SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2005.

Commission File Number 0-10658

BWC FINANCIAL CORP.

Incorporated pursuant to the Laws of California

Internal Revenue Service – Employer Identification No. 94-262100

1400 Civic Drive, Walnut Creek, California 94596
(925) 932-5353

N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes_____ NO _X__

Number of shares of common stock of the Corporation outstanding as of October 10, 2005: 4,147,199 shares.

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PART I - FINANCIAL INFORMATION

BWC FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS

In thousands	September 30, 2005	December 31, 2004	September 30, 2004
Assets	(Unaudited)		(Unaudited)
Cash and Due From Banks	$ 21,537	$ 10,315	$ 16,931
Fed Funds Sold	31,500	8,500	55
Other Short-term Investments	134	173	$ 100
Total Cash and Cash Equivalents	53,171	18,988	17,086
Investment Securities:			
Available-for-Sale	67,160	62,220	65,611
Held-to-Maturity (approximate fair value of $13,961, $17,947, $19,480 respectively)	14,025	17,846	19,276
Loans	393,073	380,682	379,363
Allowance for credit losses	(7,486)	(7,670)	(7,827)
Net Loans	385,587	373,012	371,536
BWC Mortgage Services Loans-Held-for-Sale	21,440	14,966	28,424
Bank Premises and Equipment, Net	3,913	4,051	4,190
Interest Receivable and Other Assets	12,264	10,275	10,490
Total Assets	$ 557,560	$ 501,358	$ 516,613
Liabilities and Shareholders' Equity			
Liabilities			
Deposits:			
Noninterest-bearing	$ 154,848	$ 131,252	$ 128,213
Interest-bearing:			
Money Market Accounts	177,583	156,236	167,416
Savings and NOW Accounts	54,122	63,220	55,724
Time Deposits:			
Under $100,000	22,084	22,473	22,655
$100,000 or more	22,411	19,758	19,368
Total Interest-bearing	276,200	261,687	265,163
Total Deposits	431,048	392,939	393,376
Federal Home Loan Bank Borrowings	49,609	43,313	43,595
BWC Mortgage Services Borrowings	21,128	14,511	28,068
Fed Funds Purchased	-	-	800
Interest Payable and Other Liabilities	6,238	3,314	3,539
Total Liabilities	508,023	454,077	469,378
Shareholders' Equity			
Preferred Stock, no par value:			
5,000,000 shares authorized, none outstanding	-	-	-
Common Stock, no par value:			
25,000,000 shares authorized; issued and outstanding - 4,147,199, 4,228,459 and 4,293,374 respectively	44,630	47,054	38,816
Retained Earnings	5,378	436	8,459
Accumulated other comprehensive loss	(471)	(209)	(40)
Total Shareholders' Equity	49,537	47,281	47,235
Total Liabilities and Shareholders' Equity	$ 557,560	$ 501,358	$ 516,613

The accompanying notes are an integral part of these consolidated statements

BWC FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME

In thousands except per-share amounts	For the Three Months Ended September 30, 2005	For the Three Months Ended September 30, 2004	For the Nine Months Ended September 30, 2005	For the Nine Months Ended September 30, 2004
Interest Income	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loans, including Fees	$ 8,829	$ 6,694	$ 24,155	$ 19,320
Investment Securities:				
Taxable	520	479	1,342	1,485
Non-taxable	101	142	381	425
Federal Funds Sold	304	26	549	107
Total Interest Income	9,754	7,341	26,427	21,337
Interest Expense				
Deposits	1,308	580	3,249	1,925
Federal Funds Purchased	-	-	4	6
FHLB Borrowings	675	433	1,810	1,216
BWC Mortgage Services	393	178	682	533
Total Interest Expense	2,376	1,191	5,745	3,680
Net Interest Income	7,378	6,150	20,682	17,657
Provision for Credit Losses	-	150	-	975
Net Interest Income After Provision For Credit Losses	7,378	6,000	20,682	16,682
Noninterest Income				
BWC Mortgage Services - Commissions	3,485	2,096	8,083	6,850
BWC Mortgage Services - Fees & Other	2,051	885	3,909	2,757
Service Charges on Deposit Accounts	205	232	617	699
Other	345	434	1,100	1,288
Gain/(loss) on Security Transactions	-	7	3	21
Total Noninterest Income	6,086	3,654	13,712	11,615
Noninterest Expense				
Salaries and Related Benefits	3,474	2,915	9,572	9,033
BWC Mortgage Services - Commissions	3,179	2,130	7,195	5,625
Occupancy	664	578	1,795	1,729
Furniture and Equipment	267	225	684	625
Other	1,605	1,048	4,510	4,296
Total Noninterest Expense	9,189	6,896	23,756	21,308
BWC Mortgage Services - Minority Interest	551	211	892	775
Income Before Income Taxes	3,724	2,547	9,746	6,214
Provision for Income Taxes	1,395	979	3,755	2,356
Net Income	$ 2,329	$ 1,568	$ 5,991	$ 3,858
Basic Earnings Per Share	$ 0.56	$ 0.36	$ 1.43	$ 0.90
Diluted Earnings Per Share	$ 0.55	$ 0.36	$ 1.41	$ 0.89
Weighted Average Basic Shares	4,170,176	4,301,890	4,198,935	4,301,233
Weighted Average Diluted Share Equivalents Related to Options	61,030	31,257	58,103	36,150
Weighted Average Diluted Shares	4,231,206	4,333,147	4,257,038	4,337,383

The accompanying notes are an integral part of these consolidated statements

BWC FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the periods ending December 31, 2004 and September 30, 2005
In thousands except share amounts

	Number of Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total	Comprehensive Income
Balance, January 1, 2004	3,909,132	$ 39,019	$ 5,305	$ 499	$ 44,823	
Net Income as of December 31, 2004	-	-	5,713	-	5,713	5,713
Other Comprehensive Loss, net of tax benefit of $269	-	-	-	(708)	(708)	(708)
Comprehensive Income	-	-	-	-	-	$ 5,005
Stock options exercised	15,008	197	-	-	197	
Repurchase and retirement of shares by the Corporation	(79,842)	(1,749)	-	-	(1,749)	
Cash Dividend Paid	-	-	(1,011)	-	(1,011)	
10% stock dividend including payment of fractional shares	384,161	9,567	(9,571)	-	(4)	
Tax benefit from the exercise of stock options	-	20	-	-	20	
Balance, December 31, 2004	4,228,459	$ 47,054	$ 436	$ (209)	$ 47,281	
Net Income as of September 30, 2005	-	-	5,991	-	5,991	5,991
Other Comprehensive Loss, net of tax benefit of $288	-	-	-	(262)	(262)	(262)
Comprehensive Income	-	-	-	-	-	$ 5,729
Stock options exercised	30,195	410	-	-	410	
Repurchase and retirement of shares by the Corporation	(111,455)	(2,947)	-	-	(2,947)	
Cash Dividend Paid	-	-	(1,049)	-	(1,049)	
Tax benefit from the exercise of stock options	-	113	-	-	113	
Balance, September 30, 2005 (Unaudited)	4,147,199	$ 44,630	$ 5,378	$ (471)	$ 49,537	

The accompanying notes are an integral part of these consolidated statements

BWC FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	For the Nine months Ended September 30, 2005 (Unaudited)	2004 (Unaudited)
OPERATING ACTIVITIES:		
Net Income	$ 5,991	$ 3,858
Adjustments to reconcile net income to net cash provided(used):		
Provision for credit losses	-	975
Depreciation on fixed assets	497	515
Amortization and accretion on securities	374	704
(Gain)/loss on sale of securities available-for-sale	(3)	(21)
Increase in BWC Mtg. loans held-for-sale	(6,474)	(23,282)
(Increase)/decrease in accrued interest receivable and other assets	(1,989)	(614)
Increase/(decrease) in accrued interest payable and other liabilities	2,924	(206)
Net Cash Provided/(used) by Operating Activities	1,320	(18,071)
INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	17,510	16,574
Proceeds from the sales of available-for-sale investment securities	21,491	28,424
Purchase of investment securities	(40,640)	(44,788)
Loans originated, net of collections	(12,575)	(42,084)
Purchase of bank premises and equipment	(359)	(813)
Net Cash Provided/Used by Investing Activities	(14,573)	(42,687)
FINANCING ACTIVITIES:		
Net increase in deposits	38,109	23,211
Increase in Federal Home Loan borrowings	6,296	10,243
Increase in BWC Mortgage Services borrowings	6,617	22,997
Increase in Fed Funds Purchased	-	800
Cash dividends paid	(1,049)	(704)
Proceeds from issuance of common stock	410	119
Cash paid for the repurchase of common stock	(2,947)	(322)
Net Cash Provided by Financing Activities	47,436	56,344
CASH AND CASH EQUIVALENTS:		
Increase/(decrease) in cash and cash equivalents	34,183	(4,414)
Cash and cash equivalents at beginning of year	18,988	21,500
Cash and Cash Equivalents at period end	$ 53,171	$ 17,086
ADDITIONAL CASH FLOW INFORMATION:		
Interest Paid	$ 5,601	$ 3,674
Income Taxes Paid	$ 2,220	$ 2,628

The accompanying notes are an integral part of these consolidated statements.

1. CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management, the unaudited interim consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position at September 30, 2005 and the results of operations for the three months and nine months ended September 30, 2005 and 2004 and cash flows for the nine months ended September 30, 2005 and 2004.

Certain information and footnote disclosures presented in the Corporation's annual consolidated financial statements are not included in these interim financial statements. Accordingly, the accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 2004 10-K. The results of operations for the nine months ended September 30, 2005, and the results of interim periods presented, are not necessarily indicative of the operating results for the full year.

Diluted earnings per share is computed using the weighted average number of shares outstanding during the period, adjusted for the dilutive effect of stock options. All per-share amounts have been restated to reflect the 10% stock dividend given in December 2004.

2: INVESTMENT SECURITIES

An analysis of the investment security portfolio at September 30, 2005 follows:
In thousands

Available-for-sale	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
U.S. Treasury Securities	$ 264	$ -	$ 6	$ 258
Securities of U.S. Government Agencies	44,470	2	427	44,045
Taxable Securities of State and Political Subdivisions	18,998	4	251	18,751
Corporate Debt Securities	4,191	-	85	4,106
Total	67,923	6	769	67,160
Held-to-maturity				
Obligations of State and Political Subdivisions	14,025	41	105	13,961
Total Investment Securities	$ 81,948	$ 47	$ 874	$ 81,121

In 2005 the Corporation received proceeds from sale of available-for-sale investment securities of $21,491,000. Gross realized gains/(losses) included in other noninterest income totaled $37,000 and ($34,000), respectively.

The maturities of the investment security portfolio at September 30, 2005 follow

In thousands	Held-to-maturity		
	Amortized Cost	**Estimated Fair Value**	**Effective Yield**
Within one year	$ 4,964	$ 4,962	3.64%
After one year through five years	8,442	8,364	3.96%
Over five years through ten years	619	635	5.31%
Total	$ 14,025	$ 13,961	3.92%

	Available-for-Sale		
	Amortized Cost	**Estimated Fair Value**	**Effective Yield**
Within one year	$ 18,945	$ 18,840	3.04%
After one year through five years	48,978	48,320	3.71%
Total	$ 67,923	$ 67,160	3.53%

At September 30, 2005 securities with a book value of $17,898,000 were pledged to secure public deposits. Market value of these same securities on that date was $17,548,000.

3. ALLOWANCE FOR CREDIT LOSSES

In thousands	For the Nine months Ended September 30,	
	2005	**2004**
Total loans outstanding at end of period, before deducting allowance for credit losses (1)	$ 393,073	$ 379,363
Allowance for credit losses at beginning of period	7,670	6,692
Charge-offs	(293)	(56)
Recoveries	109	216
Net (charge-offs)/recoveries	(184)	160
Provisions	-	975
Allowance for credit losses at end of period	$ 7,486	$ 7,827
Ratio of allowance for credit losses to loans	1.90%	2.06%

(1) Excludes BWC Mortgage Services Loans-Held-for-Sale. Due to the low credit risk on these loans, no reserves are allocated for them.

4. COMPREHENSIVE INCOME

The components of other comprehensive income for the nine months ended September 30, 2005 and 2004 are as follows:

In thousands	2005	2004
Unrealized gain(loss) arising during the period, net of tax	$ (260)	$ (530)
Reclassification adjustment for net realized gains of securities available-for-sale included in net income during the year, net of tax	2	9
Net unrealized gain(loss) included in other comprehensive income	$ (262)	$ (539)

5. BUSINESS SEGMENTS

The Corporation is principally engaged in community banking activities through its seven Bank branches. In addition to its community banking activities, the Corporation provides mortgage brokerage services through its joint venture, BWC Mortgage Services. These activities are monitored and reported by Corporation management as a separate operating segment. The separate banking offices have been aggregated into a single reportable segment, Community Banking.

The Corporation's community banking segment provides loans, leases and lines of credit to local businesses and individuals. This segment also derives revenue by investing funds that are not loaned to others in the form of loans, leases or lines of credit, into investment securities. The business purpose of BWC Mortgage Services is the origination and placement of long-term financing for real estate mortgages.

Summarized financial information for the periods ended September 30, 2005 and 2004 concerning the Corporation's reportable segments is shown in the following table.

For the Nine Months Ended 09/30/2005 In thousands		**Community Banking**		**Mortgage Services**		**Adjustments**		**Total**
Total Interest Income	$	24,727	$	1,730	$	(30)	$	26,427
Commissions Received		-		8,083		-		8,083
Total Interest Expense		5,085		689		(29)		5,745
Salaries & Benefits		7,377		2,195		-		9,572
Commissions Paid		-		7,195		-		7,195
Segment Profit before Tax		8,969		1,784		(1,007)		9,746
Total Assets	$	534,319	$	24,742	$	(1,501)	$	557,560

For the Nine Months Ended 09/30/2004 In thousands		**Community Banking**		**Mortgage Services**		**Adjustments**		**Total**
Total Interest Income	$	19,997	$	1,356	$	(16)	$	21,337
Commissions Received		-		6,850		-		6,850
Total Interest Expense		3,158		538		(16)		3,680
Salaries & Benefits		7,214		1,819		-		9,033
Commissions Paid		-		5,625		-		5,625
Segment Profit before Tax		5,576		1,551		(913)		6,214
Total Assets	$	487,039	$	30,809	$	(1,235)	$	516,613

For the Three Months Ended 09/30/2005 In thousands		**Community Banking**		**Mortgage Services**		**Adjustments**		**Total**
Total Interest Income	$	8,823	$	946	$	(15)	$	9,754
Commissions Received		-		3,485		-		3,485
Total Interest Expense		1,993		397		(14)		2,376
Salaries & Benefits		2,494		980		-		3,474
Commissions Paid		-		3,179		-		3,179
Segment Profit before Tax		3,180		1,103		(559)		3,724
Total Assets	$	534,319	$	24,742	$	(1,501)	$	557,560

For the Three Months Ended 09/30/2004 In thousands		**Community Banking**		**Mortgage Services**		**Adjustments**		**Total**
Total Interest Income	$	6,897	$	450	$	(6)	$	7,341
Commissions Received		-		2,096		-		2,096
Total Interest Expense		1,017		180		(6)		1,191
Salaries & Benefits		2,346		569		-		2,915
Commissions Paid		-		2,130		-		2,130
Segment Profit before Tax		2,346		423		(222)		2,547
Total Assets	$	487,039	$	30,809	$	(1,235)	$	516,613

6. ACCOUNTING FOR STOCK-BASED COMPENSATION

The Corporation uses the intrinsic value method to account for its stock option plans (in accordance with the provisions of Accounting Principles Board Opinion No. 25). Under this method, compensation expense is recognized for awards of options to purchase shares of common stock to employees under compensatory plans only if the fair market value of the stock at the option grant date (or other measurement date, if later) is greater than the amount the employee must pay to acquire the stock. Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123) permits companies to continue using the intrinsic value method or to adopt a fair-value-based method to account for stock option plans. The fair-value-based method results in recognizing as expense over the vesting period the fair value of all stock-based awards on the date of grant. The Corporation has elected to continue to use the intrinsic value method. The pro forma disclosures illustrating the impact on net income of applying the fair-value method are reflected in the following table.

	For the Nine months Ended September 30,			
In thousands except per-share amounts		2005		2004
Net income, as reported	$	5,991	$	3,858
Deduct: Total stock-based compensation expense determined under the fair-value-based method for all awards, net of related taxes		116		115
Pro forma net income	$	5,875	$	3,743
Basic income per share, as reported	$	1.43	$	0.90
Pro forma basic income per share	$	1.40	$	0.87
Diluted income per share, as reported	$	1.41	$	0.89
Pro forma diluted income per share	$	1.38	$	0.86
Weighted Average Basic Shares		4,198,935		4,301,233
Weighted Average Diluted Shares		4,257,038		4,337,383

Adjusted for the 10% stock dividend declared December 2004.

	For the Three Months Ended September 30,			
In thousands except per-share amounts		2005		2004
Net income, as reported	$	2,329	$	1,568
Deduct: Total stock-based compensation expense determined under the fair-value-based method for all awards, net of related taxes		39		38
Pro forma net income	$	2,290	$	1,530
Basic income per share, as reported	$	0.56	$	0.36
Pro forma basic income per share	$	0.55	$	0.36
Diluted income per share, as reported	$	0.55	$	0.36
Pro forma diluted income per share	$	0.54	$	0.35
Weighted Average Basic Shares		4,170,176		4,301,890
Weighted Average Diluted Shares		4,231,206		4,333,147

Adjusted for the 10% stock dividend declared December 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Except for historical financial information contained herein, certain matters discussed in the Annual Report of BWC Financial Corp. constitute "forward-looking statements" within the meaning of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to risks and uncertainties that may cause actual future results to differ materially. Such risks and uncertainties with respect to BWC Financial Corp., Bank of Walnut Creek and BWC Real Estate, include, but are not limited to, those related to the economic environment, particularly in the areas in which the Company and the Bank operate, competitive products and pricing, loan delinquency rates, fiscal and monetary policies of the U.S. government, changes in governmental regulations affecting financial institutions - including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management and asset/liability management, the financial and securities markets, and the availability of and costs associated with sources of liquidity.

Selected Financial Data - Summary:

The following table provides certain selected consolidated financial data as of and for the three month and nine-month periods ended September 30, 2005 and 2004.

SUMMARY INCOME STATEMENT	**Quarter Ended September 30,**		**Year to Date September 30,**	
(Unaudited in thousands except share data)	**2005**	**2004**	**2005**	**2004**
Interest Income	$ 9,754	$ 7,341	$ 26,427	$ 21,337
Interest Expense	2,376	1,191	5,745	3,680
Net Interest Income	7,378	6,150	20,682	17,657
Provision for Credit Losses	-	150	-	975
Non-interest Income	6,086	3,654	13,712	11,615
Non-interest Expense	9,189	6,896	23,756	21,308
Minority Interest	551	211	892	775
EBIT	3,724	2,547	9,746	6,214
Income Taxes	1,395	979	3,755	2,356
Net Income	$ 2,329	$ 1,568	$ 5,991	$ 3,858

Per share:

(Share and share equivalents have been adjusted for the stock dividend granted in December 2004)	**Quarter Ended September 30,**		**Year to Date September 30,**	
	2005	**2004**	**2005**	**2004**
Basic EPS	$ 0.56	$ 0.36	$ 1.43	$ 0.90
Diluted EPS	$ 0.55	$ 0.36	$ 1.41	$ 0.89
Weighted Average Basic shares	4,170,176	4,301,890	4,198,935	4,301,233
Weighted Average Diluted Shares	4,231,206	4,333,147	4,257,038	4,337,383
Cash dividends	$ 0.09	$ 0.06	$ 0.25	$ 0.18
Book value at period end			$ 11.94	$ 11.00
Ending shares (adjusted for stock dividend in December 2004)			4,147,199	4,293,374
Financial Ratios:				
Return on Average Assets	1.71%	1.26%	1.47%	1.05%
Return on Average Equity	18.89%	13.46%	16.51%	11.20%
Net Interest Margin to Earning Assets	5.38%	5.26%	5.35%	5.08%
Net loan losses (recoveries) to avg. loans	0.00%	-0.01%	-0.05%	-0.05%
Efficiency Ratio (Bank only)	56.52%	61.30%	57.49%	64.49%

SUMMARY BALANCE SHEET

(Unaudited; In thousands)	September 30, 2005	2004
Assets:		
Cash and Equivalents	$ 53,171	$ 17,086
Investments	81,185	84,887
Loans	393,073	379,363
Allowance for Credit Losses	(7,486)	(7,827)
BWC Mortgage Services, Loans Held-for-Sale	21,440	28,424
Other Assets	16,177	14,680
Total Assets	$ 557,560	$ 516,613
Liabilities:		
Deposits	$ 431,048	$ 393,376
Other Borrowings	70,737	72,463
Other Liabilities	6,238	3,539
Total Liabilities	508,023	469,378
Equity	49,537	47,235
Total Liabilities and Equity	$ 557,560	$ 516,613

General

Prime rate averaged 5.93% during the first nine months of 2005, compared to 4.14% for the first nine months of 2004, an increase of 1.79% between the comparable periods. Due to the Corporation’s asset-sensitive position, the increase in interest rates has resulted in a broadening of the Corporation’s net interest margin which averaged 5.35% for the first nine months of 2005, as compared to 5.08% in 2004. The economy is reflecting strength and growth, and interest rates are projected to continue increasing by measured steps. A stronger economy and higher rates will continue to reflect positively in the Corporation’s performance.

Total assets of the Corporation at September 30, 2005 of $557,560,000 have increased $40,947,000 or 8%, as compared to September 30, 2004. Total loans of $393,073,000 have increased $13,710,000, or 4%, and total deposits plus FHLB long-term borrowings of $480,657,000 have increased $43,686,000, or 10%. Since year-end 2004 the Corporation’s assets have increased 11%, loans increased 3%, and deposits plus FHLB long-term borrowings increased 10%.

The Corporation’s loans-to-deposits plus FHLB borrowings ratio as of September 30, 2005 was 82%, as compared to 87% in 2004 and 87% at year-end 2004.

The Corporation’s subsidiary, BWC Mortgage Services, has established lines-of-credit with third party providers for the purpose of funding sold loans to reduce the time it takes to close mortgages for borrowers. The loans held-for-sale are generally on the books for less than a month and carry virtually no credit risk to the Corporation. For this reason these loans are reported as a separate line item below the loans and reserves of the Corporation and are not included in the calculation of the ratio of allowance for credit losses to loans. Interest income and fees associated with these loans are included in the “Loans, including Fees” section of the Corporation’s income statement.

Net Income

Net income for the first nine months in 2005 of $5,991,000 was $2,133,000 more than the first nine months in 2004. BWC Mortgage Services accounted for $553,000 of this, and the Bank the balance. This represented a return on average assets during this period of 1.47% and a return on average equity of 16.51%. The return on average assets during the first nine months of 2004 was 1.05%, and the return on average equity was 11.20%.

Net income for the three months ending September 30, 2005 of $2,329,000 was $761,000 more than the comparable period in 2004. BWC Mortgage Services accounted for $342,000 of this, and the Bank the balance. The return on average assets during the third quarter was 1.71%, and the return on average equity was 18.89%. The return on average assets during the third quarter of 2004 was 1.26%, and the return on average equity was 13.46%.

Earning assets averaged $520,924,000 during the nine months ended September 30, 2005, as compared to $470,462,000 for the comparable period in 2004. Earning assets averaged $555,949,000 during the third quarter of 2005 as compared to $474,409,000 during the third quarter of 2004.

Diluted earnings per average common share were $1.41 for the first nine months of 2005 as compared to $0.89 for the first nine months of 2004. For the third quarter of 2005, diluted earnings per average common share were $0.55 as compared to $0.36 for the third quarter of 2004.

Net Interest Income

Interest income represents the interest earned by the Corporation on its portfolio of loans, investment securities, and other short-term investments. Interest expense represents interest paid to the Corporation's depositors, as well as to others from whom the Corporation borrows funds on a temporary basis.

Net interest income is the difference between interest income on earning assets and interest expense on deposits and other borrowed funds. The volume of loans and deposits and interest rate fluctuations caused by economic conditions greatly affect net interest income.

Net interest income during the first nine months of 2005 was $20,682,000 or $3,025,000 more than the comparable period in 2004. This was on a net earning-asset base (earning assets less interest-bearing deposits and borrowings) that averaged $37,115,000 more than during the first nine months of 2004 and the prime rate averaged 1.79% more.

Due to the Corporation's asset-sensitive position, increasing interest rates result in an increase in the Corporation's net interest margin. The Corporation's net interest margin averaged 5.35% during the first nine months of 2005 as compared to 5.08% in 2004. The increase in net interest margin is estimated to have resulted in an increase in interest income of $1,343,000 during the first nine months of 2005 as compared to the same period in 2004. This was augmented by the increased interest income related to growth of earning assets, which contributed to an increase over the comparable period of an estimated $1,682,000.

During the third quarter 2005 the Corporation's net interest margin averaged 5.38% as compared to 5.26% in 2004. The increase in net interest margin is estimated to have resulted in an increase in interest income of $161,000 during the third quarter of 2005 as compared to the same period in 2004. This was augmented by the increased interest income related to growth of earning assets, which contributed an increase over the comparable period of an estimated $1,067,000.

The following table delineates the impacts of changes in the volume of earning assets, changes in the volume of interest-bearing liabilities, and changes in interest rates on net interest income for the nine-month and third quarter periods ended September 30, 2005 and 2004.

EARNING ASSETS: (1)	Nine Months Ended September 30, 2005 Average Balance		Interest Income/ Expense	Average Yield/ Rate	Nine Months Ended September 30, 2004 Average Balance		Interest Income/ Expense	Average Yield/ Rate
Loans (3,4,5)	$ 388,129	$	22,448	7.73%	$ 355,764	$	17,975	6.76%
Investment Securities, Fed Funds, Other (2)	112,487		2,272	2.87%	95,517		2,017	3.13%
BWC Mtg Banking – Loans	20,308		1,707	11.24%	19,181		1,345	9.38%
TOTAL EARNING ASSETS	$ 520,924	$	26,427	6.82%	$ 470,462	$	21,337	6.13%
INTEREST-BEARING LIABILITIES:	Avg.Volume		YTD Int.	Rate	Avg.Volume		YTD Int.	Rate
Interest-bearing Deposits	$ 267,032	$	3,249	1.63%	$ 270,874	$	1,925	0.95%
FHLB & Other Borrowings - Bank	49,846		1,814	4.87%	34,109		1,222	4.79%
BWC Mortgage Services - Borrowings	20,313		682	4.49%	18,861		533	3.78%
TOTAL INTEREST-BEARING LIABILITIES	$ 337,191	$	5,745	2.28%	$ 323,844	$	3,680	1.52%
NET INTEREST INCOME	$ 183,733	$	20,682	**5.35%**	$ 146,618	$	17,657	**5.08%**

EARNING ASSETS: (1)	Quarter Ended September 30, 2005 Average Balance		Interest Income/ Expense	Average Yield/ Rate	Quarter Ended September 30, 2004 Average Balance		Interest Income/ Expense	Average Yield/ Rate
Loans (3,4,5)	$ 391,330	$	7,895	8.09%	$ 362,586	$	6,248	6.91%
Investment Securities, Fed Funds, Other (2)	128,690		924	3.11%	90,851		647	3.18%
BWC Mtg Banking - Loans	35,929		935	10.44%	20,972		446	8.53%
TOTAL EARNING ASSETS	$ 555,949	$	9,754	7.09%	$ 474,409	$	7,341	6.27%
INTEREST-BEARING LIABILITIES:	Avg.Volume		Quarterly	Rate	Avg.Volume		Quarterly	Rate
Interest Bearing Deposits	$ 274,780	$	1,308	1.91%	$ 264,017	$	580	0.88%
FHLB & Other Borrowing - Bank	53,235		675	5.09%	36,098		433	4.81%
BWC Mortgage Services - Borrowings	35,929		393	4.39%	20,648		178	3.46%
TOTAL INTEREST-BEARING LIABILITIES	$ 363,944	$	2,376	2.62%	$ 320,763	$	1,191	1.49%
NET INTEREST INCOME	$ 192,005	$	7,378	**5.38%**	$ 153,646	$	6,150	**5.26%**

1. Minor rate differences from a straight division of interest by average assets are due to the rounding of average balances.
2. Rates are calculated on a fully tax-equivalent basis where appropriate (2005 and 2004 Federal Statutory Rate was 34%).
3. Nonaccrual loans of $0 and $0 as of September 30, 2005 and 2004 have been included in the average loan balance. Interest income is included on nonaccrual loans only to the extent to which cash payments have been received.
4. Average loans are net of average deferred loan origination fees of $1,579,000 and $1,615,000 in 2005 and 2004, respectively.
5. Loan interest income includes loan origination fees of $2,563,000 and $2,450,000 in 2005 and 2004, respectively.

Provision for Credit Losses

An allowance for credit losses is maintained at a level considered adequate to provide for losses that can be reasonably estimated and is in accordance with SFAS 5 and staff accounting bulletin 102. The allowance is increased by provisions charged to expense and reduced by net charge-offs. Management continually evaluates the economic climate, the performance of borrowers, and other conditions to determine the adequacy of the allowance.

The ratio of the allowance for credit losses to total loans as of September 30, 2005 was 1.90%, as compared to 2.06% for the period ending September 30, 2004. The reason for the decrease in this ratio is that the Corporation has not been making additional provisions to the allowance during 2005. This strategy was disclosed in the Corporation's financial reports in June 2004 because of improving credit conditions and reduced expectations of losses. This strategy will continue until credit conditions or loan growth requires resumption of provisions. The Corporation's ratios for both periods are considered adequate to provide for losses inherent in the loan portfolio.

The Corporation performs a quarterly analysis of the adequacy of its allowance for loan losses. As of September 30, 2005 it had $6,158,000 in allocated allowance and $1,328,000 in unallocated allowance. The Corporation's management believes that the amount of unallocated allowance is reasonable due to the growth of the Bank's loan portfolio and the type of credit products that comprise the portfolio.

The Corporation had net losses of $184,000 during the first nine months of 2005 as compared to net recoveries of $160,000 during the comparable period in 2004.

The following table provides information on past-due and nonaccrual loans:

	September 30, 2005		September 30, 2004	
Loans Past-due 90 Days or More	$	13,000	$	6,000
Nonaccrual Loans		-		-
Total	$	13,000	$	6,000

As of September 30, 2005 and 2004, no loans were outstanding that had been restructured. No interest earned on nonaccrual loans that was recorded in income during 2005 remains uncollected. Interest foregone on nonaccrual loans was approximately $0 and $0 as of September 30, 2005 and 2004, respectively.

The Allowance for Loan and Lease Loss Reserve Methodology requires that certain loans be reviewed under the directives of the Federal Financial Institutions Examination Council's (FFIEC) policy statement dated July 6, 2001 and FASB 114, to determine whether or not the loan is impaired and necessitates a Specific Reserve. By Bank policy all loans and leases that are classified Substandard (Risk Rating 6) or Doubtful (Risk Rating 7) are reviewed to determine if they are impaired. An impaired loan defined by FASB 114, is one which "based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement". All amounts due according to the contractual terms means "that both the contractual interest payments and contractual principal payments will be collected as scheduled in the loan agreement".

When a loan is determined to be impaired, the extent of impairment is based on the expected future cash flows discounted at the loan's effective interest rate. However, as a practical expedient, FASB 114 permits a creditor to measure impairment based on the fair value of the collateral. It is this latter form of measurement that the Bank has elected to use, as personal or real property assets collateralize a large percentage of the Bank's loans.

In selecting this approach to determining the necessity of Specific Reserves, the Bank documents:

- How the fair value of the collateral was determined, e.g., current appraisal (real property, equipment or inventory), method for valuation of collectable accounts or notes receivable, method for valuation of other assets.
- Supporting rationale for adjustments to appraisals or loan-to-value discount applied to determine the collateral value.
- The determination of the cost to sell or liquidate the collateral.
- The qualifications, expertise and independence of the appraiser.

For purposes of the Bank's Credit Policy regarding this section of the ALLL methodology the following practices and definitions apply.

- An appraisal will be considered "current" for the initial assessment of a loan under FASB 114, if it is less than nine months old. In subsequent annual assessments the appraisal may not be older than twelve months. Where we are assessing accounts or notes receivable we should order a receivables audit to assist in the initial assessment and refresh it every nine months.
- In developing the rationale to support appraisal adjustments or the loan-to-value discount on personal property, external comps and collateral audits should be used as much as possible.
- All costs to sell or liquidate the collateral, except legal expenses, are to be included. An estimate may be used where definitive amounts are not available.
- The calculation of the Specific Reserve follows:

Gross Collateral Value
Less: Cost to Sell
Less: Loan-To-Value Discount (1)
Equals: Net Collateral Value
Less: Current Principal Outstanding

If the calculation produces a collateral excess, it is not appropriate to assign a Specific Reserve. If the calculation results in a collateral shortfall, the Specific Reserve should equal the amount of the shortfall.

(1) The loan-to-value discount does not have to follow the Bank standard if the rationale for an adjustment warrants a greater or lesser amount.

Noninterest Income

Noninterest income during the first nine months of 2005 was $2,097,000 more than during the comparable period of 2004. BWC Mortgate Services noninterest income increased $2,385,000 as compared to 2004, whereas the Bank was $288,000 less. During 2004 the Bank had gains from the sale of SBA loans, which it has not had, as yet, during 2005. BWC Mortgage Services' performance is a reflection of a strong market for mortgages, especially during the third quarter of 2005.

Service charges on deposit accounts decreased $82,000 from the comparable period in 2004, primarily related to the Corporation's marketing strategy of offering free checking services.
Other noninterest income was $188,000 less than during the first nine months of 2004. During 2004 the Corporation had gains from the sale of SBA loans of $232,000, whereas during 2005 no SBA loan sales have been made.

There were net gains on securities available-for-sale of only $3,000 during the first nine months of 2005 as compared to losses of $21,000 during the comparable 2004 period.

During the third quarter of 2005 noninterest income from BWC Mortgage Services was $2,555,000 more than the comparable period in 2004. The mortgage banking activities of BWC Mortgage Services has grown and was operating in strong markets in the third quarter of 2005.

Service charges by the Bank reflect a decrease of $27,000 from the prior year quarter and noninterest income from all other sources was off $89,000, as compared to the third quarter of 2004, due to gains on the sale of SBA loans during 2004 of $124,000 and no sales during 2005.

Noninterest Expense

Noninterest expense during the first nine months of 2005 was $2,448,000 greater than during the comparable period in 2004. BWC Mortgage Services Commission noninterest expense increased $2,374,000 from the prior year. All categories listed under noninterest expense include consolidated expenses from BWC Mortgage Services. This is related to their growth and the positive mortgage banking market they operated in during the first nine months of 2005.

Salaries and related benefits were $539,000 greater during the first nine months of 2005 as compared to 2004. Of this increase, BWC Mortgage Services accounted for $376,000 and the Bank accounted for the balance. The Bank's staff averaged 114 full-time equivalent (FTE) persons during the first nine months of 2005 as compared to 119 during 2004. The increase in Bank salaries is related to merit increases and bonus provisions. The increase in salary expense for BWC Mortgage Services is related primarily to their growth in staff which was 61 as of September 30, 2005 as compared to 27 for the same period in 2004.

Occupancy expense increased by $66,000 over the comparable period in 2004. This was related to increases in rental expense and for general operating and maintenance expense.

Total furniture and equipment expenses increased by $59,000 as compared to the 2004 period, most of which is related to purchase of additional computer and network equipment, as well as expenses related to development of a network backup (disaster recovery) site.

Other expenses reflect an increase of $214,000 between the respective periods. Other expenses of BWC Mortgage Services increased $285,000 during this period, related to their growth and activities, whereas the Bank and Corporate other expense decreased $71,000.

During the third quarter of 2005 the Corporation's noninterest expense increased $557,000 over the comparable quarter of 2004. BWC Mortgage Services' noninterest expenses accounted for $553,000 during this same period. The Bank's noninterest expense increased a modest $4,000 as compared to the third quarter of the prior year. The increase in other expenses by BWC Mortgage Services is related to their growth and activity during this period.

The table below details the major components of Other Expense:

Other - Noninterest Expense Detail (In thousands)	For the Three Months Ended September 30, 2005 (Unaudited)	2004 (Unaudited)	For the Nine Months Ended September 30, 2005 (Unaudited)	2004 (Unaudited)
Marketing & Business Development	$ 159	$ 132	$ 412	$ 374
Data Processing & IT Expenses	208	225	649	672
Professional Fees	186	255	646	670
Communication - Telephone & Postage	194	154	513	481
Office Supplies	113	84	285	252
All Other Noninterest Expense	745	198	2,005	1,847
Other - Noninterest Expense	$ 1,605	$ 1,048	$ 4,510	$ 4,296

Other Real Estate Owned

As of September 30, 2005 the Corporation had no Other Real Estate Owned assets (assets acquired as the result of foreclosure on real estate collateral) on its books.

Capital Adequacy

The Federal Deposit Insurance Corporation (FDIC) has established risk-based capital guidelines requiring banks to maintain certain ratios of "qualifying capital" to "risk-weighted assets". Under the guidelines, qualifying capital is classified into two tiers, referred to as Tier 1 (core) and Tier 2 (supplementary) capital. Currently, the bank's Tier 1 capital consists of shareholders' equity, while Tier 2 capital includes the eligible allowance for credit losses. The Bank has no subordinated notes or debentures included in its capital. Risk-weighted assets are calculated by applying risk percentages specified by the FDIC to categories of both balance-sheet assets and off-balance-sheet assets.

The Bank's Tier 1 and Total (which included Tier 1 and Tier 2) risk-based capital ratios surpassed the regulatory minimum of 8% at September 30, for both 2005 and 2004. The FDIC has also adopted a leverage ratio requirement. This ratio supplements the risk-based capital ratios and is defined as Tier 1 capital divided by the quarterly average assets during the reporting period. The requirement established a minimum leverage ratio of 3% for the highest-rated banks.

The following table shows the Corporation's risk-based capital ratios and leverage ratio as of September 30, 2005, December 31, 2004, and September 30, 2004.

	September 30, 2005	December 31, 2004	September 30, 2004	Minimum Regulatory Requirements	Minimum for Well Capitalized
Tier 1 capital	10.67%	10.42%	10.65%	4.00%	6.00%
Total capital	11.89%	11.65%	11.87%	8.00%	10.00%
Leverage ratio	9.21%	9.22%	9.49%	3.00%	5.00%

The Company's total shareholders' equity increased $2,256,000 from December 31, 2004, due primarily to earnings, which was reduced by the repurchase and retirement of approximately $3,000,000 of our stock and by an increase in the Corporation's comprehensive loss adjustment of $262,000. From September 30, 2004, shareholders' equity increased $2,302,000. Shareholders' equity was 8.9% of total assets as of September 30, 2005, 9.4% as of December 31, 2004, and 9.1% as of September 30, 2004.

The market value of available-for-sale securities was $763,000 less than cost at September 30, 2005, and $342,000 less than cost on December 31, 2004, and $68,000 less than cost on September 30, 2004. These changes are a result of changes in market interest rates, which resulted in unrealized losses in the investment portfolio as of September 30, 2005, December 31, 2004, and September 30, 2004. In the event market interest rates increase, the market value of the Company's investment portfolio may decrease and vice versa in the event of rate decreases. Because changes in the market value of available-for-sale securities are a component of other comprehensive income within stockholders' equity, a decrease in market value of securities would negatively impact stockholders' equity. The Company performs a quarterly simulation analysis of changes in the market value of the investment portfolio given a 200-basis-point change in interest rates. The latest analysis indicated a decrease in market value of approximately $2,815,000, given a 200-bp increase in rates ,and an increase of $2,818,000 in market value, given a 200-bp decrease in rates. Only if the entire portfolio of available-for-sale securities were liquidated would the above impacts be realized. The Corporation purchases securities to provide a constant stream of maturities to meet normal liquidity needs. On occasion, some sales may take place for temporary liquidity needs; however, it is highly unlikely that a significant portion of available-for-sale securities would ever be liquidated prior to maturity. In addition, the Company would continue to be well in excess on capital adequacy requirements in the event the Company would be required to liquidate these securities for unforeseen liquidity needs.

Liquidity

The objective of liquidity management is to ensure the cash flow requirements of depositors and borrowers, as well as the operating cash needs of the Corporation, are met, taking into account all on- and off-balance sheet funding demands. Liquidity management also includes ensuring cash flow needs are met at a reasonable cost. Liquidity risk arises from the possibility the Corporation may not be able to satisfy current or future financial commitments, or the Corporation may become unduly reliant on alternative funding sources. The Corporation maintains a liquidity risk management policy to address and manage this risk. The policy identifies the primary sources of liquidity, establishes procedures for monitoring and measuring liquidity, and establishes minimum liquidity requirements which comply with regulatory guidance. The policy also includes a contingency funding plan to address liquidity needs in the event of an institution-specific or a systemic financial market crisis. The liquidity position is continually monitored and reported on monthly to the Asset/Liability Management Committee.

Funds are available from a number of sources, including the securities portfolio, the core deposit base, the capital markets, the Federal Home Loan Bank, the Federal Reserve Bank, and through the sale and securitization of various types of assets including the sale of BWC Mortgage Services Loans Held-for-Sale.

An additional liquidity source began during the third quarter of 2003 with the creation of mortgage banking services provided through BWC Mortgage Services. This activity, supported by borrowings under lines-of-credit, created a pre-sold pool of mortgages reflected on the balance sheet as “Loans Held-for-Sale”. The average duration of these loans is three weeks before they are converted to cash and therefore it represents a source of liquidity for the Corporation. As of September 30, 2005, Loans Held-for-Sale represented 3.8% of total assets. This ratio was 3.0% and 5.5% on December 31, 2004, and September 30, 2004, respectively.

Cash, investment securities, loans held-for-sale, and other temporary investments represent 28% of total assets at September 30, 2005, 23% at December 31, 2004, and 25% of total assets at September 30, 2004.
Core deposits, the most significant source of funding, comprised approximately 73% of funding sources as of September 30, 2005, 74% on December 31, 2004, and 72% on September 30, 2004.

Cash flows from financing activities contributed significantly to liquidity. As indicated on the Company’s Consolidated Statement of Cash Flows, net cash from financing activities provided $47,436,000 during the first nine months of 2005, and $56,344,000 during the same period in 2004. The majority of the Company’s funding comes from customer deposits within its operating region. Customer deposits provided $38,109,000 for the nine months ended September 30, 2005, compared to $23,211,000 for the period ending September 30, 2004. Borrowing activities also provide a source of funding and, in the period ending September 30, 2005, contributed $12,913,000 during the first nine months of 2005 as compared to $33,240,000 for the period ending September 30, 2004. Another important source of liquidity is investments in federal funds and other short-term investments and the Company’s securities portfolio. The Company maintains a ladder of securities that provides prepayments and payments at maturity and a portfolio of available-for-sale securities that could be converted to cash quickly. Proceeds from maturity and sale of securities provided $39,001,000 for the nine months ending September 30, 2005 compared to $44,998,000 for the period ending September 30, 2004. Other than investing and financing activities, the balance of the funds provided/used were in operating activities, which for the nine months ended September 30, 2005 provided $1,320,000 compared to $18,071,000 used for the period ending September 30, 2004. The most significant operating activity is in mortgage banking services provided through BWC Mortgage Services. This is an operating activity in mortgage banking since this represents short-term funding of pre-sold loans to speed the cash flow of the operations. These loans are not being funded as an investment.

The Corporation’s management has an effective asset and liability management program, and carefully monitors its liquidity on a continuing basis. Additionally, the Corporation has available from correspondent banks, Federal Fund lines of credit totaling $30,000,000. In addition, the Corporation has approximately $45,904,000 secured borrowing capacity with the Federal Home Loan Bank and a $1,000,000 secured borrowing line with the Federal Reserve Bank. The Corporation also has a source of liquidity in its ability to sell SBA and Commercial Real Estate loans to other investors.

At the financial holding company level, the Corporation uses cash to repurchase common stock and pay for professional services and miscellaneous expenses. The primary sources of funding for the holding company include dividends and returns of investment from its subsidiaries. During the first nine months of 2005 the Corporation received $410,000 from the exercise of stock options. During the first nine months of 2004 the Corporation received $119,000 from the exercise of stock options. The subsidiaries of the Corporation declared dividends to the holding company in the first nine months of 2005 and 2004 of $1,500,000, and $0, respectively. The subsidiaries also provided liquidity to the Corporation in the form of returns of capital during the first nine months of 2005 and 2004 of $6,106,000, and $3,996,000, respectively. As of January 1, 2005, the amount of dividends the bank subsidiary can pay to the parent company without prior regulatory approval was $13,410,000, versus $13,318,000 at January 1, 2004. The subsidiary bank is subject to regulation and, among other things, may be limited in their ability to pay dividends or transfer funds to the holding company. Accordingly, consolidated cash flows as presented in the consolidated statements of cash flows, may not represent cash immediately available to the holding company.

Quantitative and Qualitative Disclosures about Market Risk

Movement in interest rates can create fluctuations in the Corporation’s income and economic value due to an imbalance in the re-pricing or maturity of assets or liabilities. The components of interest-rate risk which are actively measured and managed include: re-pricing risk and the risk of non-parallel shifts in the yield curve. Interest-rate risk exposure is actively managed with the goal of minimizing the impact of interest-rate volatility on current earnings and on the market value of equity.

In general, the assets and liabilities generated through ordinary business activities do not naturally create offsetting positions with respect to re-pricing or maturity characteristics. Therefore, the Corporation uses a variety of measurement tools to monitor and control the overall interest-rate risk exposure of the on-balance-sheet positions. For each measurement tool, the level of interest-rate risk created by the assets and liabilities is a function primarily of their contractual interest-rate re-pricing dates and contractual maturity (including principal amortization) dates.

The Corporation employs a variety of modeling tools to monitor interest-rate risks. One of the earlier and more basic models is GAP reporting. The net difference between the amount of assets and liabilities within a cumulative calendar period is typically referred to as the “rate sensitivity position.”

As part of the GAP analysis to help manage interest-rate risk, the Corporation also performs an earnings simulation analysis to identify the interest-rate risk exposures resulting from the Corporation’s asset and liability positions, such as its loans, investment securities, and customer deposits. The Corporation’s policy is to maintain a risk of a 2% rate shock to net interest income at risk to a level of not more than 15%. The earnings simulation analysis as of September 30, 2005, estimated that a 2% interest-rate shock (decrease) could lower net interest income by $1,522,000, which was 5.52% of 2005 annualized net interest income.

This earnings simulation does not account for the potential impact of loan prepayments, deposit drifts, or other balance sheet movements in response to modeled changes in interest rates, and the resulting effect, if any, on the Corporation’s simulated earnings analysis.

Interest Rate Sensitivity

Proper management of the rate sensitivity and maturities of assets and liabilities is required to provide an optimum and stable net interest margin. Interest rate sensitivity spread management is an important tool for achieving this objective and for developing strategies and means to improve profitability. The schedules shown below reflect the interest-rate sensitivity position of the Corporation as of September 30, 2005. In a rising interest-rate environment, the Corporation’s net interest margin and net interest income will improve. A falling interest-rate environment will have the opposite effect. Management believes that the sensitivity ratios reflected in these schedules fall within acceptable ranges, and represent no undue interest-rate risk to the future earnings prospects of the Corporation.

The Corporation's interest-rate risk as of September 30, 2005, was consistent with the interest-rate exposure presented in the Corporation's 2004 10-K and was within the Corporation's risk policy range.

Repricing within: In thousands	**3 Months**	**3-6 Months**	**12 Months**	**1-5 Years**	**Over 5 Years**	**Totals**
Assets:						
Federal Funds Sold & Short-term Investments	$ 31,534	$ -	$ 100	$ -	$ -	$ 31,634
Investment securities	3,687	6,464	13,652	56,763	619	81,185
Construction & Real Estate Loans	134,499	38,503	6,242	17,549	41,388	238,181
Commercial Loans	66,455	14,989	699	3,938	3,848	89,929
Installment Loans	45,440	8	10	36	-	45,494
Leases	1,451	3,506	3,883	10,629	-	19,469
BWC Mortgage Loans Held-for-Sale	21,440	-	-	-	-	21,440
Interest-bearing assets	$ 304,506	$ 63,470	$ 24,586	$ 88,915	$ 45,855	$ 527,332
Liabilities:						
Money market accounts	$ 88,791	$ 88,792	$ -	$ -	$ -	$ 177,583
Time deposits <$100,000	1,700	10,646	7,611	2,127	-	22,084
Time deposits >$100,000	4,010	9,820	6,079	2,502	-	22,411
Federal Home Loan Bank Borrowings	106	535	657	13,253	35,058	49,609
BWC Mortgage Services Borrowings	21,128	-	-	-	-	21,128
Interest-bearing liabilities	$ 115,735	$ 109,793	$ 14,347	$ 17,882	$ 35,058	$ 292,815
Rate-sensitive gap	$ 188,771	$ (46,323)	$ 10,239	$ 71,033	$ 10,797	$ 234,517
Cumulative rate-sensitive gap	$ 188,771	$ 142,448	$ 152,687	$ 223,720	$ 234,517	
Cumulative rate-sensitive ratio	2.63	1.63	1.64	1.87	1.80	

ITEM 4. Controls and Procedures:

As of the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective in a timely manner to alert them to material information relating to the Corporation which is required to be included in the Corporation's periodic Securities and Exchange Commission filings. No change in internal control over financial reporting, as defined in Securities and Exchange Act Rule 13(a)-15(f), occurred during the fiscal quarter ended September 30, 2005 that has materially affected or is reasonably likely to materially affect the Corporation's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

Neither the Corporation, nor the Bank, is a defendant in any legal actions at this time. BWC Mortgage Services, a joint venture in which 51% is owned by BWC Real Estate, which in turn is a wholly owned subsidiary of the Corporation, is a defendant in one legal action arising from normal business activities. Management believes that this action is without merit and that the ultimate liability, if any, resulting from it will not materially affect the Corporation's financial position.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 - Defaults Upon Senior Securities

None

Item 4 - Submission of Matters to a Vote of Security Holders

None

Item 5 - Other Information

An $0.09 per share cash dividend was declared by the Board of Directors July 26, 2005, to Shareholders of Record as of August 8, 2005. The registrant furnished a report on form 8-K dated October 13, 2005, which contains a press release announcing financial results for the quarter and year-to-date ended September 30, 2005.

Item 6 - Exhibits

a) Index to Exhibits

The following exhibits are attached hereto and filed herewith:

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BWC FINANCIAL CORP.
(Registrant)

November 4, 2005
_________________________ ____
Date James L. Ryan
Chairman and Chief Executive Officer

November 4, 2005
_________________________ ____
Date Leland E. Wines
CFO and Corp Secretary

Certification:

I, James L. Ryan, Chairman and CEO, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWC Financial Corp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-13(e) and 15(d)-15(e) and internal controls over financial reporting (as defined in Exchange Act Rules 13(a)-13(f) and 15(d)-15(f) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the Audit Committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 4, 2005

James L. Ryan
Chairman and CEO

Exhibit 31.1

Certification:

I, Leland E. Wines, EVP/CFO, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWC Financial Corp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-13(e) and 15(d)-15(e) and internal controls over financial reporting (as defined in Exchange Act Rules 13(a)-13(f) and 15(d)-15(f) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the Audit Committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 4, 2005

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Leland E. Wines
EVP/CFO

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BWC Financial Corp. (the “Corporation”) on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James L. Ryan, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

DATE: November 4, 2005

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JAMES L. RYAN
Chairman and CEO

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BWC Financial Corp. (the “Corporation”) on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Leland E. Wines, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

DATE: November 4, 2005

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LELAND E. WINES
EVP/CFO and Corp. Secretary

Exhibit 32.2

Where You Can Find More Information

Under the Securities Exchange Act of 1934 Sections 13 and 15(d), periodic and current reports must be filed with the SEC. The Corporation electronically files the following reports with the SEC: Forms 10-K (Annual Report), Forms 10-Q (Quarterly Report), Forms 8-K (Report of Unscheduled Material Events), and Form DEF 14A (Proxy Statement). The Corporation may file additional forms. The SEC maintains an Internet site, www.sec.gov, in which all forms filed electronically may be accessed. Additionally, all forms filed with the SEC and additional shareholder information is available free of charge on the Corporation’s website: www.bowc.com. The Corporation posts these reports to its website as soon as reasonably practicable after filing them with the SEC. None of the information on or hyperlinked from the Corporation’s website is incorporated into this Quarterly Report on Form 10-Q.