

July 20, 2006
Walnut Creek, CA . .

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BWC FINANCIAL CORP. ANNOUNCES 2006 SECOND QUARTER & FIRST HALF EARNINGS

James L. Ryan, Chief Executive Officer and Chairman of the Board of BWC Financial Corp. and its subsidiary Bank of Walnut, announced net income for the six month period ended June 30, 2006.

The Corporation reported net income of \$4,214,000 or \$1.01 diluted earnings per share for the six months ended June 30, 2006, compared to income of \$3,662,000 or \$0.86 diluted earnings per share for the same period in 2005. Earnings for first half of 2006 represent 1.52% return on average assets (ROA) and 15.96% return on average equity (ROE), compared to 1.45% return on average assets (ROA) and 15.30% return on average equity for first half of 2005.

For second quarter 2006, net income was \$2,138,000 or \$0.51 diluted earnings per share, compared to net income of \$1,982,000 or \$0.46 diluted earnings per share for the same period in 2005. Return on average assets for second quarter 2006 was 1.52% and return on average equity was 15.92% compared to second quarter 2005 return on average assets of 1.54% and return on average equity of 16.50%. The Corporation's second quarter earnings were adversely affected by expenses of approximately \$350,000 related to merger activities.

In conjunction with the proposed merger of Bank of Walnut Creek and First Republic Bank, BWC Financial Corp. sold its majority interest in BWC Mortgage to the minority partner, resulting in the discontinuance of this subsidiary.

Total assets of the Corporation at June 30, 2006 were \$569,966,000, compared to total assets of \$551,688,000, at June 30, 2005.

Founded in 1980, Bank of Walnut Creek's headquarters and main office are at 1400 Civic Drive, Walnut Creek. Additional branch offices are in Orinda, San Ramon, Danville, Pleasanton, and Livermore, with a regional commercial banking office in San Jose.

Additional details may be found in the Summary of Consolidated Financial Results for second quarter and first half of 2006:

Selected Financial Data - Summary:

The following table provides certain selected consolidated financial data as of and for the three month and six-month periods ended June 30, 2006 and 2005.

SUMMARY INCOME STATEMENT (Unaudited in thousands except share data)	Quarter Ended June 30,		Year to Date June 30,	
	2006	2005	2006	2005
Interest Income	\$ 10,551	\$ 8,232	\$ 20,258	\$ 15,904
Interest Expense	2,912	1,722	5,332	3,092
Net Interest Income	7,639	6,510	14,926	12,812
Non-interest Income	594	603	1,154	1,170
Non-interest Expense	4,819	4,117	9,402	8,300
Income from Continuing				
Operations Before Income Taxes	3,414	2,996	6,678	5,682
Income Taxes	1,287	1,159	2,514	2,231
Net Income from Continuing Operations	\$ 2,127	\$ 1,837	\$ 4,164	\$ 3,451
Income from Operations of Discontinued				
Subsidiary, net of tax	\$ 11	\$ 145	\$ 50	\$ 211
Total Net Income	\$ 2,138	\$ 1,982	\$ 4,214	\$ 3,662

SUMMARY INCOME STATEMENT

(Unaudited in thousands except share data)

Per share:

Basic EPS - Continuing Operations

Diluted EPS - Continuing Operations

Basic EPS - Discontinued Operations

Diluted EPS - Discontinued Operations

Weighted Average Basic shares

Weighted Average Diluted Shares

Cash dividends

Book value at period-end

Ending shares

Financial Ratios:

Return on Average Assets

Return on Average Equity

Net Interest Margin to Earning Assets (a)

Net loan losses (recoveries) to avg. loans

Efficiency Ratio (Bank only)

SUMMARY BALANCE SHEET

(Unaudited in thousands)

Assets:

Cash and Equivalents

Investments

Loans

Allowance for Credit Losses

BWC Mortgage Services, Loans Held-for-Sale

Other Assets

Total Assets

Deposits:

Other Borrowings

Other Liabilities

Total Liabilities

Equity

Total Liabilities and Equity

	Quarter Ended		Year to Date	
	June 30,		June 30,	
	2006	2005	2006	2005
Basic EPS - Continuing Operations	\$ 0.51	\$ 0.44	\$ 1.01	\$ 0.82
Diluted EPS - Continuing Operations	\$ 0.51	\$ 0.43	\$ 1.00	\$ 0.81
Basic EPS - Discontinued Operations	\$ 0.00	\$ 0.03	\$ 0.01	\$ 0.05
Diluted EPS - Discontinued Operations	\$ 0.00	\$ 0.03	\$ 0.01	\$ 0.05
Weighted Average Basic shares	4,137,935	4,197,791	4,133,402	4,213,315
Weighted Average Diluted Shares	4,179,895	4,255,761	4,181,074	4,269,954
Cash dividends	\$ 0.10	\$ 0.08	\$ 0.20	\$ 0.16
Book value at period-end			\$ 13.21	\$ 11.25
Ending shares			4,152,306	4,309,874
	Quarter Ended		Year to Date	
	June 30,		June 30,	
	2006	2005	2006	2005
Return on Average Assets	1.52%	1.54%	1.52%	1.45%
Return on Average Equity	15.92%	16.50%	15.96%	15.30%
Net Interest Margin to Earning Assets (a)	5.71%	5.45%	5.74%	5.50%
Net loan losses (recoveries) to avg. loans	0.02%	0.06%	0.02%	0.05%
Efficiency Ratio (Bank only)	54.21%	56.74%	55.90%	58.00%
	June 30,		June 30,	
	2006	2005	2006	2005
Cash and Equivalents	\$ 28,992	\$ 57,878		
Investments	89,891	63,476		
Loans	442,634	392,403		
Allowance for Credit Losses	(7,428)	(7,475)		
BWC Mortgage Services, Loans Held-for-Sale	-	30,027		
Other Assets	15,877	15,379		
Total Assets	\$ 569,966	\$ 551,688		
Deposits:	\$ 422,038	\$ 415,478		
Other Borrowings	90,705	84,105		
Other Liabilities	2,387	3,606		
Total Liabilities	515,130	503,189		
Equity	54,836	48,499		
Total Liabilities and Equity	\$ 569,966	\$ 551,688		

(a) Net Interest Margin Ratios exclude interest income/expense from the Corporation's discontinued subsidiary, BWC Mortgage Services.

This press release contains forward-looking statements with respect to the financial condition, results of operation and business of BWC Financial Corp.(BWC). These include statements that relate to or are dependent on estimates or assumptions relating to the prospects of continued loan and deposit growth, improved credit quality, the operating characteristics of the Company's income tax refund programs and the economic conditions within its markets. These forward-looking statements involve certain risks and uncertainties, many of which are beyond the Company's control. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) increased competitive pressure among financial services companies; (2) changes in the interest rate environment reducing interest margins or increasing interest rate risk; (3) deterioration in general economic conditions, internationally, nationally or in the State of California; (4) the occurrence of future terrorist acts or impact of military actions; and (5) legislative or regulatory changes adversely affecting the business in which BWC engages. Forward-looking statements speak only as of the date they are made, and BWC does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

7/20/06