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# EAST BAY BUSINESS TIMES

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## First Republic to acquire Bank of Walnut Creek

East Bay Business Times - by [Mavis Scanlon](#)

**First Republic Bank** said it agreed to acquire **BWC Financial Corp.**, parent of the **Bank of Walnut Creek**, for \$177 million in a deal intended to boost its presence in the East Bay.

First Republic, a commercial bank and wealth management firm chartered in Nevada but based in San Francisco, said the deal would expand its reach into several rapidly growing affluent communities, and would enhance its private banking, wealth management and real estate lending businesses in the East Bay.

The deal will bring Bank of Walnut Creek's seven branches, in Walnut Creek, Orinda, Danville, San Ramon, Pleasanton, Livermore and San Jose, into the First Republic fold. First Republic has 19 Bay Area offices but none in the East Bay.

"We have a lot of clients in the East Bay that have been after us for years to have offices" there, said Katherine August-deWilde, First Republic Bank executive vice president and chief operating officer. "We have always had the very highest regard for the Bank of Walnut Creek," she added. "We know management. They are terrific competitors."

First Republic expects to be able to cross-sell products such as single-family permanent home lending, as well as private banking and investment advisory, and trust and brokerage services to affluent Bank of Walnut Creek clients. Nothing in the Bank of Walnut Creek branches will change, "except for the name," August-deWilde said. "Clients will see those same people they have been seeing for years," she added.

There may be some layoffs of back-office personnel because of duplication of functions. Bank of Walnut Creek chairman and chief executive Jim Ryan said employees would be offered "extremely generous" severance packages as well as outplacement and job search help.

First Republic said the deal would add to its earnings per share in 2007, the first full year of combined operations. The acquisition is expected to close in the fourth quarter and is subject to regulatory and BWC Financial shareholder approval.

The companies said each BWC Financial shareholder would receive 0.97 shares of First Republic stock for each share of BWC Financial stock in a tax-free exchange. Based on First Republic's May 19 closing price of \$43.25 a share, the ratio represents a price of \$41.95 per share of BWC Financial, a 10.4 percent premium over BWC Financial's closing price on that day. The terms of the deal call for a \$7 million termination fee, plus expenses, if it is not completed.

First Republic shares closed Monday at \$42.52, down 73 cents, or 1.69 percent. BWC Financial shares climbed \$2.35, or 6.18 percent Monday to close at \$40.35.

The deal comes on the heels of First Republic's expansion in the Northeast. In January it paid \$26.6 million for the deposits and charter of First Signature Bank & Trust of Portsmouth, N.H., a wholly owned subsidiary of John Hancock Financial Services. That effectively enabled First Republic to operate additional branches in Boston and Greenwich, Conn.

First Republic operates branches in 10 metropolitan areas, including San Francisco, Los Angeles, Santa Barbara, Newport Beach, San Diego, Las Vegas, Boston, Portland, Ore., Seattle and New York City.

At the end of the first quarter, the bank reported total bank assets of \$9.6 billion and total wealth management assets of \$14.9 billion. First Republic last year reported net income of \$60.8 million, or \$2.21 a share. At the end of March, Bank of Walnut Creek reported total assets of \$564 million.

The sale represents the close of a long and fruitful chapter in the career of Jim Ryan, who started Bank of Walnut Creek in 1980, and who is among the most respected community bankers in the East Bay.

"It was the right time (to sell), and certainly the right partner," he said. "I've been here long enough," he added, laughing. He will stay on for six months after the close and then retire. Lee Wines, Bank of Walnut Creek executive vice president and chief financial officer, and John Sheets, the bank's executive vice president and chief credit officer, also plan to retire, Ryan said.

Ryan may continue to work in some capacity, but he said he wants to spend more time with his family, including two grandchildren in Jackson Hole, Wyo., and two in Austin, Texas.

Ryan, an avid fisherman and duck hunter, has been a bank CEO for 36 years, and in the industry for 50 years, he said. Before starting Bank of Walnut Creek he ran Sierra National Bank, which was sold to First Interstate Bank of California in 1979. Ryan and several Bank of Walnut Creek board members will join an East Bay advisory board for First Republic.

Ryan, BWC Financial's largest shareholder with more than 500,000 shares, or about 13.4 percent of the bank's outstanding stock, stands to earn almost \$24 million when the deal closes. Officers and directors combined owned 42.6 percent of the bank.

Ryan and First Republic Chairman Roger Walther and First Republic President and CEO Jim Herbert have known each other for years. The deal started to take shape a few months ago, when First Republic learned through an investment banker that Ryan was possibly interested in selling.

"We very quickly let them know we were interested," said August-deWilde, the First Republic COO.

Bank of Walnut Creek also said it had sold its majority interest in subsidiary BWC Mortgage Services to that firm's president, Scott Simonich.

Morgan Stanley was the adviser for First Republic, while Sandler O'Neill was the adviser to BWC Financial.

[mscanlon@bizjournals.com](mailto:mscanlon@bizjournals.com) | 925-598-1405

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