



EGI Financial Reports Fifth Consecutive Profitable Quarter

TORONTO, August 12, 2011 - EGI Financial Holdings Inc. ("EGI Financial" or the "Company") (TSX: EFH) today reported a profit of \$1.4 million on \$44 million in revenue for the second quarter ended June 30, 2011, its fifth consecutive profitable quarter.

Q2 Highlights

- Net income of \$1.4 million, compared to \$2.0 million in the second quarter of 2010
- Net operating income per fully diluted share of \$0.12, compared to \$0.01 in the same period in 2010
- Net earned premiums of \$41 million, a 2% increase over the second quarter of 2010
- An improved overall loss ratio of 67% compared to 73% in the second quarter of 2010
- A combined ratio in core non-standard auto business of 92%, compared to 106% in the second quarter of 2010
- Total fair value of investment portfolio increased 15% to \$378 million from \$330 million as at June 30, 2010
- Interest and dividend income increased to \$3.9 million versus \$3.5 million in the same period in 2010
- Book value per share increased 13% to \$12.40 from \$11.01 at June 30, 2010

"We're very pleased with the improvements that we continue to see in our underwriting results", said Steve Dobronyi, Chief Executive Officer of EGI Financial. "We recorded an underwriting profit in Ontario auto insurance for the third consecutive quarter and our overall combined ratio for auto insurance was 92%. These improvements can be attributed directly to initiatives taken by management in 2010 to restore the profitability of the business."

"Our core businesses continue to perform well", Mr. Dobronyi went on. "Our continuing operations generated an underwriting profit for the quarter, which was offset by incurred losses on previously cancelled programs."

"In the U.S., we are gaining traction and starting to realize the benefits of our efforts", Mr. Dobronyi continued. "In the past 3 months, we have witnessed significant increases in quotations, applications and premiums written."

"We will continue to concentrate on generating underwriting profits in our core businesses", concluded Mr. Dobronyi. "But now we can also redirect our efforts to growing our business through the

identification of profitable specialty insurance lines where we can differentiate ourselves through our service and expertise.”

Financial Summary

\$000s (except per share amounts)	3-months ended June 30, 2011	3-months ended June 30, 2010	% Change	6-months ended June 30, 2011	6-months ended June 30, 2010	% Change
Direct written premiums	52,751	55,991	(5.8)	83,601	99,981	(16.4)
Net earned premiums	41,056	40,379	1.7	81,400	78,603	3.6
Underwriting income (loss)	(1,220)	(3,178)	61.6	(1,333)	(8,988)	85.2
Interest expense	-	269	(100%)	-	568	(100%)
Investment income	3,281	6,302	(47.9)	7,683	9,876	(22.2)
Net income	1,410	2,016	(30.1)	4,438	170	2510
Comprehensive income	593	(1,411)	142.0	3,100	(1,230)	352.0
Net operating income (loss) ⁽¹⁾	1,538	179	759.2	3,694	(2,271)	262.7
Net income (loss) per diluted share	\$0.10	\$0.16	(37.5)	\$0.34	\$0.01	3300
Net operating income (loss) per diluted share	\$0.12	\$0.01	1,100.0	\$0.29	\$(0.18)	261.1
Book value per share	\$12.40	\$11.01	12.6	\$12.40	\$11.01	12.6

(1) Net operating income (loss) is defined as net income (loss) plus or minus after-tax realized losses or gains on sale of investments.

Beginning with the first quarter of 2011, EGI Financial has prepared its financial statements in accordance with International Financial Reporting Standards (“IFRS”), replacing prior Canadian Generally Accepted Accounting Principles (“GAAP”). The adjustments related to the transition to IFRS had no impact on the total shareholders’ equity of EGI Financial.

Second Quarter Highlights

Net operating income increased significantly in the second quarter of 2011 to \$1.5 million compared to \$0.2 million in the same period last year.

Investment income was \$3.3 million for the three months ended June 30, 2011 compared to \$6.3 million for the same time period in 2010. The decrease in investment income is primarily due to net realized gains of \$3.3 million in the same period in 2010. Interest and dividend income increased to \$3.9 million versus \$3.5 million in the same period in 2010.

The fair value of EGI Financial’s investment portfolio, including finance receivables, increased 14.6% to \$378 million, compared to \$330.0 million as at June 30, 2010.

Total comprehensive income for the quarter was \$0.6 million compared to a loss of \$(1.4) million in the second quarter of 2010.

During the second quarter of 2011, net earned premiums increased to \$41.1 million, an increase of 1.7% over the second quarter of 2010.

Operating Results

Underwriting Income (loss)* \$000s	3-months ended June 30, 2011	3-months ended June 30, 2010	6-months ended June 30, 2011	6-months ended June 30, 2010
Personal Lines	1,121	(1,371)	2,150	(5,353)
Niche Products	(1,291)	(799)	(1,285)	(2,057)
International	(561)	(732)	(1,329)	(1,022)

* Excluding head office overhead costs

The underwriting result in the Company's Personal Lines division improved significantly in the second quarter of 2011, recording income of \$1.1 million compared to a loss of \$(1.4) million in the same period last year. The Niche Products division recorded an underwriting loss of \$(1.3) million compared to a loss of \$(0.8) million in the second quarter of 2010, primarily due to losses incurred on previously cancelled programs. The \$(0.6) million loss in the International division is due to expenses related to EGI Financial's startup operation in the United States.

Loss Ratio	3-months ended June 30, 2011	3-months ended June 30, 2010	6-months ended June 30, 2011	6-months ended June 30, 2010
Personal Lines	67.5%	74.1%	67.8%	80.5%
Niche Products	66.6%	70.2%	61.3%	72.1%
International	47.3%	N/A*	70.2%	N/A*

* Due to the minimal earned premium in the International division, the ratio is not meaningful

The loss ratio for the Company's Personal Lines division improved to 67.5% from 74.1% during the same period in 2010. The substantial decrease is due to improved results in the division's core non-standard auto business, which recorded a loss ratio of 63.9% in the second quarter of 2011 compared to 76.7% in the same period in 2010. The improvement can be attributed to management initiatives taken in 2010 to restore underwriting profitability including reducing claims exposure in the Greater Toronto Area and implementing premium rate increases throughout 2010 and early 2011.

The loss ratio for the Niche Products division decreased to 66.6% from 70.2% in the same period in 2010. The improvement in the Niche Products division was achieved despite adverse development of prior year claims for discontinued business.

The loss ratio for the International division was 47.3% in the second quarter of 2011. However, the start-up division is relatively new, therefore earned premiums are low and the results are not overly meaningful.

Key Operating Ratios	3-months ended June 30, 2011	3-months ended June 30, 2010	6-months ended June 30, 2011	6-months ended June 30, 2010
Loss ratio	67.1%	73.3%	66.4%	78.2%
Expense ratio	35.9%	34.6%	35.2%	33.3%
Combined ratio	103.0%	107.9%	101.6%	111.5%

The combined ratio for the second quarter of 2011 for all lines of business was 103.0%, a significant improvement from 107.9% in the same time period in 2010.

Six Month Review

For the six months ended June 30, 2011, the Company recorded net income of \$4.4 million, compared with \$0.2 million in the first half of 2010. During the first six months of 2011, an underwriting loss of \$(1.3) million was incurred, compared to a loss of \$(9.0) million in the first half of 2010. Investment income was \$7.7 million in the first half of 2011 versus \$9.9 million in the same period last year. Again, the decrease in investment income was due to investment gains that were realized in the 2010 results.

Net earned premiums increased during the first half of the year to \$81.4 million from \$78.6 million in the same period of 2010.

Net operating income increased dramatically in the first half of 2011 to \$3.7 million from a loss of \$(2.3) million in the first two quarters of 2010. Net operating income per diluted share was \$0.29 for the first half of 2011, versus a loss of \$(0.18) in the same period in 2010.

The Company's combined ratio was 101.6% for the first six months of 2011, a notable improvement over the 111.5% recorded during the first half of the prior year. Underwriting results have improved substantially for the Company's Canadian divisions in the first half of 2011, as they recorded combined underwriting income of \$0.9 million compared to a \$(7.4) million loss in the first half of 2010.

Financial Position

For the six months ended June 30, 2011, shareholders' equity increased by \$3.1 million to \$149.5 million from December 31, 2010, due primarily to net income of \$4.4 million in the first half of 2011 offset by an other comprehensive loss of \$1.3 million.

As at June 30, 2011, Echelon General's Minimum Capital Test (MCT) ratio was 230%, which significantly exceeds the minimum regulatory capital level required by the Office of the Superintendent of Financial Institutions.

EGI Financial is currently debt-free, well capitalized and its Net Written Premiums-to-Capital (premiums to surplus) ratio is a conservative 1.0:1.

Full Financial Statements and Management's Discussion and Analysis (MD&A) will be available at a later time today on SEDAR and on the Company's web site at: www.egi.ca.

About EGI Financial

Founded in 1997, EGI Financial operates in the property and casualty insurance industry in Canada and the United States, primarily focusing on non-standard automobile insurance and other niche and specialty general insurance products. EGI Financial's common shares are traded on the Toronto Stock Exchange under the symbol EFH.

Non-IFRS Financial Measures

EGI Financial uses International Financial Reporting Standards (IFRS) and certain non-IFRS measures to assess performance. Readers are cautioned that non-IFRS measures do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies. EGI Financial analyzes performance based on operating income and underwriting ratios such as combined, expense and loss ratios as defined in regulations established under the Insurance Companies Act (Canada).

Forward-looking Information

This news release contains forward-looking information 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 Financial for 2011 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 Financial's control, affect the operations, performance and results of EGI Financial and its business and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

EGI Financial does not undertake to update any forward-looking information. Additional information about the risks and uncertainties about EGI Financial's business is provided in its disclosure materials, including its annual information form, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

Conference Call

A conference call for analysts and interested listeners will be held Friday, August 12, 2011, at 11:00 a.m. (ET). The call-in numbers for participants are 647-427-7450 or toll free 888-231-8191, Conference ID 81940188.

A live audio feed of the call will be broadcast on the internet through the Company's website at www.egi.ca, or directly at:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3596780>

A replay of the call will be available until August 19, 2011. To access the replay, call 416-849-0833 or toll free, 1-800-642-1687, enter password 81940188.

– 30 –

For further information:

Steve Dobronyi
Chief Executive Officer
EGI Financial Holdings Inc.
Telephone: 905-214-7880
Email: ir@egi.ca