EFH HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

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

Important Note:

The unaudited condensed consolidated interim financial statements for the quarters ended March 31, 2021, and 2020 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 unaudited condensed consolidated interim financial statements are based on IFRS and have been consistent with those of the previous financial year.

The following discussion should be read in conjunction with EFH's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020, with the notes to the unaudited condensed consolidated interim financial statements, and with management's discussion and analysis (MD&A) and audited annual consolidated financial statements and accompanying notes for 2020. The financial data in this discussion has been prepared in accordance with IFRS and has been derived from the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020.

The following commentary is current as of May 20, 2021. Additional information relating to EFH is available on SEDAR at www.sedar.com. Certain totals, subtotals and percentages may not reconcile due to rounding.

EFH 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. EFH 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 costs, operating expenses, and excludes any impact of change in discount rate on claims and corporate expenses. Loss ratio is net claims incurred divided by net earned premiums. Expense ratio is net acquisition costs plus operating expenses divided by net earned premiums. Combined ratio is the sum of loss ratio and expense ratio.

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 EFH. These statements, which appear in this MD&A (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "would", "should", "could", "trend", "predict", "likely", "potential" or "continue" or the negative thereof and similar variations.

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 EFH's control, affect the operations, performance and results of EFH and its business, and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

COMPANY OVERVIEW

EFH operates in the property and casualty ("P&C") insurance industry in Canada through The Insurance Company of Prince Edward Island ("ICPEI"), a provincially regulated P&C insurance company. The Company's name was changed from Echelon Financial Holdings Inc. to EFH Holdings Inc. after receiving approval from shareholders on December 11, 2020.

ICPEI writes business in the Maritimes provinces and in Q4 2020 began to write business in Quebec. It has also applied for a license to write commercial business in Ontario.

The Company's stock was delisted on the Toronto Stock Exchange and listed on the TSX Venture Exchange on December 23, 2020.

BASIS OF PRESENTATION

This MD&A is based on information in the audited consolidated financial statements and accompanying notes there to for the year ended December 31, 2020 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021.

FIRST QUARTER HIGHLIGHTS

- Net income per share of $0.06 per share this quarter compared to $0.03 per share in the first quarter of 2020.
- A combined ratio of 90.4% this quarter compared to 90.0% in the first quarter of 2020.
- Direct Written Premiums of $11.4 million in this quarter represents a 42% increase over the same period in 2020. Personal lines increased by 9% and commercial lines increased by 104% in this period when compared to the same period last year. The increase in Commercial Lines was largely due to $2.4 million new business written in Quebec that started operating in 4Q last year.
- Investment income was $0.7 million higher in this quarter compared to same period in 2020, largely due to the positive change in Fair Value of Preferred Shares compared to the same period last year.
- Closing book value per share of $1.65 compared to $1.59 at the end of 2020. The increase from the last quarter is the result of $0.06 from earnings per share in the first quarter of 2021.

SUBSEQUENT EVENT

On April 1, 2021, the Company made further investment in ICPEI by purchasing the remaining 25% ownership of ICPEI that it did not already own. The Company paid cash of $6.3 million plus assumption of $0.5 million liabilities. This represents 4.9 times ICPEI's trailing twelve months earnings before interest, taxes, depreciation and amortization (EBITDA). The transaction was financed partly by issuing 2,735,600 common shares of the Company through a non-brokered private placement at a price of $1.42 per Share for $3.9 million. The Company also entered into a credit facility with National Bank consisting of $3 million Term Loan and $2 million revolving credit and drew on the $3 million Term Loan on April 1, 2021.

As a result of this investment, non-controlling interest will be eliminated and the excess of the cash paid plus the assumption of certain liabilities and expenses will be charged to shareholders' equity. The book value per share is estimated to be $1.48 per share after taking effect of this investment.

The Company believes this investment will be accretive to shareholders' value as it further expands into Quebec and Ontario.

The financial information below compares three months ended March 31, 2021 results with the same period in 2020.

	3 months ended March 31	
($ THOUSANDS except per share amounts)	**2021**	**2020**
Direct written and assumed premiums	11,374	8,037
Net earned premiums	10,703	8,459
Net claims incurred	5,404	4,386
Net acquisition costs	2,580	1,890
Operating expenses	1,686	1,337
Corporate expense	236	340
Underwriting income [(1)]	1,033	846
Investment income	674	(21)
Impact of change in discount rate on claims	(5)	131
Net income before income taxes	1,466	616
Income tax expense	377	168
Net income	1,089	448
Net income attributed to:		
Shareholders of the Company	773	331
Non-controlling interest	316	117
Earnings per share		
Basic	$0.06	$0.03
Diluted	$0.06	$0.03

(1) Underwriting income is defined as net earned premiums less net claims incurred, net acquisition costs, operating expenses, and excludes any impact of change in discount rate on claims and corporate expenses.

Direct Written and Net Earned Premiums

In the first quarter of 2021, direct written premiums increased by $3.3 million compared to the same period in prior year. Net earned premiums increased by $2.2 million in the first quarter of 2021 compared to the same period last year. The increase in direct written premium was largely due to the new business written in Commercial Lines in Quebec in the first quarter of 2021 of $2.4 million that was not there in Q1 2020.

Claims Incurred

For the quarter ended March 31, 2021, net claims expense was $1.0 million higher than same period in the prior year largely due to an increase in reserves and claims of $0.4 million in Quebec in Q1 2021.

Acquisition Costs

Acquisition costs, which consist mainly of commissions, premium taxes and general expenses related to policy acquisitions, increased by $0.7 million in the quarter ended March 31, 2021 compared to same period last year. This increase was a result of higher premium volume for the Company and higher accrual for broker profit commissions.

Operating Expenses

Operating expenses were $0.3 million higher in the first quarter ended March 31, 2021 when compared to the same period last year, however, operating expenses ratio to earned premium has decreased due to higher premium.

Underwriting Income

Underwriting Income of $1.0 million was recorded in the first quarter of 2021 compared to an underwriting income of $0.8 million in the same period in 2020. The improvement in results is attributed to higher revenue as the Company wrote new commercial business in Quebec with a loss ratio of 44%.

Impact of Change in Discount Rate on Claims

The discount rate used to discount future claims payment is based on the expected yield on investments. The discount rate used in the quarter ended March 31, 2021 was 1.74%, which is marginally lower than the 1.75% used for the year ended December 31, 2020.

Investment Income

Investment income was $0.7 million higher in the first quarter when compared to the same period last year. This was largely due to the positive change in Fair Value of Preferred Shares, which is recorded to income, compared to last year.

Net Income before Income Taxes

Net income before taxes was $1.5 million in the first quarter as compared to income of $0.6 million in the first quarter of 2020. The improvements were largely a result of improvements in underwriting and investment results.

Income Taxes

For the quarter ended March 31, 2021, the total Income tax expense was $0.4 million as compared to $0.2 million for the same period last year. See effective tax rates note 10 to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020.

SEGMENTED FINANCIAL INFORMATION

The segmented results below exclude corporate expenses and the impact of change in discount rate on claims.

Personal Lines

	3 months ended March 31			
($THOUSANDS)	***2021***	***2020***	***$ Variance***	***% Variance***
Direct written premiums	5,769	5,291	478	9%
Net earned premiums	6,792	5,976	816	14%
Total net claims	3,869	2,851	(1,018)	(36)%
Loss ratio	57.0%	47.7%		
Expense ratio	40.0%	36.5%		
Combined ratio	97.0%	84.2%		
Underwriting income	208	945	(737)	(78)%

Personal Lines recorded an underwriting income of $0.2 million for the three months ended March 31, 2021 compared to an underwriting income of $0.9 million in the same period last year. While earned premiums increased by $0.8 million in the first quarter of 2021 compared to last year, it was offset by a $1.0 million increase in net claims and along with higher expenses, largely resulted in the decrease in underwriting income. Direct written premiums increased by 9% in the three months compared to same periods in prior year. This increase is largely attributable to price increases. The higher loss ratio for the three months ended March 31, 2021 was due to a large loss in Prince Edward Island.

Commercial Lines

	3 months ended March 31			
($THOUSANDS)	***2021***	***2020***	***$ Variance***	***% Variance***
Direct written premiums	5,605	2,746	2,859	104%
Net earned premiums	3,911	2,483	1,428	58%
Total net claims	1,535	1,535	-	-%
Loss ratio	39.2%	61.8%		
Expense ratio	39.7%	42.2%		
Combined ratio	78.9%	104.0%		
Underwriting income (loss)	825	(99)	924	933%

Direct written premiums increased by 104% in the quarter ended March 31 this year compared to same period last year as new commercial business in Quebec came on board. Commercial Lines recorded an underwriting income of $0.8 million for the three months ended March 31, 2021 compared to an underwriting loss of $0.1 million in the same period last year. The improvement in this quarter was due to new business written in Quebec in the first quarter with loss ratio of 44% while results of other areas also improved when compared to the same period last year. Loss ratio for the quarter ended March 31 was lower than the comparable period last year.

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial summary has been restated to exclude Discontinued Operations except for investment income, net income, earnings per share, and book value per share information.

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

($ THOUSANDS except per share amounts)

	2021		**2020**				**2019**	
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Direct written and assumed premiums	11,374	11,619	11,739	11,793	8,037	8,629	10,271	10,972
Net earned premiums	10,703	10,141	9,441	8,971	8,459	8,573	8,362	7,921
Underwriting income (loss)	1,033	518	431	711	846	(811)	(1,286)	128
Impact of change in net claims discount rate	(5)	(241)	(101)	(131)	131	(71)	(78)	(138)
Investment Income (Loss)	674	783	3,046	987	(21)	1,083	874	430
Net Income (Loss)	1,089	469	(2,759)	872	448	(530)	(673)	55,602
Earnings (loss) per share								
(a) Basic	$0.06	$0.02	$(0.25)	$0.05	$0.03	($0.03)	($0.04)	$4.64
(b) Diluted	$0.06	$0.02	$(0.25)	$0.05	$0.03	($0.01)	($0.04)	$4.55
Book value per share [(1) (2)]	$1.65	$1.59	$1.55	$7.52	$7.29	$7.45	$7.46	$7.48

(1) In Q2 - 2020, the Company paid a dividend of $8.80 per share to shareholders.
(2) In Q3 - 2020, the Company paid a dividend of $5.60 per share to shareholders and loss on discontinued operations of $0.49 per share.

The quarterly results reflect the seasonality of the Company's business. Typically, quarter one and quarter four premium written is lower than quarter two and quarter three. However, underwriting results may vary significantly from quarter to quarter.

BALANCE SHEET ANALYSIS

The Balance Sheet analysis that follows should be read in conjunction with the unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2021, 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, 2021	As at December 31, 2020
Cash and short-term deposits	9,801	11,859
Investments	45,249	44,582
Total assets	80,242	81,871
Provision for unpaid claims	29,781	29,668
Unearned premiums	22,717	22,571
Total equity attributable to shareholders	19,841	19,103
Book value per share (1)	$1.65	$1.59

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

Investments

EFH has an investment policy that seeks to provide a stable income base to support EFH's liabilities in line with its risk appetite and tolerance. In addition to this risk-return analysis, the chosen asset mix also considers the amount of regulatory capital that is required.

EFH's investment portfolio is invested in accordance with its investment policy. Fair values for most investments are determined by reference to observable market data.

Fair Value of Investments

The following table sets forth EFH's invested assets as at March 31, 2021 and December 31, 2020.

($ THOUSANDS)	Fair values			
Available for sale	**As at March 31, 2021**	**% of Total**	**As at December 31, 2020**	**% of Total**
Fixed income				
Canadian				
Federal	4,685		6,704	
Provincial	6,044		5,163	
Municipal	107		110	
Corporate	7,414		6,747	
Foreign				
Corporate	440		-	
Total fixed income	18,690	34.0%	18,724	33.2%
Corporate value pooled fund	6,874		6,481	
Money market pooled funds	1,128		852	
Short-term fixed income and mortgage pooled funds	14,345		14,439	
Total pooled funds	22,347	40.6%	21,772	38.6%
Common shares				
Canadian	390		339	
Total common shares	390	0.7%	339	0.6%
Total available for sale	41,427		40,835	
Fair value through profit or loss				
Preferred shares	3,822		3,747	
Total preferred shares	3,822	6.9%	3,747	6.6%
Total investments	45,249	82.2%	44,582	79.0%
Cash and short-term deposits	9,801	17.8%	11,859	21.0%
Total investments including cash and short-term deposits	55,050	100.0%	56,441	100.0%

Impairment Assets and Provisions for Losses

EFH 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.

A gross unrealized loss of $0.1 million on Available for Sale (AFS) investments at March 31, 2021 (December 31, 2020 – $.03 million) is recorded, net of tax, in the amount of $0.1 million (December 31, 2020 – $.02 million) in Accumulated Other Comprehensive Income.

Management has reviewed currently available information regarding those financial assets where estimated fair values are less than amortized cost. For those investments that are considered impaired, the Company records the difference between the amortized cost of the financial assets and its fair value as an impairment, which reduces investment income recorded in the year.

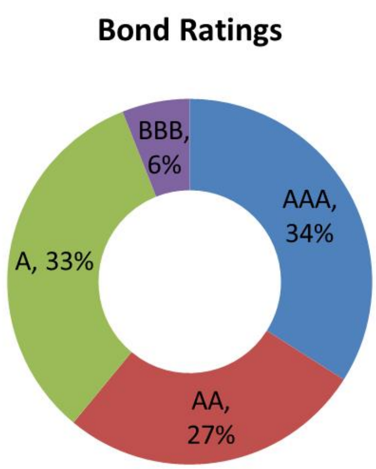
No impairments were recognized for the period ended March 31, 2021. An impairment of $0.1 million was recognized for the period ended March 31, 2020.

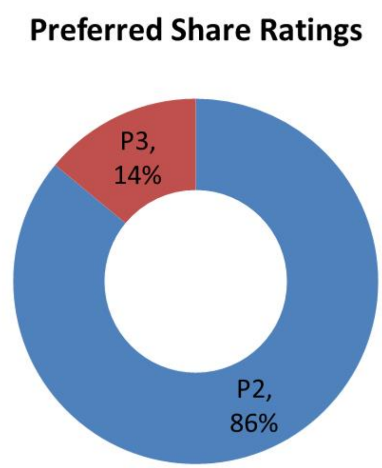
Fixed Income Securities

EFH 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. EFH'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.

EFH's bond portfolio has a high overall credit quality with an average rating of AA. The preferred shares have an average rating of P2. The duration of the bond portfolio is 2.9 years.

The charts below show EFH's fixed income and preferred share portfolios by credit quality as at March 31, 2021:





Common Share Portfolio

RBC Wealth Management manages the small Common Shares portfolio of $0.4 million held in blue chip Canadian stocks.

Recoverable from Reinsurers

($ THOUSANDS)	As at March 31, 2021	As at December 31, 2020
Reinsurers' share of unpaid claims	2,819	3,683
Reinsurers' share of unearned premiums	681	799
Total	3,500	4,482

As at March 31, 2021, the amount recoverable from reinsurers decreased by $1.0 million, down to $3.5 million from $4.5 million as at December 31, 2020. Reinsurers' share of unpaid claims decreased by $0.9 million as there was a large claim settled during the quarter. All reinsurers, with balances due, have a rating of A– or above as determined by A.M. Best.

Accounts Receivable

($ THOUSANDS)	As at March 31, 2021	As at December 31, 2020
Agents and brokers	12,208	12,039
Total	12,208	12,039

Provision for Unpaid Claims

EFH 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 EFH. Provision for unpaid claims consists of the aggregate amount of individual case reserves established and management's estimate of claims incurred but not reported and provision for adverse development. Provisions for unpaid claims are discounted to present value. The Company determines the discount rate based on the expected return on its investment portfolio of assets with appropriate assumptions for interest rates relating to reinvestment of maturing investments. The discount rates used for March 31, 2021 and December 30, 2020 for ICPEI are as below:

	As at March 31, 2021	As at December 31, 2020
ICPEI	1.74%	1.75%

Share Capital

On April 1, 2021, the Company issued 2,735,600 common shares. As of May 20, 2021, there were 14,742,158 common shares and 216,300 Restricted Share Units ("RSUs") issued and outstanding. Each RSU is exercisable into one common share of the Company upon vesting.

LIQUIDITY AND CAPITAL MANAGEMENT

The purpose of liquidity management is to ensure there is sufficient cash to meet all of EFH's financial commitments and obligations as they come due. EFH 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.

EFH Holdings Inc. is primarily a holding company and, as such, has limited direct operations of its own. Its principal assets are cash and ownership of ICPEI. Selected balance sheet items of EFH Holdings Inc. as at March 31, 2021 are as follows:

($ THOUSANDS)	
Cash and short-term deposits	$4,096
Investment in Insurance Subsidiary	$15,272
Other assets	$592
Liabilities	$176

Accordingly, its future cash flows depend on its investment income and the availability of dividends and other statutorily permissible distributions from ICPEI. 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 subsidiary is domiciled, which subject the insurance subsidiary to significant regulatory restrictions. These laws and regulations require, among other things, that the insurance subsidiary maintain minimum solvency requirements and may also limit the amount of dividends that the insurance subsidiary can pay to its parent.

The Minimum Capital Test ("MCT") ratio of ICPEI as at March 31, 2021 was 327%, which comfortably exceeds the supervisory target of 150%.

COVID-19 PANDEMIC

COVID 19 continues to be a serious threat and the situation is evolving daily. The risk varies between and within communities and regions. Ontario region has been affected more compared to the PEI region. ICPEI continues to implement its emergency operational plan, which included transitioning most employees to work from home and only a small number of staff in the office to perform functions which could not be performed remotely.

ICPEI has provided a number of accommodations to its policyholders if they experience hardship because of COVID-19 and have adjusted their auto premiums due to reduction of use. ICPEI has only experienced a very minor increase in the number of customer defaults and very few requests to lower monthly premiums based on lower usage of vehicles. These did not have a significant impact on both the operations and investment results of the Company.

ACCOUNTING POLICIES

The unaudited 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 4 to unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2021.

CONTROLS AND PROCEDURES

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by unaudited condensed consolidated interim financial statements and (ii) unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

For a description of EFH's accounting policies, which are on an IFRS basis, refer to note 4 to unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021. A description of EFH's critical accounting estimates and assumptions is also detailed in note 5 to unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021.

ADDITIONAL INFORMATION

Additional information relating to EFH, including the annual financial statements for the year ended December 31, 2020 and accompanying MD&A, is available on the Company's SEDAR profile at www.sedar.com.