



Western Financial Group

For Immediate Release

WESTERN FINANCIAL GROUP REPORTS STABLE OPERATING EARNINGS IN 2008

High River, Alberta – March 19, 2009 (TSX – WES) –Western Financial Group today reported a 9% increase in annual revenues to \$125 million for the year ending December 31, 2008. Each of the Company's three business units achieved modest growth in operating income. Net Income declined to \$6.5 million, arising from fourth quarter losses due to reductions in income from, and values of, the Company's private and public equity portfolio.

FINANCIAL HIGHLIGHTS YEARS ENDED DECEMBER 31

(in \$ thousands except for per share amounts)

	2008	2007	% Change
The Network			
Commissions and other customer revenue	\$ 75,424	\$ 66,408	13.6 %
Operating expenses	<u>54,709</u>	<u>46,613</u>	17.4 %
Operating income	<u>\$ 20,714</u>	<u>\$ 19,795</u>	4.6 %
Bank West			
Interest and investment income	\$ 18,596	\$ 13,805	34.7 %
Interest expense-customer deposits	<u>12,555</u>	<u>9,209</u>	36.3 %
Net interest and investment income	6,041	4,596	31.4 %
Provisions for credit losses	936	793	18.1 %
Operating expenses	<u>3,867</u>	<u>2,713</u>	42.5 %
Operating income	<u>\$ 1,238</u>	<u>\$ 1,090</u>	13.6 %
Western Life			
Premium and investment income	\$ 32,923	\$ 30,096	9.4 %
Policyholder benefits	14,789	13,934	6.1 %
Operating expenses	<u>13,907</u>	<u>12,102</u>	14.9 %
Operating income	<u>\$ 4,228</u>	<u>\$ 4,060</u>	4.1 %
Corporate and all other			
Other revenues	\$ 1,959	\$ 3,817	(48.7) %
Operating expenses	<u>9,223</u>	<u>9,130</u>	1.0 %
Operating loss	<u>\$ (7,264)</u>	<u>\$ (5,313)</u>	36.7 %
Total operating income	<u>\$ 18,915</u>	<u>\$ 19,632</u>	(3.7) %
Earnings per share			
- basic (\$)	\$ 0.05	\$ 0.24	(79.2) %
- diluted (\$)	\$ 0.05	\$ 0.22	(77.3) %

NET INCOME
YEARS ENDED DECEMBER 31

Revenue (in \$ thousands)	2008	2007	Increase/Decrease
Operating income	\$ 18,915	\$ 19,632	\$ (717)
Income from long-term investments	2,172	2,172	0
Interest and financing costs on long-term debt	(2,137)	(2,788)	651
Amortization of intangible assets	(1,262)	(934)	(328)
Amortization of capital assets	(2,661)	(1,743)	(918)
Loss on sale of investments and capital assets	1,263	(400)	1,663
Impairment of available for sale assets	(3,830)	-	(3,830)
Realized gain (loss) on sales of AFS assets	(217)	-	(217)
Impairment on equity investments	(2,053)	-	(2,053)
Income before income taxes	10,190	15,939	(5,749)
Income taxes	(3,642)	(3,726)	84
Net income for the year	\$ 6,548	\$ 12,213	\$ (5,665)

“We are very pleased with the resilience and strength of our operating businesses, which performed well throughout the year. They continue to show strong performance in our current challenging environment,” said Scott Tannas, President and CEO. “Our investment portfolio in the fourth quarter of 2008 suffered along with everyone else’s. Accordingly, our investment income in 2008 is less than we expected and we have decided to be proactive and adjust the recorded values of our investment portfolios at Western Life, Jennings Capital, and the holding company. In addition, we have decided to write down the value of one of our private investments. In these uncertain times, we believe that smaller financial companies such as ourselves must take a conservative approach,” he said.

WFG Agency Network

The Network completed a solid year, with operating income improving by 4.6%. Same store sales increases were an impressive 8.9% higher for the year.

Bank West

The Bank posted a modest improvement in operating income. Non-performing loans remain within acceptable levels at 1.2% of total loans. The Bank enters 2009 as one of the best capitalized banks in Canada.

Western Life

Western Life had another great year. Premium revenue grew by 14.5% to \$31.3 million, while operating income increased to \$4.23 million. Western Life suffered a decline in value in their equity portfolio, resulting in a \$2.5 million charge to income. As of December 31, 2008 Western Life’s MCCR stands at 230%, one of the strongest capitalized insurers in Canada.

Strategic Partnership Portfolio

Our insurance-related partnerships performed well in 2008, with each contributing higher income than prior years. However, we will shoulder our share of a one time loss at Jennings Capital, the result of the disruption in capital markets in the second half of the year. Overall, the partnership portfolio contributed \$2.2 million in 2008 unchanged from 2007.

Conference Call

Western Financial Group will host a conference call to discuss the Company's 2008 year end results on Friday, March 20, 2009 at 10:00 am Mountain time (12:00 pm Eastern time). To participate in the live conference call, please dial either (416) 644-3422 or (800) 590-1817. A replay of the call will be available from March 20th at 12:00 pm Mountain time until April 3rd at 11:59 pm Mountain time. To access the replay please dial either (416) 640-1917 or (877) 289-8525 and enter the passcode 21301116#. The conference will also be broadcast live over the internet and archived through the Company's website at www.westernfinancialgroup.net.

Western Financial Group is a leader in providing insurance, financial and banking services to more than 450,000 individuals and businesses in over 100 communities across Western Canada through its WFG Agency Network locations, affiliated insurance brokers, Western Life Assurance Company and Bank West.

The Company's 2008 Financial Report will be filed on SEDAR on or before March 20, 2009.

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 statements, as a number of important factors could cause actual results to differ materially from the estimates and comments expressed in them. A variety of factors, many of which are beyond our control effect our operations, performance and results. Such factors may include, but are not limited to: changing and prolonged financial and economic uncertainty; regulatory and legal developments; competition industry trends and availability of capital resources; declining interest rates; credit quality; liquidity; movement in credit spreads; changes in accounting standards and policies; changes in tax laws; and our anticipated success in managing our risks. We caution readers that the foregoing list is not exhaustive. Except as 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.

WESTERN FINANCIAL GROUP

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007
(in thousands, except for per share amounts)

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 28,563	\$ 36,033
Marketable securities - held-for-trading	53,091	46,886
Marketable securities - available-for-sale	103,808	51,104
Mortgages and loans	272,135	288,202
Equity investments	38,040	26,100
Accounts receivable	23,999	26,680
Prepaid expenses	8,039	5,960
Income taxes receivable	800	2,191
Future income taxes	539	584
Other assets	-	1,489
Capital assets	15,325	12,141
Intangible assets	27,996	27,166
Goodwill	105,285	98,165
	\$ 677,620	\$ 622,701
LIABILITIES		
Customer deposits	\$ 333,130	\$ 283,299
Actuarial liabilities	38,256	38,042
Provision for unpaid and unreported claims	8,510	8,653
Accounts payable and accrued liabilities	50,378	55,685
Long-term debt	38,151	33,389
Future income taxes	5,480	5,274
Total liabilities	473,905	424,342
SHAREHOLDERS' EQUITY		
Share capital	173,438	168,693
Other paid in capital	-	51
Contributed surplus	1,975	1,849
	175,413	170,593
Accumulated other comprehensive loss	(296)	(249)
Retained earnings	28,598	28,015
Total shareholders' equity	203,715	198,359
	\$ 677,620	\$ 622,701

WESTERN FINANCIAL GROUP

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(in thousands, except for per share amounts)

	2008	2007
REVENUE		
Commission and other customer income	\$ 76,651	\$ 67,826
Premium income	31,240	27,282
Interest income on customer loans	18,596	13,805
Investment income		
Impairment of available-for-sale securities	(3,830)	-
Change in fair value of held-for-trading securities	(64)	752
Realized loss on sales of held-for-trading securities	(30)	(78)
Realized (loss) gain on sales of available-for-sale assets	(217)	409
Other net investment income	2,509	4,130
	124,855	114,126
EXPENSES		
Operating expenses	81,707	70,558
Policyholder benefits	14,789	13,934
Interest expense - customer deposits	12,555	9,209
Provision for credit losses	936	793
Income before the following:	14,868	19,632
Income from equity investments	2,172	2,172
Impairment on equity investments	(2,053)	-
Gain (loss) on sale of investments and capital assets	1,263	(400)
Interest and financing costs on long-term debt	(2,137)	(2,788)
Amortization of intangible assets	(1,262)	(934)
Amortization of capital assets	(2,661)	(1,743)
Income before income taxes	10,190	15,939
Income taxes	(3,642)	(3,726)
NET INCOME FOR THE YEAR	\$ 6,548	\$ 12,213
Retained earnings, beginning of year, as previously reported	\$ 28,015	\$ 18,538
Cumulative effect of adopting new accounting policies	-	300
Retained earnings, beginning of year, as restated	28,015	18,838
Issuer bid	(21)	-
Preferred share dividends	(3,914)	(1,656)
Common share dividends	(2,030)	(1,380)
Retained earnings, end of year	\$ 28,598	\$ 28,015
Earnings per share		
Basic	\$ 0.05	\$ 0.24
Diluted	\$ 0.05	\$ 0.22

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For further information, please contact:
Jodi Greig, Manager Investor Relations
Western Financial Group
403-652-2663
info@westernfinancialgroup.net