

For Immediate Release
WESTERN FINANCIAL GROUP REPORTS FIRST QUARTER 2010 RESULTS

High River, Alberta – May 14, 2010, (TSX – WES) - Western Financial Group (“the Company”) announced today its operating and financial results for the three months ended March 31, 2010.

Financial Highlights
Three Months Ended March 31

(unaudited)

(in \$ thousands except for per share amounts)	2010	2009	% Change
The Network			
Commissions and other customer revenue	\$ 22,420	\$ 17,522	28.0%
Operating expenses	18,460	13,932	32.5%
Operating income	3,960	3,590	10.3%
Bank West			
Interest and investment income	\$ 6,610	\$ 5,537	19.4%
Interest expense - customer deposits	2,977	3,654	-18.5%
Net interest and investment income	3,633	1,883	92.9%
Provisions for credit losses	176	289	-39.1%
Operating expenses	2,317	2,096	10.6%
Operating (loss) income	\$ 1,140	\$ (502)	327.1%
Western Life			
Premium and investment income	\$ 10,804	\$ 7,950	35.9%
Policyholder benefits	5,727	3,633	57.6%
Operating expenses	3,878	3,377	14.8%
Operating income	\$ 1,199	\$ 940	27.6%
SecuriCan			
Premium and investment income	9,032	-	-
Policyholder benefits	3,943	-	-
Operating expenses	3,050	-	-
Operating income	2,039	\$ -	-
Corporate and all other			
Other revenues	413	\$ 372	11.1%
Operating expenses	2,474	2,154	14.9%
Operating loss	\$ (2,061)	\$ (1,782)	15.7%
Total operating income	\$ 6,277	\$ 2,246	179.5%
Net income	2,269	\$ 914	148.2%
Preferred dividends	(1,832)	(1,003)	82.7%
Earnings (loss) available to common shareholders	\$ 437	\$ (89)	590.6%
Earnings per share			
- basic (\$)	0.01	0.00	
- diluted (\$)	0.01	0.00	

2010 KEY OBJECTIVES	
Network Same Store Sales	4%-7% growth
Network Operating Margin	28%
Bank West Specific Provisions	75 bps or less
SecuriCan Loss Ratio	55% or less
Western Life Loss Ratio	45% or less
Overall 2010 Net Income	\$18.5 to \$20 million

“We are pleased to report early success in achieving our goal for a strong 2010 financial result,” said Scott Tannas, President and CEO. “Our net income is ahead of budget for the quarter with a number of bright spots, including our first ever \$1 million + quarter of operating income at Bank West. Our Network indicators are in line with expectations, and we noticed an acceleration in same store growth as the quarter progressed. The Network margin is lower than this time last year, as a result of the addition of Group Insurance Solutions (formerly HED), which has magnified the Network’s seasonal revenue characteristics. Both Western Life and SecuriCan are ahead of budget after the quarter. As a result, we remain confident that we are on track to achieve our 2010 financial goals.”

The Network

The Network combined margin for the quarter was 18%, with Group Insurance Solutions margin at 8% and the retail division at 20%. Retail same store sales are at 4.7%, and same store customer count growth grew by 2.0% on a YTD, annualized basis.

Bank West

The Bank’s loan book increased slightly over the quarter, to \$360.7 million. Specific and general loan loss reserves were significantly lower compared to the prior quarter, the result of an improved credit environment. Net interest margin stands at a record high of 4%.

Western Life

Western Life’s industry leading growth continued with premium sales up by 10% year over year, the result of expanding distribution of creditor life products, and growing cross sales within the Western Financial Group family, including a substantial increase in Term Life sales by the Network.

SecuriCan

SecuriCan’s premium revenue is up 15% and we saw improved loss ratios year over year at 44% compared to 50%.

Strategic Partnership Portfolio

The Company’s partnerships in investment banking, insurance distribution and manufacturing provided positive income for the quarter, with all units delivering combined results in line with our budget expectations.

Conference Call

Western Financial Group will host a conference call to discuss the Company’s first quarter financial results on Thursday, May 20, 2010 at 8:00 am Mountain time (10:00 am Eastern time). To participate in the live conference call, please dial (888) 231-8191 or (647) 427-7450 (Toronto). A replay of the call will be available from May 20th at 11:30 am Mountain time until June 3rd at 11:59 PM MT. To access the replay please dial either (800) 642-1687 or (416) 849-0833 and enter pass code 73235868. The conference will also be broadcast live over the internet and archived through the Company’s website at www.westernfinancialgroup.ca.

Western Financial Group is a leader in providing insurance, financial services and banking services in over 90 communities, to more than 500,000 individuals and businesses in Western Canada through its wholly owned network of offices, its affiliated insurance brokers, Western Life Assurance Company, Bank West and SecuriCan General Insurance Company.

The Company’s Financial Report for the first quarter of 2010 will be filed on SEDAR on or before May 14, 2010.



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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For further information, please contact:
Arlene Beggs, Executive Assistant to the CEO
Western Financial Group
403-652-2663
info@westernfg.ca



CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except for per share amounts)

	Note	As at March 31 2010	As at December 31 2009
ASSETS			
Cash and cash equivalents		\$ 62,419	\$ 58,463
Securities - held-for-trading		62,742	61,373
Securities - available-for-sale	3	41,068	30,901
Mortgages, loans and leases, net of allowance for credit losses	4	356,177	355,621
Interest rate swaps		216	90
Equity investments		11,693	11,591
Capital assets		21,752	21,630
Goodwill		156,205	148,205
Intangible assets		65,940	66,719
Accounts receivable		48,145	51,114
Prepaid expenses		7,405	7,231
Future income taxes		1,325	1,102
Other assets		2,417	2,286
		\$ 837,504	\$ 816,326
LIABILITIES			
Customer deposits		\$ 323,160	\$ 317,953
Actuarial liabilities		40,445	40,032
Provision for unpaid and unreported claims		15,262	13,919
Debt		78,712	79,771
Due to policyholders		19,632	20,392
Accounts payable and accrued liabilities		100,140	82,700
Income taxes payable		667	1,809
Future income taxes		12,993	13,199
Total liabilities		591,011	569,775
SHAREHOLDERS' EQUITY			
Share capital		206,905	206,905
Other paid in capital		268	268
Contributed surplus		2,068	2,041
		209,241	209,214
Accumulated other comprehensive loss	5	(123)	(129)
Retained earnings		37,375	37,466
Total shareholders' equity		246,493	246,551
		\$ 837,504	\$ 816,326



CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31
(unaudited)
(in thousands, except for per share amounts)

	2010	2009
REVENUE		
Commission and other customer income	\$ 23,371	\$ 18,441
Premium income	18,020	8,447
Interest income on customer loans	6,174	4,922
Investment income		
Change in fair value of held-for-trading securities	1,032	(131)
Realized gain (loss) on sales of available-for-sale assets	36	(728)
Realized gain on sales of held-for-trading securities	39	6
Other net investment income	607	424
	49,279	31,381
EXPENSES		
Operating expenses	30,179	21,559
Policyholder benefits	9,670	3,633
Interest expense - customer deposits	2,977	3,654
Provision for credit losses	176	289
Income before the following:	6,277	2,246
Income (loss) from equity investments	143	(253)
Interest and financing costs on debt	(1,410)	(562)
Amortization of capital assets	(800)	(412)
Amortization of intangible assets	(778)	(691)
Income before income taxes	3,432	328
Income taxes	(1,163)	586
NET INCOME FOR THE PERIOD	\$ 2,269	\$ 914
Preferred share dividends	\$ (1,832)	\$ (1,003)
Net income (loss) available to common shareholders	\$ 437	\$ (89)
Average number of common shares	49,367	49,333
Average number of diluted common shares	49,419	49,333
Earnings per common share		
Basic	\$ 0.01	\$ 0.00
Diluted	\$ 0.01	\$ 0.00