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• Bank of Marin founder, Bill Murray, as a child at the teller window in 1911 •

A Legacy of Legendary Service



TWO THOUSAND AND EIGHT ANNUAL REPORT

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BERNARD RETORNAZ
U.S. PRESIDENT
LOUIS LATOUR

JANET HAYWARD
BRANCH MANAGER
NORTHGATE OFFICE



• Blacksmith Brew Cart, San Rafael, c. 1800s •

Personal Relationships



We place great value on delivering personal, courteous, and responsive service, and our dedicated staff consistently surpasses customer's expectations.

When the U.S. President of Louis Latour, the 18th century world-renown wine producer, decided to bank at Bank of Marin, you can bet it was personal. Just ask Bernard Retornaz who heads up national operations. *"It's the personal attention. They are very open to our needs. We send money back and forth to France and they are always very accommodating regarding the process and the fees; they're willing to work with us."*

At Bank of Marin we're known for developing attentive, trusting relationships and responding quickly to our customers' needs. We're always just a phone call away or right down the street. Bernard concurs. *"It's a small bank where you can get somebody on the phone. It's not like those big banks where you have to go through employees and systems and type I don't know how many numbers before you get somebody. Even at the higher level somebody live is answering the phone. They each have their own phone numbers. That's unbelievable for me."*

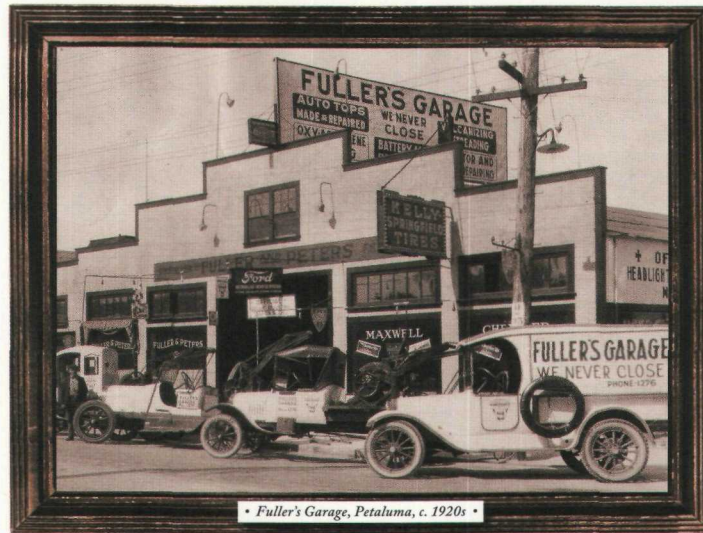
Janet Hayward, Branch Manager, has heard this all before. *"Bernard and his family have been with us for eleven years and the business has for five. Even though we're local, we can easily handle international business transactions. We offer all of the financial*

products the big banks do. But we're more flexible, so we can actually do more and offer our business customers more creative solutions. It's exciting. For me, it's all about being available and working with him."

Bank of Marin acts as a true financial partner to local businesses in the community. Bernard nods, *"They're there when we need them. When we do a wire transfer, it's unbelievable that within the hour we get the confirmation. Even on a personal level. When it was time to buy my car, they gave me a certified check on the spot. At any other bank I would have to wait seven days; that's the personal touch that I like."*

"And when you go into the bank, they call you by your first name, and when you receive a birthday card, that's pretty amazing. I love that. I love that!" Janet shakes her head as if this is a small thing, as if every bank does this everyday. Bernard shrugs his shoulders. *"It's the size, it's a small bank; we watch your earning results every year so we know you're doing well."*

"My kids have accounts at Bank of Marin, too, their savings. Whenever they get money, half of it goes directly to the bank." He pauses, *"I know we're in Marin County, but I am not Rothschild!"* He and Janet laugh the way old friends do.



• Fuller's Garage, Petaluma, c. 1920s •

Knowledgeable Resource



We take pride in helping our customers succeed
and work hard to find the right solutions
to help their business prosper.

"Not too many bankers walk around out in the mud to look at a makeshift shop," says Tom Brandal owner of V. Dolan Trucking. It was 1987 when Tom asked Dave Schmidt, a local commercial lender, to help him with a line of credit. "I had a little tiny house as an office and I rented a little portion of the yard. We had a couple of trailers put together and a roof over the top and a concrete slab underneath. Dave went out there in his suit and tie and got mud all over his good shoes and said, 'Well everything looks pretty good to me.'"

"Without that insight," says Dave, "you can't deliver that level of service he should be getting, and you wouldn't be able to provide it otherwise." "It scared me to have a line of credit," says Tom. "I don't like borrowing money but I needed it and Dave said just appreciate it, don't misuse it and we never have. It gave us a better name for the company and it changed the whole dynamic of our business."

Years later Tom and Dave tackled another challenge when Tom was forced to buy new trucks to meet new emission standards. "The type of truck we needed was new in the industry so it meant going in debt quite a bit. It was a big step but it was the right decision to keep the company progressing through our industry."

Dave agrees. "Tom is fairly conservative but as we talked through the decision he realized it was a business expansion that had to be made at that time. Now, years later, we're thinking about making additional purchases. Timing is everything."

"We've been together for a number of years so we've got a pretty good feel for each other and appreciate each others input. I've been through the ups and downs of different economies, and I can see when it's time to maybe grow and when it's time to start holding back. It's experience. You can have technical knowledge, but if you don't have experience then sometimes it's misapplied or not applied."

Tom adds, "Experience is not just looking at the numbers and doing it, it's the relationships. They're invaluable. And you don't gain that knowledge overnight. I treat Dave as a partner in my business."

"I'm a resource," says Dave. "Commercial lending is the combination of working with numbers and working with people. It's just great to be part of individual lives, business lives, and see company's like Tom's grow over the years. You really feel like you've made a difference."

Today V. Dolan Trucking serves over six counties with an entire fleet of trucks.



TOM BRANDAL
PRESIDENT
V. DOLAN TRUCKING

DAVE SCHMIDT
BUSINESS LOAN TEAM MANAGER
PETALUMA & NOVATO OFFICES



SUSAN CHARLTON
LITERACY PROGRAM SUPERVISOR
MARIN LITERACY PROGRAM

JAIME ORTIZ
ASSISTANT BRANCH MANAGER
CORTE MADERA OFFICE



Community Commitment



As part of our mission, we fully support local non-profits with financial contributions and volunteer time and contribute over 7,000 hours a year.

"My dreams have always been big," says Jaime Ortiz. Six years ago, he was a teller at Bank of Marin when he joined the Marin Literacy Program. Today he is an Assistant Vice President and Assistant Branch Manager at the Corte Madera office.

"It was important for me to be understood by the customers and I know it was important for the bank, too. I did not want to fail the bank. They took me in. I enrolled in Marin Literacy because I needed help with the language and I could do it after work, one-on-one with a tutor."

Susan Charlton, the Literacy Program Supervisor, attributes the success of the program to these relationships. *"We match the tutor and student carefully and train the tutors in a way to make them sensitive to the individual so they can focus on their needs. It's personalized and resolves some of the anxiety around learning."*

Marin Literacy has helped 8,400 adults and trained 1,250 tutors thanks to the efforts of their community sponsors. For the last ten years Bank of Marin and Book Passage have partnered to put on special author events with part of the proceeds of book sales going to Marin Literacy and the Bank contributing a matching amount.

Bank of Marin's goal as a local bank is to help our communities prosper. We invest and lend to the community, and are deeply involved with many non-profits.

For Marin Literacy the Bank also sponsors the Annual Love of Literacy Movie and Sing-Along. Two Bank people are members of their Board and other employees help staff the events. Last September Jaime joined the volunteers. *"It was really touching,"* said Susan, *"He said he wanted to come back and help because of how we'd helped him."*

Jaime adds, *"Just by attending those classes and seeing people come to the events, these hard-working people with families, I know that my bank is helping them achieve their personal or career goals. That's something I wanted to do, some kind of a small pay back. We help the community in each and every way."*

"The best thing the Bank gives us," says Susan, *"is that sense of community support. They are full partners with us, a part of our team, and one of us."*

For his outstanding efforts providing extraordinary customer service Jamie is this year's recipient of the Bank of Marin Legendary Service Award.

Dear Fellow Shareholders



Despite the troubled economy and in contrast to many financial institutions, 2008 was a good year for Bank of Marin. We produced solid earning results, experienced exceptional loan growth, and grew to over \$1 billion in assets. Our earnings were stable from a year ago, totaling \$12.2 million, deposits were up 2%, loans grew by 23% and we maintained our exceptional underwriting standards.

Bank of Marin continues to be in a position of strength and stability. In December, 2008 we were again awarded a superior 5 star Bauer Financial rating. We are the only bank headquartered in Marin County to receive this rating and are proud to have done so for 39 consecutive quarters (a record unmatched in Northern California).

Because of our solid financial position, Bank of Marin was selected in late 2008 to participate in the U.S. Treasury's voluntary Capital Purchase Program (CPP). We agreed to participate to help stimulate our local economy and operated in the spirit of the program by originating \$27.1 million in new loans in our markets in December 2008 alone. However, recent changes and restrictions were recently implemented in the CPP—after our participation began—that would seriously compromise our ability to manage the bank effectively. To ensure we maintain our independence, Bank of Marin filed notice on March 16, 2009 to repurchase the \$28 million in preferred stock. We plan to return the funds on or about March 31, 2009.

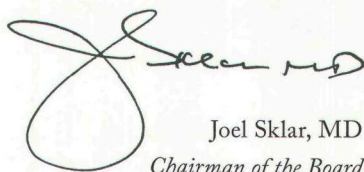
Bank of Marin continues to be a healthy financial institution with a Risk-Based Capital Ratio well in excess of the regulatory standard for a "Well Capitalized" financial institution, which will still be true after the CPP funds are returned. We are in a good position to serve the lending and depository needs of our market going forward.

We are excited about the new branch in Greenbrae that is currently under construction and scheduled to open in fall, 2009. This location will augment our strong network in Marin County, and we look forward to adding to the convenience of our branch system.


Bank of Marin received several community awards in 2008. For the sixth year in a row we were honored as one of the "Top Corporate Philanthropists in the Bay Area" by the San Francisco Business Times. We also received the 2008 Heart of Marin "Corporate Community Service Award," "Best Places to Work in the North Bay" by the North Bay Business Journal, and "Best Company to do Business with in Marin County" by NorthBay biz magazine. Finally, we are extremely pleased that all of our branches comply with best environmental practices, earning us a Green Business Bay Area Certification.

Our success in 2008 was the result of consistent actions by our organization—conservative loan underwriting, a commitment to reinvesting in our local communities, a focus on relationship banking, and extraordinary effort from all of our Bank of Marin employees. We intend to continue doing business that way. We are confident about the future of Bank of Marin as we continue to build a stronger, even more successful bank. Our independence will remain of utmost importance so that we can serve our communities at the highest possible levels. Thank you for your confidence and support of Bank of Marin.

Sincerely,



Joel Sklar, MD
Chairman of the Board



Russell A. Colombo
President and Chief Executive Officer

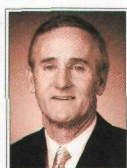
Directors & Officers



BOARD OF DIRECTORS



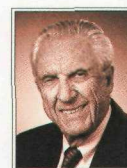
Joel Sklar, MD
*Managing Partner,
 Cardiology Assoc. of Marin
 and San Francisco,
 Chairman, Bank of Marin &
 Bank of Marin Bancorp*



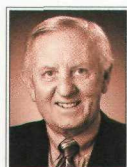
Russell A. Colombo
*President and
 Chief Executive Officer
 Bank of Marin &
 Bank of Marin Bancorp*



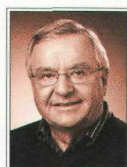
Judith O'Connell Allen
Community Volunteer



James E. Deitz
*Retired President
 Heald Colleges
 in San Francisco*



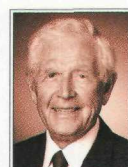
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*Retired CPA
 and Independent
 Financial Consultant*



Robert Heller
*Former Governor,
 U.S. Federal Reserve Board
 and former President,
 Visa USA*



Norma J. Howard
Business Consultant



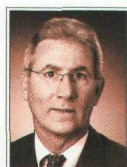
J. Patrick Hunt
*Partner,
 Hunt Investments*



Stuart D. Lum
*President and
 Chief Executive Officer,
 Edgewood Pacific Inc.*



Joseph D. Martino
Retired Banker



William H. McDevitt, Jr.
*President,
 McDevitt & McDevitt
 Construction Corp.*



Brian M. Sobel
*Principal Consultant,
 Sobel Communications*

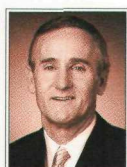


J. Dietrich Stroeh
*Partner,
 CSW/Stuber-Stroeh
 Engineering Group*



Jan I. Yanehiro
*President,
 Jan Yanehiro Inc.*

EXECUTIVE OFFICERS



Russell A. Colombo
*President and
 Chief Executive Officer*



Christina J. Cook
*Executive Vice President and
 Chief Financial Officer*



Kevin K. Coonan
*Executive Vice President and
 Chief Credit Officer*



Michael E. Besselievre
*Executive Vice President and
 Chief Information Officer*



Peter Pelham
*Executive Vice President and
 Branch Executive*



Nancy Rinaldi Boatright
*Senior Vice President and
 Corporate Secretary*

Committed to Your Business and Our Community



At Bank of Marin, we always go the extra mile. We respond quickly to our customer's needs and work hard to provide creative and flexible financing solutions. According to our customers Bank of Marin's service is simply legendary.

BUSINESS

Our experienced team of bankers provides creative financial solutions tailored to any size business, delivered with responsiveness, respect and trust.

- Commercial Loans & Lines of Credit
- Asset Based Loans
- Construction & Commercial Real Estate Loans
- Cash Management
- Zero Balance & Sweep Accounts
- ACH Origination & Management, Remote Deposit & Image Lockbox
- Business Employee Services & Fraud Protection Products
- Business Credit Cards & Merchant Services

COMMUNITY

Dedicated to the success and well being of our communities through charitable contributions, volunteerism, leadership, and local lending, we are proud to support the communities where we live and work.

WEALTH MANAGEMENT & PRIVATE BANKING

Delivering extraordinary attentive service, backed by integrity and commitment, our dedicated team provides the highest level of accountability and service. We offer professional guidance, customized financing, and financial solutions to manage your most complex banking needs. And we're always available, just around the corner.

- Investment Management
- Trust Services
- Retirement Benefit Plans



Corporate Information



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INDEPENDENT AUDITORS

Moss Adams LLP
Stockton, CA

LEGAL COUNSEL

Reitner Stuart & Moore
San Luis Obispo, CA

NASDAQ SYMBOL

BMRC

ANNUAL MEETING

6:00 p.m., May 12, 2009
10 Avenue of the Flags
San Rafael, CA 94903

PERIODIC REPORTS

The Company's annual report for 2008 on Form 10-K, which is required to be filed with the SEC, is available to any shareholder without charge. The report may be obtained by written request to Corporate Secretary, Bank of Marin Bancorp, P.O. Box 2039, Novato, CA 94948. It is available in the Investor Relations section of the Company's website at www.bankofmarin.com.

FORWARD-LOOKING STATEMENTS

This discussion of financial results includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. The Company's actual results may differ materially from these projected results.

Forward-looking statements are based on management's current expectations regarding issues that may impact the Company's earnings in future periods. A number of factors, many of which are beyond the Company's control, could cause future results to vary materially from current management expectations. Such factors include, but are not limited to, general economic conditions, changes in interest rates, deposit flows, real estate values and competition; changes in accounting principles, policies or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory and technological factors affecting the Company's operations, pricing, products and services, and other important factors detailed in various FDIC and SEC filings made periodically by the Company. The Company does not undertake any obligation to update forward-looking statements to reflect new circumstances or events or otherwise.



Bank of Marin Bancorp



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SAUSALITO

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4460 Redwood Highway, San Rafael, CA 94903
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1450 Grant Avenue, Novato, CA 94945
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