

Attention Business/Financial Editors:

Western Financial Group reports nine month revenue up 23%, EPS up 23%, net income up 38%

HIGH RIVER, AB, Nov. 8 /CNW/ - Western Financial Group ("the Company") today announced its operating and financial results for the three and nine month periods ended September 30, 2006. For the nine months, revenue increased 22.7% to \$56.0 million from \$45.6 million compared to the same period in 2005, and net income increased 37.9%. Earnings per share increased to \$0.16 per share from \$0.13 in the same period in 2005.

"We are enjoying performance from each of our main business units," said Scott Tannas, President and CEO. "The Network's performance is particularly impressive in a year of flattening insurance premiums. The Bank continues to grow its loan book, and Western Life has just posted one of its best ever quarters. In addition, our equity investments showed strong returns in the third quarter."

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Financial Highlights

(in \$ thousands)	2006	Three months ended September 30		2006	Nine months ended September 30	
		2005	% change		2005	% change
THE NETWORK						
Revenue (\$)	11,419	9,794	16.6	34,072	30,943	10.1
Operating income (\$)	3,161	2,911	8.6	10,606	10,588	0.2
BANK WEST						
Interest & investment income (\$)	2,487	1,216	104.5	6,094	2,966	105.5
Net interest & investment income (\$)	1,005	387	159.7	1,908	758	151.7
Operating income (\$)	37	(115)	132.2	16	(613)	102.6
WESTERN LIFE(1)						
Premium & investment income (\$)	6,873	5,533	24.2	18,926	12,876	47.0
Operating income (\$)	934	806	15.9	2,060	1,796	14.7
CORPORATE AND ALL OTHER						
Revenue (\$)	416	358	16.2	1,082	1,069	1.2
Operating income (\$)	(1,207)	(1,419)	14.9	(4,197)	(4,590)	8.6
OVERALL						
Revenue (\$)	19,713	16,072	22.7	55,988	45,646	22.7
Net Income (\$)	1,486	1,026	44.8	5,010	3,634	37.9
Earnings per share						
- basic (\$)	0.05	0.04	25.0	0.16	0.13	23.1
- diluted (\$)	0.04	0.03	33.3	0.13	0.12	8.3

(1) WLA acquired February 28, 2005 reflecting seven months of financial results in 2005 and nine months of financial results in 2006.

Key Business Drivers

	Sept 2006	June 2006	March 2006
Same-store Revenue (% change)	+6.3	+4.7	+3.7
Products per customer account (PPCA)	2.27	2.18	2.15
Same-store Customer Count (year-to-date annualized, % change)	+4.9	+4.3	+3.0
Return on Equity (Trailing 12 months)	7.12%	6.70%	6.88%
Western Life Policy/Certificate Count	20,295	19,690	19,141
Bank West Loan Book (\$ millions)	\$ 143.8	\$ 125.6	\$ 102.0

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Conference Call

Western Financial Group will host a conference call to discuss the Company's third quarter financial results on November 13, 2006 at 9:00 am Mountain Time (11:00 am Eastern Time). Participants are asked to call either 877-888-3490 or 416-695-9757 (Toronto). An archived recording of the call will be available until November 20, 2006 by calling 1-888-509-0081 or 416-695-5275 (Toronto) with the passcode 634965 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 250,000 customers with insurance, investment and banking products through WFG Agency Network, Western Life and Bank West.

The Company's Interim Report for the nine months ended September 30, 2006 will be filed on SEDAR on November 8, 2006.

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CONSOLIDATED BALANCE SHEET

(expressed in thousands of dollars, except for per share amounts)

(unaudited)	As at September 30 2006	As at December 31 2005
ASSETS		
Cash	\$ 9,825	\$ 10,416
Marketable securities	69,224	67,077
Accounts receivable	22,491	23,076
Income taxes receivable	167	-
Prepaid expenses	7,076	5,268
Deferred charges	754	720
Other assets	2,431	2,645
Equity investments	15,103	8,251
Mortgages and loans	143,547	90,841
Capital assets	9,849	9,333
Intangible assets	14,711	10,497
Goodwill	59,121	50,164

 \$ 354,299 \$ 278,288

LIABILITIES

Demand loans	10,000	5,100
Accounts payable and accrued	34,034	25,099
Actuarial liabilities	34,938	33,507
Provision for unpaid and unreported claims	6,241	6,065
Deferred gain on investments	921	861
Income taxes payable	-	285
Customer deposits	136,618	95,341
Long-term debt	25,526	37,707
Future income taxes	2,597	1,604
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	250,875	205,569
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SHAREHOLDERS' EQUITY

Share capital (note 3)	85,309	59,676
Other paid in capital	152	206
Contributed surplus	1,892	1,776
Retained earnings	16,071	11,061
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	103,424	72,719
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 \$ 354,299 \$ 278,288

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the three- and nine-month periods ended September 30, 2006 and 2005
 (expressed in thousands of dollars, except for per share amounts)

	Three months ended		Nine months ended	
(unaudited)	September 30		September 30	
	2006	2005	2006	2005
REVENUE				
Commission and other customer income	\$ 12,293	\$ 10,174	\$ 34,996	\$ 31,814
Premium income	5,655	5,104	16,815	11,590
Net interest income and investment income	1,765	794	4,177	2,242
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	19,713	16,072	55,988	45,646
EXPENSES				
Operating expenses	13,183	11,264	37,389	32,100
Policyholder benefits	3,605	2,625	10,114	6,365
Amortization of start-up and reorganization	4	90	4	271
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Income before the following	2,921	2,093	8,481	6,910
Income from equity investments	536	408	1,890	1,188
Gain on sale of portion of reporting unit	-	-	-	633
Interest and financing costs on long term debt	(610)	(691)	(2,084)	(1,979)

Amortization of intangible assets	(118)	(72)	(307)	(209)
Amortization of capital assets	(416)	(335)	(1,165)	(1,012)

Income before income taxes	2,313	1,403	6,815	5,531
Income taxes	(827)	(377)	(1,805)	(1,897)

NET INCOME FOR THE PERIOD	1,486	1,026	5,010	3,634

Retained earnings beginning of period				
As previously reported	14,585	8,820	11,061	6,508
Change in accounting policy (note 5)	-	-	-	(296)

As restated	14,585	8,820	11,061	6,212

Retained earnings end of period	16,071	\$ 9,846	16,071	\$ 9,846

Earnings per share
(note 4)

Basic	\$ 0.05	\$ 0.04	\$ 0.16	\$ 0.13

Diluted	\$ 0.04	\$ 0.03	\$ 0.13	\$ 0.12

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This press release may contain certain forward-looking statements. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Western Financial Group Inc. (the "Company") or its subsidiaries. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words. The Company believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties only some of which are described herein. Many factors could cause the Company's actual results, performance or achievements to, or future events or developments to, differ materially from those expressed or implied by the forward-looking statements. Any forward-looking statements are made as of the date hereof and except as required by law the Company does not assume any obligation to publicly update or revise such statements to reflect new information, subsequent events or otherwise.

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