

Bank of Marin Bancorp  
Form DEF 14A  
April 04, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. <sup>^</sup>)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Bank of Marin Bancorp**

(Name of registrant as specified in its charter)

<sup>^</sup>

(Name of person(s) filing proxy statement, if other than the registrant)

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:  
^

(2) Aggregate number of securities to which the transaction applies:

^

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

^

(4) Proposed maximum aggregate value of the transaction:

^

(5) Total fee paid:

^

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

(1) Amount Previously Paid:

^

(2) Form, Schedule or Registration Statement No.:

^

(3) Filing Party:

^

(4) Date Filed:

^

**Notice of Annual Meeting of Shareholders**

**Marin Showcase Theatre at the Marin Center**

**10 Avenue of the Flags**

**San Rafael, California**

**Tuesday, May 15, 2012 6:00 p.m.**

To Our Shareholders:

Notice is hereby given of the Annual Meeting of Shareholders of Bank of Marin Bancorp. The meeting will be held at **6:00 p.m. on Tuesday, May 15, 2012, at the Marin Showcase Theatre at the Marin Center, San Rafael, California**. To enable our employee owners to attend the meeting, the branches will close at 5:00 p.m. on May 15. **A reception at the Marin Showcase Theatre will immediately follow the Annual Meeting.**

At the Annual Meeting you will be asked (1) to elect eleven directors of Bank of Marin Bancorp to serve for the coming year and until their successors are duly elected and qualified, (2) to vote, on an advisory basis, to approve the Company's executive compensation for Named Executive Officers, (3) to ratify the selection of independent auditors, and (4) to act on such other business as may properly come before the meeting. You are urged to read the accompanying Proxy Statement carefully. It contains a detailed explanation of all matters on which you will be asked to vote.

Only shareholders of record as of the close of business on March 19, 2012 are entitled to receive notice of and to vote at this meeting.

It is very important that as many shares as possible be represented at the meeting. To assure your representation at the meeting, you are urged to mark, sign and date, and return the enclosed proxy card as promptly as possible in the postage-paid envelope enclosed for that purpose. If after signing and returning the proxy you come to the meeting, you may vote in person even though you have previously sent in a proxy card. Additionally, you may vote by Internet or telephone. If you wish to vote by Internet or by telephone you will need your Shareholder Control Number, which is located in the lower right corner of the enclosed proxy card, and the website address and/or toll-free telephone number, which are shown on the proxy card. No other personal information will be required in order to vote in this manner.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2012**

Copies of the Annual Meeting Proxy Material, including the Proxy Statement, Proxy Card and Annual Report to Shareholders, are also available at: <http://www.cfpproxy.com/6265>.

We encourage you to attend the annual meeting. Please RSVP by marking the appropriate box on the proxy card, or by contacting the Company by May 8, 2012 by telephone at (415) 884-5348, or register at [www.bankofmarin.com](http://www.bankofmarin.com).

Our bylaws provide that nominations for election to the board of directors of the Company may be made by the board of directors or by any shareholder of the Company's stock entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the Company, must be made in writing and delivered or mailed to the chairperson of the board or the chief executive officer not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors.

The notification of nomination should contain the following information to the extent known by the notifying shareholder: (a) name and address of the proposed nominee(s); (b) principal occupation of the proposed nominee(s); (c) total number of shares that will be voted for the proposed nominee(s); (d) name and residence address of the notifying shareholder; and (e) number of shares owned by the notifying shareholder. Nominations not made in accordance with this section may be disregarded by the chairperson of the meeting, and upon instruction, the inspectors of election shall disregard all votes cast for each such nominee.

One copy of the Annual Report and Proxy Statement is being delivered to multiple shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. The

## Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

---

Company will deliver promptly upon written or oral request a separate copy of the annual report and proxy statement to a shareholder at a shared address to which a single copy of the document was delivered. If a shareholder wishes to receive a separate copy or has received multiple copies at one address and would like to receive a single copy in the future, please contact Registrar and Transfer Company by phone at (800) 368-5948 or by written request to Bank of Marin Bancorp c/o Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016.

By order of the Board of Directors

Nancy Rinaldi Boatright

Corporate Secretary

April 4, 2012

<b><u>PURPOSE OF MEETING</u></b>	2
<b><u>GENERAL PROXY STATEMENT INFORMATION</u></b>	2
<u>Revocability of Proxies</u>	3
<u>Person Making the Solicitation</u>	3
<u>Voting Rights</u>	3
<b><u>PROPOSAL NUMBER 1: ELECTION OF DIRECTORS</u></b>	4
<u>Board of Directors</u>	4
<u>Director Compensation</u>	9
<b><u>CORPORATE GOVERNANCE</u></b>	10
<u>Director Independence</u>	10
<u>Board Meetings and Committees</u>	10
<u>Indebtedness and Other Transactions with Directors and Executive Officers</u>	11
<u>Board Leadership Structure</u>	12
<u>Board's Role in Risk Oversight</u>	12
<b><u>EXECUTIVE COMPENSATION</u></b>	13
<u>Executive Officers</u>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Compensation Committee Report</u>	19
<u>Summary Compensation Table</u>	20
<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	20
<u>Nonqualified Deferred Compensation for 2011</u>	23
<u>Potential Payments Upon Termination or Change in Control</u>	23
<u>Employment Contracts</u>	25
<u>Employee Stock Ownership Plan and 401(k) Plan</u>	25
<u>Discretionary Bonus</u>	25
<b><u>SECURITY OWNERSHIP AND REPORTING</u></b>	26
<u>Security Ownership of Certain Beneficial Owners and Management</u>	26
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	27
<b><u>PROPOSAL NUMBER 2: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION</u></b>	28
<b><u>PROPOSAL NUMBER 3: INDEPENDENT AUDITORS</u></b>	29
<u>Audit Fees</u>	29
<u>Audit-Related Fees</u>	29
<u>Tax Fees</u>	29
<u>All Other Fees</u>	29
<u>Preapproval of Services by Principal Accountant</u>	29
<b><u>AUDIT COMMITTEE REPORT</u></b>	30
<b><u>OTHER MATTERS</u></b>	31
<u>Shareholder Proposals</u>	31
<u>Shareholder Communication</u>	31
<u>Form 10-K</u>	31

**PROXY STATEMENT**

**OF**

**BANK OF MARIN BANCORP**

504 Redwood Boulevard, Suite 100

Novato, California 94947

These proxy materials are furnished in connection with the solicitation by the Board of Directors of Bank of Marin Bancorp (the Company), of proxies for use at the Annual Meeting of Shareholders of the Company to be held on Tuesday, May 15, 2012, at 6:00 p.m. at the Marin Showcase Theatre at the Marin Center, 10 Avenue of the Flags, San Rafael, California, and at any adjournment thereof.

**PURPOSE OF MEETING**

The matters to be considered and voted upon at the meeting will be:

Proposal 1: The election of eleven directors to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified.

Proposal 2: An advisory vote to approve the Company's executive compensation for Named Executive Officers.

Proposal 3: The ratification of the selection of independent auditors.

Transacting such other business as may properly come before the meeting and any adjournments thereof.

**GENERAL PROXY STATEMENT INFORMATION**

Bank of Marin Bancorp, a corporation existing and organized under the laws of the State of California, is authorized to issue up to 15,000,000 shares of common stock and 5,000,000 shares of preferred stock. All of the outstanding shares are voting common shares and are entitled to vote at the Annual Meeting. Only those common shareholders of record as of March 19, 2012 (the Record Date) will be entitled to notice of, and to vote at, the meeting. On that date, 5,348,882 shares of common stock were outstanding. The determination of shareholders entitled to vote at the meeting and the number of votes to which they are entitled was made on the basis of the Company's records as of the Record Date. The presence in person or by proxy (including web and telephone voting) of a majority of the outstanding shares of stock entitled to vote at the Annual Meeting will constitute a quorum for the purpose of transacting business at the meeting. Abstentions, shares as to which voting authority has been withheld from any nominee and broker non-votes (as defined below), will be counted for purposes of determining the presence or absence of a quorum.

A broker or nominee holding shares for beneficial owners may vote on certain matters at the meeting pursuant to discretionary authority or instructions from the beneficial owners, but with respect to other matters for which the broker or nominee may not have received instructions from the beneficial owners and may not have discretionary voting power under the applicable rule of the New York Stock Exchange or other self-regulatory organizations to which the broker or nominee is a member, the shares held by the broker or nominee may not be voted. Such unvoted shares are called broker non-votes. The rules of the New York Stock Exchange and other self-regulatory organizations generally permit a broker or nominee, in the absence of instructions, to deliver a proxy to vote for routine items, such as the ratification of independent auditors. Consequently, shares held by a broker or nominee will constitute broker non-votes regarding non-routine items, such as the election of directors and the matters regarding executive compensation.

**Revocability of Proxies**

A proxy for use at the meeting is enclosed. Any shareholder who executes and delivers such proxy has the right to revoke it at any time before it is exercised by filing with the Corporate Secretary of the Company an instrument revoking it or by filing a duly executed proxy bearing a later date. In addition, the powers of the proxy holder will be revoked if the person executing the proxy is present at the meeting and elects to vote in person by advising the chairman of the meeting of such election. Subject to such revocation or suspension, all shares represented by a properly executed proxy received in time for the meeting will be voted by the proxy holders in accordance with the instructions on the proxy.

IF NO INSTRUCTION IS SPECIFIED WITH REGARD TO A MATTER TO BE ACTED UPON, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS FOR THE ELECTION OF ALL NOMINEES FOR DIRECTOR LISTED HEREIN, FOR THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION, AND FOR RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS.

**Person Making the Solicitation**

This solicitation of proxies is being made by the Board of Directors of the Company. The expense of preparing, assembling, printing, and mailing this proxy statement and the material used in the solicitation of proxies for the meeting will be borne by the Company. It is contemplated that proxies will be solicited principally through the use of the mail, but officers, directors, and employees of the Company and Bank of Marin may solicit proxies personally or by telephone, without receiving special compensation therefor. Although there is no formal agreement to do so, the Company may reimburse banks, brokerage houses, and other custodians, nominees, and fiduciaries for their reasonable expense in forwarding these proxy materials to their principals.

**Voting Rights**

In connection with the election of directors, in accordance with California law, each shareholder entitled to vote may vote the shares owned by such shareholder as of the Record Date cumulatively if a shareholder present at the meeting has given notice at the meeting, prior to the voting, of his or her intention to vote cumulatively. If any shareholder has given such notice, then all shareholders entitled to vote for the election of directors may cumulate their votes for candidates properly nominated. Under cumulative voting, each share carries as many votes as the number of directors to be elected, and the shareholder may cast all of such votes for a single nominee or may distribute them in any manner among as many nominees as desired. In the election of directors, the eleven nominees receiving the highest number of votes will be elected.

On all other matters submitted to the vote of the shareholders, each shareholder is entitled to one vote for each share of common stock owned on the books of the Company as of the Record Date.



**PROPOSAL NUMBER 1:**

**ELECTION OF DIRECTORS**

**Board of Directors**

At the Annual Meeting eleven (11) directors of the Company are to be elected to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified. All of the nominees are currently members of the Board of Directors. The Bylaws of the Company provide for not fewer than nine (9) or more than seventeen (17) directors. By resolution, the Board of Directors has fixed the number of directors at eleven (11). Currently, the Company has eleven (11) directors, including all of the nominees for election.

The persons named below are nominated by the Board of Directors and, unless the shareholder marks the proxy to withhold the vote, the enclosed proxy, if returned and not subsequently revoked, will be voted in favor of their election as directors. If for any reason any such nominee becomes unavailable for election, the proxy holders will vote for such substitute nominee as may be designated by the Board of Directors. The proxy holders reserve the right to cumulate votes for the election of directors and to cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as the proxy holders may determine in their discretion if cumulative voting is involved as described above under "Voting Rights."

The following table sets forth the names of the persons nominated by the Board of Directors for election as directors and certain additional information as of March 19, 2012 including biographical information, qualifications, business experience and directorships with other public companies of each nominee covering at least the last five years.

<b>Name and Relationship With Company</b>	<b>Position, Principal Occupation, Business Experience and Directorships</b>	<b>Age</b>
Russell A. Colombo President, CEO and Director	Mr. Colombo has been President, CEO and Director since 2006, a member of the Executive Committee and the Bank's Asset/Liability Management Committee since 2006, and a member of the Bank's Wealth Management and Trust Services Committee since 2007. Mr. Colombo joined Bank of Marin in March 2004 as Executive Vice President and Branch Administrator and was appointed Executive Vice President and Chief Operating Officer in July 2005. As of July 1, 2006 he assumed the position of President and Chief Executive Officer. He has thirty-seven years of banking experience including positions as Senior Vice President and Group Manager of the San Francisco office of Comerica Bank and as Senior Vice President and Regional Manager during his nineteen year career with Union Bank of California. He received a Bachelor of Science degree in Agricultural Economics & Business Management from University of California, Davis and an MBA in Banking & Finance from Golden Gate University. Mr. Colombo serves on the Boards of Hanna Boys Center and Western Independent Bankers Association, is a member of College of Marin's President's Circle, and is Chairman of the Citizens Oversight Committee of SMART. In addition to his proven exemplary leadership of the Company and his experience in relationship banking, we believe Mr. Colombo's extensive knowledge of the financial markets and the markets in which the Company serves well qualifies him to serve as CEO and President and serve on our Board.	59
Thomas M. Foster Director	Mr. Foster has been a Director since 2008 and has served as the Audit Committee's financial expert since 2008 and as a member of the Compensation Committee since 2009. Mr. Foster is a retired Certified Public Accountant (CPA) and independent financial consultant with over 40 years of banking and financial experience. From 1968 to 1988, Mr. Foster held positions in Arthur Andersen & Co's accounting and auditing divisions. He was a member of Arthur Andersen's National Banking Team, ran the	69

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
Robert Heller Director	<p>Financial Services group of the San Francisco office, and spent 10 years as a partner supervising complex audit examinations of multinational corporations, including banks. From 1988 to 1992, he served as chief financial officer and director of a bank formed for the purpose of working out approximately \$1.1B in non-performing assets. Mr. Foster negotiated the buy-in of a 50% interest in a privately-held database company and from 1989 to 1992 served as the chief operating officer. Mr. Foster has also worked as an independent financial consultant advising large banks on restructuring, internal audit, and accounting issues. Most recently, Mr. Foster served as director of Bay View Capital Corporation from 1993 through 2006. He has an MBA from Stanford University, with an emphasis in accounting. We believe that Mr. Foster's extensive experience in accounting and finance, his understanding of internal controls and procedures for financial reporting, his experience in heading other bank audit and asset/liability committees, and his in depth knowledge of complex audit principles well qualifies him to serve on the Board and as the Audit Committee's financial expert.</p>	72
Norma J. Howard Director	<p>Dr. Heller has been a Director since 2005 and has served as a member of the Compensation Committee and the Bank's Wealth Management and Trust Services ( WMTS ) Committee since 2006, serving as Chair of the WMTS Committee since 2008. Dr. Heller received his Ph.D. in Economics from the University of California at Berkeley. In 1974 he was named as Chief of the Financial Studies Division of the International Monetary Fund in Washington, DC. In 1978, he joined Bank of America in San Francisco as Director of International Economic Research. In 1986 he was appointed as a member of the Board of Governors of the Federal Reserve System. In 1989, Dr. Heller joined VISA International and starting in 1991 served as President and CEO of VISA USA until 1993. From 1995 to 2002, he was Executive Vice President and a member of the Board of Directors of the Fair Isaac Corporation (NYSE:FIC). He currently serves on the Board of Sonic Automotive, Inc (NYSE:SAH) as well as several private companies. He is now a Staff Commodore of The San Francisco Yacht Club. He has served as the Chairman of the Board of Marin General Hospital and on the boards of many educational and cultural institutions, including the World Affairs Council of Northern California, the Romberg Center for Environmental Studies of San Francisco State University and the Institute for International Education in San Francisco. We believe that Dr. Heller's experience as the president and chief executive officer of a large public company, his leadership role with the Federal Reserve System, and his extensive financial expertise well qualifies him to serve on our Board.</p>	62

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
Stuart D. Lum Director	<p>Automobile Association, ACA Holdings Inc., a subsidiary of CSAA, and Canal Alliance. She has also served as president of the San Rafael Chamber of Commerce and on numerous other boards. We believe that Ms. Howard's high level of understanding of the Company and the Board's roles and responsibilities developed during her long tenure on the Company's Board of Directors as well as her executive leadership experience and her communications and public relations experience well qualifies her to serve on our Board.</p> <p>Mr. Lum has been a Director since 1999 and has served as a member of the Audit Committee since 2003, and as Chair of the Committee since 2005. Concurrently, he is a member of the Bank's Asset/Liability Management Committee (ALCO) since 1999, and served as Chair of ALCO from 2001 to 2005. He has also served as a member of the Executive and Nominating and Governance Committees since 2009. Since 2004, Mr. Lum has been President and CEO of Edgewood Pacific, Inc., an investment company engaged in private equity mortgage lending, real estate and venture development in Hawaii and California. From 1999 to 2004, Mr. Lum was vice president and founder of Veracast Communications, an internet communications company. Prior to this, he was an executive director and financial officer of a publicly held Hong Kong-based company engaged in the financing, ownership, development and operation of real estate, energy and transportation infrastructure projects in Hong Kong, southern China and southeast Asia. He is a graduate of Stanford University with master degrees in Business and Health Services Administration. Mr. Lum serves as President of the Stanford Club of Marin and is active in other community affairs. We believe that Mr. Lum's extensive experience in corporate development and finance, his knowledge of the Bank's credit, investment and risk management practices, as well as his executive leadership experience with a publicly held company qualifies him to serve on our Board.</p>	60
Joseph D. Martino Director	<p>Mr. Martino has been a Director since 2000 and has served as a member of the Audit Committee since 2000 and as a member of the Bank's Asset/Liability Management Committee (ALCO) since 2001, serving as Chair of ALCO since 2005. He has also been a member of the Executive and Nominating and Governance Committees since 2009. Mr. Martino has an extensive background in banking, retiring in 1997 from a 42-year banking career. Fifteen years of his career were spent managing a major bank's branch network in Marin and the Redwood Empire, and he was subsequently responsible for a major bank's statewide branch banking operations. He graduated from San Francisco City College, the American Institute of Banking and the Graduate School of Credit and Financial Management at Stanford University. Mr. Martino has been a resident of Marin County since 1969. He is Past President of the Salesian Boys and Girls Club, is President of the Nazareth House Retirement Home Advisory Board and an Advisory Board Member of the Marin History Museum Board. He has served on numerous other boards including United Way of the Bay Area, Ecumenical Association for Housing, San Rafael Rotary Club and Marin Tennis Club. In addition to Mr. Martino's extensive banking career, which brings an in-depth knowledge of operational matters, we believe that his executive leadership experience and his knowledge of the Company's market area well qualifies him to serve on our Board.</p>	79

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
William H. McDevitt, Jr. Director	<p>Mr. McDevitt has been a Director since 2007 and has served on the Bank's Asset/Liability Management Committee since 2009. He has also served on the Bank's Wealth Management and Trust Services Committee from 2008 to 2009 and the Compensation Committee from 2007 to 2008. He is a Marin native and has been a resident of Petaluma since 1979. Mr. McDevitt began his career in the construction industry in 1971, and is currently president of McDevitt &amp; McDevitt Construction Corp., which he founded in 1976. He also invests in and manages commercial real estate in Marin &amp; Sonoma Counties. In 1987, Mr. McDevitt became a founding director of Bank of Petaluma and held that position until the Bank was sold in 2000. Mr. McDevitt currently serves on the Finance, Nominating, and Workforce Development Committees of North Coast Builders Exchange and is a past President. He has previously been active in the Petaluma Boys &amp; Girls Club, Carousel Fund and the United Way Southern Sonoma. We believe that Mr. McDevitt's strong business experience and relationships, his high level of understanding of the Board's roles and responsibilities based on his service on another bank board, and his extensive knowledge of the Company's market areas, well qualifies him to serve on our Board.</p>	59
Joel Sklar, MD Chairman of the Board	<p>Dr. Sklar is Chairman of the Board of Bank of Marin and Bank of Marin Bancorp, having been appointed to the positions effective July 2007, and was last reelected by shareholders in 2011. He is a founding Director of Bank of Marin and has served on the Board since its inception in 1989. He has been a member of the Audit Committee since 1992 and served as Chair of the committee from 1997 through 2005. Dr. Sklar has also served as Chair of the Executive and Nominating and Governance Committees since 2007. He graduated cum laude with a Bachelor of Arts degree from Williams College in Williamstown, Massachusetts and received his medical degree from the University of California at San Diego. He trained in internal medicine at U.C. Medical Center in San Diego and in cardiology at the University of Colorado Health Sciences Center. Dr. Sklar is currently the Chief Medical Officer at Marin General Hospital and a cardiologist with Cardiovascular Associates of Marin and San Francisco. He is a director of Marin Hospitalist Medical Group and Marin Medical Practice Concepts, and is an Assistant Clinical Professor at the University of California at San Francisco. Dr. Sklar serves as a director of the California Film Institute. We believe that Dr. Sklar's high level of understanding of the Company and the Board's roles and responsibilities developed during his long tenure on the Company's Board of Directors as well as his extensive leadership experience in the Marin medical community well qualifies him to serve as Chairman of the Board.</p>	62
Brian M. Sobel Director	<p>Mr. Sobel has been a Director since 2001 and has been a member of the Compensation Committee since 2003, serving as Chair since 2008, and a member of the Executive and Nominating Governance Committees since 2009. Since 1987, he has been the principal consultant of Sobel Communications of Petaluma, a media relations firm. Mr. Sobel spent ten years as a city council member in Petaluma. He has served as chair of the Sonoma County Transportation Authority, president of a nonprofit housing group, corporate officer and trustee of the Cedars Foundation of Ross, and president of the Petaluma Area Chamber of Commerce. Educated at San Francisco State University, he has authored two books and prior to 1987</p>	57

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
J. Dietrich Stroeh Director	worked for a major corporation as a writer, training consultant and video producer. He currently serves as a board member of the Golden Gate Bridge, Highway and Transportation District and is a governor's appointee to the 4th Agricultural District Board of Directors. We believe that Mr. Sobel's media relations experience and his extensive knowledge of the Company's market area, particularly Sonoma County, well qualifies him to serve on our Board.	75
Jan I. Yanehiro Director	Mr. Stroeh has been a Director since 1997 and has been a member of the Bank's Asset/Liability Management Committee since 2001. He served as a member of the Audit Committee from 1997 to 1999. Mr. Stroeh is a partner in the consulting civil engineering firm of CSW/Stuber-Stroeh. He received his BS in Civil Engineering from the University of Nevada. Mr. Stroeh has served as General Manager of the Marin Municipal Water District and is a member-emeritus of the Marin County Economic Commission. He is currently a director of the Golden Gate Bridge and Transportation District, the College of Marin's President's Circle, Marin Conservation Corp. California Earthquake Authority, Marin County Flood Control Board, and Novato Building Code Enforcement. Mr. Stroeh is also active in other various community organizations. Mr. Stroeh is a native of Marin County and we believe that his extensive knowledge of the Company's market area and his leadership experience well qualifies him to serve on our Board.	64

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS**

**A VOTE FOR EACH OF THE DIRECTORS NOMINATED FOR RE-ELECTION**

**IN PROPOSAL ONE.**

---

**Director Compensation**

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on the Board of Directors in 2011.

Name	Fees earned and paid in Cash	Stock Awards	Option Awards	All Other Compensation	Total
	(\$)(1)	(\$)(1)	(\$)		(\$)
Thomas M. Foster	20,000	20,000	0	0	40,000
Robert Heller	24,000	20,000	0	0	44,000
Norma J. Howard	20,000	20,000	0	0	40,000
Stuart D. Lum	26,000	20,000	0	0	46,000
Joseph D. Martino	26,000	20,000	0	0	46,000
William H. McDevitt Jr.	20,000	20,000	0	0	40,000
Joel Sklar, MD	39,000	20,000	0	0	59,000
Brian M. Sobel	24,000	20,000	0	0	44,000
J. Dietrich Stroeh	20,000	20,000	0	0	40,000
Jan I. Yanehiro	20,000	20,000	0	0	40,000

- (1) During 2011, each member of the Board who is not also an officer or employee of the Company received a director fee of \$40,000; approximately \$20,000 in Company stock and approximately \$20,000 cash. Compensation for service for incumbent directors is paid semi-annually in arrears in July and January. The \$20,000 stock based compensation to each director for service in 2011 was paid in Company common stock having that market value at time of issue, with fractional shares being paid in cash. The Chairs of the Executive, Compensation, and the Bank's Wealth Management and Trust Services committees receive an additional annual cash payment of \$4,000. The Chairs of the Audit and the Bank's Asset/Liability Management committees receive an additional annual cash payment of \$6,000. The Chairman of the Board receives an additional annual cash payment of \$15,000. If a director retires from the Board before earned director compensation is paid, that individual receives payment in cash rather than in stock. The stock portion of the fees was awarded from the 2010 Director Stock Plan.

## CORPORATE GOVERNANCE

### Director Independence

For the year 2011, each of the persons nominated for election as a director, except for Russell A. Colombo (the CEO and President of the Company) and William H. McDevitt, Jr. was independent within the meaning of Nasdaq's listing rules.

### Board Meetings and Committees

There were seven (7) meetings of the Board of Directors of the Company during 2011. Each director standing for re-election to the Board attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings held by all committees of the Board on which he/she served.

The Board of Directors is responsible for the overall affairs of the Company. To assist it in carrying out this responsibility, the Board has delegated certain authority to several Company committees, the duties of which and membership at the end of 2011 were as follows:

Name of Director	Executive	Compensation	Audit	Nominating and Governance
Russell A. Colombo	X			(1)
Thomas M. Foster		X	X	
Robert Heller		X		
Norma J. Howard		X		
Stuart D. Lum	X		C	X
Joseph D. Martino	X		X	X
Joel Sklar, MD	C		X	C
Brian M. Sobel	X	C		X
Jan I. Yanehiro			X	

C = Chairman    X = Committee Member

(1) While Mr. Colombo is a member of the Committee and does participate in the recommendation process, he ultimately abstains from voting in the Committee on formal recommendations of director nominees to the board. Formal selection of director nominees is made solely by the independent members of the Board after consideration of Committee recommendations. Non-independent directors are excused from this process.

Members of the Board of Directors also participate in monthly Bank of Marin Board meetings and various committees of Bank of Marin.

The Executive Committee, subject to the provisions of law and certain limits imposed by the Board of Directors, may exercise any of the powers and perform any of the duties of the Board of Directors. The Committee met seven (7) times in 2011.

The Nominating and Governance Committee assists the Board in carrying out its duties and functions regarding corporate governance oversight and Board membership nominations. Subject to the standards required by applicable Nasdaq listing rules, the Committee is composed of no fewer than four independent directors. The Committee will consider suggestions or recommendations for Board membership received from shareholders. Shareholders who wish to make such suggestions or recommendations should forward their written suggestions to the Chairman of the Nominating & Governance Committee addressed to Bank of Marin Bancorp, Attn: Corporate Secretary, 504 Redwood Boulevard, Suite 100, Novato, CA 94947. Whether a person is recommended for Board membership by a shareholder or by a director of the Company, the standards and qualifications to be considered for Board membership include local community involvement, sound reputation, and business or educational experience that will be beneficial to the Company. The Committee also considers each candidate's

contribution to the diversity of the Board, including personal characteristics, education, experience and skills. While the Committee carefully considers diversity when evaluating director candidates, it has not adopted a formal diversity policy. At present, the Committee does not engage a third party to identify and evaluate potential Director candidates. All of the nominees approved by the Committee for election at the 2012 Annual Meeting were recommended by the Board. The Committee met four (4) times in 2011.

The Compensation Committee, consisting of four (4) independent members as defined in the Nasdaq listing rules, has primary responsibility for ensuring that compensation and benefits policies and programs for executive officers and the Board of Directors comply with applicable law and stock listing requirements, and are devised and maintained to provide and retain a high level of executive management and corporate governance competence. The Committee met six (6) times in 2011.

The Audit Committee, consisting of five independent members as defined in the Nasdaq listing rules and Section 10A of the Securities Exchange Act of 1934, selects and recommends appointment of independent auditors, reviews and approves professional services performed by them and reviews the reports of their work together with regulatory agency examination reports. The Committee also reviews and approves the programs, work plan and reports of the Bank's risk manager and internal auditor. Director Thomas M. Foster currently serves as the Company's Audit Committee financial expert. The Committee met fourteen (14) times in 2011.

The Executive, Compensation, Audit, and Nominating and Governance Committee charters are available on the Company's website at [www.bankofmarin.com](http://www.bankofmarin.com) under the Investor Relations tab.

Each current and nominated Board member is encouraged to attend the Annual Meeting of Shareholders. All eleven members of the Board attended the 2011 Annual Meeting.

#### **Indebtedness and Other Transactions with Directors and Executive Officers**

In accordance with the Nominating and Governance Committee Charter, the Nominating and Governance Committee is responsible for reviewing and acting upon all related party transactions required to be disclosed by Item 404 of Regulation S-K for potential conflicts of interest. Additionally, the Company's Code of Ethical Conduct provides rules that restrict transactions with affiliated persons.

Prior to engaging in any related party transaction, a completed questionnaire describing the nature and structure of the transaction, along with any necessary supporting documentation, is submitted to the Nominating and Governance Committee. In determining whether to approve a related party transaction, the Nominating and Governance Committee will consider, among other things, the following:

Whether the terms of the transaction are fair to the Company;

Whether the transaction is material to the Company;

The importance of the related person to the transaction;

The role the related person has played in arranging the transaction;

The structure of the transaction; and,

The interests of all related persons in the transaction.

The Company will only enter into a related party transaction if the Nominating and Governance Committee determines that the transaction is beneficial to the Company, and the terms of the transaction are fair to the Company. The Company did not enter into any related party transactions during 2011.

Additionally, the Company's subsidiary, Bank of Marin, has had and expects to have banking transactions in the ordinary course of business with many of the directors and executive officers of the Bank (and their associates), on substantially the same terms (including interest rates,



collateral and repayment terms) as those prevailing at

the time for comparable loans with persons not related to the Company. During 2011 no loan to any director or executive officer of the Company (or their associates) has involved more than normal risk of collectability or presented other unfavorable features. All loans to directors or executive officers would be subject to the limitations prescribed by California Financial Code Section 3370, et seq. and by the Financial Institutions Regulatory and Interest Rate Control Act of 1978.

#### **Board Leadership Structure**

It is the role of the Nominating and Governance Committee to annually review, and when appropriate make recommendations to the Board of Directors concerning, board composition, structure, and functions. The Board has deemed it appropriate to have two separate individuals serve as Chairman of the Board and chief executive officer. According to the Company's bylaws, the Chairman of the Board shall preside at meetings of the Board of Directors and shareholders and exercise and perform such other powers and duties as may be from time to time assigned to him/her by the board of directors. The bylaws further provide that the President of the Company will be the chief executive officer and shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and the officers of the corporation. As the oversight responsibilities of the Board of Directors grows, the Board believes it is beneficial to have an independent Chairman with the sole job of leading the Board, while allowing the President to focus his efforts on the day-to-day management of the Company. The Board does believe that it is important to have the President as a director. The Company aims to foster an appropriate level of separation between these two distinct levels of leadership of the Company. In addition to the Chairman, leadership is also provided through the respective chairs of the Board's various committees.

#### **Board's Role in Risk Oversight**

It is a fundamental part of the Board's responsibility to understand the risks the Company faces and what steps management is taking to manage those risks. It is also important that the Board understands what level of risk is appropriate for the Company. While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company's outside auditor. The Executive Committee fulfills its oversight responsibility with respect to compliance and operational risk, by working with the Company's Audit and Compliance Manager to understand regulatory and legislative issues and the Company's projects and systems. In setting compensation, the Compensation Committee strives to create incentives that do not encourage excessive risk-taking beyond the Company's ability to effectively identify and manage risk. The Bank's Asset Liability Management Committee functions as a directors' loan committee, focuses on credit and investment risks, and receives monthly reports from the chief credit officer and chief financial officer. Additionally, the Board of Directors is provided physical and information security risk assessments by management on an annual basis.

## **Executive Compensation**

### **Executive Officers**

The Board has designated the following officers as executive officers of the Company and/or Bank of Marin: President and Chief Executive Officer, Chief Financial Officer, Director of Retail Banking and Chief Credit Officer. At December 31, 2011, the incumbents to those offices were: Russell A. Colombo, Christina J. Cook, Peter Pelham, and Kevin K. Coonan, respectively. Following is information regarding the executive officers except for Mr. Colombo, who is a director nominee and whose information has been previously presented.

Christina J. Cook, 46, joined Bank of Marin in August 2004 as Executive Vice President and Chief Financial Officer. She began her financial career in 1986 with Coopers & Lybrand, San Francisco. Ms. Cook has twenty-two years of banking experience. Before joining Bank of Marin, she served as vice president and director of financial reporting for Citibank. Prior to her time with Citibank, she served as vice president, corporate planning and financial reporting for BankAmerica Corporation. Ms. Cook is a Certified Public Accountant.

Kevin K. Coonan, 63, joined Bank of Marin in November 2005 as Senior Vice President and Team Leader in the Bank's credit management group. In March 2006, he was appointed Executive Vice President and Chief Credit Officer. Mr. Coonan has twenty-four years of banking experience including the positions of commercial lender and credit examination officer with Bank of America and senior credit officer with Comerica Bank. Immediately prior to joining Bank of Marin, he served as Senior Credit Administrator for California Bank and Trust covering northern California.

Peter Pelham, 55, joined Bank of Marin in 1994 as Manager of the Bank's first branch in Novato. In 2005 he was named Senior Vice President and Branch Administrator and in April 2006 he was named Executive Vice President and Branch Executive. As of June 2009, Mr. Pelham assumed the position of Director of Retail Banking. Prior to joining Bank of Marin, he had sixteen years of banking experience, twelve of which were with Novato National Bank and Westamerica Bank in Marin County.

### **Compensation Discussion and Analysis**

This section addresses the compensation programs, philosophy and objectives, of Bank of Marin Bancorp and its banking subsidiary, Bank of Marin (collectively, the Company), including the process for making compensation decisions, the role of management in the design of such programs, and its 2011 executive compensation components. This section also addresses the factors most relevant to understanding the Company's compensation programs and what they are designed to reward, including the essential elements of compensation, the reasons for determining payment of each element of compensation, and how each compensation element fits into the Company's overall compensation objectives and affects decisions regarding other compensation elements.

#### **Executive Summary**

The Compensation Committee of the Board of Directors establishes and administers the compensation and benefit programs for Named Executive Officers, the persons identified in the Summary Compensation Table. The Committee consists entirely of independent directors. The Committee carefully considers the components of the executive compensation programs to attract and retain high quality Named Executive Officers and to incent the behavior of Named Executive Officers to create shareholder value. The Committee engages an independent consultant and considers the compensation programs of peer financial institutions to ensure that the Company's compensation programs are competitive with market practices.

The Compensation Committee philosophy, practices and policies have been developed over a number of years and have not historically been subject to sweeping, material changes. In 2011, the Company included an advisory vote to approve executive compensation, providing shareholders with an opportunity to communicate their views on the Company's executive compensation program. The Company's executive compensation was approved by over 97% of the voting shareholders. The Committee considered the results of this vote in setting executive

compensation for 2012 and concluded that the strong support of the Company's compensation program clearly indicates that shareholders concur with the Company's alignment of compensation and performance. In the 2011 Proxy Statement, the Board of Directors recommended that an advisory vote to approve executive compensation be presented to the shareholders every three years. The majority vote was for a one-year frequency, and while the frequency vote was non-binding and there was only a 1% difference between the votes for one and three-year frequencies, the Board of Directors has made the decision to include the advisory vote to approve executive compensation again this year.

### **Philosophy**

The Company's executive compensation programs are designed to attract and retain high quality executive officers that are critical to its long-term success. The Company's Board of Directors and management believe that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals, which aligns executives' interests with those of the shareholders by rewarding performance above established goals, with the ultimate goal of improving shareholder value without rewarding short-term risk-taking. This is achieved by utilizing a combination of short-term cash incentives, paid annually, and long-term equity incentives, which vest over a five-year period. To that end in 2009, the Committee engaged an independent national human resources consulting firm to conduct a review of the Company's total compensation programs. The review provided a guide for the Committee to use to set longer range compensation plans for Named Executive Officers. The review and analysis was used for the years 2010 and 2011. Each component of total compensation was compared against a regional peer group of 26 publicly traded financial institutions that are similar to the Company in asset size, geography and performance. (See Peer Group Review section.)

The Committee's compensation philosophy is to target base salaries at or above the median (50th percentile) and target total compensation (including annual bonuses, long-term equity incentives, and benefits) between the 50th and 75th percentiles of the regional peer group. The Company believes paying total compensation between the 50th and 75th percentile for above-average performance is critical for attracting and retaining the qualified executive it needs to achieve its business objectives. The Committee targets total cash compensation to be within 15% of the median for the peer group. Overall, compensation paid to Company executives is believed to be competitive with market practices.

Base compensation levels for Named Executive Officers are established based on the officer's roles and responsibilities and prior year compensation. Annual incentives, including performance-based bonuses and long term equity incentives, are based on both corporate and/or individual performance objectives, which include asset and revenue growth, identification of strategic opportunities, and core earnings performance.

### **Process for Making Compensation Decisions**

#### *Role of the Chief Executive Officer*

Shortly following the conclusion of each calendar year, the Company's Chief Executive Officer (the CEO), assisted by the Director of Human Resources, conducts an annual performance evaluation process for all Named Executive Officers, other than for himself. As part of each annual performance evaluation, the CEO considers, among other key factors, i) the executive's performance of job responsibilities and achievement of individual and/or departmental objectives and ii) management and leadership skills, such as effective communication, problem solving, business development and community involvement. In addition, the executive's contributions to the Company's overall financial goals are indirectly considered.

Based on this evaluation, the CEO determines, for each of the Named Executive Officers (other than himself), recommendations for salary adjustments, including merit increases, and annual bonus amounts to be made to the Compensation Committee for its approval. The Named Executive Officer's performance-based bonus is determined by the Company's financial performance relative to that year's financial performance goal and individual performance goals. The Compensation Committee reviews the CEO's recommendations and can modify a recommended amount in its discretion. In addition, recommendations by management for the grant of

equity awards to Named Executive Officers under the Company's equity compensation plan are submitted to the Compensation Committee for approval to assure the Committee considers the other elements of proposed compensation.

*Role of the Compensation Committee*

The Compensation Committee has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Compensation Committee ensures that the total compensation paid to Named Executive Officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to the Named Executive Officers are similar to other executive officers. The Compensation Committee is also responsible for the review and approval of corporate goals and objectives relevant to the compensation, including the incentive awards, of the Company's CEO, to evaluate the performance of the CEO in light of the goals and objectives and to determine and approve the CEO's compensation levels based on this evaluation. Additionally, the Compensation Committee reviews compensation levels for members of the Company's executive management group including the approval of the CEO's recommendations on annual bonus and salary increases for Named Executive Officers.

The Compensation Committee also periodically reviews the compensation levels of the Board of Directors. In its review, the Compensation Committee looks to ensure that the compensation is fair, reasonably competitive and commensurate to the amount of work required both from the individual directors as well as from the Board in the aggregate.

To achieve these goals and objectives, the Compensation Committee expects to maintain compensation plans that create an executive compensation program that is set at competitive levels of comparable public financial services institutions with comparable performance.

The Compensation Committee has followed certain fundamental objectives to ensure the effectiveness of the Company's compensation strategy. These objectives include the following:

1. **Internal and external fairness.** The Compensation Committee recognizes the importance of perceived fairness both internally and externally of compensation practices. The Compensation Committee has evaluated the overall economic impact of the Company's compensation practices and, when deemed necessary, has consulted with independent outside advisors in the evaluation of contractual obligations and compensation levels.
2. **Performance-based incentives.** The Company has established financial incentives for executives who meet certain objectives, which thereby assist the Company in meeting its long-term growth and financial goals.
3. **Shareholder value and long-term incentives.** The Compensation Committee believes that the long-term success of the Company and its ability to consistently increase shareholder value is dependent on its ability to attract and retain skilled executives. The Company's compensation strategy encourages equity-based compensation to align the interests of management and shareholders.
4. **Full disclosure.** The Compensation Committee seeks to provide full disclosure to the independent members of the Board of Directors of the Company of the compensation practices and issues to ensure that all directors understand the implications of the Committee's decisions.

The Compensation Committee has reviewed the compensation practices of peers and considered management's individual efforts for the benefit of the Company, as well as reviewed various subjective measures in determining the adequacy and appropriateness of the compensation of executives. The Compensation Committee takes into account the performance of the executives as well as their longevity with the Company and recognizes that the competition among financial institutions for attracting and retaining executives has become more intense in the past few years. The Compensation Committee takes such market considerations into account to ensure that the Company is providing appropriate long-term equity incentives to enable it to continue to attract new executives and to retain

the ones it already employs. General economic conditions and the past practice of the Company are also factors that are considered by the Compensation Committee. The Compensation Committee has established various processes to assist in ensuring that the Company's compensation program is achieving its objectives. Among these are:

*Assessment of Company Performance.* In establishing total compensation ranges, the Compensation Committee uses company performance measures, including asset growth, earnings per share, return on assets, and return on equity in two ways:

to gauge generally the overall Company performance relative to peer companies and,

to gauge generally the overall Company performance against the Company's own strategic objectives.

However, these are not specific performance targets; this subjective view of general Company performance is then utilized as one element in determining overall compensation ranges.

*Assessment of Individual Performance.* Individual performance has a strong impact on the compensation of all employees, including the CEO and the other executive officers. For the executive officers, the Committee receives a performance assessment and compensation recommendation from the CEO, other than for himself, and also exercises its judgment based on the Board's interactions with its executive officers. As with the CEO, the performance evaluation of these executives is based on his or her contribution to the Company's performance, and other leadership accomplishments.

*Total Compensation Review.* The Compensation Committee reviews each executive's base pay, bonus, and equity incentive compensation annually. In addition to these primary compensation elements, the Committee reviews the perquisites and other compensation and payments that would be required under various severance and change-in-control scenarios. Following the 2011 review, the Committee determined that these elements of compensation were reasonable in the aggregate.

#### *Compensation Consultants*

Amalfi Consulting, now McLagan, was employed in 2009 to provide services as the Compensation Committee's independent compensation consultant. McLagan did not perform any other services for the Company and there are no known conflicts of interest between McLagan and its affiliates and the Company and its affiliates. McLagan Consulting reported directly to the Compensation Committee and did not provide services to, or on behalf of, any other part of the Company's business. Major services provided by McLagan Consulting included: (1) assisting in the development of the Bank's peer group; (2) evaluating executive officer compensation to like positions in the peer group, providing analysis on the data, and recommending compensation elements, including overall compensation philosophy, base salary, annual bonus compensation, long-term equity incentives, and perquisites; (3) providing peer data analysis for director compensation; and (4) providing regulatory updates. Other than as described herein, the Bank did not give any specific direction to the compensation consultant about the peer group or the results reported. McLagan Consulting did not provide any services to the Committee during 2010 or 2011.

#### *Peer Group Review and Market Study*

When reviewing compensation components for the Named Executive Officers and directors, the Compensation Committee considers the compensation practices of specific peer companies whose asset size, geography and performance are comparable to the Company. In selecting the peer group to be considered in setting 2010 and 2011 compensation, the Compensation Committee considered other banks with assets from \$500 million to \$2.1 billion located in California, Oregon and Washington.

The Compensation Committee approved the following specific peer group of 26 publicly-traded financial institutions in 2009 for purposes of review and analysis and for setting 2010 and 2011 compensation:

TriCo Bancshares	Farmers & Merchants Bancorp
Cascade Financial Corporation	Heritage Commerce Corp
PremierWest Bancorp	Sierra Bancorp
First California Financial Group	Pacific Mercantile Bancorp
Pacific Continental Corporation	Bridge Capital Holdings
Heritage Financial Corporation	San Joaquin Bancorp
Washington Banking Company	North Valley Bancorp
Heritage Oaks Bancorp	Bank of Commerce Holdings
United Security Bancshares	Central Valley Community Bancorp
Pacific Premier Bancorp, Inc.	Tamalpais Bancorp
First Northern Community Bancorp	FNB Bancorp
Pacific Financial Corporation	Community Valley Bancorp
American River Bankshares	Oak Valley Bancorp

Note: Some financial institutions in this peer group may no longer exist.

As discussed above, the Compensation Committee engaged McLagan Consulting to assist in the development of the Company's peer group, evaluate executive officer compensation to like positions in these peers groups, provide analysis on the data and recommend compensation elements, including overall compensation philosophy, base salary, annual bonus compensation, long-term equity incentives, and perquisites.

#### **Executive Compensation Components**

For the fiscal year ended December 31, 2011, the principal components of compensation for Named Executive Officers were i) base salary, ii) performance-based bonuses, iii) equity awards and iv) perquisites and other benefits. The Company's policies and practices for each of the principal compensation components are explained in the following paragraphs.

##### *Base Salary*

Base salary is established based on market data and is adjusted based on individual performance and experience.

##### *Performance-Based Bonus*

Performance-based bonuses for Named Executive Officers are based on the overall performance of the Company and on individual goals specific to the executive's area of responsibility. The Company performance goals are based on deposits, loans, net income, return on equity and the efficiency ratio.

Overall Company performance comprises at least 50% of the Named Executive Officers' bonus potential, with the remaining percentage based on achievement of individual goals. To date, the metrics used in the Company goals have remained constant and, as stated below, include net income, the efficiency ratio, return on equity, deposit growth, and loan growth.

The specific goal for each of these metrics is revised each year, and each metric is given its own specific weighting in the determination of the overall performance-based bonus opportunity. The metrics are derived from the Company's annual budgeting process and are weighted based on the Company's particular focus and relative importance for that year. For 2011 the specific Company goals and relative weights of each metric were:

Category	Weight	2011 Goal
Net Income	30%	\$ 13,100,000
Efficiency Ratio	20%	59.06%
Return on Equity	20%	10.21%
Annual Average Deposit Growth	15%	\$ 50,575,240
Annual Average Loan Growth	15%	\$ 45,710,857

Individual employee goals, which determine the remaining percent bonus potential, are either qualitative/subjective in nature without quantitative targets, or are based on one of the five metrics above to give that particular metric more weight in the total bonus for a particular executive. The use of specific performance targets in compensating executive officers is limited to bonus compensation and equity compensation grants.

The plan is prospective in design with the utilization of a defined payout formula that is based upon the achievement of a combination of pre-determined Company, department and/or individual performance criteria. The plan further details provisions related to participation and eligibility, award opportunities at minimum, target and maximum performance measures and responsibilities for the administration of the plan. The plan also includes new provisions for minimum performance for plan funding (plan gate) and a clawback policy. The plan was filed as an exhibit to the Company's 8-K filed with the Securities and Exchange Commission on October 21, 2010. The plan gate provides that for the plan to be funded and activated for a Plan Year, the Company must achieve a threshold performance level calculated as a percentage of the Company's budgeted net income. The clawback provision provides that if financial results are significantly restated due to negligence, fraud or intentional misconduct, there may be recoupment of the amounts paid in excess of amounts otherwise earned.

#### *Equity Awards*

The purposes of equity awards are to allow executives to share in the growth and prosperity of the Company, to retain executives over the long term and to maintain competitive levels of total compensation. Equity awards for executives must be approved by the Committee.

The 2007 Equity Plan allows the Company to offer multiple equity vehicles as incentives, including options, unrestricted stock, restricted stock, and stock appreciation rights. Executives may be awarded a blend of equity incentives. The Compensation Committee considers the attributes of each form of equity incentive when determining equity compensation; including the ability to align management with the long-term interests of shareholders, the immediate value versus appreciation opportunity of each form as well as the tax consequences of each type of award. For 2011, Named Executive Officers were granted a blend of 50% Incentive Stock Options and 50% Restricted Stock (based on expense) of total equity compensation.

Award levels are based upon market and the executive's level of responsibility and influence on the performance of the Company. Executives are granted stock options and/or restricted stock upon hire and annually thereafter, based on performance. The option and restricted stock price is based on the fair market value on the effective date of the grant. Grants are made at regularly scheduled Committee meetings.

#### *Perquisites and Other Benefits*

Consistent with the Company's compensation objectives, Named Executive Officers are provided perquisites and other benefits that management believes are reasonable and consistent with the Company's overall compensation program and which keep the Company competitive in the marketplace. The Company periodically reviews the level of perquisites and other benefits provided to the Named Executive Officers for suitability with the program objectives.



The Company is competitive with market practices by providing medical, dental, vision and life insurance, a 401(k) employer matching contribution up to \$4,000, an Employee Stock Ownership Plan (the ESOP), an Employee Stock Purchase Plan (the ESPP), and a deferred compensation plan for its executives.

Annually, the Company may make discretionary contributions of shares of common stock to the ESOP. The decision normally is based on the Company's financial performance and condition. The purposes of the ESOP are to include all eligible employees in the ownership of the Company, to provide them with compensation that is free from current income tax and to accumulate benefits for retirement. Stock is awarded as a percentage of eligible salary. Executives receive the same percentage as all other employees, up to the IRS limits.

#### **Deferred Compensation Plan**

The Company also sponsors an unsecured non-qualified plan known as the Deferred Compensation Plan, which allows Named Executive Officers and certain other highly compensated employees to defer all or a portion of their base salary and/or bonus. Balances in the plan receive earnings all of which are described in the Nonqualified Deferred Compensation table of this Proxy Statement. Other than earnings accruals, all credits to the Deferred Compensation Plan represent a Named Executive Officer's compensation previously earned and deferred; the Company does not provide any matching or similar credits. The plan was designed to allow Named Executive Officers to defer some of their current income to help them with tax planning, and to assist the Company in attracting and retaining top executives by providing retirement benefits that are competitive within the Company's peer group.

#### **Employment and Change in Control Agreements**

The Company provides Named Executive Officers and other senior officers with agreements that provide for certain specified benefits upon a change in control of the Company. These agreements are very useful tools that help the Company retain its key employees, including the Named Executive Officers, by providing those executives some certainty in compensation in the event the Company was to be sold, and also helps ensure the Company will have the benefit of their services through the pendency of any merger. Such agreements are particularly necessary in an industry, such as ours, where there has been considerable consolidation over the last ten years. Detailed information about these agreements, including a description of payout amounts under a hypothetical change in control of the Company as of the last business day of 2011 is included in the Potential Payments Upon Termination or Change in Control section of this Proxy Statement.

#### **Compensation Risk Assessment**

In determining the level of risk arising from the Company's compensation policies and practices, a thorough review and risk assessment evaluation of the Company's compensation plans for all employees as well as the overall compensation philosophy was conducted. The Compensation Committee evaluated the form and mix of compensation, controls and process, and the Company's business strategies.

The Compensation Committee has concluded that the Company's compensation arrangements do not encourage employees to take unnecessary and excessive risks.

#### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement. Based on our Committee review of and the discussions with management with respect to the Compensation Discussion and Analysis, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

#### **Submitted by the Compensation Committee of the Board:**

Brian M. Sobel, Chair

Thomas M. Foster

Robert Heller

Norma J. Howard



### Summary Compensation Table

The following table sets forth summary compensation information for the president and chief executive officer, chief financial officer and each of the other three most highly compensated Named Executive Officers as of the end of the last fiscal year. Bonus amounts were earned in the year shown and paid in the first quarter of the following year.

Name	Year	Salary	Bonus	Option Awards	Stock Awards	Other	Total
		(\$)	(\$)	(\$)(1)	(\$)(1)	(\$)(2)	(\$)
Russell A. Colombo President & CEO	2011	309,000	231,750	49,321	45,600	80,628	716,299
	2010	300,000	175,000	44,370	39,720	76,555	635,645
	2009	289,467	135,000	53,100	51,175	67,448	596,190
Christina J. Cook EVP & CFO	2011	186,272	90,000	18,925	18,050	26,548	339,795
	2010	180,846	66,000	17,255	16,550	24,503	305,154
	2009	175,579	58,000	21,240	20,025	20,482	295,326
Kevin K. Coonan EVP & CCO	2011	180,847	100,000	18,925	18,050	28,699	346,521
	2010	175,579	70,000	17,255	16,550	26,682	306,066
	2009	170,465	61,000	21,240	20,025	21,566	294,296
Peter Pelham EVP & Director of Retail Banking	2011	179,754	90,000	18,925	18,050	38,070	344,799
	2010	174,518	65,000	17,255	16,550	35,506	308,829
	2009	169,435	55,000	21,240	20,025	29,721	295,421
Elizabeth Reizman SVP & Commercial Banking Manager	2011	155,000	75,000	8,029	11,400	22,628	272,057
	2010	145,000	40,000	6,902	9,102	20,048	221,052
	2009	130,000	38,500	3,717	11,125	16,194	199,536

- (1) The Black-Scholes pricing model was used to derive the fair value of the option awards. The assumptions used in valuing the grants in 2011 are presented following the table Grants of Plan Based Awards.
- (2) Each of the above Named Executive Officers received less than \$10,000 of aggregate perquisites and personal benefits, except Mr. Colombo who received a car allowance of \$9,600 and annual country club membership dues of \$8,566. The Other column also includes matching contributions to the 401(k) Plan, profit sharing contributions to the Employee Stock Ownership Plan, imputed income on life insurance paid by the Company, imputed income on long term care insurance paid by the Company, dividends paid on unvested restricted stock and interest paid on the Deferred Compensation Plan.

#### Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information as of December 31, 2011 with respect to equity compensation plans. All plans have been approved by the shareholders.

	(A)	(B)	(C)
	Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Shares available for future issuance (Excluding shares in column A)
Equity compensation plans approved by shareholders	299,806(1)	\$ 30.71	471,519

- (1) Represents shares of common stock issuable upon exercise of outstanding options under the 1999 Stock Option Plan, the 2007 Equity Plan and the 2010 Director Stock Plan.

## Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

The Bank of Marin 1999 Stock Option Plan (the 1999 Plan ) was adopted by the Board of Directors and approved by the Bank s shareholders in 1999, and subsequently adopted by the Company in 2007. The 1999 Plan was replaced by the 2007 Equity Plan (the 2007 Plan ), which was adopted by the Board of Directors and

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

approved by the shareholders in 2007. No options have been granted from the 1999 Plan since April 2007. The following three tables set forth certain information regarding restricted stock awards and options granted under the 2007 Plan to individuals who were Named Executive Officers of the Company at December 31, 2011.

*Grants of Plan-Based Awards*

Name	Grant Date	Stock Awards: Number of Shares of Stock (#)	Option Awards: Securities Underlying Options (#)	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards \$(1)
Russell A. Colombo	4/01/2011		4,300	38.00	49,321
	4/01/2011	1,200			45,600
Christina J. Cook	4/01/2011		1,650	38.00	18,925
	4/01/2011	475			18,050
Kevin K. Coonan	4/01/2011		1,650	38.00	18,925
	4/01/2011	475			18,050
Peter Pelham	4/01/2011		1,650	38.00	18,925
	4/01/2011	475			18,050
Elizabeth Reizman	4/01/2011		700	38.00	8,029
	4/01/2011	300			11,400

- (1) The Black-Scholes pricing model was used to derive the fair value of the option awards. The per share option value of \$11.47 was derived for awards granted on April 1, 2011 using the assumptions of 2.77% for risk-free rate of return, 1.69% for dividend yield, 28.92% for volatility and 7.5 years for expected life. The grant-date fair value of the restricted stock awards was \$38.00, which was the intrinsic value, or stock price, on the grant date.

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

*Outstanding Equity Awards at Fiscal Year End December 31, 2011*

Name	Option Awards				Stock Awards		Market Value of Shares of Stock Not Vested (\$)(3)
	Securities Underlying Exercisable Options (#)	Securities Underlying Unexercisable Options (#)	Option Exercise Price (\$)	Option Expiration Date	Grant Date	Number of Shares of Stock Not Vested (#)(2)	
Russell A. Colombo	24,807	0	26.0923	3/23/2014	5/01/2008	500	18,795
	6,615	0	33.3333	4/01/2015	4/01/2009	1,380	51,874
	7,500	0	34.5000	5/01/2016	4/01/2010	960	36,086
	10,000	0	33.2000	7/13/2016	4/01/2011	1,200	45,108
	4,800	1,200(1)	35.1800	5/01/2017			
	3,480	2,320(1)	28.7500	5/01/2018			
	2,004	6000(1)	22.2500	4/01/2019			
	900	3,600(1)	33.1000	4/01/2020			
	0	4,300(1)	38.0000	4/01/2021			
Christina J. Cook	5,513	0	33.3333	4/01/2015	5/01/2008	200	7,518
	1,500	0	34.5000	5/01/2016	4/01/2009	540	20,298
	2,400	600(1)	35.1800	5/01/2017	4/01/2010	400	15,036
	0	920(1)	28.7500	5/01/2018	4/01/2011	475	17,855
	0	2,400(1)	22.2500	4/01/2019			
	350	1,400(1)	33.1000	4/01/2020			
	0	1,650(1)	38.0000	4/01/2021			
Kevin K. Coonan	10,500	0	32.2381	12/13/2015	5/01/2008	200	7,518
	3,200	800(1)	35.1800	5/01/2017	4/01/2009	540	20,298
	1,380	920(1)	28.7500	5/01/2018	4/01/2010	400	15,036
	1,600	2,400(1)	22.2500	4/01/2019	4/01/2011	475	17,855
	350	1,400(1)	33.1000	4/01/2020			
	0	1,650(1)	38.0000	4/01/2021			
Peter Pelham	1,735	0	14.4522	4/01/2012	5/01/2008	200	7,518
	1,737	0	17.2019	4/01/2013	4/01/2009	540	20,298
	1,654	0	25.3848	4/01/2014	4/01/2010	400	15,036
	5,000	0	34.5000	5/01/2016	4/01/2011	475	17,855
	3,200	800(1)	35.1800	5/01/2017			
	1,380	920(1)	28.7500	5/01/2018			
	1,600	2,400(1)	22.2500	4/01/2019			
	350	1,400(1)	33.1000	4/01/2020			
	0	1,650(1)	38.0000	4/01/2021			
Elizabeth Reizman	2,735	0	14.4522	4/01/2012	5/01/2008	100	3,759
	1,737	0	17.2019	4/01/2013	4/01/2009	300	11,277
	2,481	0	25.3848	4/01/2014	4/01/2010	220	8,269
	2,756	0	33.3333	4/01/2015	4/01/2011	300	11,277
	2,000	0	34.5000	5/01/2016			
	1,200	300(1)	35.1800	5/01/2017			
	240	160(1)	28.7500	5/01/2018			
	280	420(1)	22.2500	4/01/2019			
	140	560(1)	33.1000	4/01/2020			
	0	700(1)	38.0000	4/01/2021			

(1) The stock option award vests 20% per year beginning on the first anniversary of the grant date.

(2) The restricted stock awards vest in five equal increments on the first five anniversaries of the grant date and pay dividend equivalents.

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

- (3) The market value of the restricted stock awards that have not vested was determined by multiplying the closing market price of the Company's Common stock on December 31, 2011 (\$37.59) by the number of restricted shares.

**Option Exercises and Stock Vested**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	\$(1)	(#)	\$(2)
Russell A. Colombo	1,996	31,866	250	9,410
			460	17,480
			240	9,120
Christina J. Cook	5,292	47,789	100	3,764
	1,380	13,455	180	6,840
	1,600	24,848	100	3,800
Kevin K. Coonan			100	3,764
			180	6,840
			100	3,800
Peter Pelham	729	16,486	100	3,764
	1,000	21,797	180	6,840
			100	3,800
Elizabeth Reizman			50	1,882
			100	3,800
			55	2,090

- (1) The value realized on exercise is the difference between the closing price of the Company's Common Stock on the date of exercise and the exercise price of the options multiplied by the number of shares acquired on exercise.
- (2) The value realized on vesting is the closing price of the Company's Common Stock on the date of vesting multiplied by the number of shares vested.

**Nonqualified Deferred Compensation for 2011**

This plan is intended for a select group of employees of the Company who are in the highest salary band. Employees can defer up to 80% of base salary and up to 100% of bonus compensation into the plan. These are considered irrevocable elections and stay in place for the entire calendar year. The Company does not make any employer contributions to this plan, and employees are always 100% vested in their contributions.

Named Executive Officers also make an election for distributions from the plan at termination.

Name	Registrants		Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
	Executive Contributions in Last FY	Contributions in Last FY			
	\$(1)	(\$)	\$(1)	(\$)	\$(2)
Russell A. Colombo	15,817		33,571		1,059,514
Christina J. Cook					
Peter Pelham			7,029		220,126
Kevin K. Coonan					
Elizabeth Reizman	16,000		2,572		83,172



## Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

(1) These amounts reflect a portion of each executive's 2011 compensation, which is fully disclosed in the Summary Compensation Table of this proxy statement.

(2) These amounts reflect a portion of each executive's compensation previously reported in the Summary Compensation Table.

### **Potential Payments Upon Termination or Change in Control**

Set forth below is a description of the plans and agreements that could result in potential payments to the Named Executive Officers in the case of their termination of employment and/or a change in control.

**Change in Control Agreements**

Each Named Executive Officer has signed a Change in Control Agreement. The circumstances that would trigger payment(s) or the provision of other benefits, including perquisites and health care benefits under the Change in Control Agreement are: i) a Change in Control (defined in accordance with Section 409A of the Internal Revenue Code) followed by, ii) the occurrence within one year after the Change in Control of a subsequent Good Reason, including:

Without the executive's express written consent, an adverse change in executive's position or title, the assignment to the executive of any duties or responsibilities inconsistent with the executive's position or removal of the executive from or any failure to re-elect the executive to any of such positions;

A reduction of the executive's base salary;

A 20% or greater reduction in non-salary benefits;

Failure of the Company to obtain the assumption of the change in control agreement by any successor; or

Requirement by the Company that the executive be based anywhere other than within 40 miles of the current location in Novato, California.

In the event of a change in control, unvested options immediately vest, and the Company shall pay to executive as severance pay (and without regard to the provisions of any benefit plan) in a lump sum on the fifth day following the date of termination, the average salary of the executive for the last three full years of service multiplied by executive's Seniority Factor (CEO 2.25 times; EVP 1.50 times; Other Named Executive SVP 1.00 times); the executive's annual bonus for the previous year; and, the executive's health premiums under COBRA for 18 months and Dental/Vision premiums under COBRA for 12 months.

The table below quantifies the estimated payments and benefits that would be provided to our Named Executive Officers in connection with the termination of his or her employment under the provisions of the Change in Control Agreements.

In all cases, the information assumes that the triggering event occurred on the last day of fiscal year 2011, and the price per share of the Company's common stock is the closing market price as of that date (which was \$37.59).

Named Executive	Value of Salary Component (\$)	Value of Bonus Component (\$)	Value of Benefits COBRA (\$)	Incremental Market Value of Accelerated Restricted Stock Awards (\$)	Incremental Market Value of Accelerated Stock Option Awards (1)(\$)
Russell A. Colombo	673,850	175,000	21,457	151,863	493,180
Christina J. Cook	271,349	66,000	40,735	60,707	199,978
Kevin K. Coonan	263,446	70,000	31,743	60,707	207,496
Peter Pelham	261,853	65,000	13,491	60,707	207,496
Elizabeth Reizman	143,333	40,000	41,280	34,582	54,129

(1) Includes unvested, in-the-money stock option awards as of December 31, 2011.

**Termination/Retirement/Disability/Death**

## Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

**Termination** Vested options may be exercised within 90 days of termination. Deferred compensation account balances will be distributed six months after separation, following the executive's distribution elections.

**Retirement** Vested options may be exercised within 90 days of separation. Deferred compensation account balances will be distributed six months after separation, following the executive's distribution elections.

**Disability** Vested options shall remain exercisable for a 12-month period, commencing with the date of such cessation of employment status. Deferred compensation account balances will be distributed six months after separation, following executive's distribution elections.

**Death** Vested options shall remain exercisable upon the earlier of (a) expiration of the 12-month period measured from the date of executive's death or (b) the expiration date of the option term. Deferred compensation account balances will be distributed six months after executive's death, following the executive's distribution elections. Benefits of 1.5 times executive's salary (at the time of death) will be payable to the beneficiary of record.

#### **Employment Contracts**

There are no employment contracts between the Company or the Bank and their executive officers except Bank of Marin Bancorp has an employment agreement with Russell A. Colombo, its President and Chief Executive Officer. The agreement has a two-year term commencing on December 1, 2008, and renews annually on December 1<sup>st</sup> of each year unless a party gives written notice to the other within certain time periods. The agreement establishes a base salary of \$281,036 and allows for an increase annually. As of December 31, 2011 the base salary was \$309,000. The agreement also provides the potential to earn an annual incentive payment of up to seventy-five percent (75%) of executive's salary, participation in the Company's reimbursement policy and participation in the Company's benefit plans that are available to senior executives and employees generally. The agreement also provides for payment of an automobile allowance of \$800 per month, a reimbursement for monthly membership dues for the Marin Country Club, and reimbursement for necessary air travel expenses for Russell A. Colombo's spouse up to a maximum of \$2,000 per year. If the agreement were terminated without cause, Mr. Colombo would receive severance pay equal to one year's annual base salary in effect at the date of termination plus eighteen months' COBRA payments for health premiums and dental/vision premiums.

#### **Employee Stock Ownership Plan and 401(k) Plan**

An employee becomes a participant in the 401(k) Plan as of the first day of the quarter following the date on which he/she attains age 18 and has completed 90 days of employment. A participant may elect to defer a portion of his/her salary, not to exceed limitations set by the IRS, into the plan. Distributions from the 401(k) Plan are not permitted before age 59 1/2 except in the event of death, disability, termination of employment or IRS permitted hardships. As determined by the Board of Directors, the Company may make discretionary matching contributions to the 401(k) Plan. In 2011 and 2010 the Company made matching contributions of \$366 thousand and \$332 thousand, respectively.

An employee becomes a participant in the ESOP as of the first day of the quarter following the date on which he/she attains age 18 and has completed 90 days of employment. A participant will have a nonforfeitable right to 100% of his/her ESOP account balance upon disability or on his/her normal retirement date or completion of at least five years of service, whichever is later. Distributions from the plan are not permitted before age 59 1/2 except in the event of death, disability, termination of employment or IRS permitted diversification. The Company's contributions of \$1,115 thousand in 2011 and \$898 thousand in 2010 were used to purchase shares of Company stock for the ESOP.

#### **Discretionary Bonus**

Bank of Marin has discretionary bonus programs for the Bank's executive officers, and for the non-executive officers and staff pursuant to the Bank of Marin Individual Incentive Plan (discussed elsewhere herein). Contributions by the Bank to both programs are based upon the Bank's achievement of specified levels of financial performance as determined by the Board of Directors. In 2011 the Bank expensed \$1,866,815 for these programs, and bonus payments were made in the first quarter of 2012.

## SECURITY OWNERSHIP AND REPORTING

### Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2011 and based upon filings with the Securities and Exchange Commission, The Banc Funds Co. LLC reported holding 472,311 shares, which represented 8.85% of the Company's shares then outstanding and BlackRock Inc. reported holding 363,333 shares, which represented 6.81% of the Company's shares then outstanding. As of March 19, 2012, the Bank of Marin Employee Stock Ownership Plan reported holding 288,340 shares, which represented 5.39% of the Company's shares then outstanding. The foregoing were the only three persons known to the Company to own beneficially more than 5% of the Company's common stock.

The following table sets forth, as of March 19, 2012, the number of shares of the Company's common stock which may be deemed to be beneficially owned by (i) each of the directors, (ii) each executive officer as previously defined, and (iii) all directors and executive officers as a group, and the percentage of the outstanding common stock beneficially owned by such persons.

Name and Address*	Amount and Nature of Beneficial Ownership			Total	Percent of Common Stock
	Sole Voting & Investment Power	Shared Voting & Investment Power	Option to acquire within sixty days of March 19, 2012		
Russell A. Colombo	8,424	4,912(1)	66,895	80,231	1.50%
Thomas M. Foster	0	3,332(2)	4,020	7,352	0.14%
Robert Heller	1,213	4,297(2)	10,051	15,561	0.29%
Norma J. Howard	0	13,423(2)	0	13,423	0.25%
Stuart D. Lum	0	24,493(2)	0	24,493	0.46%
Joseph D. Martino	0	15,134(2)	0	15,134	0.28%
William H. McDevitt, Jr.	3,150(3)	334(4)	8,040	11,524	0.22%
Joel Sklar, MD	0	53,880(2)	0	53,880	1.01%
Brian M. Sobel	8,019	0	0	8,019	0.15%
J. Dietrich Stroeh	15,115	0	0	15,115	0.28%
Jan I. Yanehiro	3,714	0	10,051	13,765	0.26%
Christina J. Cook	2,527(5)	4,157(1)	12,303	18,987	0.35%
Kevin K. Coonan	3,342	3,229(1)	19,770	26,341	0.49%
Peter Pelham	5,167	9,519(6)	17,661	32,347	0.60%
All directors and executive officers as a group (15 persons)				336,173	6.28%

\* The address of all persons listed is 504 Redwood Boulevard, Suite 100, Novato, CA 94947

- (1) Shares held in Employee Stock Ownership Plan.
- (2) Shares held in a trust as to which the beneficial owner is co-trustee with shared voting and investment power.
- (3) Includes shares held in Mr. McDevitt's IRA.
- (4) Shares held in community property as to which Mr. McDevitt is co-owner with shared voting and investment power.
- (5) Includes 151 shares held in trust under the California Uniform Gift to Minors Act for which Ms. Cook is custodian.

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

(6) Includes 8,029 shares held in Employee Stock Ownership Plan and 1,490 shares held in the Company's 401(k) Plan.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than 10% of the Company's common stock to file with the Securities and Exchange Commission (the SEC) initial reports of ownership and reports of changes in ownership of common stock of the Company. Directors, officers, and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2011, all Section 16(a) filing requirements applicable to its directors, officers, and 10% shareholders have been met on a timely basis.

**PROPOSAL NUMBER 2:**

**ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

The Company seeks a non-binding advisory vote from shareholders to approve the compensation of the Named Executive Officers, as described in detail under the Executive Compensation section of this proxy statement.

As discussed in the Compensation Discussion and Analysis, the Company's Board of Directors and management believe that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals. The Company believes that this philosophy aligns the interests of executive officers with those of the shareholders by rewarding performance above established goals.

The Company's compensation programs are designed to attract and retain high quality executive officers that are critical to long term success. There are four components to the compensation of Named Executive Officers:

- Base salary, which is established based on market data and adjusted on individual performance and experience.
- Performance-based incentives, which are based on the overall performance of the Company and on individual goals specific to the executive's area of responsibility.
- Equity incentives, which allow the executives to share in the growth and prosperity of the Company.
- Perquisites and other benefits that management believes are reasonable and consistent with the Company's overall compensation program and will keep the Company competitive in the marketplace.

This proposal gives you as a shareholder of the Company the opportunity to approve on a non-binding advisory basis the Company's overall executive compensation of the Named Executive Officers as disclosed in this proxy statement. Accordingly, you may vote on the following resolution:

RESOLVED, that the shareholders approve the compensation of the Company's Named Executive Officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which includes the Compensation Discussion and Analysis, the compensation tables and related narrative discussion).

The Board of Directors and the Compensation Committee value the opinions of shareholders and will take into account the outcome of the vote when considering future executive compensation arrangements.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE EXECUTIVE OFFICER COMPENSATION AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS AND THE ACCOMPANYING COMPENSATION TABLES CONTAINED IN THE PROXY STATEMENT.***



**PROPOSAL NUMBER 3:**

**INDEPENDENT AUDITORS**

The firm of Moss Adams LLP, independent auditors, has been selected by the Audit Committee of the Board of Directors to perform audit services for the Company and its subsidiary, Bank of Marin, for 2012 and such selection has been approved by resolution of the Board of Directors. The shareholders are hereby asked to ratify the selection of Moss Adams LLP. It is anticipated that a member of that firm will be present at the Annual Meeting. That representative is not expected to make a statement but will be available to answer any questions.

During the two most recent fiscal years there were no disagreements between the Company and its principal accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the principal accountant's satisfaction, would have caused the principal accountant to make reference to the subject matter of the disagreement in connection with its reports.

The audit reports on the financial statements of Bank of Marin Bancorp and subsidiary as of and for the fiscal years ended December 31, 2011, 2009 and 2008 were issued by Moss Adams LLP and did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

Following are disclosures regarding the fees billed by Moss Adams LLP during 2010 and 2011. It is the policy of the Audit Committee that all engagements for auditing services, and non-audit services be preapproved by the Audit Committee. The preapproval includes a review of the services to be undertaken and the estimated fees that will be incurred. The Audit Committee has considered whether the provision of non-audit services by Moss Adams LLP is compatible with maintaining auditor independence.

**Audit Fees**

The aggregate fees billed for professional services in the fiscal year 2011 and 2010 by Moss Adams LLP for the audit of the annual financial statements, review of the quarterly financial statements and work related to compliance with the Sarbanes-Oxley Act of 2002 were \$264,241 and \$262,158, respectively.

**Audit-Related Fees**

There were no audit-related fees in 2011 and 2010.

**Tax Fees**

The Company does not engage Moss Adams LLP to perform tax-related services.

**All Other Fees**

There were no other fees in 2011 and 2010.

**Preapproval of Services by Principal Accountant**

The Audit Committee will consider annually and, if appropriate, approve audit services by its principal accountant. In addition, the Audit Committee will consider and, if appropriate, preapprove certain defined audit and non-audit services. The Audit Committee will also consider on a case-by-case basis and, if appropriate, approve specific engagements.

The approval of a majority of the shares represented at the Annual Meeting is required to ratify the selection of Moss Adams LLP.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS***

***A VOTE FOR THE RATIFICATION OF THE INDEPENDENT AUDITORS.***

**AUDIT COMMITTEE REPORT**

The Audit Committee currently consists of five members of the Board of Directors, each of whom is independent under the Nasdaq listing standards, SEC rules and regulations applicable to audit committees. The Board of Directors has adopted, and annually reviews, an Audit Committee charter, available on the Company's investor relations website at [www.bankofmarin.com](http://www.bankofmarin.com). The charter specifies the scope of the Audit Committee's responsibilities and how it carries out those responsibilities.

In performing its functions, the Audit Committee met fourteen (14) times during the year and regularly met in executive session without Bank management. It acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent accountants, who, in their report, express an opinion on the conformity of the Company's annual financial statements to accounting principles generally accepted in the United States of America and on the Company's internal control over financial reporting and compliance. In addition, the committee engages outside consultants who advise it on internal control and credit quality matters. It also maintains a process for handling employee complaints regarding accounting procedures and internal controls.

The Audit Committee has reviewed and discussed the Company's December 31, 2011 audited financial statements with management and with Moss Adams LLP, the Company's independent registered public accounting firm. The Audit Committee also has discussed with Moss Adams LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee also has received from Moss Adams LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with Moss Adams LLP their independence from the Company.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the December 31, 2011 audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

**Submitted by the Audit Committee of the Board:**

Stuart D. Lum, Chair

Thomas M. Foster

Joseph D. Martino

Joel Sklar, MD

Jan I. Yanehiro

**OTHER MATTERS**

If any other matters come before the meeting, not referred to in the enclosed proxy, including matters incident to the conduct of the meeting, the proxy holders will vote the shares represented by the proxies in accordance with their best judgment. Management is not aware of any other business to come before the meeting, and as of the date of the preparation of this proxy statement, no shareholder has submitted to management any proposal to be acted upon at the meeting.

**Shareholder Proposals**

If a shareholder intends to present any proposal for consideration at the 2012 Annual Meeting of Shareholders and wishes for that proposal to be included in the proxy and proxy statement to be prepared by the Company, the proposal must be received by the Company at its corporate office not later than December 7, 2012.

**Shareholder Communication**

Any shareholder may communicate directly to Board members, or to any individual Board member, by sending correspondence or communication addressed to the particular member or members in care of Bank of Marin Bancorp, Attn: Corporate Secretary, 504 Redwood Blvd., Suite 100, Novato, CA 94947.

**Form 10-K**

THE COMPANY'S ANNUAL REPORT FOR 2011 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, 504 REDWOOD BLVD., SUITE 100, NOVATO, CA 94947. It is available in the Investor Relations section of the Company's website at [www.bankofmarin.com](http://www.bankofmarin.com). The Company's Annual Report serves as the BANK'S annual disclosure statement under Part 350 of FDIC rules.

By order of the Board of Directors

Nancy Rinaldi Boatright

Corporate Secretary

April 4, 2012

**REVOCABLE PROXY**

**BANK OF MARIN BANCORP**

**ANNUAL MEETING OF SHAREHOLDERS OF BANK OF MARIN BANCORP**

**TO BE HELD ON TUESDAY, MAY 15, 2012**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints each of Russell A. Colombo, Norma J. Howard, and Joel Sklar, MD as Proxies of the undersigned, with full power of substitution, and hereby authorizes any of them to represent and to vote, as designated below, all of the shares of the Common Stock of Bank of Marin Bancorp held of record by the undersigned on March 19, 2012, at the Annual Meeting of Shareholders of Bank of Marin Bancorp to be held on May 15, 2012, or at any adjournment thereof.

The Board of Directors recommends a vote FOR all of the nominees in Proposal 1 and FOR proposals 2 and 3.

**PLEASE COMPLETE, DATE, SIGN, AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED  
POSTAGE-PAID ENVELOPE OR PROVIDE YOUR INSTRUCTIONS TO VOTE VIA  
THE INTERNET OR BY TELEPHONE.**

*(Continued, and to be marked, dated and signed, on the other side)*

**FOLD AND DETACH HERE**

**BANK OF MARIN BANCORP ANNUAL MEETING, MAY 15, 2012**

**YOUR VOTE IS IMPORTANT!**

**Annual Meeting Materials are available on-line at:**

**<http://www.cfpproxy.com/6265>**

**You can vote in one of three ways:**

1. Call toll free **1-855-362-6711** on a Touch-Tone Phone. There is **NO CHARGE** to you for this call.  
***OR***
2. Via the Internet at **<http://www.rtcoproxy.com/bmrc>** and follow the instructions.

*or*

3. Mark, sign and date your proxy card and return it promptly in the enclosed envelope.

**PLEASE SEE REVERSE SIDE FOR VOTING INSTRUCTIONS**

6265

**Z** PLEASE MARK VOTES **REVOCABLE PROXY** **BANK OF MARIN BANCORP** Annual Meeting of Shareholders **{**  
**X** AS IN THIS EXAMPLE MAY 15, 2012

			With-	For All				
For	hold	Except	For	Against	Abstain			
..	..	..	..	..	..	..	..	
<b>1. ELECTION OF DIRECTORS</b>			<b>2. TO APPROVE, BY NON-BINDING VOTE, EXECUTIVE COMPENSATION</b>					
(01) Russell A. Colombo	(02) Thomas M. Foster	(03) Robert Heller				<b>For</b>	<b>Against</b>	<b>Abstain</b>
(04) Norma J. Howard	(05) Stuart D. Lum	(06) Joseph D. Martino				..	..	..
(07) William H. McDevitt, Jr.	(08) Joel Sklar, MD	(09) Brian M. Sobel				<b>3. RATIFICATION OF THE BOARD OF DIRECTORS SELECTION OF INDEPENDENT AUDITORS</b>		
(10) J. Dietrich Stroeh	(11) Jan I. Yanehiro					..	..	..

**INSTRUCTION: To withhold authority to vote for any nominee(s), mark For All Except and write that nominee(s) name(s) or number(s) in the space provided below.**

This proxy, when properly executed, will be voted as specified therein. If no instruction is specified, the shares represented by the proxy will be voted FOR the election of all nominees under proposal 1, FOR proposal 2, and FOR proposal 3. In the event of cumulative voting, the Proxies are authorized to allocate the votes among the nominees listed above in their discretion. The Proxies are authorized to vote upon such other matters as may properly come before the meeting.

Information on the label below indicates how your shares are registered. If shares are held in more than one name, each owner should sign.

**Mark here if you plan to attend the meeting** ..  
**Mark here for address change and note change** ..

Please be sure to date and sign this proxy card in the box below. Date

Sign above \_\_\_\_\_ Co-holder (if any) sign above  
 If shares are held by an entity such as a trust, a corporation or a partnership, the proxy should be completed by a person authorized to vote the shares. Print name of the entity and the title of the person who voted the shares.

**X** IF YOU WISH TO PROVIDE YOUR INSTRUCTIONS TO VOTE BY TELEPHONE OR INTERNET, PLEASE READ THE INSTRUCTIONS BELOW **y**

FOLD AND DETACH HERE IF YOU ARE VOTING BY MAIL

Ã

Ã

## **PROXY VOTING INSTRUCTIONS**

Shareholders of record have three ways to vote:

1. By Mail; or
2. By Telephone (using a Touch-Tone Phone); or
3. By Internet.

A telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned this proxy. Please note telephone and Internet votes must be cast prior to 3 a.m. EST, May 15, 2012. It is not necessary to return this proxy if you vote by telephone or Internet.

## Vote by Telephone

Call Toll-Free on a Touch-Tone Phone anytime prior to

3 a.m. EST, May 15, 2012:

**1-855-362-6711**

## Vote by Internet

anytime prior to

3 a.m. EST, May 15, 2012 go to

**<http://www.rtcoproxy.com/bmrc>**

Please note that the last vote received, whether by telephone, Internet or by mail, will be the vote counted.

**ON-LINE ANNUAL MEETING MATERIALS:** <http://www.cfpproxy.com/6265>

**Your vote is important!**



**REVOCABLE PROXY**

**BANK OF MARIN BANCORP**

**ANNUAL MEETING OF SHAREHOLDERS OF BANK OF MARIN BANCORP**

**TO BE HELD ON TUESDAY, MAY 15, 2012**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints each of Russell A. Colombo, Norma J. Howard, and Joel Sklar, MD as Proxies of the undersigned, with full power of substitution, and hereby authorizes any of them to represent and to vote, as designated below, all of the shares of the Common Stock of Bank of Marin Bancorp held of record by the undersigned on March 19, 2012, at the Annual Meeting of Shareholders of Bank of Marin Bancorp to be held on May 15, 2012, or at any adjournment thereof.

The Board of Directors recommends a vote FOR all of the nominees in Proposal 1 and FOR proposals 2 and 3.

**ESPP**

**PLEASE COMPLETE, DATE, SIGN, AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED**

**POSTAGE-PAID ENVELOPE OR PROVIDE YOUR INSTRUCTIONS TO VOTE VIA**

**THE INTERNET OR BY TELEPHONE.**

*(Continued, and to be marked, dated and signed, on the other side)*

**FOLD AND DETACH HERE**

**BANK OF MARIN BANCORP ANNUAL MEETING, MAY 15, 2012**

**YOUR VOTE IS IMPORTANT!**

**Annual Meeting Materials are available on-line at:**

**<http://www.cfpproxy.com/6265>**

**You can vote in one of three ways:**

1. Call toll free 1-855-362-6711 on a Touch-Tone Phone. There is **NO CHARGE** to you for this call.

***or***

2. Via the Internet at <http://www.rtcoproxy.com/bmrc> and follow the instructions.

***or***

3. Mark, sign and date your proxy card and return it promptly in the enclosed envelope.

**PLEASE SEE REVERSE SIDE FOR VOTING INSTRUCTIONS**

7478

**Z** PLEASE MARK VOTES **REVOCALE PROXY** **BANK OF MARIN BANCORP** Annual Meeting of Shareholders **{**  
**X** AS IN THIS EXAMPLE MAY 15, 2012

		With-	For All					
		For	hold	Except	2. TO APPROVE, BY NON-BINDING	For	Against	Abstain
1. ELECTION OF DIRECTORS		..	..	..	V O T E , E X E C U T I V E	..	..	..
(01) Russell A. Colombo	(02) Thomas M. Foster	(03) Robert Heller			COMPENSATION	For	Against	Abstain
(04) Norma J. Howard	(05) Stuart D. Lum	(06) Joseph D. Martino			3. RATIFICATION OF THE BOARD	..	..	..
(07) William H. McDevitt, Jr.	(08) Joel Sklar, MD	(09) Brian M. Sobel			OF DIRECTORS SELECTION OF			
(10) J. Dietrich Stroeh	(11) Jan I. Yanehiro				INDEPENDENT AUDITORS			

**INSTRUCTION: To withhold authority to vote for any nominee(s), mark For All Except and write that nominee(s) name(s) or number(s) in the space provided below.**

This proxy, when properly executed, will be voted as specified therein. If no instruction is specified, the shares represented by the proxy will be voted FOR the election of all nominees under proposal 1, FOR proposal 2, and FOR proposal 3. In the event of cumulative voting, the Proxies are authorized to allocate the votes among the nominees listed above in their discretion. The Proxies are authorized to vote upon such other matters as may properly come before the meeting.

Information on the label below indicates how your shares are registered. If shares are held in more than one name, each owner should sign

Mark here if you plan to attend the meeting ..

Mark here for address change and note change ..

Please be sure to date and sign \_\_\_\_\_ Date  
 this proxy card in the box below.

Sign above \_\_\_\_\_ Co-holder (if any) sign above  
 If shares are held by an entity such as a trust, a corporation or a partnership, the proxy should be completed by a person authorized to vote the shares. Print name of the entity and the title of the person who voted the shares.

**X** IF YOU WISH TO PROVIDE YOUR INSTRUCTIONS TO VOTE BY TELEPHONE OR INTERNET, PLEASE READ THE INSTRUCTIONS BELOW **y**

FOLD AND DETACH HERE IF YOU ARE VOTING BY MAIL

Ã

Ã

## **PROXY VOTING INSTRUCTIONS**

Shareholders of record have three ways to vote:

1. By Mail; or
2. By Telephone (using a Touch-Tone Phone); or
3. By Internet.

A telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned this proxy. Please note telephone and Internet votes must be cast prior to 3 a.m. EST, May 15, 2012. It is not necessary to return this proxy if you vote by telephone or Internet.

## Vote by Telephone

Call Toll-Free on a Touch-Tone Phone anytime prior to

3 a.m. EST, May 15, 2012:

**1-855-362-6711**

## Vote by Internet

anytime prior to

3 a.m. EST, May 15, 2012 go to

**<http://www.rtcoproxy.com/bmrc>**

Please note that the last vote received, whether by telephone, Internet or by mail, will be the vote counted.

**ON-LINE ANNUAL MEETING MATERIALS:** <http://www.cfpproxy.com/6265>

**Your vote is important!**

**REVOCABLE PROXY**

**BANK OF MARIN BANCORP**

**ANNUAL MEETING OF SHAREHOLDERS OF BANK OF MARIN BANCORP**

**TO BE HELD ON TUESDAY, MAY 15, 2012**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints each of Russell A. Colombo, Norma J. Howard, and Joel Sklar, MD as Proxies of the undersigned, with full power of substitution, and hereby authorizes any of them to represent and to vote, as designated below, all of the shares of the Common Stock of Bank of Marin Bancorp held of record by the undersigned on March 19, 2012, at the Annual Meeting of Shareholders of Bank of Marin Bancorp to be held on May 15, 2012, or at any adjournment thereof.

The Board of Directors recommends a vote FOR all of the nominees in Proposal 1 and FOR proposals 2 and 3.

**ESOP**

**PLEASE COMPLETE, DATE, SIGN, AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED**

**POSTAGE-PAID ENVELOPE OR PROVIDE YOUR INSTRUCTIONS TO VOTE VIA**

**THE INTERNET OR BY TELEPHONE.**

*(Continued, and to be marked, dated and signed, on the other side)*

**FOLD AND DETACH HERE**

**BANK OF MARIN BANCORP ANNUAL MEETING, MAY 15, 2012**

**YOUR VOTE IS IMPORTANT!**

**Annual Meeting Materials are available on-line at:**

**<http://www.cfpproxy.com/6265>**

**You can vote in one of three ways:**

1. Call toll free 1-855-362-6711 on a Touch-Tone Phone. There is **NO CHARGE** to you for this call.

***or***

2. Via the Internet at <http://www.rtcoproxy.com/bmrc> and follow the instructions.

***or***

3. Mark, sign and date your proxy card and return it promptly in the enclosed envelope.

**PLEASE SEE REVERSE SIDE FOR VOTING INSTRUCTIONS**

7552

**Z** PLEASE MARK VOTES **REVOCALE PROXY** **BANK OF MARIN BANCORP** Annual Meeting of Shareholders **{**  
**X** AS IN THIS EXAMPLE MAY 15, 2012

		With-	For All					
		For	hold	Except	2. TO APPROVE, BY NON-BINDING	For	Against	Abstain
1. ELECTION OF DIRECTORS		..	..	..	V O T E , E X E C U T I V E	..	..	..
(01) Russell A. Colombo	(02) Thomas M. Foster	(03) Robert Heller			COMPENSATION	For	Against	Abstain
(04) Norma J. Howard	(05) Stuart D. Lum	(06) Joseph D. Martino			3. RATIFICATION OF THE BOARD	..	..	..
(07) William H. McDevitt, Jr.	(08) Joel Sklar, MD	(09) Brian M. Sobel			OF DIRECTORS SELECTION OF			
(10) J. Dietrich Stroeh	(11) Jan I. Yanehiro				INDEPENDENT AUDITORS			

**INSTRUCTION:** To withhold authority to vote for any nominee(s), mark **For All Except** and write that nominee(s) name(s) or number(s) in the space provided below.

*Voting Instructions for shares held in the*

***BANK OF MARIN EMPLOYEE STOCK OWNERSHIP AND SAVINGS PLAN***

Please be advised that each Participant will be entitled to vote those shares allocated to his or her Account. This proxy, when properly executed, will be voted as specified therein. For all allocated shares, if this voting instruction card is not properly completed and signed, or if it is not timely received by the designated tabulator, shares allocated to a participant's account will be voted in the same proportion as those shares for which instructions are received. Unallocated shares will be voted by the trustee as directed by the Company to the extent permitted by ERISA. In the event of cumulative voting, the Proxies are authorized to allocate the votes among the nominees listed above in their discretion. The Proxies are authorized to vote upon such other matters as may properly come before the meeting.

Mark here if you plan to attend the meeting ..

Mark here for address change and note change ..

Please be sure to date and sign \_\_\_\_\_ Date  
 this proxy card in the box below.

Sign above \_\_\_\_\_ Co-holder (if any) sign above  
 If shares are held by an entity such as a trust, a corporation or a partnership, the proxy should be completed by a person authorized to vote the shares. Print name of the entity and the title of the person who voted the shares.

**X** IF YOU WISH TO PROVIDE YOUR INSTRUCTIONS TO VOTE BY TELEPHONE OR INTERNET, PLEASE READ THE INSTRUCTIONS BELOW **y**



FOLD AND DETACH HERE IF YOU ARE VOTING BY MAIL

Ã

Ã

## PROXY VOTING INSTRUCTIONS

Shareholders of record have three ways to vote:

1. By Mail; or
2. By Telephone (using a Touch-Tone Phone); or
3. By Internet.

A telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned this proxy. Please note telephone and Internet votes must be cast prior to 3 a.m. EST, May 8, 2012. It is not necessary to return this proxy if you vote by telephone or Internet.

## Vote by Telephone

Call Toll-Free on a Touch-Tone Phone anytime prior to

3 a.m. EST, May 8, 2012:

**1-855-362-6711**

## Vote by Internet

anytime prior to

3 a.m . EST, May 8, 2012 go to

**<http://www.rtcoproxy.com/bmrc>**

Please note that the last vote received, whether by telephone, Internet or by mail, will be the vote counted.

**ON-LINE ANNUAL MEETING MATERIALS:** <http://www.cfpproxy.com/6265>

**Your vote is important!**

**REVOCABLE PROXY**

**BANK OF MARIN BANCORP**

**ANNUAL MEETING OF SHAREHOLDERS OF BANK OF MARIN BANCORP**

**TO BE HELD ON TUESDAY, MAY 15, 2012**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints each of Russell A. Colombo, Norma J. Howard, and Joel Sklar, MD as Proxies of the undersigned, with full power of substitution, and hereby authorizes any of them to represent and to vote, as designated below, all of the shares of the Common Stock of Bank of Marin Bancorp held of record by the undersigned on March 19, 2012, at the Annual Meeting of Shareholders of Bank of Marin Bancorp to be held on May 15, 2012, or at any adjournment thereof.

The Board of Directors recommends a vote FOR all of the nominees in Proposal 1 and FOR proposals 2 and 3.

**401(k)**

**PLEASE COMPLETE, DATE, SIGN, AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED**

**POSTAGE-PAID ENVELOPE OR PROVIDE YOUR INSTRUCTIONS TO VOTE VIA**

**THE INTERNET OR BY TELEPHONE.**

*(Continued, and to be marked, dated and signed, on the other side)*

**FOLD AND DETACH HERE**

**BANK OF MARIN BANCORP ANNUAL MEETING, MAY 15, 2012**

**YOUR VOTE IS IMPORTANT!**

**Annual Meeting Materials are available on-line at:**

**<http://www.cfpproxy.com/6265>**

**You can vote in one of three ways:**

1. Call toll free 1-855-362-6711 on a Touch-Tone Phone. There is **NO CHARGE** to you for this call.

***or***

2. Via the Internet at <http://www.rtcoproxy.com/bmrc> and follow the instructions.

***or***

3. Mark, sign and date your proxy card and return it promptly in the enclosed envelope.

**PLEASE SEE REVERSE SIDE FOR VOTING INSTRUCTIONS**

7661

**Z** PLEASE MARK VOTES **REVOCABLE PROXY** **BANK OF MARIN BANCORP** Annual Meeting of Shareholders **{**  
**X** AS IN THIS EXAMPLE MAY 15, 2012

		With-	For All					
		For	hold	Except	2. TO APPROVE, BY	For	Against	Abstain
		..	..	..	NON-BINDING VOTE, EXECUTIVE	..	..	..
1. ELECTION OF DIRECTORS					COMPENSATION			
(01) Russell A. Colombo	(02) Thomas M. Foster	(03) Robert Heller				For	Against	Abstain
(04) Norma J. Howard	(05) Stuart D. Lum	(06) Joseph D. Martino			3. RATIFICATION OF THE	..	..	..
(07) William H. McDevitt, Jr.	(08) Joel Sklar, MD	(09) Brian M. Sobel			BOARD OF DIRECTORS			
(10) J. Dietrich Stroeh	(11) Jan I. Yanehiro				SELECTION OF INDEPENDENT			
					AUDITORS			

**INSTRUCTION: To withhold authority to vote for any nominee(s), mark For All Except and write that nominee(s) name(s) or number(s) in the space provided below.**

*Voting Instructions for shares held in the  
 BANK OF MARIN 401(k) PLAN*

Please be advised that each Participant will be entitled to vote those shares allocated to his or her Account. This proxy, when properly executed, will be voted as specified therein. If this voting instruction card is not properly completed and signed, or if it is not timely received by the designated tabulator, shares allocated to a participant's account will be voted in the same proportion as those shares for which instructions are received. In the event of cumulative voting, the Proxies are authorized to allocate the votes among the nominees listed above in their discretion. The Proxies are authorized to vote upon such other matters as may properly come before the meeting.

Mark here if you plan to attend the meeting ..

Mark here for address change and note change ..

Please be sure to date and sign \_\_\_\_\_ Date  
 this proxy card in the box below.

Sign above \_\_\_\_\_ Co-holder (if any) sign above  
 If shares are held by an entity such as a trust, a corporation or a partnership, the proxy should be completed by a person authorized to vote the shares. Print name of the entity and the title of the person who voted the shares.

**X** IF YOU WISH TO PROVIDE YOUR INSTRUCTIONS TO VOTE BY TELEPHONE OR INTERNET, PLEASE READ THE INSTRUCTIONS BELOW **y**

FOLD AND DETACH HERE IF YOU ARE VOTING BY MAIL



## PROXY VOTING INSTRUCTIONS



Shareholders of record have three ways to vote:

1. By Mail; or
2. By Telephone (using a Touch-Tone Phone); or
3. By Internet.

A telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned this proxy. Please note telephone and Internet votes must be cast prior to 3 a.m. EST, May 8, 2012. It is not necessary to return this proxy if you vote by telephone or Internet.

## **Vote by Telephone**

Call Toll-Free on a Touch-Tone Phone anytime prior to

3 a.m. EST, May 8, 2012:

**1-855-362-6711**

## **Vote by Internet**

anytime prior to

3 a.m . EST, May 8, 2012 go to

**<http://www.rtcoproxy.com/bmrc>**

Please note that the last vote received, whether by telephone, Internet or by mail, will be the vote counted.

**ON-LINE ANNUAL MEETING MATERIALS:** <http://www.cfpproxy.com/6265>

**Your vote is important!**

<b>Z</b>	<b>PLEASE MARK VOTES</b>	<b>REVOCABLE PROXY</b>		}
<b>X</b>	<b>AS IN THIS EXAMPLE</b>	<b>BANK OF MARIN BANCORP</b>		
<b>ANNUAL MEETING OF SHAREHOLDERS</b>		1. ELECTION OF DIRECTORS		<b>For All</b>
<b>OF BANK OF MARIN BANCORP</b>				<b>For   With-hold   Except</b>
<b>TO BE HELD ON TUESDAY, MAY 15, 2012</b>		<b>Russell A. Colombo</b>	<b>Thomas M. Foster</b>	<b>Robert Heller</b>
<b>THIS PROXY IS SOLICITED ON BEHALF OF</b>		<b>Norma J. Howard</b>	<b>Stuart D. Lum</b>	<b>Joseph D. Martino</b>
<b>THE BOARD OF DIRECTORS</b>		<b>William H. McDevitt, Jr.</b>	<b>Joel Sklar, MD</b>	<b>Brian M. Sobel</b>
		<b>J. Dietrich Stroeh</b>	<b>Jan I. Yanehiro</b>	

The undersigned hereby appoints each of Russell A. Colombo, Norma J. Howard, and Joel Sklar, MD as Proxies of the undersigned, with full power of substitution, and hereby authorizes any of them to represent and to vote, as designated below, all of the shares of the Common Stock of Bank of Marin Bancorp held of record by the undersigned on March 19, 2012, at the Annual Meeting of Shareholders of Bank of Marin Bancorp to be held on May 15, 2012, or at any adjournment thereof.

**INSTRUCTION: To withhold authority to vote for any individual nominee, mark For All Except and write that nominee's name in the space provided below.**

2. TO APPROVE, BY NON-BINDING VOTE, EXECUTIVE COMPENSATION	<b>For</b> ..	<b>Against</b> ..	<b>Abstain</b> ..
3. RATIFICATION OF THE BOARD OF DIRECTORS SELECTION OF INDEPENDENT AUDITORS	<b>For</b> ..	<b>Against</b> ..	<b>Abstain</b> ..

The Board of Directors recommends a vote **FOR** all of the nominees in Proposal 1 and **FOR** proposals 2 and 3.

This proxy, when properly executed, will be voted as specified therein. If no instruction is specified, the shares represented by the proxy will be voted FOR the election of all nominees under proposal 1, FOR proposal 2, and FOR proposal 3. In the event of cumulative voting, the Proxies are authorized to allocate the votes among the nominees listed above in their discretion. The Proxies are authorized to vote upon such other matters as may properly come before the meeting.

Information on the label below indicates how your shares are registered. If shares are held in more than one name, each owner should sign.

Please be sure to date and sign \_\_\_\_\_ Date  
this proxy card in the box below.

Sign above \_\_\_\_\_  
\_\_\_\_\_ Co-holder (if any) sign above

If shares are held by an entity such as a trust, a corporation or a partnership, the proxy should be completed by a person authorized to vote the shares. Print name of the entity and the title of the person who voted the shares.

**X** \_\_\_\_\_ y



Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

⤵ Detach above card, sign, date and mail in postage paid envelope provided. ⤵

**BANK OF MARIN BANCORP**

**PLEASE MARK, SIGN AND DATE YOUR PROXY AND**

**RETURN IT IN THE ENVELOPE PROVIDED**

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.

**PROXY MATERIALS ARE**

**AVAILABLE ON-LINE AT:**

**<http://www.cfproxy.com/6265>**

**6265**