

Attention Business/Financial Editors:

Western Financial Group Reports Six Month Revenue Up 32.0%, Net Income Up 88.3%, EPS Up 27.3%

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HIGH RIVER, AB, Aug. 13 /CNW/ - (TSX-WES) - Western Financial Group ("the Company") today announced its operating and financial results for the six months ended June 30, 2007. For the six months, revenue increased 32.0% to \$51.2 million from \$38.8 million compared to the same period in 2006 and net income increased 88.3%. Basic earnings per share amounted to \$0.14 (diluted \$0.12) per share from \$0.11 (diluted \$0.10) in the same period in 2006.

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Financial Highlights

(in \$ thousands)	Three months ended			Six months ended		
	2007	2006	% change	2007	2006	% change
<b>THE NETWORK</b>						
Revenue (\$)	17,739	12,694	39.7%	32,282	22,653	42.5%
Operating income (\$)	6,755	4,841	39.5%	11,136	7,445	49.6%
<b>BANK WEST</b>						
Interest & investment income (\$)	2,760	1,874	47.3%	5,320	3,416	55.7%
Net interest & investment income (\$)	934	682	37.0%	1,913	1,264	51.3%
Operating income (\$)	(42)	(55)	23.6%	246	(21)	1271.4%
<b>WESTERN LIFE</b>						
Premium income (\$)	6,402	5,525	15.9%	12,662	10,710	18.2%
Investment income (\$)	(1,157)	717	(261.4%)	(527)	1,343	(139.2%)
Operating income (\$)	948	728	30.2%	1,781	1,126	58.2%
<b>CORPORATE AND ALL OTHER</b>						
Revenue (\$)	901	186	384.4%	1,467	666	120.3%
Operating income (\$)	(1,475)	(1,847)	20.1%	(3,089)	(2,990)	3.3%
<b>OVERALL</b>						
Revenue (\$)	26,645	20,996	26.9%	51,204	38,788	32.0%
Net Income (\$)	4,090	2,379	71.9%	6,635	3,524	88.3%
Earnings per share						
- basic (\$)	\$0.08	\$0.08	0.0%	\$0.14	\$0.11	27.3%
- diluted (\$)	\$0.07	\$0.06	16.7%	\$0.12	\$0.10	20.0%

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"We had a strong first half this year, and I am pleased that we continue to see our business units and our equity investments perform well ahead of the same period last year", said Scott Tannas, President and CEO. "Our equity investments have enjoyed another outstanding quarter, and our Network same store sales indicator reached a new level of 8.1%."

WFG Agency Network

The Network's revenue showed a 42.5% increase, through new acquisitions and from strong gains in same store sales (up 8.1%).

Bank West

The Bank in Q2 grew its loan book by a record amount, up \$24.0 million to \$178.1 million at June 30. Specific loan losses for the quarter remain

exceptionally low. The loan approval pipeline remains strong, and the Bank expects to continue to grow the loan book over the coming quarter.

#### Western Life Assurance

Western Life continues to show strength in premium income and in operating income with a growth of 15.9% and 30.2% respectively. The decrease in investment income is a result of adopting the new accounting standards for financial instruments. With the increase in interest rates in 2007 we saw a market drop in bonds resulting in a decrease in investment income and a corresponding decrease in actuarial expense.

#### Equity Investments

Western Financial Group's portfolio of equity partner investments performed well with Jennings Capital again showing continued strong performance.

#### Conference Call

Western Financial Group will host a conference call to discuss the Company's second quarter results on August 17, 2007 at 9:00 am Mountain Time (11:00 am Eastern time). Participants are asked to call either 800-733-7560 or 416-644-3414 (Toronto). An archived recording of the call will be available until Friday, August 31, 2007 by calling 1-877-289-8525 or 416-640-1917 (Toronto) with the passcode 21243076 followed by the number sign. The conference will also be broadcast live over the internet and archived through the Company's website at [www.westernfinancialgroup.net](http://www.westernfinancialgroup.net).

Western Financial Group is a leader in providing insurance, financial services and banking services in over 80 communities, to more than 400,000 individuals and businesses in Western Canada through its WFG Agency Network locations, its affiliated insurance brokers, Western Life Assurance Company and Bank West.

The Company's Financial Report for the three and six months of 2007 will be filed on SEDAR on August 13, 2007.

Forward-looking statements involve numerous assumptions, risks and uncertainties, including the risk that prediction and other forward-looking statements may not prove to be accurate. We caution the reader not to place undue reliance on these disclosures, as a number of important factors could cause actual results to differ materially from the estimates and comments expressed in them. Such factors may include, but are not limited to: changing financial and economic conditions in Canada, particularly in Western Canada; regulatory developments; competition industry trends and availability of capital resources; and our anticipated success in managing our risks. We caution readers that the foregoing list is not exhaustive. Except required by law, we do not undertake to update any forward-looking statements, written or oral, that we may make from time to time regarding our operations and performance.

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#### CONSOLIDATED BALANCE SHEET (unaudited) (in thousands, except for per share amounts)

	As at June 30 2007	As at December 31 2006
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ASSETS		
Cash and cash equivalents	\$ 20,378	\$ 9,085
Marketable securities	-	85,243
Marketable securities - held-for-trading	41,999	-
Marketable securities - available-for-sale	30,639	-
Accounts receivable	24,365	23,510

Prepaid expenses	4,675	7,340
Income taxes receivable	314	388
Future income taxes	1,137	1,271
Deferred charges	60	714
Other assets	4,398	2,235
Equity investments	20,976	23,501
Mortgages and loans	179,739	149,051
Capital assets	10,449	8,844
Intangible assets	23,594	14,175
Goodwill	83,855	59,565

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	446,578	384,922
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LIABILITIES

Accounts payable and accrued liabilities	46,120	35,944
Actuarial liabilities	35,718	34,754
Provision for unpaid and unreported claims	7,653	6,637
Deferred gain on investments	-	1,295
Customer deposits	165,933	147,118
Long-term debt	42,982	25,164
Future income taxes	6,146	2,790

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	304,552	253,702
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SHAREHOLDERS' EQUITY

Share capital	115,081	110,607
Other paid in capital	152	152
Contributed surplus	1,981	1,923
Retained earnings	24,529	18,538
Accumulated other comprehensive income	283	-

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	142,026	131,220
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	\$ 446,578	\$ 384,922
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CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (unaudited)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006  
(in thousands, except for per share amounts)

	Three months ended		Six months ended	
	2007	June 30 2006	2007	June 30 2006
Revenue				
Commission and other customer income	\$ 17,973	\$ 12,891	\$ 32,932	\$ 23,071
Premium income	6,383	5,448	12,631	10,791
Interest income on customer loans	2,760	1,874	5,320	3,416
Investment income				
Change in fair value of held-for-trading assets	(1,451)	-	(1,496)	-
Realized loss on sales of available-for-sale and held-for-trading assets	(162)	-	(162)	-

Other net investment income	1,142	783	1,979	1,510
	26,645	20,996	51,204	38,788
<b>Expenses</b>				
Operating expenses	16,916	12,800	32,540	24,107
Policyholder benefits	1,447	3,088	4,856	6,608
Interest expense - customer deposits	1,826	1,192	3,407	2,152
Provision for credit losses	270	249	327	361
Income before the following	6,186	3,667	10,074	5,560
Income from long-term investments	832	643	1,594	1,354
Interest and financing costs on long-term debt	(901)	(729)	(1,427)	(1,474)
Amortization of intangible assets	(206)	(95)	(410)	(189)
Amortization of capital assets	(373)	(428)	(753)	(749)
Income before income taxes	5,538	3,058	9,078	4,502
Income taxes	(1,448)	(679)	(2,443)	(978)
<b>NET INCOME FOR THE PERIOD</b>	<b>4,090</b>	<b>2,379</b>	<b>6,635</b>	<b>3,524</b>
Retained earnings, beginning of period as previously reported	21,383	12,206	18,538	11,061
Cumulative effect of adopting new accounting policies	-	-	300	-
Retained earnings, beginning of period as restated	21,383	12,206	18,838	11,061
Preferred share dividends	(501)	-	(501)	-
Common share dividends	(443)	-	(443)	-
Retained earnings, end of period	\$ 24,529	\$ 14,585	\$ 24,529	\$ 14,585
Earnings per share				
Basic	\$ 0.08	\$ 0.08	\$ 0.14	\$ 0.11
Diluted	\$ 0.07	\$ 0.06	\$ 0.12	\$ 0.10

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME, AND ACCUMULATED OTHER  
COMPREHENSIVE INCOME (unaudited)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006  
(in thousands, except for per share amounts)

	Three months ended		Six months ended	
	June 30		June 30	
COMPREHENSIVE INCOME	2007	2006	2007	2006
Net income for the period	\$ 4,090	\$ 2,379	\$ 6,635	\$ 3,524

Other comprehensive loss, net of tax	(264)	-	(413)	-
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Comprehensive income	\$ 3,826	\$ 2,379	\$ 6,222	\$ 3,524
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	Three months ended June 30		Six months ended June 30	
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	2007	2006	2007	2006
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Balance, beginning of period	\$ 547	\$ -	\$ -	\$ -
Impact of fair value measurement of available-for- sale financial instruments at January 1, 2007 (net of tax of \$168)	-	-	696	-
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Balance, as a result of accounting policy change (Note 1)	547	-	696	-
Unrealized net loss on available-for-sale financial securities arising during the period (net of tax of \$54 - 3 months; net of tax of (\$24) - 6 months)	(294)	-	(443)	-
Reclass to net income on sale of available-for-sale securities (net of tax of (\$11))	30	-	30	-
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Total other comprehensive loss	(264)	-	(413)	-
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Balance, end of period	\$ 283	\$ -	\$ 283	\$ -
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