



Western Financial Group

Q2 2010 Financial Results Conference Call

August 17, 2010

Forward-Looking Statements

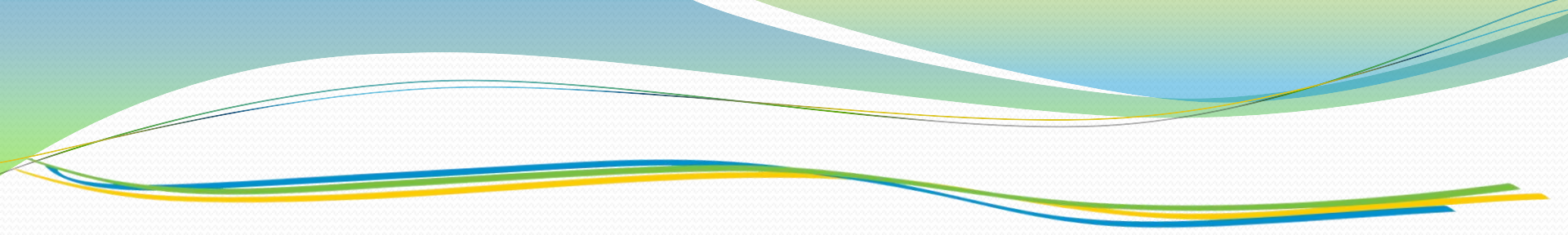
This presentation contains certain forward-looking statements. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of 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, including, without limitation, the risk factors, which are discussed in greater detail in the “Risk Factors” section of the prospectus. Any forward-looking statements are made as of the date hereof and the Company does not assume any obligation to publicly update or revise such statements to reflect new information, subsequent events or otherwise.

Non-GAAP Measures

Throughout this presentation, the Company may use the term “operating income” to refer to earnings, including investment income, before interest expense, taxes, depreciation and amortization of intangible and capital assets, excluding gain (loss) from the sale of assets and income (loss) from equity investments. The Company uses “operating income” to assist it in measuring corporate performance before the costs of capital and amortization of capital and intangible assets. Operating income is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, this measure may not be comparable to similar measures presented by other issuers and investors are cautioned that it should not be used as an alternative to “net income” or other measures of financial performance calculated in accordance with GAAP.

Today's Remarks

- Operational Progress in Q2
- Strategic Events in Q2
- Financial Update
- Priorities for Q3



Operational Progress in Q2 2010

The Network

- Same store customer count : + 2.2%
- Same store sales : + 4.7%
- HED magnifies seasonality of Network business

Western Life Assurance

- Certificate count growth annualized – 4.8%
- Western accounts for \$6.6 million (23% Q2) of premium revenue
- Signed significant creditor life program – effective 2010 – launched April 2010
- Network Term Life sales increased 33% in Q2 over Q1 2010

Bank West

- Loan book at \$378.9 MM
- AgriFinancial up 12% year over year
- Non-performing loans – 1.36%
- Specific provisions at 54 bps (annualized)

Western Financial Insurance

- Net new policies – 2,113 compared to 801 in Q2 2009
- Loss ratio – 46% compared to 51% in Q2 2009



Strategic Events in Q2

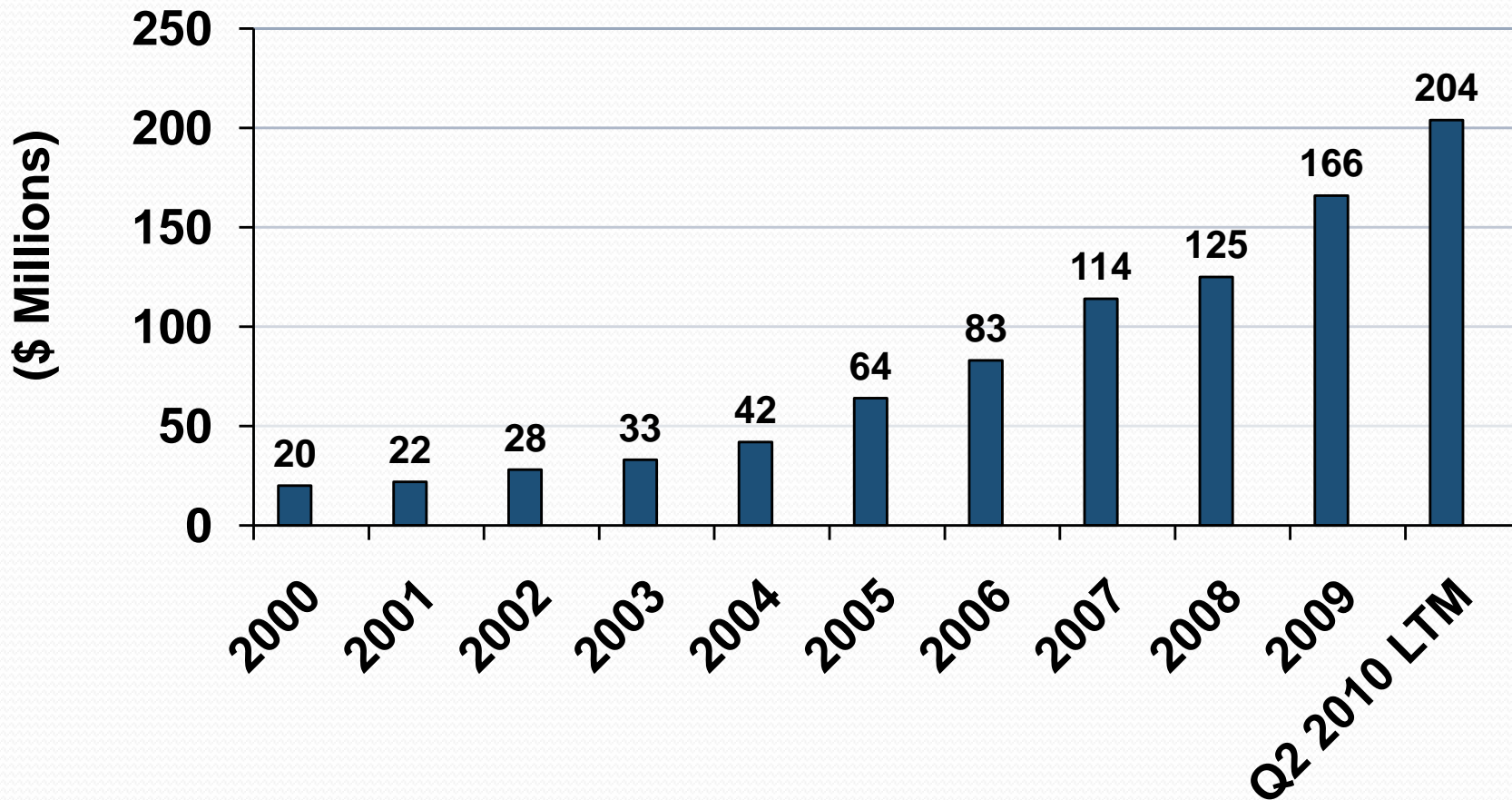
Q2 Strategic Events

- Bank West partnership – discussions progressing
- Metro Market exploration – plan under development
- Cost and cash control continues
- Equity financing
- Falkins to 40% and pathway to 100% by 2013
- Bank West CEO hire – Shelly Flint

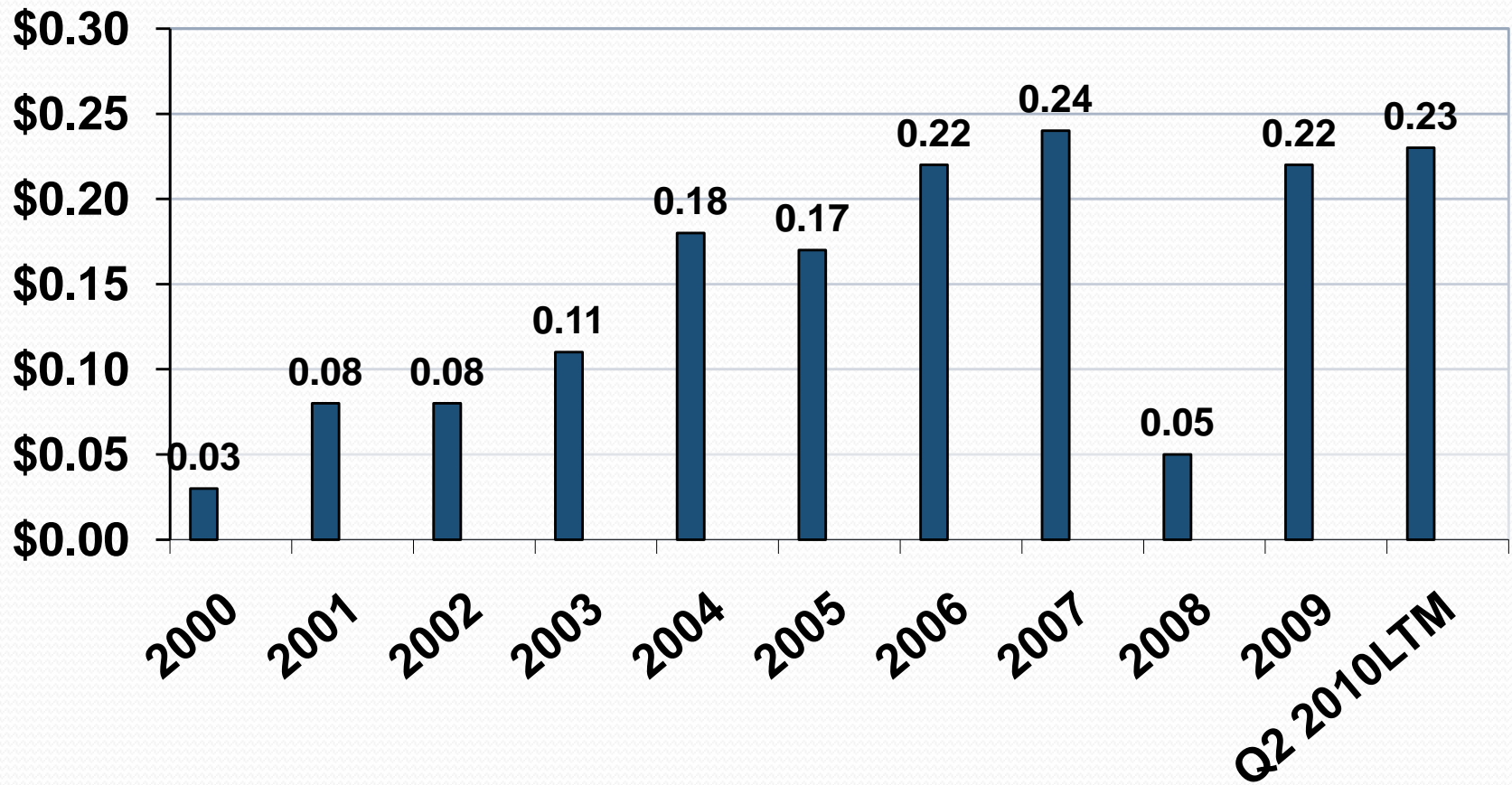


Financial Update

Total Revenue



Earnings Per Share



Overall

		2010	2009
Revenue (\$)		110,580	72,258
Operating Income		17,918	9,526
Taxes		(4,243)	(630)
Net Income (\$)		8,013	5,839
Preferred Dividends		(3,629)	(2,005)
EPS (\$)	Basic	0.09	0.08
	Diluted	0.09	0.07

The Network

	2010	2009
Commission & other customer revenue (\$)	53,668	40,631
Operating expenses (\$)	38,834	28,813
Operating income (\$)	14,834	11,818

Bank West

	2010	2009
Interest & investment income (\$)	13,571	12,224
Net interest & investment income (\$)	7,418	4,792
Operating & provision expenses (\$)	5,688	5,530
Operating income (\$)	1,730	(738)

Western Life Assurance

	2010	2009
Premium income (\$)	20,220	18,169
Investment income (\$)	4,191	622
Policyholder benefits (\$)	12,637	8,832
Operating expenses (\$)	8,643	7,373
Operating income (\$)	3,131	2,586

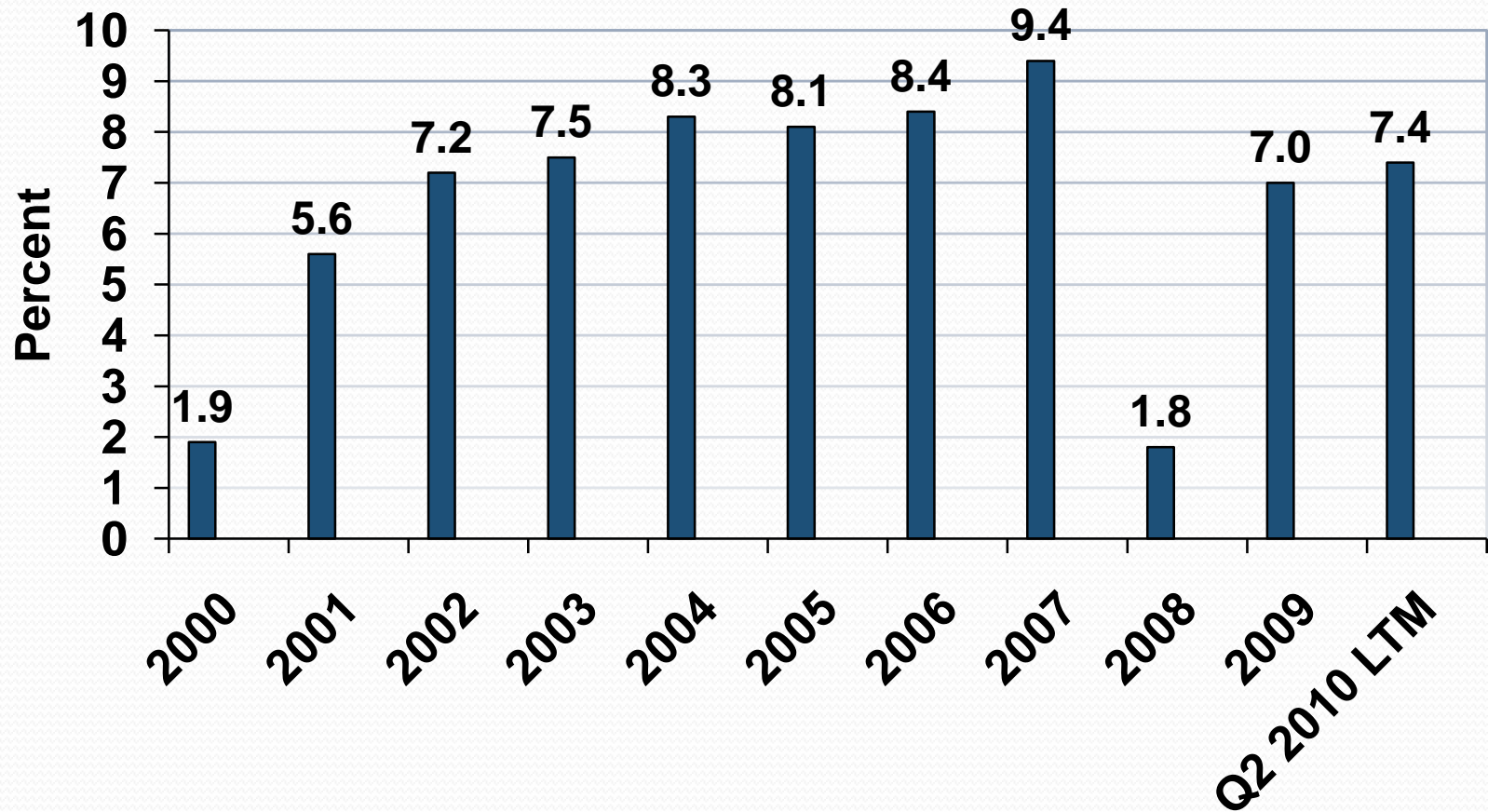
Western Financial Insurance

	2010	2009
Premium & Investment Income	18,221	--
Policyholder Benefits	8,732	--
Operating Expense	6,328	--
Operating Income	3,161	--

Corporate & All Other

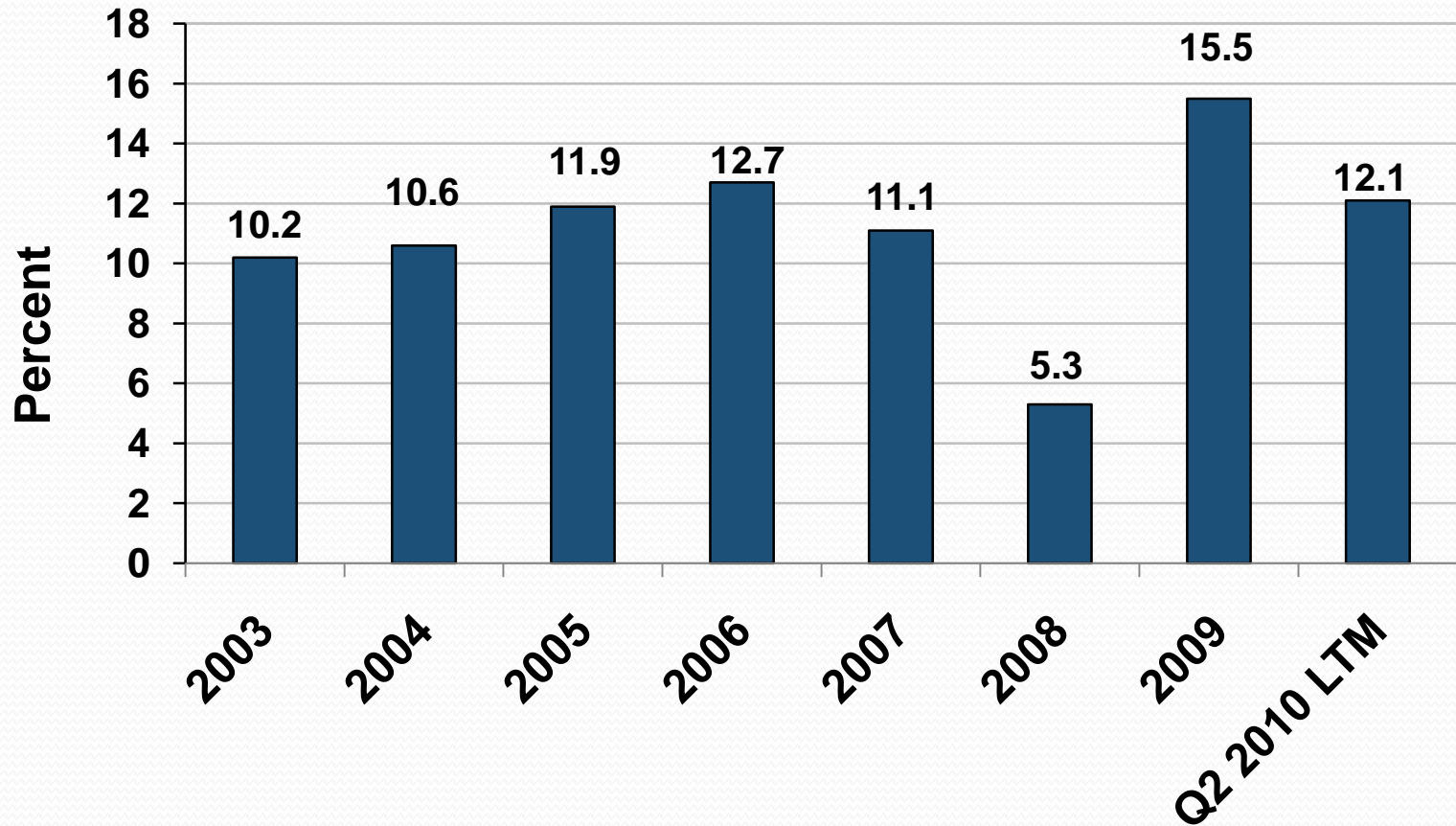
	2010	2009
Other revenues (\$)	709	612
Operating expenses (\$)	5,647	4,752
Operating loss (\$)	(4,938)	(4,140)

Historical Consolidated ROE

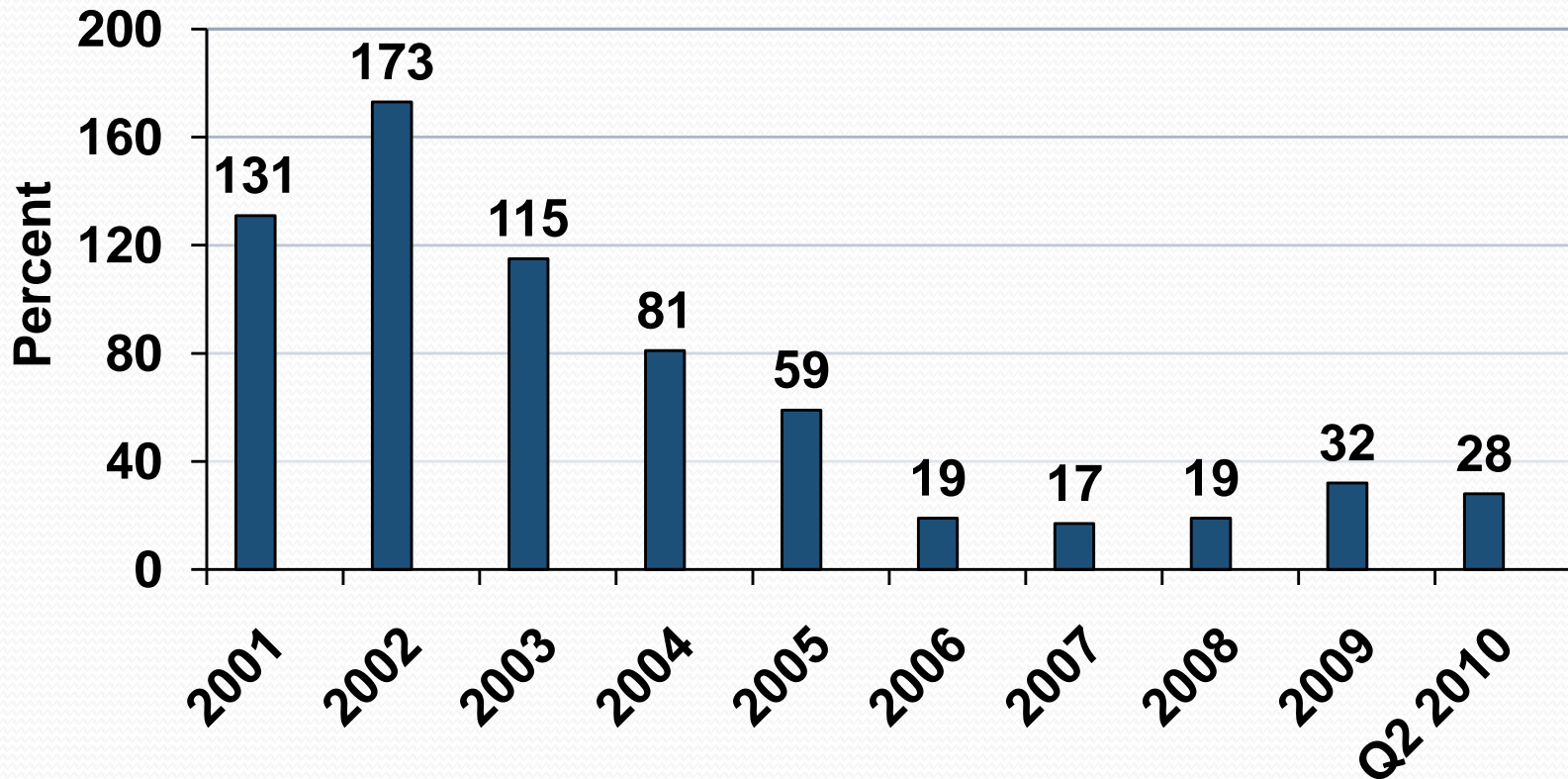


Return on Equity

(excluding Bank West)



Debt to Equity Ratio





Priorities for Q3

Q3 Priorities

- Complete Bank West partnership(s)
- Engage acquisition pipeline
- Finalize metro strategy



Questions?