



May 12, 2008

Dear Fellow Shareholder:

We are happy to report first quarter earnings for Bank of Marin Bancorp of \$3.3 million, a 10.2% increase over the first quarter of 2007. Diluted earnings per share for the quarter were \$0.63 compared to \$0.55 per share for the same period in 2007 which represents a 14.5% growth in EPS. As of March 31, 2007, total assets stood at \$920 million, total deposits at \$760 million, and loans totaled \$770 million.

We are pleased with our results for the first quarter of 2008. Although the market remains challenging, Bank of Marin Bancorp continues to perform at a high level. The first quarter was a gratifying period for our Company. While other financial institutions are reporting loan losses and dire predictions for the year, Bank of Marin Bancorp posted strong earnings. The Bank's loan portfolio is growing and credit quality remains a major strength. Although deposit growth is a challenge throughout the industry, our market share is strong and we are confident that as the market recovers our growth in deposits will return.

The core of Bank of Marin's success is the strong relationships we have with so many companies and individuals throughout our market. We are focused on deepening those relationships in 2008 as we introduce new products that will help our customers run their businesses more efficiently and profitably. We are also committed to re-emphasizing the Legendary Service that we have provided to all our customers throughout our history.

We want to thank all of you for your continued support of Bank of Marin Bancorp. Our philosophy of conservative long-term relationship banking, community involvement, fair pricing, and exemplary customer service will continue to pay off as we work through this challenging environment.

Joel Sklar, M.D.
Chairman of the Board

Russell A. Colombo
President and Chief Executive Officer