## BWC FINANCIAL CORP. ANNOUNCES 2005 THIRD QUARTER & FIRST NINE MONTHS EARNINGS

James L. Ryan, Chief Executive Officer and Chairman of the Board of BWC Financial Corp. and its subsidiaries Bank of Walnut Creek and BWC Mortgage Services, announced net income for the period ending September 30, 2005.

Ryan reported net income of \$5,991,000 or \$1.41 diluted earnings per share for the nine months ended September 30, 2005, a 55% increase over income of \$3,858,000 or \$0.89 diluted earnings per share for the same period in 2004. Earnings for first nine months in 2005 represent 1.47% return on average assets (ROA) and 16.51% return on average equity (ROE), compared to 1.05% return on average assets (ROA) and 11.20% return on average equity for first nine months 2004.

For third quarter 2005, net income was \$2,329,000 or \$0.55 diluted earnings per share, compared to net income of \$1,568,000 or \$0.36 diluted earnings per share for the same period in 2004. Return on average assets for third quarter 2005 was 1.71% and return on average equity was 18.89% compared to third quarter 2004 return on average assets of 1.26% and return on average equity of 13.46%.

Total assets of the Corporation at September 30, 2005 were \$557,560,000, compared to total assets of \$516,613,000, at September 30, 2004.

Founded in 1980 and celebrating its 25th Anniversary Year in 2005, 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. BWC Mortgage Services, with headquarters at 3130 Crow Canyon Place in San Ramon, has mortgage consultants in each of the Bank's branch offices and additional offices in Tahoe City, Reno, Concord, Manteca, Redding and Las Vegas.

Additional details may be found in the Summary of Consolidated Financial Results for third quarter and first nine months 2005:

### **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.

		Quarter Ended			Year to Date			
SUMMARY INCOME STATEMENT	September 30,				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

# **Selected Financial Data - Summary (cont):**

(Share and share equivalents have been adjusted for the stock dividend granted in December 2004)

### Per share:

(Share and share equivalents have been adjusted for the	Quarter Ended				Year to Date			
stock dividend granted in December 2004)	September 30,				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		4,333,146		4,257,038		4,337,384
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 Ralance Sheet								

### **Summary Balance Sheet:**

(Unaudited; In thousands)	September 30,			
Assets:		2005		2004
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

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.

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