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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 ending 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 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 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 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.

	Quarter Ended					Year to Date		
SUMMARY INCOME STATEMENT	<u>June 30,</u>					<u>June 30,</u>		
(Unaudited in thousands except share data)		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

	Quarter Ended						Ye	ar to Date
SUMMARY INCOME STATEMENT	<u>June 30,</u>					<u>June 30,</u>		
(Unaudited in thousands except share data)		2006		2005		2006		2005
Per share:								
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
			Ona	rter Ended			V	ear to Date
	-		Quu	June 30,				June 30,
Financial Ratios:	-	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	-	4.44%		5.52%		5.82%		5.56%
Net loan losses (recoveries) to avg. loans	-	0.01%		0.06%		0.02%		0.05%
Efficiency Ratio (Bank only)		54.21%		56.74%		55.90%		58.00%
SUMMARY BALANCE SHEET								
(Unaudited in thousands)		June 30,		June 30,				
Assets:		2006		2005				
Cash and Equivalents		28,992	\$	57,878				
Investments	⊅	89,891	Þ	63,476				
Loans		442,634		392,403				
Allowance for Credit Losses				(7,475)				
BWC Mortgage Services, Loans Held-for-Sale		(7,428)		30,027				
Other Assets		15,877		15,379				
Total Assets	\$		\$	551,688				
Total Assets	Φ	569,966	φ	331,000				
Deposits:	\$	422,038	\$	415,478		<u> </u>		
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				

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.

7/18/06

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