance and reinsurance contracts

7.1 Roll-forward of net liability for insurance contracts issued showing LRC and LIC

Insurance operations	2024			Total
	LRC	LIC		
		Present value of future cash flows	Risk adj. for non-financial risk	
Opening insurance contract liabilities, as at January 1	700,843	1,841,713	227,395	2,769,951
Insurance revenue	(2,324,160)	-	-	(2,324,160)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	44,142	1,155,271	117,010	1,316,423
Changes that relate to past service	-	9,291	(64,279)	(54,988)
Insurance acquisition cash flows amortization	604,676	-	-	604,676
Insurance service result from insurance contracts	(1,675,342)	1,164,562	52,731	(458,049)
Finance expense (income) from insurance contracts	-	71,507	-	71,507
Effects of exchange rate movements	10,334	29,043	3,720	43,097
Total amounts recognized in Comprehensive income	(1,665,008)	1,265,112	56,451	(343,445)
Cash flows:				
Premiums received	2,188,482	-	-	2,188,482
Claims and other directly attributable expenses paid	-	(881,346)	-	(881,346)
Insurance acquisition cash flows	(626,607)	-	-	(626,607)
Total cash flows	1,561,875	(881,346)	-	680,529
Ending balance of Insurance contract liabilities as at September 30, 2024	597,710	2,225,479	283,846	3,107,035

Insurance operations	2023			Total
	LRC	LIC		
		Present value of future cash flows	Risk adj. for non-financial risk	
Opening insurance contract liabilities, as at January 1	654,686	1,349,319	161,098	2,165,103
Insurance revenue	(2,034,234)	-	-	(2,034,234)
Insurance service expenses:				
Incurred claims and other directly attributable expenses	37,155	992,018	98,444	1,127,617
Changes that relate to past service	-	15,171	(48,081)	(32,910)
Insurance acquisition cash flows amortization	535,372	-	-	535,372
Insurance service result from insurance contracts	(1,461,707)	1,007,189	50,363	(404,155)
Finance expense (income) from insurance contracts	-	48,159	-	48,159
Effects of exchange rate movements	(674)	(535)	(31)	(1,240)
Total amounts recognized in Comprehensive income	(1,462,381)	1,054,813	50,332	(357,236)
Cash flows:				
Premiums received	2,062,914	-	-	2,062,914
Claims and other directly attributable expenses paid	-	(689,925)	-	(689,925)
Insurance acquisition cash flows	(563,404)	-	-	(563,404)
Total cash flows	1,499,510	(689,925)	-	809,585
Ending balance of Insurance contract liabilities as at September 30, 2023	691,815	1,714,207	211,430	2,617,452

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 7 – Insurance and reinsurance contracts (Continued)

As at September 30, 2024, the liability for incurred claims, including the risk adjustment, was calculated at a 73% level of confidence (December 31, 2023 - 73%).

Discount rates applied for discounting of future cash flows are listed below:

Insurance contracts issued and reinsurance contracts	Currency	As at September 30, 2024					As at December 31, 2023				
		1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
	CAD	4.26%	4.04%	4.63%	5.06%	4.87%	5.39%	4.75%	4.79%	4.91%	4.78%
	USD	4.77%	4.31%	4.25%	4.02%	3.83%	6.02%	4.72%	4.54%	4.21%	3.97%

7.2 Roll-forward of net asset for reinsurance contracts held showing Asset for remaining coverage (ARC) and Asset for incurred claims (AIC)

Reinsurance contracts held	2024			Total
	ARC	AIC		
		Present value of future cash flows	Risk adj. for non-financial risk	
Opening reinsurance contract assets	300,000	1,590,376	201,599	2,091,975
Opening reinsurance contract liabilities	(88,386)	-	-	(88,386)
Net opening balance, as at January 1	211,614	1,590,376	201,599	2,003,589
Allocation of reinsurance premiums (ceding premiums paid)	(1,825,911)	-	-	(1,825,911)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	427,134	981,656	103,613	1,512,403
Changes to amounts recoverable for incurred claims	-	14,781	(56,877)	(42,096)
Net income (expense) from reinsurance contracts assets	(1,398,777)	996,437	46,736	(355,604)
Finance income (expense) from reinsurance contracts	-	61,824	-	61,824
Effects of exchange rate movements	5,214	26,438	3,411	35,063
Total amounts recognized in Comprehensive income	(1,393,563)	1,084,699	50,147	(258,717)
Cash flows:				
Premiums paid, net of ceding commissions, and other directly attributable expenses paid	1,468,404	(794,945)	-	673,459
Total cash flows	1,468,404	(794,945)	-	673,459
Ending balance of Reinsurance contract assets as at September 30, 2024	286,455	1,880,130	251,746	2,418,331

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 7 – Insurance and reinsurance contracts (Continued)

	2023			Total
	ARC	AIC		
Reinsurance contracts held		Present value of future cash flows	Risk adj. for non-financial risk	
Opening reinsurance contract assets	245,681	1,162,668	141,963	1,550,312
Opening reinsurance contract liabilities	(22,513)	-	-	(22,513)
Net opening balance, as at January 1	223,168	1,162,668	141,963	1,527,799
Allocation of reinsurance premiums (ceding premiums paid)	(1,529,011)	-	-	(1,529,011)
Claims recovered:				
Amounts recoverable for incurred claims and other directly attributable expenses	316,646	824,146	88,565	1,229,357
Changes to amounts recoverable for incurred claims	(6,134)	25,134	(42,325)	(23,325)
Net income (expense) from reinsurance contracts assets	(1,218,499)	849,280	46,240	(322,979)
Finance income (expense) from reinsurance contracts	-	42,248	-	42,248
Effects of exchange rate movements	123	(1,981)	(25)	(1,883)
Total amounts recognized in Comprehensive income	(1,218,376)	889,547	46,215	(282,614)
Cash flows:				
Premiums paid, net of ceding commissions, and other directly attributable expenses paid	1,269,609	(566,317)	-	703,292
Total cash flows	1,269,609	(566,317)	-	703,292
Ending balance of Reinsurance contract assets as at September 30, 2023	274,401	1,485,898	188,178	1,948,477

7.3 Reinsurance Contracts

The Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies it issues. A large portion of this reinsurance is affected under reinsurance agreements known as treaty reinsurance. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

The Company's fronting operations cede the majority of the insurance revenue generated through it to third-party reinsurers. As such, reinsurance contract assets are significant to the Company's financial position, and the associated credit risk is monitored each reporting period.

Reinsurance does not relieve the Company of its obligations to policyholders. The Company's obligation to pay policyholders is not contingent on the reinsurers paying, or honouring its contractual obligations. For this reason, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies or contract disputes. Reinsurers providing reinsurance policies are generally required to have a minimum A.M. Best credit rating of A- at the inception of each policy or are otherwise required to post agreed upon levels of collateral. Unlicensed reinsurers must post an agreed upon level of collateral.

There is a provision for reinsurer non-performance of \$12,791 as at September 30, 2024 (December 31, 2023 – \$14,472).

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 8 – Other assets

As at September 30, 2024 and December 31, 2023, Other assets consist of:

As at	September 30, 2024	December 31, 2023
Derivative financial assets	13,875	11,959
Accrued investment income	11,385	6,929
Unsettled investments receivable	5,279	2,987
Prepaid expenses	3,563	2,008
Tax recoveries	433	23,954
Other assets	5,157	5,875
	39,692	53,712

Note 9 – Other liabilities

As at September 30, 2024 and December 31, 2023, Other liabilities consist of:

As at	September 30, 2024	December 31, 2023
Deposits in trust ⁽¹⁾	80,127	51,083
Accrued liabilities	27,770	26,457
Share based payment plan	12,490	9,742
Taxes payable	12,359	15,133
Lease liabilities	9,273	9,698
Unsettled investments payable	6,011	-
Derivative financial liabilities	1,369	-
Other liabilities	9,040	7,952
	158,439	120,065

(1) The Company periodically holds deposits in trust from reinsurers and other counterparties as a form of collateral.

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 10 – Capital management

The Company's capital is its shareholders' equity, which consists of common shares, contributed surplus, retained earnings and Accumulated other comprehensive loss. The Company reviews its capital structure on a regular basis to ensure an appropriate capital structure in keeping with all regulatory, business and shareholder obligations.

Oversight of the capital of the Company rests with management and the board of directors. Their objectives are twofold: (i) to ensure the Company is prudently capitalized relative to the amount and type of risks assumed and the requirements established by the laws and regulations applicable to the Company's regulated subsidiaries; and (ii) to ensure shareholders receive an appropriate return on their investment.

In Canada, under guidelines established by the Office of the Superintendent of Financial Institutions which apply to the regulated Canadian insurance company of Trisura Specialty, Canadian property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test, the minimum capital test ("MCT"), which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Companies are expected to maintain MCT level of at least 150% and are further required to establish their own target MCT level based on the nature of their operations and the business they write. Management, with the board of directors' approval, has established Trisura Specialty's target MCT level in accordance with these requirements.

In the US, the surplus lines and surety companies are subject to externally imposed regulatory capital requirements by either the Oklahoma Insurance Department or the New Jersey Department of Banking and Insurance, depending on the state in which the Trisura entity is domesticated. A requirement of the regulators is that the US insurance companies' Risk Based Capital exceed certain minimum thresholds as well as Company Action Levels (CALs), below which the companies would have to notify the regulators. In addition, the Company's carriers are subject to the various capital requirements of each US state in which it is licensed.

Note 11 – Loan Payable

11.1 Loan payable

The Company maintains a five-year revolving credit facility (the "Facility") with a Canadian Schedule I bank (the "Bank") which allows for drawings of up to \$75,000 (December 31, 2023 – \$50,000). Under this arrangement, the Company is able to draw funds in the form of Canadian prime rate advances, base rate advances, Canadian Overnight Repo Rate Average (CORRA) loans or Secured Overnight Financing Rate (SOFR) loans. The interest rate is based on the Canadian prime rate, base rate, CORRA or SOFR loans rate, plus a margin. The loan balance is accounted for at amortized cost, which is equal to the carrying value. The minimum required annual payment consists only of interest, with no mandatory principal payments required.

In Q3 2023, the Company issued a Letter of Credit for \$13,500 through this facility. As at September 30, 2024, the loan balance is \$23,272 (December 31, 2023 – \$nil). The undrawn capacity is \$38,228 (December 31, 2023 – \$36,500).

As part of the covenants of the current loan arrangement, the Company is required to maintain certain financial ratios, which were fully met as at September 30, 2024 and December 31, 2023.

11.2 Senior unsecured notes

In June 2021, the Company completed an offering of senior unsecured notes (the "Notes"), with a principal amount of \$75,000, which will mature on June 11, 2026. The Notes bear interest at a fixed annual rate of 2.64%. Interest is payable in semi-annual instalments which commenced on December 11, 2021. The Notes are direct unsecured obligations and will rank equally with all other unsecured and unsubordinated indebtedness of the Company.

The following table provides details of the total debt outstanding as at September 30, 2024 and December 31, 2023.

	Maturity date	Term (years)	Fixed rate	Coupon (payment)	Principal amount	Carrying value	
						Sep. 30, 2024	Dec. 31, 2023
Revolving credit facility					23,272	23,272	-
Senior unsecured notes	June 11, 2026	5	2.64%	Jun, Dec	75,000	75,000	75,000
					98,272	98,272	75,000

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 12 – Share capital

The Company's 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 September 30, 2024 and December 31, 2023, no non-voting shares were issued and no preferred shares are outstanding.

In August 2023, the Company completed a public offering of 1,620,000 common shares for gross proceeds of \$53,298. The Company incurred costs of \$2,132 in commission paid to underwriters as well as \$371 of costs directly attributable to the share issuance, which have been deducted from equity. As at December 31, 2023, the net impact of the share issuance was an increase in common shares of \$51,458, net of tax impact of \$663 related to the share issuance costs.

For the nine months ended September 30, 2024, 199,986 stock options (December 31, 2023 – 77,798 stock options) issued under the Company's existing stock option plan were exercised. Consideration paid by stock option holders to exercise the options resulted in an increase to share capital.

The following table shows the common shares issued and outstanding, excluding treasury shares:

As at	September 30, 2024		December 31, 2023	
	Number of common shares	Amount (in thousands)	Number of common shares	Amount (in thousands)
Balance, beginning of period	47,439,770	481,023	45,783,528	430,262
Shares under RSUs plan	(51,117)	(3,137)	(41,556)	(1,409)
Common shares issued	199,986	2,989	1,697,798	52,170
Balance, end of period	47,588,639	480,875	47,439,770	481,023

As part of the RSUs plan, the Company purchases its own shares which are classified as treasury shares and the costs of these shares are recorded as a reduction to equity. As at September 30, 2024, the Company has an aggregate of 47,779,021 common shares (December 31, 2023 – 47,579,035 common shares) outstanding, which includes 190,382 treasury shares (December 31, 2023 – 139,265 treasury shares).

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 13 – Earnings per share

Basic earnings per common share are calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares.

Diluted earnings per share is calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares adjusted for the effects of all dilutive potential common shares, which consist of stock options.

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income attributable to common shareholders	36,088	14,838	99,662	55,621
Weighted-average number of common shares outstanding (in shares)	47,754,594	46,671,123	47,682,999	46,173,544
EPS – basic (in dollars)	0.76	0.32	2.09	1.20
Dilutive effect of the conversion of options on common shares (in shares)	829,538	803,872	816,708	788,810
Diluted weighted-average number of common shares outstanding (in shares)	48,584,132	47,474,995	48,499,707	46,962,354
EPS – diluted (in dollars)	0.74	0.31	2.05	1.18

Note 14 – Net investment income (loss)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Cash and cash equivalents, and short-term securities	3,933	4,317	16,350	10,005
FVOCI bonds	8,953	5,090	23,186	14,779
FVTPL bonds	1,933	1,589	5,376	4,339
Interest income	14,819	10,996	44,912	29,123
FVTPL common shares	558	1,416	2,093	3,327
FVTPL preferred shares	981	1,004	2,985	2,986
FVOCI preferred shares	878	671	2,471	1,995
Dividend income	2,417	3,091	7,549	8,308
Investment expenses	(984)	(594)	(2,554)	(1,968)
Net investment income (loss)	16,252	13,493	49,907	35,463

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 15 – Net gains (losses)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
FVOCI financial instruments:				
FVOCI fixed income	575	43	1,135	(332)
FVTPL financial instruments:				
FVTPL fixed income	4,391	(2,162)	3,492	(2,514)
FVTPL equity securities	7,818	(4,236)	14,420	(4,851)
FVTPL alternatives	(293)	(433)	(1,215)	(4,453)
	12,491	(6,788)	17,832	(12,150)
Derivatives:				
Swap agreements ⁽¹⁾	623	(2,307)	3,023	(4,870)
Embedded derivatives	99	144	(35)	1,032
Net foreign currency gains (losses)	(1,834)	243	3,297	(1,802)
Net gains (losses)	11,379	(8,708)	24,117	(17,790)

(1) Excluding foreign currency contracts, which are reported in the line Net foreign currency gains (losses).

Note 16 – Segmented information

As at September 30, 2024, the Company has two reportable segments. The operations of Trisura Specialty (formerly Trisura Canada) comprise Surety and Corporate Insurance business underwritten in both Canada and the United States, as well as Risk Solutions and Fronting products primarily underwritten in Canada. Trisura US Programs (formerly Trisura US) provides specialty fronting insurance solutions underwritten in the United States. There have been no changes to what is operationally reflected in the two segments.

The following tables show the results for the three and nine months ended September 30, 2024 and 2023:

Three Months Ended September 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	261,683	545,962	-	807,645
Insurance service expenses	(198,864)	(503,650)	-	(702,514)
Net income (expense) from reinsurance contracts assets	(36,880)	(32,659)	-	(69,539)
Insurance service result	25,939	9,653	-	35,592
Net investment income (loss)	9,362	6,669	221	16,252
Net gains (losses)	5,228	5,770	381	11,379
Net credit impairment reversals (losses)	(176)	(148)	-	(324)
Total investment income (loss)	14,414	12,291	602	27,307
Finance income (expenses) from insurance contracts	(6,978)	(22,378)	-	(29,356)
Finance income (expenses) from reinsurance contracts	4,829	20,301	-	25,130
Net insurance finance income (expenses)	(2,149)	(2,077)	-	(4,226)
Net financial result	12,265	10,214	602	23,081
Net insurance and financial result	38,204	19,867	602	58,673
Other income	816	-	-	816
Other operating expenses	(5,813)	(3,690)	(1,553)	(11,056)
Other finance costs	(64)	(30)	(904)	(998)
Income (loss) before income taxes	33,143	16,147	(1,855)	47,435

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Segmented information (Continued)

Nine Months Ended September 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	722,041	1,602,119	-	2,324,160
Insurance service expenses	(521,406)	(1,344,705)	-	(1,866,111)
Net income (expense) from reinsurance contracts assets	(136,727)	(218,877)	-	(355,604)
Insurance service result	63,908	38,537	-	102,445
Net investment income (loss)	28,213	19,613	2,081	49,907
Net gains (losses)	10,424	7,273	6,420	24,117
Net credit impairment reversals (losses)	(2,640)	36	300	(2,304)
Total investment income (loss)	35,997	26,922	8,801	71,720
Finance income (expenses) from insurance contracts	(14,897)	(56,610)	-	(71,507)
Finance income (expenses) from reinsurance contracts	10,360	51,464	-	61,824
Net insurance finance income (expenses)	(4,537)	(5,146)	-	(9,683)
Net financial result	31,460	21,776	8,801	62,037
Net insurance and financial result	95,368	60,313	8,801	164,482
Other income	6,998	-	-	6,998
Other operating expenses	(16,623)	(12,328)	(7,177)	(36,128)
Other finance costs	(171)	(141)	(2,011)	(2,323)
Income (loss) before income taxes	85,572	47,844	(387)	133,029

Three Months Ended September 30, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	221,065	509,649	-	730,714
Insurance service expenses	(112,907)	(449,545)	33	(562,419)
Net income (expense) from reinsurance contracts assets	(77,388)	(66,158)	-	(143,546)
Insurance service result	30,770	(6,054)	33	24,749
Net investment income (loss)	6,478	6,187	828	13,493
Net gains (losses)	(4,120)	(2,774)	(1,814)	(8,708)
Net credit impairment reversals (losses)	(82)	(266)	90	(258)
Total investment income (loss)	2,276	3,147	(896)	4,527
Finance income (expenses) from insurance contracts	658	(12,179)	-	(11,521)
Finance income (expenses) from reinsurance contracts	(493)	11,116	-	10,623
Net insurance finance income (expenses)	165	(1,063)	-	(898)
Net financial result	2,441	2,084	(896)	3,629
Net insurance and financial result	33,211	(3,970)	(863)	28,378
Other income	847	-	-	847
Other operating expenses	(4,169)	(3,697)	772	(7,094)
Other finance costs	(56)	(87)	(500)	(643)
Income (loss) before income taxes	29,833	(7,754)	(591)	21,488

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Segmented information (Continued)

Nine Months Ended September 30, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Insurance revenue	597,426	1,436,808	-	2,034,234
Insurance service expenses	(368,673)	(1,261,314)	(92)	(1,630,079)
Net income (expense) from reinsurance contracts assets	(159,498)	(163,481)	-	(322,979)
Insurance service result	69,255	12,013	(92)	81,176
Net investment income (loss)	17,325	16,226	1,912	35,463
Net gains (losses)	(8,027)	(3,977)	(5,786)	(17,790)
Net credit impairment reversals (losses)	(19)	(160)	148	(31)
Total investment income (loss)	9,279	12,089	(3,726)	17,642
Finance income (expenses) from insurance contracts	(5,905)	(42,254)	-	(48,159)
Finance income (expenses) from reinsurance contracts	3,866	38,382	-	42,248
Net insurance finance income (expenses)	(2,039)	(3,872)	-	(5,911)
Net financial result	7,240	8,217	(3,726)	11,731
Net insurance and financial result	76,495	20,230	(3,818)	92,907
Other income	6,927	-	-	6,927
Other operating expenses	(12,937)	(10,173)	509	(22,601)
Other finance costs	(168)	(87)	(1,589)	(1,844)
Income (loss) before income taxes	70,317	9,970	(4,898)	75,389

As at September 30, 2024	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Assets	1,379,239	2,687,426	44,462	4,111,127
Liabilities	916,102	2,368,561	79,083	3,363,746

As at December 31, 2023	Trisura Specialty	Trisura US Programs	Corporate and Other	Total
Assets	1,008,169	2,463,918	112,358	3,584,445
Liabilities	718,385	2,193,711	52,920	2,965,016

Note 17 – Income taxes

The following shows the major components of income tax expense (benefit) for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Current tax expense (benefit)	16,575	16,886	56,013	34,092
Deferred tax expense (benefit)	(5,228)	(10,236)	(22,646)	(14,324)
Income tax expense (benefit)	11,347	6,650	33,367	19,768

Income taxes recorded in Other comprehensive income (loss):

Net changes in unrealized gains (losses) on FVOCI investments	5,676	(1,215)	5,407	(293)
Reclassification of net gains (losses) on FVOCI investments	776	(5)	2,032	(238)
Origination and reversal of temporary differences	(1)	40	3	199
Total income tax expense (benefit) recorded in Other comprehensive income (loss)	6,451	(1,180)	7,442	(332)

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 17 – Income taxes (Continued)

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income tax provision included in the Condensed Interim Consolidated Statements of Income for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Income before income taxes	47,435	21,488	133,029	75,389
Statutory income tax rate	26.5%	26.5%	26.5%	26.5%
	12,570	5,694	35,253	19,978
Variations due to:				
Permanent differences	(286)	139	(649)	(319)
International operations subject to different tax rates	(330)	780	(1,694)	(40)
Unrecognized tax loss	-	61	-	124
Rate differentials:				
Current rate versus future rate	(308)	-	(281)	-
Change in future rate	-	-	-	(6)
True up	(299)	(24)	738	31
Income tax expense (benefit)	11,347	6,650	33,367	19,768

The permanent differences relate primarily to investment income or losses that are non-taxable or taxed at rates lower than the statutory income tax rate, such as non-taxable dividend income and capital gains. In certain circumstances, permanent differences relate to expenses not deductible for tax purposes.

As at September 30, 2024, the Company has unused tax losses of \$11,049 (December 31, 2023 – \$10,689), which will expire in the following years:

	September 30, 2024
2042	924
2043	8,358
2044	1,767
	11,049

Note 18 – Additional information on the Condensed Interim Consolidated Statements of Cash Flows

The following table shows the changes in working capital for the nine months ended September 30, 2024 and September 30, 2023:

For the nine months ended September 30,	2024	2023
Insurance contract liabilities	336,196	452,349
Leases and accrued liabilities	39,958	47,492
Income taxes	18,314	19,961
Other operating liabilities	5,167	285
Other operating assets	(18,915)	(5,673)
Reinsurance contract assets	(414,742)	(420,678)
	(34,022)	93,736

TRISURA GROUP LTD.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

Note 19 – Acquisition

On March 15, 2024, the Company closed its acquisition of 100% of the issued share capital of First Founders Assurance Company (“FFAC”), for cash consideration of \$18.8 million. FFAC is a US Treasury listed surety company and is a business as defined by IFRS 3 *Business Combinations*. This acquisition will allow the Company to access a broader portion of a larger surety market within the US, resulting in increased insurance revenue.

The initial amounts assigned to the identifiable assets acquired, goodwill and liabilities assumed on March 15, 2024 are as set out in the table below.

Cash and cash equivalents	3,791
Investments	6,359
Other assets	83
Insurance contract liabilities	(888)
Other liabilities	(1,372)
Total identifiable assets and liabilities assumed	7,973
Goodwill	10,833
Total consideration transferred in cash	18,806
Net cash outflow arising on acquisition:	
Cash consideration	18,806
Less: cash and cash equivalents acquired	(3,791)
	15,015

The goodwill represents the excess of the purchase price over the fair value of the net assets, and is attributable to the future economic benefits and other synergies expected from the Treasury listing certificate obtained and other assets acquired that are not individually identified and separately recognized in the acquisition. None of the goodwill is expected to be deductible for income tax purposes.