



Russell A. Colombo
 President & Chief Executive Officer

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February 27, 2009

Mr. Neil M. Barofsky
 Special Inspector General – TARP
 1500 Pennsylvania Avenue NW – Suite 1064
 Washington, DC 20220

Dear Sir:

In accordance with the request of the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP), the Bank of Marin Bancorp is providing the information requested in your letter dated February 6, 2009.

- (1) The Bank of Marin Bancorp applied for \$28 million under the Capital Purchase Program (CPP). Under the TARP umbrella we received funding of the money on December 5, 2008. Our anticipated use of TARP funds was simple. We intended to use this capital as a way to increase lending in the communities that we serve. This capital can be leveraged and allow us to lend up to \$225 million (eight times leverage) into our market. The leveraging of these funds allows us to expand our loan portfolio beyond what we could have done absent the TARP funds. However, we are a very well capitalized bank and we took the funds at the urging of our primary regulator, the FDIC, and our state regulator, the California Department of Financial Institutions. We are a very successful bank and did not take the TARP funds because we were a troubled institution. On the contrary, we are very healthy, well capitalized, and very profitable.

Between December 5, 2008 and January 31, 2009 we have actively lent out all of the TARP funds and have begun leveraging this capital. New loan transactions have totaled \$29.1 million in outstandings. The breakdown by type is as follows:

Commercial Loans	\$7.758MM
Construction Loans	\$.960MM
Commercial Real Estate	\$15.643MM
Personal Loans	\$.563MM
Residential Real Estate (Tenant-In-Common)	\$1.251M
Home Equity Loans	\$2.929MM
TOTAL NEW LOANS	\$29.104MM

Detail of these loans is attached.

- (2) Executive compensation is based on a variety of quantifiable performance measures. We have never taken excessive risk and have always applied conservative underwriting standards throughout the 19-year history of Bank of Marin. We intend to adjust compensation programs to be in compliance with the Department of Treasury guidelines.
- (3) We have been diligent in our efforts to keep our lending activities strong, yet not diminish our high quality underwriting standards. We reported our use of TARP funds in our fourth quarter press release (\$27.1 MM lent out through December 31, 2008) and we plan to include a highlight of new loan volume in every quarterly financial news release.
- (4) In an organization like ours, we do not segregate the CPP funds from other funds. Since this is Tier I Capital, the value of the funding is the leverage that can be achieved which will increase loan activity. Since we are leveraged approximately 8X, then we expect the CPP funds to be leveraged in an equivalent way.

Sincerely,



RAC/smp

I hereby certify to the accuracy of all statements, representation, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 101.



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

Information as of: 01/31/2009

ACCT NBR

BNK SHR LGR BAL ISSUE DATE NOTE TYPE CDE

	3,000,000.00	01/06/2009	100
	950,000.00	12/30/2008	100
	600,000.00	12/29/2008	100
	500,000.00	12/31/2008	100
	450,000.00	01/21/2009	104
	400,831.09	12/08/2008	106
	400,000.00	12/19/2008	104
	328,000.00	12/22/2008	104
	192,500.00	12/30/2008	100
	159,000.00	01/15/2009	104
	150,000.00	12/30/2008	104
	97,460.25	12/08/2008	100
	77,828.06	12/17/2008	100
	67,600.59	12/22/2008	105
	57,964.63	12/08/2008	100
	55,000.00	12/30/2008	100
	51,611.00	01/07/2009	100
	44,390.91	12/10/2008	100
	36,762.40	12/09/2008	100
	30,000.00	12/31/2008	104
	30,000.00	01/28/2009	100
	25,000.00	12/19/2008	100
	20,000.00	01/12/2009	105
	18,566.99	12/15/2008	105
	10,000.00	01/02/2009	104
	5,000.00	01/16/2009	105
Total Commercial Loans:	7,757,515.92		

Total Construction Loans:	960,200.73	01/21/2009	101
	960,200.73		

	12,000,000.00	12/18/2008	102
	1,099,285.16	12/10/2008	102
	996,973.39	12/17/2008	102
	700,000.00	12/23/2008	102
	525,500.00	12/23/2008	102
	239,699.22	01/08/2009	102

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	65,000.00	12/11/2008	102
	17,424.23	12/17/2008	102
Total Commercial R/E Loans:	15,643,882.00		

	300,000.00	01/30/2009	203
	155,420.50	01/29/2009	202
	49,789.55	01/13/2009	200
	25,000.00	01/21/2009	203
	15,300.00	01/27/2009	201
	9,778.22	12/05/2008	200
	7,301.42	12/15/2008	201
Total Personal Loans:	562,589.69		

	875,000.00	12/29/2008	401
	375,691.33	12/10/2008	410
Total Residential R/E Loans:	1,250,691.33		

	503,800.65	01/07/2009	302
	364,650.00	01/14/2009	302
	250,000.00	01/06/2009	302
	155,420.50	01/29/2009	202
	150,000.00	01/16/2009	302
	149,215.37	12/16/2008	302
	115,658.27	12/18/2008	302
	102,236.66	01/14/2009	302
	97,497.00	12/26/2008	302
	87,627.08	12/15/2008	302
	85,000.00	01/26/2009	302
	80,540.04	12/16/2008	302
	75,000.00	01/28/2009	302
	69,970.08	12/24/2008	302
	65,000.00	12/23/2008	302
	53,302.79	12/12/2008	302
	49,956.11	12/29/2008	302
	49,000.00	01/14/2009	302
	45,000.00	12/31/2008	302
	35,000.00	12/31/2008	302
	35,000.00	12/08/2008	302
	33,500.00	12/26/2008	302
	32,672.87	12/17/2008	302

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Total Home Equity Loans:	32,224.47	12/31/2008	302
	30,000.00	01/06/2009	302
	25,408.75	01/22/2009	302
	25,000.00	01/21/2009	302
	25,000.00	01/29/2009	302
	25,000.00	01/29/2009	302
	25,000.00	01/22/2009	302
	25,000.00	01/14/2009	302
	20,975.80	12/08/2008	302
	10,000.00	01/14/2009	302
	310.00	01/12/2009	302
	2,928,966.44		

TOTAL NEW LOANS: 29,103,846.11

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