

Attention Business/Financial Editors:

Western Financial Group reports net income up 122% with a revenue increase of 38%

HIGH RIVER, AB, May 10 /CNW/ - (TSX - WES) - Western Financial Group ("the Company") announced today its operating and financial results for the three months ended March 31, 2007. For the quarter, revenue increased 38.0% to \$24.6 million, while net income increased 122.3% to \$2.5 million.

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Financial Highlights

(in \$ thousands)	2007	2006	% change
THE NETWORK			
Revenue (\$)	14,544	9,959	46.0%
Operating income (\$)	4,382	2,604	68.3%
BANK WEST			
Interest and investment income (\$)	2,560	1,542	66.0%
Net interest income	922	468	97.0%
Operating income (loss) (\$)	288	34	747.1%
WESTERN LIFE			
Premium and investment income (\$)	6,890	5,811	18.6%
Operating income (\$)	833	398	109.3%
CORPORATE AND ALL OTHER			
Revenue (\$)	565	480	17.7%
Operating income (\$)	(1,615)	(1,143)	41.3%
CONSOLIDATED			
Revenue (\$)	24,559	17,792	38.0%
Net Income (\$)	2,545	1,145	122.3%
Earnings per share			
- basic (\$)	\$0.06	\$0.04	50.0%
- diluted (\$)	\$0.05	\$0.04	25.0%

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"We have a strong start for 2007," said Scott Tannas, President and CEO. "All three business units have hit their stride and performed well, with the result that each has posted healthy growth in revenue and profit compared to the same period last year".

WFG Agency Network

The Network's revenue showed a 46.0% increase, through new acquisitions and from significant gains in same store sales (up 7.6%).

Bank West

The Bank posted a record quarterly profit, along with modest growth in its loan book, which stands at \$154.1 million at March 31. Specific loan losses for the quarter were exceptionally low. The loan approval pipeline for Q2 is at an all time high, and the Bank expects to grow the loan book significantly over the coming quarter.

Western Life Assurance

Western Life's revenue continues to grow with a healthy 18.6% increase and profits have risen significantly by 109%.

Equity Investments

Western Financial Group's portfolio of equity partner investments

performed well with Jennings Capital showing continued strong performance. Both Falkins Insurance and Harvard Western Ventures showed increased income over the previous year.

Conference Call

Western Financial Group will host a conference call to discuss the Company's first quarter financial results on May 15, 2007 at 9:00 am Mountain Time (11:00 am Eastern Time). Participants are asked to call either 888-789-9572 or 416-695-7806 (Toronto) with the passcode 9644432. An archived recording of the call will be available until May 22, 2007 by calling 888-509-0081 or 416-695-5275 (Toronto) with the passcode 6444432 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.

Western Financial Group is one of the leading western-based financial service companies in Western Canada. With offices in towns and small cities across the West, the Company provides more than 350,000 individuals and businesses with insurance, investment and banking products through WFG Agency Network, Western Life, and Bank West.

The Company's Financial Report for the first quarter of 2007 will be filed on SEDAR on or before May 10, 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 March 31 2007	As at December 31 2006

ASSETS		
Cash	\$ 20,146	\$ 9,085
Marketable securities	-	85,243
Marketable securities - held-for-trading	42,622	-
Marketable securities - available-for-sale	38,162	-
Accounts receivable	21,374	23,510
Prepaid expenses	4,191	7,340
Income taxes receivable	832	388

Future income taxes	1,189	1,271
Deferred charges	64	714
Other assets	1,726	2,235
Equity investments	20,423	23,501
Mortgages and loans	156,050	149,051
Capital assets	9,488	8,844

Intangible assets	23,515	14,175
Goodwill	81,331	59,565
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	421,113	384,922
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LIABILITIES		
Accounts payable and accrued liabilities	47,043	35,944
Actuarial liabilities	37,300	34,754
Provision for unpaid and unreported claims	7,471	6,637
Deferred gain on investments	-	1,295
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Customer deposits	140,515	147,118
Long-term debt	43,990	25,164
Future income taxes	5,831	2,790
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	282,150	253,702
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SHAREHOLDERS' EQUITY		
Share capital (Note 3)	114,932	110,607
Other paid in capital	152	152
Contributed surplus	1,949	1,923
Retained earnings	21,383	18,538
Accumulated other comprehensive income	547	-
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	138,963	131,220
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	\$ 421,113	\$ 384,922
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CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (unaudited)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006
(in thousands, except for per share amounts)

	2007	2006
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Revenue		
Commissions and other customer income	\$ 14,959	\$ 10,180
Premium income	6,248	5,343
Interest income on Customer loans	2,560	1,542
Investment income		
Change in fair value of held-for-trading assets	(45)	-
Other net investment income	837	727
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	24,559	17,792
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Expenses		
Operating expenses	15,624	11,307
Policyholder benefits	3,409	3,520
Interest expense - Customer deposits	1,581	960

Provision for credit losses	57	112

Income before the following	3,888	1,893
Income from long-term investments	762	711
Interest and financing costs on long-term debt	(526)	(745)
Amortization of intangible assets	(204)	(94)
Amortization of capital assets	(380)	(321)

Income before income taxes	3,540	1,444
Income taxes	(995)	(299)

NET INCOME FOR THE PERIOD	2,545	1,145

Retained earnings, beginning of period as previously reported	18,538	11,061
Cumulative effect of adopting new accounting policies (Note 1)	300	-

Retained earnings, beginning of period as restated	18,838	11,061
Retained earnings, end of period	21,383	12,206

Earnings per share (Note 4)		
Basic	\$ 0.06	\$ 0.04
Diluted	\$ 0.05	\$ 0.04

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME, AND ACCUMULATED OTHER
COMPREHENSIVE INCOME (unaudited)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006
(in thousands, except for per share amounts)

COMPREHENSIVE INCOME	2007	2006

Net income for the period	\$ 2,545	\$ 1,145
Other comprehensive income, net of tax		
Net change in unrealized gains (losses) on available-for-sale securities	(149)	-

Comprehensive Income	\$ 2,396	\$ 1,145

ACCUMULATED OTHER COMPREHENSIVE INCOME	2007	2006

Balance, beginning of period	\$ -	\$ -
Impact of fair value measurement of available-for-sale financial instruments at January 1, 2007 (net of tax of \$ 168)	696	-

Unrealized net loss on available for sale
financial securities arising during the
period (net of tax of \$ 79)

(149)

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Balance, end of period

\$

547

\$

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CO: Western Financial Group

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