



For Immediate Release

WESTERN FINANCIAL GROUP REPORTS SECOND QUARTER 2009 RESULTS

High River, Alberta – August 13, 2009, (TSX – WES) - Western Financial Group (“the Company”) announced today its operating and financial results for the three and six months ended June 30, 2009.

“Our company is progressing toward its 2009 objectives,” said Scott Tannas, President and CEO. “Our profits are up substantially over last quarter, and we see signs of accelerating growth across our businesses. The Network and Western Life both posted record quarters for revenue and operating profit. Both operations are growing top and bottom lines at a rate that exceeds their industry peers. Bank West has managed its business cautiously through the first half of 2009, and continues to maintain strong credit quality, with non performing loans at a respectable percentage relative to the major Canadian Banks. With the summer funding season in swing, and fall harvest coming, the Bank is now in a position to profitably grow its operations in the third quarter.”

2009 OBJECTIVES	
Same Store Revenue	5%-8% growth
Network Operating Margin	29%
Bank West Specific Provisions	50 bps or less
Western Life Loss Ratio	<45%
Overall 2009 Net Income	\$14.5 to \$16.5 million

FINANCIAL HIGHLIGHTS

(in \$ thousands except for per share amounts)	THREE MONTHS ENDED JUNE 30			SIX MONTHS ENDED JUNE 30		
	2009	2008	% Change	2009	2008	% Change
The Network						
Commissions and other customer income	\$ 23,109	\$ 21,872	5.7 %	\$ 40,631	\$ 38,361	5.9 %
Operating expenses	<u>14,882</u>	<u>13,929</u>	6.8 %	<u>28,813</u>	<u>26,568</u>	8.5 %
Operating income	<u>\$ 8,227</u>	<u>\$ 7,943</u>	3.6 %	<u>\$ 11,818</u>	<u>\$ 11,793</u>	0.2 %
Bank West						
Interest and investment income	6,685	4,610	45.0 %	12,224	9,551	28.0 %
Interest expense - customer deposits	<u>3,778</u>	<u>3,103</u>	21.7 %	<u>7,432</u>	<u>6,499</u>	14.3 %
Net interest and investment income	2,908	1,507	93.0 %	4,792	3,052	57.0 %
Provisions for credit losses	517	129	300.0 %	806	209	286.3 %
Operating expenses	<u>2,625</u>	<u>943</u>	178.3 %	<u>4,724</u>	<u>1,711</u>	176.1 %
Operating (loss) income	<u>\$ (235)</u>	<u>\$ 434</u>	(154.1) %	<u>\$ (738)</u>	<u>\$ 1,132</u>	(165.2) %
Western Life						
Premium and investment income	10,841	7,488	44.8 %	18,791	15,491	21.3 %
Policyholder benefits	5,199	2,782	86.9 %	8,832	6,487	36.1 %
Operating expenses	<u>3,995</u>	<u>3,446</u>	15.9 %	<u>7,373</u>	<u>6,568</u>	12.3 %
Operating income	<u>\$ 1,647</u>	<u>\$ 1,261</u>	30.6 %	<u>\$ 2,586</u>	<u>\$ 2,436</u>	6.2 %
Corporate and all other						
Other revenues	243	401	(39.4) %	612	1,070	(42.8) %
Operating expenses	<u>2,602</u>	<u>1,892</u>	37.5 %	<u>4,752</u>	<u>4,291</u>	10.7 %
Operating loss	<u>\$ (2,360)</u>	<u>\$ (1,491)</u>	58.3 %	<u>\$ (4,140)</u>	<u>\$ (3,221)</u>	28.5 %
Total operating income	<u>\$ 7,280</u>	<u>\$ 8,147</u>	(10.6) %	<u>\$ 9,526</u>	<u>\$ 12,140</u>	(21.5) %
Net income	4,925	5,839	(15.7) %	5,839	8,225	(29.0) %
Preferred dividends	<u>(1,002)</u>	<u>(1,908)</u>	(47.5) %	<u>(2,005)</u>	<u>(1,908)</u>	- %
Earnings available to common shareholders	3,923	3,931	(0.2) %	3,834	6,317	(39.3) %
Earnings per common share						
- basic (\$)	\$ 0.08	\$ 0.08	0.0 %	\$ 0.08	\$ 0.13	(41.1) %
- diluted (\$)	\$ 0.07	\$ 0.08	(12.5) %	\$ 0.07	\$ 0.13	(42.5) %



The Network

Margins rose significantly in the quarter, bringing the six month margin to 29%. Same Store Sales are up 4.4%, and same store customer count growth grew by 1.9% on an annualized basis.

Bank West

The Bank's loan book increased slightly over the quarter, in preparation for expected growth in funding in the summer and fall seasons. Credit quality remained strong, with non performing loans at 1.3% at June 30th.

Western Life

Western Life's industry leading growth continued with premium sales up by 22% in the quarter, the result of substantial cross sales within the Western Financial Group family. Investment income also improved significantly over the first quarter.

Strategic Partnership Portfolio

The Company's partnerships in investment banking, insurance distribution and manufacturing provided positive income for the quarter.

Conference Call

Western Financial Group will host a conference call to discuss the Company's second quarter financial results on Tuesday, August 18, 2009 at 8:00 am Mountain time (10:00 am Eastern time). To participate in the live conference call, please dial either (416) 644-3418 or (800) 732-0232. A replay of the call will be available from August 18th at 10:00 am MT until September 1st at 11:59 PM MT. To access the replay please dial either (416) 640-1917 or (877) 289-8525 and enter the passcode 21313011 followed by the pound sign. 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 and Bank West.

The Company's Financial Report for the second quarter of 2009 will be filed on SEDAR on or before August 14, 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 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:

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CONSOLIDATED BALANCE SHEET

(unaudited)

(in thousands, except for per share amounts)

	As at June 30 2009	As at December 31 2008
ASSETS		
Cash and cash equivalents	\$ 48,627	\$ 28,563
Interest rate swap (Note 14)	67	-
Marketable securities - held-for-trading (Note 14)	55,350	53,091
Marketable securities - available-for-sale (Note 14)	16,448	103,808
Mortgages and loans (Note 6 and 14)	341,453	272,135
Equity investments	41,305	38,040
Accounts receivable	29,931	23,999
Prepaid expenses	7,955	8,039
Future income taxes	668	539
Capital assets	16,348	15,325
Intangible assets	34,684	27,996
Goodwill	118,089	105,285
	\$ 710,925	\$ 676,820
LIABILITIES		
Customer deposits	\$ 329,570	\$ 333,130
Actuarial liabilities	37,732	38,256
Provision for unpaid and unreported claims	9,860	8,510
Accounts payable and accrued liabilities	56,263	50,378
Income taxes payable (recoverable)	1,077	(800)
Long-term debt (Note 7)	63,378	38,151
Future income taxes	5,666	5,480
Total liabilities	503,546	473,105
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	173,438	173,438
Other paid in capital (Note 7)	268	-
Contributed surplus	1,971	1,975
	175,677	175,413
Accumulated other comprehensive income (loss)	326	(296)
Retained earnings	31,376	28,598
Total shareholders' equity	207,379	203,715
	\$ 710,925	\$ 676,820



CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(unaudited)

(in thousands, except for per share amounts)

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
REVENUE				
Commission and other customer income	\$ 24,540	\$ 22,129	\$ 42,981	\$ 38,927
Premium income	9,678	7,717	18,125	14,878
Interest income on customer loans	5,451	4,610	10,373	9,551
Investment income				
Change in fair value of held-for-trading securities	758	(615)	627	(158)
Realized gain (loss) on sales of held-for-trading securities	24	(25)	30	(4)
Realized loss on sales of available-for-sale assets	(3)	-	(731)	-
Other net investment income	430	555	853	1,279
	40,878	34,371	72,258	64,473
EXPENSES				
Operating expenses	24,104	20,210	45,662	39,138
Policyholder benefits	5,199	2,782	8,832	6,487
Interest expense - customer deposits	3,778	3,103	7,432	6,499
Provision for credit losses (Note 14)	517	129	806	209
Income before the following:	7,280	8,147	9,526	12,140
Income from equity investments	1,088	845	835	1,458
Gain on sale of intangible assets	-	598	-	598
Interest and financing costs on long-term debt	(1,041)	(553)	(1,603)	(1,136)
Amortization of intangible assets	(450)	(278)	(862)	(630)
Amortization of capital assets	(736)	(841)	(1,427)	(1,356)
Income before income taxes	6,141	7,918	6,469	11,074
Income taxes	(1,216)	(2,079)	(630)	(2,849)
NET INCOME FOR THE PERIOD	\$ 4,925	\$ 5,839	\$ 5,839	\$ 8,225
Retained earnings, beginning of period	\$ 27,981	29,923	28,598	28,015
Preferred share dividends	(1,002)	(1,908)	(2,005)	(1,908)
Common share dividends	(528)	(493)	(1,056)	(971)
Retained earnings, end of period	\$ 31,376	\$ 33,361	\$ 31,376	\$ 33,361
Earnings per share (Note 9)				
Basic	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.13
Diluted	\$ 0.07	\$ 0.08	\$ 0.07	\$ 0.13