QUEENSWAY FINANCIAL HOLDINGS LIMITED

MATERIAL CHANGE REPORT

Item 1 - Reporting Issuer

Queensway Financial Holdings Limited (“Queensway”)
90 Adelaide Street West
Suite 500
Toronto, Ontario
M5H 3V9

Item 2 - Date of Material Change

January 22, 2001

Item 3 - Press Release

A copy of the press release issued on January 22, 2001 is attached to this material change report.

Item 4 - Summary of Material Change

On January 22, 2001, Queensway announced that Queensway’s senior lenders, Trilon Financial Corporation and Comerica Bank, have extended Queensway’s senior debt facility, which was previously due on February 1, 2001, to February 26, 2001. In addition, Queensway’s senior lenders have waived all current defaults under Queensway’s senior debt facility.

Item 5 - Full Description of Material Change

A full description of the material change is set forth in the attached press release.

Item 6 - Confidentiality

Not applicable.

Item 7 - Omitted Information

Not applicable

Item 8 - Senior Officer

The following senior officer of Queensway is knowledgeable about the material change and this report:

Harold J. Meloche
Chief Financial Officer and Vice President
Tel: (416) 955-0244

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario, this 26th day of January, 2001.

QUEENSWAY FINANCIAL HOLDINGS LIMITED

"Harold Meloche"

Harold J. Meloche
Chief Financial Officer and Vice President

QUEENSWAY FINANCIAL HOLDINGS LIMITED

TSE SYMBOL: “QFH”

TORONTO, January 22, 2001/CNN/QUEENSWAY FINANCIAL HOLDINGS LIMITED (“Queensway”) announced that Queensway’s senior lenders, Trilon Financial Corporation and Comerica Bank, have extended Queensway’s senior debt facility, which was previously due on February 1, 2001, to February 26, 2001. In addition, Queensway’s senior lenders have waived all current defaults under Queensway’s senior debt facility.

Management continues to pursue alternative means of extending, refinancing or repaying the senior debt facility. These alternatives include the sale of certain assets, and various debt and/or equity financing transactions. Trilon Securities Corporation continues to advise Queensway on various alternatives available to recapitalize or otherwise restructure Queensway’s capital base.

Queensway Financial Holdings Limited is a specialty insurance group that provides a range of individual and commercial insurance coverages. Queensway operates through a number of subsidiaries located in the United States and Canada.

For further information, please contact:

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