

EGI Financial Reports Fourth Consecutive Profitable Quarter

TORONTO, May 5, 2011 - EGI Financial Holdings Inc. ("EGI Financial") (TSX: EFH) today reported a profit of \$3.0 million on \$45 million in revenue for the first quarter ended March 31, 2011.

Q1 Financial Highlights

- Net income of \$3.0 million, a \$4.8 million improvement over the first quarter of 2010
- Net income per fully diluted share of \$0.24 compared to a loss of \$(0.14) in the first quarter of 2010
- Total revenue of \$44.7 million compared to \$41.8 million in the first quarter of 2010
- A 6% increase in net earned premiums over the first quarter of 2010
- Investment income of \$4.4 million versus \$3.6 million in the same period in 2010
- Book value per share increased 11% to \$12.35 from \$11.14 at March 31, 2010
- An improved loss ratio of 66% compared to 83% in the first quarter of 2010
- An overall combined ratio of 100% versus 115% in the same period in 2010

"These are the best first quarter underwriting results that we've produced in four years," said Steve Dobronyi, Chief Executive Officer of EGI Financial. "The significant improvement in year-over-year performance can be attributed directly to initiatives taken by management in 2010 to restore profitability, despite a challenging environment for Property & Casualty insurance companies."

"Both of our Canadian divisions recorded an underwriting profit in the quarter" continued Mr. Dobronyi. "We're particularly pleased with a 95% combined ratio in our core non-standard auto business. We will always be focused on profitability but we can now shift more of our attention to growth strategies and building for the future."

Financial Summary

\$000s (except per share amounts)	3-months ended Mar. 31, 2011	3-months ended Mar. 31, 2010	% Change
Direct written premiums	30,850	43,990	(29.9)
Net earned premiums	40,344	38,224	5.5
Underwriting income (loss)	(113)	(5,810)	98.1
Interest expense	–	299	–
Investment income	4,402	3,574	23.2
Net income	3,028	(1,846)	264.0
Comprehensive income	2,507	182	1002.7
Net operating income (loss) ⁽¹⁾	2,156	(2,450)	188
Net income (loss) per diluted share	0.24	(0.14)	271.4
Net operating income (loss) per diluted share	0.17	(0.19)	189.5
Book value per share	12.35	11.14	10.5

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

EGI Financial has prepared its financial statements for the quarter 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.

First Quarter Highlights

Net income increased significantly in the first quarter of 2011 to \$3.0 million versus a loss of \$(1.8) million in the first quarter of 2010. The increase was primarily attributable to a large improvement in claims experience and an increase in investment income.

Investment income was \$4.4 million for the three months ended March 31, 2011 compared to \$3.6 million for the same time period in 2010. The fair value of EGI Financial’s investment portfolio, including finance receivables, increased to \$379 million, or 12.6% higher than the \$336 million as at March 31, 2010.

Total comprehensive income for the quarter was \$2.5 million compared to \$0.2 million in the first quarter of 2010.

During the first quarter of 2011, net earned premiums increased to \$40 million, 6% higher than the first quarter of 2010. The increase was due to the growth in direct premiums written in the last three quarters of 2010.

Direct written premiums decreased by 30% compared to the same period in 2010, with declines in both the Personal Lines and Niche Products divisions. In the Personal Lines division, the reduction is mostly due to management’s initiative to implement a maximum policy term of six months for Ontario auto business. This change in policy term does not impact earned premiums. In the Niche Products division, the decline is primarily attributable to the cancellation of a large and unprofitable commercial auto program.

Operating Results

Underwriting Income (loss)* \$millions	3-months ended Mar. 31, 2011	3-months ended Mar. 31, 2010
Personal Lines	\$1.0	\$(4.0)
Niche Products	\$0.0	\$(1.2)
International	\$(0.8)	\$(0.3)

* Excluding head office overhead costs

The Company reported a modest underwriting loss of \$(0.1) million in the first quarter of 2011, a significant improvement over the loss of \$(5.8) million during the same period in 2010.

Loss Ratio	3-months ended Mar. 31, 2011	3-months ended Mar. 31, 2010
Personal Lines	68.1%	87.4%
Niche Products	56.1%	73.9%
International	112.8%	N/A*

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

The improved underwriting result in the Personal Lines division is attributable to the strong performance of non-standard auto, which achieved its target profitability for the quarter. A significant improvement was realized in Ontario auto results, a demonstration of the sustained positive impact of remedial actions that were taken to restore underwriting profitability. It is too soon to assess the benefit, if any, that the reforms may have on the non-standard auto business.

The improvement in the Niche Products division was due to better claims experience across most product lines, but most notably in Commercial Property and Commercial Auto.

The underwriting loss in the International division is due to an operating expense loss in the United States start-up business. EGI Financial launched programs in Texas and Florida in 2010 and is less than one year into its operation.

Key Operating Ratios	3-months ended Mar. 31, 2011	3-months ended Mar. 31, 2010
Loss ratio	65.7%	83.4%
Expense ratio	34.6%	31.8%
Combined ratio	100.3%	115.2%

The combined ratio for the first quarter of 2011 for all lines of business was 100%, a significant improvement from 115% in the same time period in 2010.

Financial Position

Total shareholders' equity increased to \$148.9 million as at March 31, 2011, from \$146.4 million as at December 31, 2010. The increase is due to net income in the first quarter of \$3.0 million offset by an other comprehensive loss of \$0.5 million.

As at March 31, 2011, Echelon's Minimum Capital Test (MCT) ratio was 260% compared to the P&C insurance industry average Minimum Capital Test ratio of 237% (as per Office of the Superintendent of Financial Institutions' (OSFI) fourth-quarter 2010 information).

EGI Financial's Net Written Premiums-to-Capital 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, May 6, 2010, at 11:00 a.m. (ET). The call-in numbers for participants are 647-427-7450 or toll free 888-231-8191, Conference ID 57825786.

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=3472480>

A replay of the call will be available until May 13, 2011. To access the replay, call 416-849-0833 or toll free, 1-800-642-1687, enter password 57825786.

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