EGI Financial Holdings Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ending March 31, 2015

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EGI Financial Holdings Inc.

EGI FINANCIAL HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ending March 31, 2015

References to "EGI" or "Company" in this Management's Discussion and Analysis refer to EGI Financial Holdings Inc. on a consolidated basis, both now and in its predecessor forms.

Important Note:

The condensed consolidated interim financial statements for the quarters ended March 31, 2015, and 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The policies applied in the condensed consolidated interim financial statements are based on IFRS and have been consistent with those of the previous financial year except for the ones explained in note 3 in the condensed financial statements.

The following discussion should be read in conjunction with EGI's unaudited condensed consolidated interim financial statements for the first quarter of fiscal 2015 and 2014, with the notes to the condensed consolidated interim financial statements, and with management's discussion and analysis (MD&A) and audited annual consolidated financial statements and accompanying notes in the Company's 2014 Annual Report. The financial data in this discussion has been prepared in accordance with IFRS and has been derived from the unaudited consolidated interim financial statements for the three months ended March 31, 2015, and 2014.

The following commentary is current as of May 6, 2015. Additional information relating to EGI is available on SEDAR at www.sedar.com. Certain totals, subtotals and percentages may not reconcile due to rounding.

EGI uses both IFRS and certain non-IFRS measures to assess performance. Securities regulators require that companies caution readers about non-IFRS measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. EGI analyzes performance based on underwriting income and underwriting ratios such as combined, expense and loss ratios, which are non-IFRS measures. Underwriting income is defined as net earned premiums less net claims incurred, net acquisition expenses, general expenses, integration costs and excludes any impact of change in discount rate or foreign exchange rate on claims.

The following discussion contains forward-looking information that involves risk and uncertainties based on current expectations. This information includes, but is not limited to, statements about the operations, business, financial condition, priorities, targets, ongoing objectives, strategies and outlook of EGI for 2015 and subsequent periods.

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a projection as reflected in the forward-looking information. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material factors, many of which are beyond EGI's control, affect the operations, performance and results of EGI and its business, and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

COMPANY OVERVIEW

EGI operates in the property and casualty ("P&C") insurance industry in Canada and Europe. The Company underwrites non-standard automobile insurance and other specialty insurance products, with a focus on niche underserved markets.

EGI operates in Canada through Echelon Insurance, a federally-regulated P&C insurance company and The Insurance Company of Prince Edward Island ("ICPEI"), a provincially regulated P&C insurance company. It has two lines of insurance business in Canada – Personal Lines and Commercial Lines. Personal Lines focuses on the underwriting of Echelon's non-standard automobile insurance and insurance for motorcycles, antique and classic vehicles, trailers, motor homes, recreational vehicles and personal property. Commercial Lines designs and underwrites specialized insurance programs, such as hard to place commercial property, primary and excess liability, creditor insurance, and extended warranty.

The International division underwrites specialty insurance programs in Europe through Qudos Insurance A/S ("Qudos"), a majority-owned insurance company. Qudos is domiciled in Denmark and is regulated throughout the European Union by the Danish Financial Supervisory Authority. Products include non-standard auto, personal property and warranty insurance for new and existing homes. It commenced writing premiums in 2012 and, to date, the majority of the business written is in the United Kingdom and Scandinavia.

QUARTERLY HIGHLIGHTS

- Net operating income of $0.17 per share compared to $0.30 in the first quarter of 2014.
- An underwriting loss of $3.5 million for the quarter compared to underwriting income of $0.5 million in the first quarter of 2014.
- A combined operating ratio of 105.1% compared to 99.1% in the first quarter of 2014.
- A 14% increase in direct written premiums over the same period in 2014 to $90.9 million, driven by the inclusion of ICPEI and growth in the International division.
- Total pre-tax return on invested assets of $8.8 million in the quarter compared to $9.3 million in the first quarter of 2014.
- An increase in book value per share of 1.7% in the quarter to $16.09 per share.

The following financial information compares the three months ended March 31, 2015 results with the same period in 2014.

($ THOUSANDS except per share amounts)	3 months ended March 31 2015	2014	Variance $	Variance %
Direct written and assumed premiums	90,886	79,768	11,118	14 %
Net written premiums	69,857	65,165	4,692	7 %
Net earned premiums	69,197	62,098	7,099	11 %
Claims incurred	44,516	35,736	8,780	25 %
Acquisition costs	19,651	18,099	1,552	9 %
Operating expenses	8,539	7,731	808	10 %
Underwriting (loss)/ income	(3,509)	532	(4,041)	(760)%
Investment income	5,912	6,134	(222)	(4)%
Net income before income taxes	2,403	6,666	(4,263)	(64)%
Income taxes (recovery)/expense	(754)	1,271	(2,025)	(159)%
Net income	3,157	5,395	(2,238)	(41)%
Net income attributable to shareholders	3,507	5,295	(1,788)	(34)%
Net operating income attributable to shareholders	2,062	3,678	(1,616)	(44)%
Earnings per share on continuing operations				
Basic	$0.30	$0.45	($0.15)	(33)%
Diluted	$0.29	$0.44	($0.15)	(34)%
Return on equity (ROE)[1]	9.3%	10.9%		
Net operating income per share - diluted [2]	$0.17	$0.30	($0.13)	(43)%

(1) ROE calculated on rolling twelve-month basis.

(2) Net operating income is defined as net income excluding the impact of the change in discount rate and foreign exchange rates on unpaid claims, realized losses or gains on sale of investments, discontinued operations, unrealized fair value changes on Fair Value Through Profit or Loss (FVTPL) investments and one time, non-recurring charges. Net operating income is adjusted to that attributable to shareholders for per share calculation.

Insurance Operations

Written and Earned Premiums

In the first quarter of 2015, direct written premiums increased by $11.1 million, or 14%, to $90.9 million compared to $79.8 million in the same period last year. The increase in written and earned premiums was primarily due to growth in the International division and the inclusion of ICPEI in 2015 results following its purchase on July 1st, 2014.

Incurred Claims Expense

For the quarter ended March 31, 2015, net claims expense increased by $8.8 million or 25% to $44.5 million compared to $35.7 million in the first quarter of 2014, resulting in an increased loss ratio to 64.3% for the three months ended March 31, 2015, compared to 57.5% for the same period in 2014. This was primarily driven by weather related Personal Lines losses in the Maritime provinces partially offset by improved Commercial and especially International segment results.

On a consolidated basis, net favourable development of prior year claims of $2.4 million was recorded in the first quarter of 2015 compared to net favourable development of $3.3 million in the same period in 2014.

Acquisition Costs

Net acquisition costs, which consist mainly of commissions, premium taxes and portion of general expenses related to policy acquistion, increased by $1.6 million or 9% to $19.7 million in the quarter ended March 31, 2015, compared to $18.1 million in the same period in 2014, in line with the increase in gross written premiums.

Operating Expenses

Operating expenses increased by $0.8 million or 10% to $8.5 million in the first quarter of 2015 compared to $7.7 million in the comparative quarter, due to increased salary and inclusion of ICPEI.

Underwriting Income

An underwriting loss of $3.5 million was recorded in the first quarter of 2015 compared to underwriting income of $0.5 million in the same period in 2014. The decrease was primarily due to lower underwriting income in the Personal Lines, as an unusual number of large losses were reported when compared to historical results. This was partially offset by improved performances in Commercial Lines and International segments.

Investment Income

Income from investments decreased to $5.9 million in the first quarter of 2015 compared to $6.1 million in the same period in 2014, mainly due to a decline in the preferred share portfolio, which was impacted by an interest rate cut.

Net Income before Income Taxes

For the quarter ended March 31, 2015, net income before taxes was $2.4 million compared to income of $6.7 million for the first quarter of 2014.

Income Taxes

For the quarter ended March 31, 2015, the provision for income taxes reflects a recovery of $0.8 million compared to an expense of $1.3 million for the same period last year.

SEGMENTED FINANCIAL INFORMATION

EGI has realigned its segmented reporting such that ICPEI's results will not be disclosed separately but will be included in Personal Lines or Commercial Lines, depending on the type of the business written. Beginning with the quarter ending March 31, 2015, our financial statements will reflect the new segmentation with prior periods adjusted accordingly. This disclosure is consistent with how senior management and the board regularly review the business for purposes of allocating resources and assessing performance.

Personal Lines

	3 months ended March 31			
($THOUSANDS)	2015	2014	$Variance	%Variance
Direct written premiums	30,765	24,790	5,975	24
Net earned premiums	33,038	27,769	5,269	19
Net claims:				
Current year claims	27,714	18,401	9,313	51
Current year loss ratio	83.9%	66.3%		
Favourable prior year claim development	1,203	1,889	(686)	(36)
Total net claims	26,513	16,512	10,001	61
Claims ratio	80.3%	59.5%		
Expense ratio	30.8%	32.3%		
Combined ratio	111.1%	91.7%		
Underwriting income (loss)	(3,666)	2,295	(5,961)	(260)

First quarter 2015

Personal Lines recorded a 24% increase in direct written premiums due to the inclusion of ICPEI's premiums in this segment in 2015.

Personal Lines underwriting loss in the first quarter was 2015 of $3.7 million, compared to an underwriting income of $2.3 million in the first quarter of 2014, a decrease of $6.0 million.

This segment’s combined ratio increased to 111.1% in the quarter as a result of the following factors:

1. Severe winter weather conditions in the Maritimes impacted the severity and frequency of claims in auto and personal property resulting in an underwriting loss of $2.0 million in Maritimes Personal Lines
2. Quebec Personal Lines reported an unusual large loss of $0.8 million incurred in Ontario
3. Four large losses reported in the quarter in Ontario auto that reduced the underwriting profit of Ontario Personal Lines by approximately $3.8 million
4. Decreased positive development of prior year claims of $1.2 million compared to $1.9 million in the same period in 2014.

Commercial Lines

	3 months ended March 31			
($THOUSANDS)	2015	2014	$Variance	%Variance
Direct written premiums	11,461	12,162	(701)	(6)
Net earned premiums	9,503	11,157	(1,654)	(15)
Net claims:				
Current year claims	6,493	7.869	(1,376)	(17)
Current year loss ratio	68.3%	70.5%		
Favourable (unfavourable) prior year claim development	1,597	1,370	227	17
Total net claims	4,896	6,499	(1,603)	(25)
Claims ratio	51.5%	58.3%		
Expense ratio	43.8%	50.8%		
Combined ratio	95.3%	109.1%		
Underwriting income (loss)	444	(1,012)	1,456	144

First quarter 2015

Commercial Lines recorded underwriting income in the first quarter of 2015 of $0.4 million, compared to an underwriting loss of $1.0 million in the first quarter of 2015, an increase of $1.5 million. This segment's combined ratio decreased to 95.3% in the quarter as a result of the following factors:

1. Strong performance from creditor insurance with a combined ratio of 85.9%
2. Improved results in commercial property & liability in Ontario.
3. There was a minimal impact to underwriting income from cancelled programs.

International Division

	3 months ended March 31			
($THOUSANDS)	**2015**	**2014**	**$Variance**	**%Variance**
Direct written premiums	48,660	42,816	5,844	14
Net earned premiums	26,656	23,172	3,484	15
Net claims:				
Current year claims	12.661	12,725	(64)	(1)
Current year loss ratio	47.5%	54.9%		
Favourable (unfavourable) prior year claim development	(446)	—	(446)	N/A
Total net claims	13,107	12,725	382	3
Claims ratio	49.2%	54.9%		
Expense ratio	44.0%	43.4%		
Combined ratio	93.2%	98.3%		
Underwriting income (loss)	1,825	387	1,438	372

First quarter 2015

The International division recorded $48.7 million of written premiums in the first quarter of 2015 compared to $42.8 million in the same period in 2014, an increase of $5.8 million. The strong growth in written premiums is due primarily to the organic growth in existing programs. At the end of the first quarter, the International division wrote programs through 20 MGAs, mainly in the UK and Scandinavia.

The International division recorded an underwriting income of $1.8 million in the first quarter compared to underwriting income of $0.4 million in the comparable period in 2014. This is as a result of:

1. Improved results in UK auto primarily due to management action to amend underwriting conditions and to cancel unprofitable programs.
2. Strong performance in Warranty, Commercial Property and Accident & Sickness in the quarter.
3. Offset by negative prior year claims development of $0.4 million in 2015 compared to no development in the same period in 2014.

SUMMARY OF QUARTERLY RESULTS

A summary of the Company's last eight quarters is as follows:

	2015	2014				2013		
($ THOUSANDS EXCEPT PER SHARE DATA)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Direct written and assumed premiums	90,886	78,832	104,876	101,428	79,768	74,300	62,706	78,121
Net earned premiums and other revenue	69,197	77,491	76,560	61,885	62,098	59,738	50,711	50,449
Underwriting (loss) income	(3,509)	7,584	122	(3,311)	532	(4,309)	1,157	4,080
Income (loss) before income taxes	2,403	10,804	6,467	(154)	6,666	1,428	2,998	11,167
Net (loss) income	3,157	8,404	5,537	(603)	5,395	1,158	2,440	8,739
Net operating income	2,062	9,005	3,944	263	3,678	937	3,798	5,849
Earnings per adjusted share								
(a) Basic	$0.30	$0.70	$0.42	$0.02	$0.45	$0.17	$0.22	$0.73
(b) Diluted	$0.29	$0.68	$0.41	$0.02	$0.44	$0.16	$0.22	$0.72
Net operating income per share - diluted	$0.17	$0.75	$0.33	$0.02	$0.30	$0.08	$0.32	$0.49
Selected financial ratios								
Loss ratio	64.3%	51.0%	60.4%	65.4%	57.5%	69.5%	61.1%	54.8%
Expense ratio	40.8%	39.2%	39.4%	39.9%	41.6%	37.7%	36.6%	37.0%
Combined ratio	105.1%	90.2%	99.8%	105.3%	99.1%	107.2%	97.7%	91.8%
Book value per share	$16.09	$15.82	$15.19	$14.99	$14.92	$14.57	$13.98	$14.37

The quarterly results reflect the seasonality of the Company's business. While net earned premiums are relatively stable from quarter to quarter except for acquisition related growth, underwriting results vary significantly by quarter as they are affected by changes in weather conditions.

Net Operating Income

Details of net operating income are as follows:

	3 months ended March 31	
($ THOUSANDS except per share amounts)	**2015**	**2014**
Net income (loss)	3,157	5,395
Realized (gains) on investments	(2,871)	(1,663)
Foreign Exchange Gain on Investments	(986)	—
Fair value loss / (gains) on FVTPL investments	1,877	(552)
Tax impact (1)	535	598
Net operating income (loss)	1,712	3,778
Non-controlling interest	350	(100)
Net operating income (loss) attributable to shareholders	2,062	3,678
Net operating income per share – diluted	$0.17	$0.30

(1) Statutory tax rate utilized for calculation purposes.

BALANCE SHEET ANALYSIS

The Balance Sheet analysis that follows should be read in conjunction with the unaudited condensed consolidated interim financial statements for the first quarter of 2015 and notes therein.

Balance Sheet Highlights

Selected balance sheet highlights and book value per share details are as follows:

($ THOUSANDS except per share amounts)	As at March 31, 2015	As at December 31, 2014
Cash and short-term deposits	24,942	27,326
Investments	498,636	504,290
Total assets	750,887	740,299
Provision for unpaid claims	350,797	344,692
Unearned premiums	172,431	168,555
Total equity attributable to shareholders	188,849	183,616
Book value per share [1]	$16.09	$15.82
MCT Ratio - Echelon Insurance	232%	211%
- ICPEI	249%	230%

(1) Shareholders' equity divided by the number of shares issued and outstanding.

Investments

EGI has an investment policy that seeks to provide a stable income base to support EGI's liabilities without incurring an undue level of investment risk. In addition to this risk-return analysis, the chosen asset mix also considers the amount of regulatory capital that is required.

EGI's investment portfolio is invested in well-established, active and liquid markets in Canada, the United States and Europe. Fair value for most investments is determined by reference to observable market data.

Fair Value of Investments

The following table sets forth EGI's invested assets as at March 31, 2015, and December 31, 2014.

	Carrying and fair values			
Available-for-sale	**As at March 31, 2015**	**% of Total**	**As at December 31, 2014**	**% of Total**
Fixed income				
Canadian				
Federal	65,544		74,579	
Provincial	48,705		48,978	
Municipal	899		2,235	
Corporate	186,739		182,441	
	301,887		308,233	
Fixed income lent through securities lending program				
Federal	4,883		10,985	
Provincial	12,461		435	
Corporate	3,104		4,609	
	20,448		16,029	
Foreign fixed income				
Government	20,407		25,964	
Corporate	73,545		69,088	
	93,952		95,052	
Total fixed income	416,287	83%	419,314	83%
Commercial Mortgages pooled fund	2,197		2,173	
Money market pooled fund	146		110	
Short-term fixed income and mortgage pooled funds	16,772		16,476	
Total Pooled Funds	19,115	4%	18,759	4%
Common shares				
Canadian	6,406		7,784	
Foreign	13,578		13,690	
Total common shares	19,984	4%	21,474	4%
Total available-for-sale	455,386		459,547	
Fair value through profit or loss				
Preferred shares	43,132		44,323	
Preferred shares lent through securities lending program	118		420	
Total Preferred Shares	43,250	9%	44,743	9%
Total investments	498,636	100%	504,290	100%

Impairment Assets and Provisions for Losses

EGI has an established policy to write down or make a provision for any investment with objective evidence that the value of the investment is impaired.

Management has reviewed currently available information and the advice of its investment managers regarding those investments whose estimated fair values are less than carrying values. For those securities whose decline in fair value was considered to be objective evidence that the value of the investment is impaired, the Company recorded the difference between the carrying amount of the investment and its fair value as an impairment which reduces investment income in the year recorded.

There was no impairment loss recognized in the first quarter of 2015 or in the first quarter of 2014.

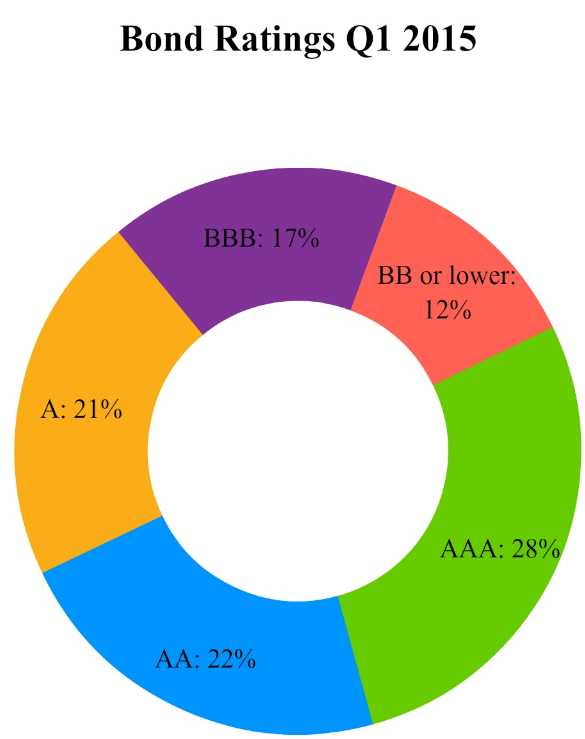
A gross unrealized loss of $3.1 million (March 31, 2014 – $0.6 million) on investments held as at March 31, 2015, is recorded, net of tax, in the amount of $2.4 million (March 31, 2014 – $0.5 million) in Accumulated Other Comprehensive Income. The Company has concluded, based on its review, these fair value deficiencies do not meet the criteria for impairment and they will be monitored on an ongoing basis.

Fixed Income Securities

EGI holds fixed income securities to provide a steady, predictable level of income with reasonable liquidity and minimal risk of loss and a fixed sum at maturity. EGI's portfolio is diversified by selecting various types of government and corporate bonds. Constraints on types of issuers take liquidity, diversification and risk into account by limiting the portfolio mix by issuer.

EGI's bond portfolio has a high overall credit quality with an average rating of A. The preferred shares have an average rating of P2. The duration of the bond portfolio is 3.2 years.

The charts below set forth EGI's fixed income and preferred share portfolios by credit quality determined by Rating agencies ratings as at March 31, 2015.



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Sector Mix by Asset Class

The following table shows sector exposure by asset class as at March 31, 2015:

Sector	Fixed Income Securities & Pooled Funds	Preferred Shares	Common Shares	Total
Financial Services	35%	56%	17%	36%
Government	36%	—%	—%	32%
Consumer Discretionary	3%	—%	30%	4%
Technology	—%	—%	14%	1%
Telecommunication	6%	—%	6%	5%
Industrial Products	3%	6%	10%	4%
Energy	3%	—%	8%	3%
Pipelines	2%	18%	—%	4%
Utilities	2%	19%	8%	4%
Infrastructure	9%	1%	—%	7%
Other	1%	—%	7%	—%
Total	100%	100%	100%	100%
Total	435,402	43,250	19,984	498,636

Common Share Portfolio

As at March 31, 2015, 32% of the common share portfolio was invested in Canadian equities with 68% in foreign equities.

Recoverable from Reinsurers

($ THOUSANDS)	As at March 31, 2015	As at December 31, 2014
Reinsurers' share of unpaid claims	55,851	48,737
Reinsurers' share of unearned premiums	40,845	37,528
Total	96,696	86,265

As at March 31, 2015, the recoverable from reinsurers increased by $10.4 million, or 12.1%, to $96.7 million from $86.3 million as at December 31, 2014. The increase was due to increased reliance on reinsured premiums in the International division. All reinsurers, with balances due, have a rating of A- or above as determined by Standard & Poor's and A.M. Best, except for several Specialty Programs distributors who share a portion of the risk with EGI, for whom EGI holds deposits as collateral.

Accounts Receivable

($ THOUSANDS)	As at March 31, 2015	As at December 31, 2014
Agents and brokers	34,778	31,757
Premium financing receivables	15,736	15,962
Other	5,826	5,007
Total	56,340	52,726

Premium financing receivables represents 27.9% of total receivables as at March 31, 2015. Premium financing receivables decreased to $15.7 million at March 31, 2015, from $16.0 at December 31, 2014. The increase in agent and broker receivables from $31.8 million in 2014 to $34.8 million in 2015 was mainly as a result of increased balances due to Qudos, in line with the increase of written premiums in this entity.

Provision for Unpaid Claims

EGI establishes loss reserves to provide for future amounts required to pay claims related to insured events that have occurred and been reported but have not yet been settled, and related to events that have occurred but have not yet been reported to EGI. Provision for unpaid claims consists of the aggregate amount of individual case reserves established and management's estimate of claims incurred but not reported, based on the volume of business currently in force and historical claims experience. In order to help ensure that EGI's provision for unpaid claims (often called "reserves") is adequate, management has retained the services of an independent actuary. Provisions for unpaid claims are discounted to present value. The discount rate used for March 31, 2015, was 1.92%, unchanged from December 31, 2014.

Share Capital

As of May 5, 2015, there were 11,734,768 common shares issued and outstanding.

LIQUIDITY AND CAPITAL MANAGEMENT

The purpose of liquidity management is to ensure there is sufficient cash to meet all of EGI's financial commitments and obligations as they come due. EGI believes that it has the flexibility to obtain, from internal sources, the funds needed to fulfill its cash requirements, during the following financial year and to satisfy regulatory capital requirements.

Contractual obligations include operating leases, for which $1.6 million is due in less than a year and $3.9 million is due over the next nine years.

EGI is primarily a holding company and, as such, has limited direct operations of its own. EGI's principal assets are the shares of its insurance and reinsurance subsidiaries. Accordingly, its future cash flows depend in part upon the availability of dividends and other statutorily permissible distributions from the insurance subsidiaries. The ability to pay such dividends and to make such other distributions is limited by applicable laws and regulations of the jurisdictions in which the insurance subsidiaries are domiciled, which subject the insurance subsidiaries to significant regulatory restrictions. These laws and regulations require, among other things, that the insurance subsidiaries maintain minimum solvency requirements and may also limit the amount of dividends that the insurance subsidiaries can pay to EGI.

Capital Management

The total capitalization of EGI at March 31, 2015, was $192.7 million compared to $187.5 million at December 31, 2014.

The Minimum Capital Test (MCT) ratio of the Company's Canadian subsidiary, Echelon Insurance, as at March 31, 2015, was 232%, which comfortably exceeds the supervisory regulatory capital level required by the Office of the Superintendent of Financial Institutions (OSFI). ICPEI's MCT ratio of 249% was in excess of provincial supervisory targets.

In addition to excess capital at Echelon Insurance, the Company has approximately $23 million of excess deployable capital invested in liquid assets in the holding company.

Normal Course Issuer Bid (NCIB)

Up to May 6, 2015, the Company purchased and cancelled 43,700 common shares under the NCIB program at an average cost of $12.85 per share for a total consideration of $0.6 million.

Subsequent Event

On April 20, 2015, the Company announced that it will operate under the trade name Echelon Insurance, aligning its corporate and retail operations under one brand. EGI Financial Holdings Inc., the publicly traded holding company, will change its name to Echelon Financial Holdings Inc., subject to shareholder approval at the Annual General Meeting of the Company on May 7, 2015. It will continue to trade on the Toronto Stock Exchange under the symbol EFH. Echelon General Insurance Company, an OSFI regulated insurance company, has received regulatory approval to change its name to Echelon Insurance.

ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with IFRS and in compliance with IAS 34 "Interim Financial Reporting." Please refer to note 3 of the unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2015.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

For a description of EGI's accounting policies, which are on an IFRS basis, refer to note 3 in the condensed consolidated interim financial statements for the quarter ended March 31, 2015. A description of EGI's critical accounting estimates and assumptions is also detailed in note 4 of the interim financial statements.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by EGI is recorded, processed, summarized and reported in a timely manner. This includes controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of March 31, 2015, an evaluation was carried out, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as defined under Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of these disclosure controls and procedures was effective.

Internal Controls over Financial Reporting

As at the quarter ended March 31, 2015, the Chief Executive Officer and the Chief Financial Officer evaluated the design of the Company's internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of internal controls as at March 31, 2015, was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2015, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

GLOSSARY OF SELECTED INSURANCE TERMS

"Case method" means establishing a reserve liability equal to the most probable expected outcome for an individual claim.

"Cede" means the act of an insurer transferring or assigning part or all of the risk on an insurance policy written by it to a reinsurer by purchasing insurance from such reinsurer to cover the risk or part thereof.

"Combined ratio" of an insurer for any period means the sum of the loss ratio and the expense ratio of the insurer for such period.

"Direct written premiums" of an insurer for any period means the total premiums on insurance, including assumed reinsurance, written by the insurer during such period.

"Expense ratio" for any period means the sum of expenses, including commissions, premium taxes and operating expenses incurred, expressed as a percentage of net earned premiums.

"Loss adjustment expenses" or **"LAE"** means the expense of settling claims, including certain legal and other fees and the expense of administering the claims adjustment process.

"Loss ratio" for any period means the sum of claims and claims adjustment expenses incurred, net of reinsurance, expressed as a percentage of net earned premiums.

"Minimum Capital Test" means the OSFI's Minimum Capital Test (MCT) Guideline under which a federally regulated insurer is measured for the adequacy of its capital.

"Net earned premiums" of an insurer means the portion of the written premium equal to the expired portion of the time for which insurance or reinsurance was in effect.

"Net written premiums" of an insurer means direct written premiums less amounts ceded to reinsurers.

"Producers" refers to, collectively, insurance brokers, agents and managing general agencies**.**

"Reinsurance" means an arrangement in which an insurance company, the reinsurer, agrees to indemnify another insurance or reinsurance company, the ceding company, against all or a portion of the insurance or reinsurance risks underwritten by the ceding company under one or more policies.

"Retention" means the amount of liability for which an insurance company will be responsible after it has completed its reinsurance arrangements.

"Return on equity" or "ROE" for a period means net income expressed as a percentage of the average total shareholder equity in that period.

"Underwriting" means the assumption of risk for designated loss or damage by issuing a policy of insurance in respect thereof.

"Unearned premiums" means the portion of premiums received relating to the period of risk in subsequent accounting periods and which is deferred to such subsequent accounting periods.