

Bank of Marin Bancorp
Form S-4
August 26, 2013

As filed with the Securities and Exchange Commission on August 23, 2013

Registration No: 333____

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

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

BANK OF MARIN BANCORP
(exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	6022 (Primary Standard Industrial Classification Code)	20-8859754 (I.R.S. Employer Identification No.)
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504 Redwood Blvd., Suite 100
Novato, California 94947
(415) 763-4520

(Address, including zip code and telephone number,
including area code, of registrant's principal and executive
offices)

Russell A. Colombo
Bank of Marin Bancorp
President and Chief Executive Officer
504 Redwood Blvd., Suite 100
Novato, California 94947
(415) 763-4520

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

copies to:

John F. Stuart, Esq.

Thomas G. Reddy, Esq.

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Kenneth E. Moore, Esq.
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Bingham McCutchen LLP
Three Embarcadero Center
San Francisco, CA 94111
(415) 393-2188

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered ¹	Proposed Maximum Offering Price Per Share ²	Proposed Maximum Aggregate Offering Price ²	Amount of Registration Fee
Common Stock, no par value	434,829 shares	\$40.82	\$17,749,720	\$2,421

¹ Represents the maximum number of shares of Bank of Marin Bancorp (“Marin”) common stock which could be issued in the merger with NorCal Community Bancorp (“NorCal”), based upon (i) the largest conversion ratio at which the NorCal common stock could be converted into shares of Marin common stock pursuant to the Agreement and Plan of Merger dated as of July 1, 2013 (the “merger agreement”) and (ii) the maximum number of shares of NorCal common stock which may be converted into shares of Marin common stock, pursuant to the merger agreement.

² Estimated solely for the purposes of calculating the registration fee and computed pursuant to Rule 457(c) and 457(f)(1) of the Securities Act. The proposed maximum aggregate offering price is equal to the product of (a)

\$40.82, and (b) the maximum number of shares of Marin common stock to be issued pursuant to the merger agreement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
NORCAL COMMUNITY BANCORP
TO BE HELD [*], 2013

NorCal Community Bancorp
1701 Harbor Bay Parkway Ste. 100
Alameda, CA 94502

To the Shareholders of NorCal Community Bancorp

We are pleased to enclose this Notice of Annual Meeting, a proxy statement – prospectus (including our financial statements) and form of proxy.

You are cordially invited to attend the 2013 Annual Meeting of Shareholders, which will be held at 9:00 a.m. on [*], [*], 2013 at [*], California (the “Meeting”).

This Notice of Annual Meeting and proxy statement – prospectus provides information pertaining to the proposed merger of NorCal Community Bancorp (“NorCal”) with and into Bank of Marin Bancorp (“Marin”). The boards of directors of NorCal and Marin have approved the merger of NorCal into Marin, and the immediately subsequent merger of Bank of Alameda into Bank of Marin.

NorCal is holding its annual shareholders’ meeting to approve the merger agreement and to elect directors. Information about the NorCal meeting is contained in this proxy statement – prospectus. In particular, see “Risk Factors” beginning on page [*]. You are urged to read this document carefully and in its entirety.

In the merger, shareholders of NorCal will have the election to receive shares of common stock of Marin, cash or a combination in exchange for their shares of NorCal stock. Based on Marin’s closing sale price on [*], 2013 of \$[*] per share, you would receive \$[*] in value for each share of NorCal stock if you elected to receive half of your consideration in Marin stock and half in cash. However, the value you receive will change depending upon the performance of Marin’s common stock shortly before the closing. Moreover, shareholder elections are subject to certain allocation procedures designed to ensure that approximately half of the consideration paid by Marin is in the form of Marin common stock and the other half in cash. NorCal and Marin urge you to obtain current market quotations of NorCal and Marin common stock and to review and understand the allocation procedures discussed in the accompanying proxy statement – prospectus.

We expect that the transaction will be tax-free to NorCal’s shareholders who receive Marin common stock. Cash paid in lieu of fractional shares and cash paid to those shareholders receiving cash will be taxable. Upon completion of the merger, we expect that the shareholders of NorCal will own approximately [*]% of the outstanding shares of Marin, assuming none of Marin’s currently outstanding stock options or warrants are exercised.

Your continuing support of NorCal is appreciated, and we hope you will attend the meeting. Whether or not you are personally present, it is very important that your shares be represented at the meeting. Accordingly, please sign, date, and mail the enclosed proxy promptly. If you wish to

vote in accordance with the board of directors' recommendations, it is not necessary to specify your choices. You may simply sign, date and return the enclosed proxy. If you do not vote, it will have the same effect as voting against the merger agreement and not voting for any nominees for director.

Sincerely,

James B. Davis
Chairman of the Board

Stephen G. Andrews
President and Chief Executive Officer

1701 Harbor Bay Parkway, Suite 100, Alameda, California 94502
Telephone (510) 748-8000 Fax (510) 748-8050

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION OR BANK REGULATORY AGENCY HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS PROXY STATEMENT – PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF ANY BANK SUBSIDIARY OF MARIN, AND THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

This proxy statement – prospectus is dated [*], 2013, and is first being mailed to shareholders on or about [*], 2013.

PROXY STATEMENT – PROSPECTUS
ANNUAL MEETING OF SHAREHOLDERS
NORCAL COMMUNITY BANCORP
TO BE HELD [*], 2013

INTRODUCTION

This proxy statement – prospectus is furnished in connection with the solicitation of proxies for use at the annual meeting of shareholders of NorCal Community Bancorp (“NorCal”) to be held at Alameda Theatre & Cineplex, 2317 Central Avenue, Alameda, California on [*], [*], 2013, at 9:00 a.m. (Pacific Time) , for the purpose of considering and voting on the following matters:

Approval of the Merger Agreement. To approve the merger agreement in the form attached as Appendix A to this
1. proxy statement – prospectus, for a merger of NorCal with and into Bank of Marin Bancorp (“Marin”) and the immediately subsequent merger of Bank of Alameda with and into Bank of Marin.

Election of Directors. To elect the following nominees to serve as directors of NorCal until the next Annual
2. Meeting of Shareholders and until their successors shall be elected and qualified (if the merger has not been completed by then), or until completion of the merger:

Stephen G. Andrews
Eric C. Cross
James B. Davis
Gregory R. Gersack
Michael G. Gorman

Kenneth M. Karmin
Kevin Kennedy
James L. McKenna
Joel Vuylsteke

No other business is expected to be conducted at the annual meeting.

The board of directors of NorCal has fixed the close of business on [*], 2013, as the record date for determination of shareholders entitled to notice of, and the right to vote at, the meeting. The nine nominees for director receiving the highest number of votes will be elected as directors. Approval of the merger agreement requires the affirmative vote of a majority of the shares of NorCal common stock issued and outstanding on the record date.

The board of directors of NorCal unanimously recommends that you vote “FOR” approval of the merger agreement and “FOR” management’s nominees for director.

Information about Nomination of Candidates for the Board of Directors

Nominations for election of members of the board of directors may be made by the board of directors or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of any meeting called for the election of directors) are required to be made in writing and to be delivered or mailed to the president of the corporation by the later of: (i) the close of business 21 days prior to any meeting of shareholders called for the election of directors, or (ii) ten days after the date of mailing of notice of the meeting to shareholders. Such notification must contain the following

information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt; and (h) a statement regarding the nominee's compliance with Section 2.3 of these bylaws. The notification shall be signed by the nominating shareholder and by each nominee, and shall be accompanied by a written consent to be named as a nominee for election as a director from each proposed nominee. Nominations not made in accordance with these procedures shall be disregarded by the chairman of the meeting, and upon his instructions, the inspectors of election shall disregard all votes cast for each such nominee.

Nominees for the board of directors must meet certain qualifications set forth in Section 2.3 of NorCal's bylaws, which prohibit the election as a director of any person who is a director, officer, employee, agent, nominee, material consulting accountant, analyst, attorney or policy decision maker for any other financial institution, lender or bank holding company or affiliate or subsidiary thereof, or who has been or is the assignee or nominee of anyone who has any contract, arrangement or understanding with any other financial institution, lender or bank holding company, or affiliate or subsidiary thereof, or with any officer, director, employee, agent, nominee, material consulting accountant, analyst, attorney or policy decision maker thereof, pursuant to which that person could be called upon to reveal or in any way utilize information obtained as a director, or pursuant to which that person will, directly or indirectly, attempt to effect or encourage any action of NorCal. The board of directors may waive enforcement of the foregoing qualifications in a particular instance if it determines that a director's or candidate's relationship with another financial institution, lender or bank holding company or affiliate or subsidiary thereof is not likely to result in misuse or unauthorized disclosure of the corporation's nonpublic information or other forms of unfair competition or to improperly influence a director's or candidate's activities as a director of the corporation, or if the board of directors determines that the benefit of a director's or candidate's participation on the board of directors outweighs the risks presented by such person's relationship with another financial institution, lender or bank holding company or affiliate or subsidiary thereof.

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Marin and Bank of Marin from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document but not otherwise accompanying this document by requesting them in writing or by telephone from Marin as follows:

Bank of Marin Bancorp
504 Redwood Blvd, Suite 100
Novato, California 94947
(415) 763-4523
Attention: Nancy Boatright

You will not be charged for any of these documents that you request. If you would like to request documents, please do so by [*] 2013, in order to receive them before the annual meeting. You can also obtain any of these documents at no cost from the SEC's website at <http://www.sec.gov>.

The documents incorporated by reference are listed under the caption "Where You Can Find More Information." In addition, Marin hereby incorporates by reference all its subsequent filed reports with the SEC prior to the date of the consummation of the merger.

NorCal does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and accordingly does not file documents or reports with the SEC.

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APPENDICES

Agreement and Plan of Merger

Fairness Opinion of Sandler O'Neill + Partners, L.P.

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Appendix A

Appendix B

Appendix C

QUESTIONS AND ANSWERS

Following are brief answers to certain questions that you may have regarding the proposals being considered at the NorCal Community Bancorp Annual Meeting. NorCal Community Bancorp (“NorCal”, “we”, “our” or “us”) urges you to read carefully this entire proxy statement – prospectus because this section does not provide all the information that might be important to you. All references to the merger agreement are to the Agreement and Plan of Merger dated as of July 1, 2013 (the “merger agreement”) between Bank of Marin Bancorp (“Marin”) and NorCal, a copy of which is attached as Appendix A to this proxy statement – prospectus.

1. Why have I received these materials?

This proxy statement – prospectus and the enclosed proxy card were sent to you because the board of directors of NorCal is soliciting your proxy to vote at the meeting of shareholders to be held on [*], 2013. You are cordially invited to attend the meeting and are requested to vote on the proposals described in this proxy statement - prospectus. We intend to mail this proxy statement – prospectus and accompanying proxy card on or about [*], 2013 to all shareholders entitled to vote at the meeting.

2. What is being voted on at the meeting?

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

• **Approval of the Merger Agreement.** To approve the merger agreement in the form attached as Appendix A to this proxy statement – prospectus.

• **Election of Directors.** To elect the following nine persons to the board of directors of NorCal to serve until the earlier of the 2014 meeting of shareholders and until their successors are elected and have qualified (if the merger has not been completed by then), or the consummation of the merger described in the merger agreement:

Stephen G. Andrews	Gregory R. Gersack	Kevin Kennedy
Eric C. Cross	Michael G. Gorman	James L. McKenna
James B. Davis	Kenneth M. Karmin	Joel Vuylsteke

• **Other Business.** To transact such other business as may properly come before the meeting and any adjournment(s) thereof.

3. Who is entitled to vote?

Only holders of record of our common stock at the close of business on [*, 2013 (the “record date”) may vote at the meeting. According to Computershare, Inc., our transfer agent, there were 10,641,940 shares of our common stock outstanding as of the record date. Each share of common stock you hold has voting rights, including shares:

held directly in your name as shareholder of record (also referred to as “registered shareholder”); and
held for you in an account with a broker or other nominee (shares held in “street name”).

4. What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding at the close of business on the record date will constitute a quorum for the transaction of business at the meeting.

5. How many votes are required to approve each proposal? How many votes do I have?

Proposal I, approval of the merger agreement, requires approval by the holders of at least a majority of the issued and outstanding shares of NorCal. As of the record date, holders of 2,137,658 shares of NorCal common stock, representing approximately 20.1% of the outstanding shares, have signed voting agreements with Marin agreeing, among other things, to vote in favor of the merger agreement.

Proposal II, the election of directors, requires a plurality of the shares voting at the meeting for the election of directors. Accordingly, the nine directorships to be filled at the meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Each holder of our common stock is entitled to one vote for each share recorded in his or her name on the books of NorCal as of the record date on any matter submitted to the shareholders for a vote, except that shareholders may vote their shares cumulatively for the election of directors if certain conditions are met at the meeting. Cumulative voting provides each shareholder with a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such shareholder, which such shareholder can then vote in favor of one or more nominees. For example, if you held 100 shares as of the record date, you would be entitled to 900 votes which you could then distribute among one or more nominees. Cumulative voting may only be exercised at the meeting if (i) the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting; and (ii) at least one shareholder has given notice at the meeting prior to the voting of such shareholder’s intention to cumulate his/her votes.

An abstention from voting will be treated as “present” for quorum purposes and will not have any effect on the election of directors. However, an abstention will have the same effect as a vote against Proposal I and the merger.

6. How are votes counted?

You may either vote “FOR”, “WITHHOLD” or “FOR ALL EXCEPT” for each nominee for election to the Board. You may vote “FOR” “AGAINST” or “ABSTAIN” on the other proposals. Abstentions will be counted as present for purposes of determining the existence of a quorum. If you just sign and submit your proxy card without voting instructions, your shares will be voted “FOR” Proposal I and “FOR” each director nominee in Proposal II.

7. What is a broker non-vote?

If shareholders do not give their brokers instructions as to how to vote shares held in street name, the brokers have discretionary authority to vote those shares on “routine” matters. However, none of the matters on the agenda for the meeting is considered routine for this purpose. As a result, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on the non-routine matters, Proposal I (approval of the merger agreement) and Proposal II (election of directors) or any other matters which may be presented to the shareholders at the meeting. This is sometimes called a “broker non-vote.” Proxies returned to us by brokers who have not received voting instructions from their customers and therefore do not have authority to vote on the non-routine matters (Proposals I and II) will be counted as present for the purpose of determining whether there is a quorum at the meeting, but will not be voted.

8. What risks should I consider before I vote on the merger proposal?

We encourage you to read carefully the detailed information about the merger contained in this proxy statement – prospectus, including the section entitled “Risk Factors” beginning on page [*] and other factors that are discussed in documents that Marin has filed with the Securities and Exchange Commission and which are incorporated by reference in this proxy statement – prospectus.

9. How does the Board recommend that I vote?

The Board recommends that you vote your shares:

- “FOR” the merger agreement (Proposal I)
- “FOR” each of the nominees for election to the Board (Proposal II)

10. How do I vote my shares without attending the meeting of shareholders?

If you are a registered shareholder, you may vote without attending the meeting by granting a proxy. This may be done by signing and dating the enclosed proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney, or officer of a corporation), you should indicate your name and title or capacity. If your shares are jointly owned by two or more persons, your proxy card will be valid if it is signed by any of the joint owners, unless we receive written notice from another joint owner either objecting to the authority of the first joint owner to appoint a proxy or appointing a different proxy. Proxy cards in the accompanying form, which are properly signed, duly returned to an officer of NorCal and not revoked in the manner described below, will be voted in the manner specified.

For shares held in street name, you will receive instructions from the broker or other nominee that you must follow in order for your shares to be voted. As noted above, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on Proposals I or II, or any other proposals on which your broker does not have discretionary authority to vote.

As an alternative to mailing your proxy card as described above, you may vote by telephone or by using the Internet. If you vote using the Internet or telephone, you do not need to return your proxy card (or cards, if you are the record shareholder for shares represented by more than one proxy card). We have designed telephone and Internet voting procedures that authenticate your identity as a shareholder, allow you to give your voting instructions and confirm that your instructions have been properly recorded. The deadline for telephone and Internet voting is __:00 a.m. _____ Time on [*], 2013. Instructions for telephone and internet voting procedures may be found at [*].

11. How do I vote my shares in person at the meeting of shareholders?

If you are a registered shareholder and prefer to vote your shares at the meeting, bring the enclosed proxy card or proof of identification. You may vote shares held in street name at the meeting only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares. Even if you plan to attend the meeting, we encourage you to vote in advance by mail so that your vote will be counted if you later decide not to attend the meeting. If you wish to vote in person at the meeting and have previously submitted a proxy, you must deliver to an officer of NorCal a written notice of termination of the proxy's authority before the vote. Attendance at the meeting will not itself revoke a previously granted proxy.

12. How do I change my vote?

You may revoke your proxy instructions at any time prior to the vote at the meeting by delivering to an officer of NorCal a written notice of termination of the proxy's authority or a properly signed proxy bearing a later date.

13. What does it mean if I receive more than one proxy card?

It generally means you hold shares registered in more than one account. To ensure that all your shares are voted, sign and return each proxy card you receive or vote by telephone or internet.

14. Are shareholders of Marin voting on the merger?

No, the shareholders of Marin are not required to approve the merger agreement.

15. What is happening in the merger?

NorCal is being merged with and into Marin, and immediately thereafter Bank of Alameda, our wholly owned subsidiary, is being merged with and into Bank of Marin, a wholly owned subsidiary of Marin, with Bank of Marin as the surviving entity. As result of such merger, NorCal and Bank of Alameda will cease to exist. The merger is governed by the merger agreement.

16. Why is the merger proposed?

NorCal is proposing the merger because its board of directors concluded that the merger is in its and its shareholders' best interest. NorCal believes that the merger affords a fair price and an opportunity for the combined companies to offer customers a broader array of services and products.

17. When will the merger be completed?

We expect to complete the merger promptly after NorCal's shareholders approve the merger agreement and after the receipt of all requisite governmental and regulatory approvals, the expiration of applicable waiting periods and the satisfaction or waiver of all other conditions to the merger. We currently expect this to occur during the fourth quarter of 2013 although delays may occur.

18. If the merger is approved what is the merger consideration to the NorCal shareholders?

If you are a holder of common stock of NorCal and do not exercise dissenters' rights, you will receive in exchange for each issued and outstanding share of NorCal common stock (other than any dissenting shares) the right to receive either (i) \$3.01 in cash or (ii) 0.07716 shares of Marin common stock, as selected by each NorCal shareholder. The exchange ratio of 0.07716 is subject to adjustment as explained in more detail in this proxy statement – prospectus. A shareholder may elect to exchange some of his or her shares into cash and other shares into stock. All shareholder elections for cash or stock are subject to potential adjustment so that no more than 50% of the shares of NorCal common stock outstanding are exchanged for Marin common stock; provided however, that in no event may the aggregate cash paid for NorCal common stock, dissenting shares, stock options, and cash in lieu of fractional shares exceed 58% of the total consideration paid by Marin in the merger. No interest will be paid on any merger consideration. Please read the section entitled "Proposal I – The Merger – Exchange Ratio," and the merger agreement included as Appendix A herein for additional information.

19. Should I send in my stock certificates now?

No. Marin's exchange agent will send NorCal shareholders separate written instructions for exchanging their stock certificates for Marin stock certificates and for making the stock/cash election described herein.

SUMMARY

This brief summary, together with the “Questions and Answers” on the preceding pages, highlight selected information from the proxy statement – prospectus. It does not contain all of the information that is important to you. You are urged to read carefully the entire proxy statement – prospectus and the other documents referred to therein in order to fully understand the merger. Each item in this summary refers to the page where that subject is discussed in more detail.

Information Regarding the Parties (Pages __ and __)

Bank of Marin Bancorp
504 Redwood Blvd., Suite 100
Novato, CA 94948
<http://www.bankofmarin.com>

Bank of Marin Bancorp (“Marin”), is a Northern California-based bank holding company for Bank of Marin. Bank of Marin has 17 full service branches serving the counties of Marin, San Francisco, Napa and Sonoma and has a strong focus on supporting these local communities. Bank of Marin’s customer base is made up of business and personal banking relationships from the communities near its branch office locations. Its business banking focus is on small to medium-sized businesses, professionals and not-for-profit organizations. Bank of Marin offers a broad range of commercial and retail deposit and lending programs designed to meet the needs of its target markets. Loan products include commercial real estate loans, commercial and industrial loans and lines of credit, construction financing, consumer loans, and home equity lines of credit.

Bank of Marin commenced operations in January 1990 as a California state chartered bank with its deposits insured by the Federal Deposit Insurance Corporation, (“FDIC”), up to the applicable limits. Bank of Marin is subject to primary supervision, examination and regulation by the California Department of Business Oversight, Division of Financial Institutions (“DFI”), and the FDIC.

On July 1, 2007, a bank holding company reorganization was completed whereby Marin became the parent holding company for the Bank of Marin. On such date, each outstanding share of Bank of Marin common stock was converted into one share of Marin common stock. Upon its formation, Marin became subject to regulation by the Board of Governance of the Federal Reserve System (“FRB”) under the Bank Holding Company Act of 1956, as amended, including reporting and examinations.

In February 2011, Bank of Marin expanded its community banking footprint to Napa County through an FDIC-assisted acquisition of \$107.8 million of assets and assumption of \$107.7 million of liabilities of the former Charter Oak Bank. No new capital was raised to complete this transaction which was supported through Marin’s accumulation of earnings.

At June 30, 2013, Marin had total assets of \$1.4 billion, total deposits of \$1.2 billion and stockholders’ equity of \$158.4 million.

Marin’s common stock trades on the NASDAQ Global Market (“Nasdaq”) under the symbol “BMRC.”

Additional information about Marin, including financial statements and management's discussion and analysis thereof, are included in its Form 10-K for the year ended December 31, 2012, in its Form 10-Qs for the quarters ended June 30, 2013 and March 31, 2013 and other reports filed by Marin with the Securities and Exchange Commission since December 31, 2012. These reports are incorporated by reference into this proxy statement – prospectus. If you want to obtain copies of these documents or other information concerning Marin, please see “Where You Can Find More Information” on page ___.

NorCal Community Bancorp
1701 Harbor Bay Parkway, Suite 100
Alameda, CA 94502
www.bankofalameda.com.

NorCal is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. NorCal was incorporated under the laws of the State of California in 2002 for the principal purpose of engaging in activities permitted for a bank holding company. As a bank holding company, NorCal is authorized to engage in the activities permitted under the Bank Holding Company Act of 1956, as amended, and the regulations thereunder. NorCal's principal office is located at 1701 Harbor Bay Parkway, Suite 100, Alameda, California 94502 and its telephone number is (510) 748-8450.

NorCal owns 100% of the issued and outstanding shares of common stock (the only class of shares outstanding) of its banking subsidiary, Bank of Alameda.

Bank of Alameda was incorporated under the laws of the State of California on October 2, 1997, and with the approval of the DFI and the FDIC Bank of Alameda opened for business on March 23, 1998. Bank of Alameda operates four full service offices in Alameda County, including the head office located at 2130 Otis Drive, Alameda, CA 94501. In addition Bank of Alameda operates an Administrative Office located at 1701 Harbor Bay Parkway, Suite 100, Alameda CA 94502 and an Accounting Department Office located at 2125 Oak Grove Rd., Suite 124, Walnut Creek, CA 94598.

Bank of Alameda's deposits are insured by the FDIC up to applicable legal limits. Bank of Alameda's primary business is providing a wide array of financial products with an exemplary level of personal service to small and medium sized businesses, professionals and individuals preferring quality personal attention. Bank of Alameda's principal service area is Alameda and Contra Costa counties, and Bank of Alameda utilizes electronic banking systems and a courier service to provide personalized banking services throughout its service areas. Bank of Alameda accepts checking and savings deposits, offers secured and unsecured commercial and industrial loans, secured real estate loans, other installment and term loans and other customary banking services. Bank of Alameda is a California state chartered commercial bank.

The mission of Bank of Alameda is to provide customized financial services to Alameda and Contra Costa county businesses, professionals, and individuals who desire a high degree of personalized attention.

At June 30, 2013, NorCal had total assets of \$264 million, total deposits of \$228 million, total loans of \$178 million and total shareholders' equity of \$26 million.

The Merger (Page ___ and Appendix A)

The merger is governed by the merger agreement.

A copy of the merger agreement is attached as Appendix A at the back of this proxy statement – prospectus. You are encouraged to read this merger agreement, as it is the legal document that governs the merger.

Risk Factors (Page ___)

An investment in Marin’s common stock includes substantial risks. See the section entitled “Risk Factors” beginning on page [*] for a discussion of risks associated with the merger and an investment in Marin’s common stock. Other risk factors are discussed in Marin’s filings with the SEC which are incorporated herein by reference.

The Value You Will Receive for Your NorCal Common Stock (Page ___)

Subject to the allocation provisions of the merger agreement, you may elect to receive all cash, all Marin common stock or a portion of cash and Marin common stock for the NorCal shares you own. The values that you will receive in cash and in Marin common stock in exchange for your NorCal stock may not be the same.

CASH – If you receive cash, the amount you receive per share will be equal to the so-called “per share cash consideration” which is a fixed amount of \$3.01 per share.

MARIN COMMON STOCK – If you receive Marin common stock, the number of shares that you will receive will be equal to the number of your NorCal shares multiplied by the so-called “exchange ratio.” The initial exchange ratio is 0.07716. To the extent that the formula results in a fraction of a share, such fraction will not be issued but you will receive cash in lieu of such fractional interest.

Unlike the “per share cash consideration,” the exchange ratio may vary depending on Marin’s “average price.” “Average price” means, in general, the volume weighted average price of Marin’s common stock on Nasdaq for the fifteen trading days ending on the day which is the second trading day preceding the anticipated closing date of the merger, whether or not trades occurred on those days. Thus,

if Marin’s average price is between \$35.11 and \$42.91, the exchange ratio would be 0.07716;

if Marin’s average price is more than \$42.91 but not more than \$44.86, the exchange ratio would be equal to the quotient of \$3.31 divided by the Marin average price;

if Marin’s average price is more than \$44.86, the exchange ratio would be 0.07379 subject to the possibility of further adjustment as provided in the merger agreement;

if Marin’s average price is less than \$35.11 but not less than \$33.16, the exchange ratio would be equal to the quotient of \$2.71 divided by the Marin average price; or

if Marin’s average price is less than \$33.16, the exchange ratio would be 0.08172, subject to the possibility of further adjustment as provided in the merger agreement.

The following table sets forth historical per share market value for Marin common stock based on the last sale price and NorCal common stock based on the last bid prices and the equivalent market values for NorCal common stock on:

July 1, 2013, the last trading day before public announcement of the merger, and

[*], 2013, the most recent date before the mailing of this proxy statement – prospectus.

	Historical Market Price		NorCal Equivalent Pro Forma Price Per Share
	Marin	NorCal	
July 1, 2013	\$40.51	\$2.66	\$3.13 ¹
_____, 2013	\$_____	\$_____	\$_____

(1) Assuming an “average price” between \$35.11 and \$42.91 and an exchange ratio of 0.07716.

Marin cannot assure you that actual stock prices for its common stock will be equal to or greater than the prices shown in the table at the time of the merger or at any time after the completion of the merger. After the merger, there will be no further trading or a public market for NorCal common stock.

You are urged to obtain current market quotations.

Dividends After the Merger

To date, NorCal has not paid cash dividends and has followed a strategy of retaining earnings to increase capital and provide additional basis for growth.

Marin follows a policy of paying quarterly cash dividends with payable dates historically during the second month of each calendar quarter. The record date for the dividend generally occurs around the first day of the second month of each quarter. Marin increased its quarterly dividend by \$0.01 per share in each of 2011 and 2012. Marin most recently declared a quarterly cash dividend of \$0.18 per share on July 18, 2013 with an August 1, 2013 record date and a payable date of August 9th. Because the merger will not likely be effective by the next anticipated record date in November, NorCal shareholders will not participate in such dividend. The merger is expected to be complete before the record date for Marin’s fourth quarter dividend (payable early in 2014); however, no assurance can be given regarding the time for the closing of the merger.

Marin expects to pay cash dividends at the same general level but may change that policy in the sole discretion of its board of directors based on business conditions, its financial condition and earnings or other factors.

Tax Effects of the Merger (Page __)

The merger will be treated as a “reorganization” within the meaning of section 368(a) of the Internal Revenue Code. Accordingly, the merger will generally be tax-free for U.S. federal income tax purposes to NorCal shareholders who receive only Marin shares in the merger. A NorCal shareholder who receives only cash in the merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received and the tax basis of the NorCal shares exchanged therefor, and such gain or loss will be capital gain or loss assuming that the NorCal shares are held by the shareholder as a capital asset. A NorCal shareholder who receives Marin shares and cash in

the merger will recognize gain (but not loss) for U.S. federal income tax purposes in an amount equal to the lesser of (1) the amount of cash received in the merger and (2) an amount equal to the excess, if any, of (a) the sum of the amount of cash plus the fair market value of the Marin shares received in the merger, over (b) the tax basis of the NorCal shares exchanged therefor. The gain recognized will be capital gain (assuming the NorCal shares are held by the shareholder as a capital asset) unless the receipt of cash by the NorCal shareholder has the effect of a dividend distribution, in which event the gain will be treated as ordinary dividend income (to the extent of the shareholder's ratable share of NorCal's accumulated earnings and profits at the time of the merger as calculated for U.S. federal income tax purposes). See "Material U.S. Federal Income Tax Consequences of the Merger."

The United States federal income tax consequences described above may not apply to all holders of NorCal common stock. Your tax consequences will depend on your individual situation. Accordingly, you are encouraged to consult your tax advisor about the tax consequences of the merger to you.

Differences in Rights as a Shareholder (Page __)

As a NorCal shareholder, your rights are currently governed by NorCal's articles of incorporation and bylaws. If you receive Marin common stock in exchange for your NorCal common stock, you will become a shareholder of Marin and your rights will be governed by its articles of incorporation and bylaws. You can review the provisions of Marin common stock and comparison in the rights of shareholders between the two companies starting on page [*].

NorCal Board of Directors Recommendation (Page __)

NorCal Shareholders. The NorCal board of directors has determined that the merger is fair to and in the best interest of NorCal and NorCal's shareholders. It has unanimously approved the merger agreement and recommends that NorCal shareholders vote "FOR" the merger agreement.

Factors considered by NorCal's Board. You should also refer to the background of the merger and to the factors and reasons that NorCal's board of directors considered in reaching its decision to approve the merger, as explained starting on page [*].

Financial Advisor Gives Opinion That Merger Is Fair (Page __ and Appendix B)

NorCal's financial advisor, Sandler O'Neill + Partners, L.P., ("Sandler"), has provided its opinion to NorCal's board of directors dated as of July 1, 2013 that subject to and based on the considerations referred to in its opinion, the merger is fair to the NorCal shareholders from a financial point of view. The full text of Sandler's opinion dated July 1, 2013 is attached as Appendix B to this proxy statement – prospectus. NorCal urges its shareholders to read that opinion in its entirety.

NorCal Shareholders Should Make a Timely Election (Page __)

NorCal shareholders may elect to receive Marin shares, cash or a combination in exchange for the NorCal shares they own as of a record date approximately 35 days before the closing date of the merger. The record date for making elections is different from the [*], 2013 record date for determining the NorCal shareholders that are entitled to vote at the annual meeting.

PLEASE RETAIN THIS PROXY STATEMENT – PROSPECTUS, SINCE IT WILL BE OF ASSISTANCE IN MAKING YOUR ELECTION.

If you do not make a timely election, you may not receive the form of consideration that you want. The merger agreement requires that one half of NorCal's common stock outstanding be exchanged for Marin common stock. If elections to receive Marin common stock are not made for exactly 50% of NorCal's common stock, an allocation procedure will be applied until the necessary level has been achieved. The first shares to which the allocation procedures will be applied will be those shares for which a timely and valid election has not been made. If, after allocating the undesignated shares, an additional allocation is necessary, a proration procedure will be applied.

Because the exchange ratio for Marin common stock may fluctuate and because of the allocation procedures, you will not know when you vote and when you make your election the value of the shares of Marin common stock which you will receive in the merger. The market value of Marin shares at the time of the merger could be higher or lower than the current market value.

Certain Shareholders Have Agreed to Vote in Favor of the Merger (Page __)

As of the record date for the meeting, the directors and executive officers of NorCal held voting power with respect to 20.1% of the outstanding shares of NorCal common stock. The directors and executive officers of NorCal have signed contracts agreeing to vote their shares in favor of the merger agreement.

The directors and executive officers entered into these agreements in order to induce Marin to enter into the merger agreement. The director and executive officers agreements could discourage other companies from trying to acquire NorCal.

Dissenters' Rights (Page __ and Appendix C)

Shareholders of NorCal will have dissenters' rights in the merger. If you follow certain procedures, you may choose to receive the fair market value of your shares in cash when the merger is completed. The procedures which you must follow to exercise your dissenters' rights are set forth in Chapter 13 of the California Corporations Code. A copy of such sections is attached as Appendix C.

Accounting Treatment (Page __)

It is anticipated that the merger will be accounted for as a business combination using the acquisition method of accounting for financial reporting purposes. Under this method of accounting, the assets and liabilities of the company acquired are recorded at their respective fair values as of the date of completion of the merger, and are added to those of the acquiring company. Financial statements of the acquiring company issued after the merger takes place reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company that was acquired.

Benefits to Certain Officers and Directors in the Merger (Page __)

When considering the recommendation of the NorCal board of directors, you should be aware that some NorCal directors and officers have interests in the merger that differ from the interests of other NorCal shareholders. These interests include:

Chairman James B. Davis, President Stephen G. Andrews, Chief Financial Officer Jeanette E. Reynolds, and Chief Lending Officer P. Troy Williams will, pursuant to certain contractual provisions with NorCal and Bank of Alameda, receive change in

control payments of \$225,334, \$480,607, \$189,779, and \$213,917, respectively, immediately prior to the closing of the merger;

• certain officers and directors have stock options for which they will receive the economic value based on the merger price;

• Director Kevin Kennedy will be added to the board of directors of Marin at the effective time of the merger;

• directors and officers have continuing indemnification protections and some continuing insurance protection; and

• President Stephen G. Andrews has entered into a letter agreement with Bank of Marin which, among other things, provides him a guaranteed salary of \$19,378 per month for six months following the merger.

The NorCal board of directors was aware of these interests and considered them before approving the merger agreement.

Things NorCal and Marin Must Do for the Merger to Occur (Page __)

Completion of the merger is subject to various conditions, including:

• approval of the merger agreement by the NorCal shareholders;

• receipt of all governmental and other consents and approvals that are necessary to permit completion of the merger; and

• other customary conditions.

Certain of these customary conditions to the merger may be waived by Marin or NorCal, as applicable.

Regulatory Approvals Needed (Page __)

The merger cannot be completed unless it is approved by the DFI and the FDIC and, if necessary, the FRB. Requests for an exemption from the FRB and applications with the DFI and FDIC have been filed.

Although there is no apparent reason why regulatory approvals cannot be obtained in a timely manner, there can be no certainty as to when or if they will be obtained.

When the Merger Will Occur (Page __)

The merger will occur shortly after all of the conditions to its completion have been satisfied. It is currently anticipated that it will close during the fourth quarter of 2013, but no assurance can be given regarding the timing of the closing for the merger.

Termination of the Merger Agreement (Page __)

The merger agreement may be terminated prior to the effective time of the merger for a variety of reasons, including that:

• either party may terminate the merger agreement if all significant conditions are not met by March 31, 2014,

• if the other party breaches the merger agreement,

• by Marin, if its “average price” increases to more than \$46.81 per share and such increase is not “proportionate relative to the index”, as defined in the merger agreement. However, if Marin does elect to terminate the merger agreement because of such increase, NorCal may render such election null and void, and thereby reinstate the merger agreement, by agreeing to fix the exchange ratio at a number derived by dividing \$3.45 by Marin’s average price. Such right of termination shall also not apply if Marin publicly announces that it has entered into a definitive agreement to be acquired by third party,

• by NorCal, subject to certain conditions, in the event that it enters into a “superior” acquisition proposal with a third party, or

• by NorCal, if Marin’s “average price” decreases to less than \$33.16 per share and such decrease is not “proportionate relative to the index”, as defined in the merger agreement. However, if NorCal does elect to terminate the merger agreement because of such decrease, Marin may render such election null and void, and thereby reinstate the merger agreement, by agreeing to fix the exchange ratio at a number derived by dividing \$2.71 by Marin’s average price.

Termination Fees Between NorCal and Marin (Page __)

NorCal is obligated to make a \$970,000 cash payment to Marin in the event the merger agreement is terminated for certain reasons.

SELECTED HISTORICAL AND COMPARATIVE PER SHARE DATA

The following information is provided to aid you in your analysis of the financial effects of the merger. The historical selected financial data in the following tables shows financial results actually achieved by NorCal and by Marin for the periods presented. These are historical figures.

NorCal Historical Selected Financial Data

The following selected financial data with respect to NorCal for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 have been derived from its audited financial statements. The selected financial data for the six months ended June 30, 2013 and 2012 comes from the unaudited financial statements of NorCal. Such interim financial statements include all adjustments that are, in the opinion of management, necessary to present fairly NorCal's financial information for the interim periods presented. The operating results for the six months ended June 30, 2013, are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2013.

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(Dollars in thousands, except share and per share data)	Unaudited Six Months Ended June 30,		Year ended December 31,					
	2013	2012	2012	2011	2010	2009	2008	
Income statement data:								
Interest income	\$4,930	\$5,276	\$10,371	\$10,512	\$11,215	\$14,485	\$18,308	
Interest expense	253	397	753	906	1,271	2,354	4,707	
Net interest income	4,677	4,879	9,618	9,606	9,944	12,131	13,601	
Provision for loan and lease losses	-	2,650	2,650	900	5,845	7,350	7,822	
Non-interest income	1,349	854	2,062	1,032	855	891	857	
Non-interest expense	4,809	4,935	10,015	9,636	10,996	10,276	11,009	
Income (loss) before income taxes	1,217	(1,852)	(985)	102	(6,042)	(4,604)	(4,373)	
Provision for (benefit from) income taxes	(5,505)	2	2	90	(84)	425	(1,969)	
Net income (loss) available to common stockholders	6,722	(1,854)	(987)	12	(5,957)	(5,029)	(2,404)	
Common share and per common share data:								
Earnings (loss) per diluted share	\$0.63	\$(0.17)	\$(0.09)	\$ -	\$(1.43)	\$(1.60)	\$(0.88)	
Book value per common share	2.45	1.80	1.89	1.97	1.94	6.09	7.59	
Weighted average diluted shares outstanding	10,655,739	10,651,972	10,655,861	10,623,048	4,166,327	3,133,615	3,037,949	
Balance sheet data at period end:								
Total assets	\$264,160	\$258,300	\$265,733	\$248,129	\$255,676	\$255,676	\$262,279	
Gross loans and leases	178,026	165,255	167,825	165,843	163,017	203,022	240,199	
Allowance for loan and lease losses	3,824	4,347	3,549	4,807	5,820	5,393	6,833	
Investment securities	58,670	68,887	43,559	48,974	36,374	16,779	14,430	
Deposits	228,398	239,158	235,973	217,783	225,960	220,014	218,074	
Total stockholders' equity	26,062	19,142	20,073	20,949	20,599	19,314	24,090	
Loan to deposit ratio	77.95	%72.12	%71.12	%76.15	%72.14	%92.28	%110.15	%
Average balance sheet data:								
Total average assets	\$262,687	\$260,035	\$265,207	\$252,581	\$253,631	\$264,204	\$277,661	
Total average common stockholders' equity	23,407	21,347	20,489	20,685	17,796	21,764	27,367	
Average common equity to average assets	8.91	%8.21	%7.73	%8.19	%7.02	%8.24	%9.86	%

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Performance ratios:

Return on average assets	5.16	%-1.43	% -0.37	%0.00	%-2.35	%-1.90	%-0.87	%
Return on average common stockholders' equity	57.91	%-17.46	% -4.82	%0.06	%-33.48	%-23.11	%-8.79	%
Net interest margin	3.74	%3.84	% 3.70	%3.88	%4.04	%4.64	%5.07	%
Efficiency ratio	79.81	%86.08	% 85.75	%90.58	%101.82	%78.68	%76.15	%

Asset quality ratios:

Net (recoveries) charge-offs to average loans	-0.33	%3.70	% 2.35	%1.19	%2.98	%3.82	%1.63	%
Nonperforming loans to total loans	1.35	%4.41	% 1.88	%6.37	%4.45	%9.06	%5.65	%
Nonperforming assets to total assets	1.09	%3.45	% 1.36	%5.00	%5.30	%7.65	%5.58	%

Allowance for loan losses as a percentage of:

Total loans	2.15	%2.63	% 2.11	%2.90	%3.57	%2.66	%2.84	%
Nonperforming loans	159	%60	% 136	%47	%80	%29	%29	%

Capital ratios at period end:

Tier 1 leverage	11.35	%8.90	% 8.90	%10.31	%10.56	%9.77	%9.77	%
Tier 1 risk-based capital	15.42	%13.25	% 13.25	%14.74	%15.94	%12.48	%12.48	%
Total risk-based capital	17.45	%16.31	% 16.31	%17.58	%17.88	%14.22	%14.22	%

Marin Historical Selected Financial Data

The following selected consolidated financial data with respect to Marin for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 have been derived from its audited financial statements. The selected consolidated financial data for the six months ended June 30, 2013 and 2012 comes from the unaudited financial statements of Marin. Such interim financial statements include all adjustments that are, in the opinion of management, necessary to present fairly Marin's financial information for the interim periods presented. The operating results for the six months ended June 30, 2013, are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2013.

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(Dollars in thousands, except per share amounts)	Unaudited Six Months Ended June 30,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Income statement data:							
Interest income	\$29,960	\$33,870	\$65,766	\$69,114	\$61,357	\$59,734	\$59,176
Interest expense	859	1,388	2,576	5,295	6,448	7,167	10,817
Net interest income	29,101	32,482	63,190	63,819	54,909	52,567	48,359
Provision for loan losses	870	100	2,900	7,050	5,350	5,510	5,010
Non-interest income	4,050	3,495	7,112	6,269	5,521	5,182	5,356
Non-interest expense	20,114	19,520	38,694	38,283	33,357	31,696	28,677
Net income available to common stockholders	7,921	9,891	17,817	15,564	13,552	11,466	12,037
Common share and per common share data:							
Earnings – diluted per share	\$1.44	\$1.82	\$3.28	\$2.89	\$2.55	\$2.19	\$2.31
Book value per common share	29.10	26.92	28.17	25.40	23.05	20.85	19.14
Dividends on common stock	1,950	1,818	3,751	3,457	3,205	2,960	2,882
Weighted-average diluted shares outstanding (thousands)	5,498	5,422	5,438	5,384	5,314	5,242	5,217
End of period shares outstanding	5,442,628	5,362,222	5,389,210	5,336,927	5,290,082	5,229,529	5,146,798
Balance sheet data at period end:							
Total assets	\$1,428,518	\$1,407,000	\$1,434,749	\$1,393,263	\$1,208,150	\$1,121,672	\$1,049,557
Gross loans	1,091,482	1,025,194	1,073,952	1,031,154	941,400	917,748	890,544
Allowance for loan losses	14,357	13,435	13,661	14,639	12,392	10,618	9,950

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Investment securities	261,401	244,937	293,414	194,842	146,653	128,214	103,510	
Deposits	1,224,437	1,230,717	1,253,289	1,202,972	1,015,739	944,061	852,290	
Total borrowings	32,200	20,000	15,000	40,000	60,000	60,000	61,800	
Total stockholders' equity	158,359	144,326	151,792	135,551	121,920	109,051	125,546	
Loan to deposit ratio	89.1	% 83.3	% 85.7	% 85.7	% 92.7	% 97.2	% 104.5	%
Average balance sheet data:								
Total average assets	\$ 1,422,909	\$ 1,418,855	\$ 1,434,461	\$ 1,337,139	\$ 1,186,173	\$ 1,100,033	\$ 948,521	
Total average common stockholders' equity	156,759	140,103	144,111	129,538	116,094	111,359	95,441	
Average common equity to average assets	11.02	% 9.87	% 10.05	% 9.69	% 9.79	% 10.12	% 10.06	%
Performance ratios:								
Return on average assets*	1.12	% 1.40	% 1.24	% 1.16	% 1.14	% 1.16	% 1.28	%
Return on average common stockholders' equity*	10.19	% 14.20	% 12.36	% 12.01	% 11.67	% 10.94	% 12.88	%
Net interest margin – Full Tax-Equivalent*	4.39	% 4.96	% 4.74	% 5.13	% 4.95	% 5.17	% 5.41	%
Efficiency ratio	60.67	% 54.26	% 55.04	% 54.62	% 55.20	% 54.89	% 53.39	%
Common stock dividend payout ratio	24.63	% 18.28	% 21.06	% 22.11	% 23.55	% 25.79	% 23.93	%
Asset quality ratios:								
Net charge-offs to average loans*	0.03	% 0.27	% 0.38	% 0.49	% 0.38	% 0.53	% 0.33	%
Non-accrual loans to total loans	1.69	% 1.40	% 1.64	% 1.16	% 1.37	% 1.26	% 0.75	%
Nonperforming assets to total assets	1.31	% 1.02	% 1.23	% 0.86	% 1.08	% 1.04	% 0.64	%
Allowance for loan losses as a percentage of:								

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Total loans	1.32	% 1.31	% 1.27	% 1.42	% 1.32	% 1.16	% 1.12	%
Non-accrual loans	77.7	% 93.6	% 77.4	% 122.3	% 95.9	% 91.8	% 148.7	%

Capital ratios at period end:

Tier 1 leverage	11.14	% 10.02	% 10.30	% 9.53	% 9.91	% 9.43	% 12.40	%
Tier 1 risk-based capital	12.83	% 12.31	% 12.52	% 11.45	% 11.59	% 10.73	% 12.53	%
Total risk-based capital	14.05	% 13.94	% 13.71	% 13.13	% 13.34	% 12.33	% 14.08	%

*Amounts for interim periods are annualized based on actual number of days in the periods.

Unaudited Comparative Per Share Data

Presented below for Marin and NorCal is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of and for the year ended December 31, 2012 and as of and for the six months ended June 30, 2013. The information presented below should be read together with the historical consolidated financial statements of Marin and NorCal, including the related notes, which in the case of Marin are filed with the SEC and incorporated by reference into this proxy statement – prospectus and which in the case of NorCal are included in this proxy statement - prospectus.

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger as if the merger had been effective on December 31, 2012 or June 30, 2013 in the case of the book value data, and as if the merger had been effective as of January 1, 2013 in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of NorCal into Marin's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2013.

The unaudited pro forma adjustments are based upon available information and certain assumptions that Marin's management believes are reasonable, including the issuance of 410,566 shares of Marin common stock in the merger and a price of \$40.72. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may actually result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of NorCal will be reflected in the consolidated financial statements of Marin on a prospective basis.

	Marin Historical	NorCal Historical	Pro Forma Combined	Per Equivalent NorCal Share ⁽¹⁾
For the year ended December 31, 2012				
Basic earnings per share	\$3.34	(\$0.09)	\$2.81	\$0.22
Diluted earnings per share	\$3.28	(\$0.09)	\$2.76	\$0.21
Cash Dividends per share declared (2)	\$0.70	\$0.00	\$0.70	\$0.05
Book value per share as of December 31, 2012	\$28.17	\$1.89	\$28.75	\$2.22
For the six months ended June 30, 2013				
Basic earnings per share	\$1.47	\$0.63	\$2.39	\$0.18
Diluted earnings per share	\$1.44	\$0.63	\$2.35	\$0.18
Cash Dividends per share declared (2)	\$0.36	\$0.00	\$0.36	\$0.03
Book value per share as of June 30, 2013	\$29.10	\$2.45	\$29.61	\$2.28

(1) Reflects NorCal shares at the exchange ratio of 0.07716

(2) Pro forma combined cash dividends declared are based only upon Marin's historical amounts

MARKET PRICE AND DIVIDEND INFORMATION

The following table sets forth the high and low closing sales prices for shares of NorCal's common stock for the periods indicated. NorCal does not pay cash dividends.

		High	Low
2011	First Quarter	\$2.73	\$1.70
	Second Quarter	\$2.75	\$1.50
	Third Quarter	\$2.75	\$1.50
	Fourth Quarter	\$2.00	\$1.01
2012	First Quarter	\$2.00	\$1.25
	Second Quarter	\$1.85	\$1.58
	Third Quarter	\$1.99	\$1.35
	Fourth Quarter	\$1.89	\$1.51
2013	First Quarter	\$2.25	\$1.61
	Second Quarter	\$2.99	\$2.16
	Third Quarter through August [*]		

The following table sets forth the high and low intra-day sales prices for shares of Marin's common stock and cash dividends paid per share for the periods indicated.

		High	Low	Cash Dividends Per Share
2011	First Quarter	\$37.72	\$31.80	\$0.16
	Second Quarter	\$39.39	\$34.04	\$0.16
	Third Quarter	\$39.85	\$32.34	\$0.16
	Fourth Quarter	\$38.63	\$32.10	\$0.17
2012	First Quarter	\$40.44	\$34.56	\$0.17
	Second Quarter	\$39.38	\$35.23	\$0.17
	Third Quarter	\$44.02	\$35.72	\$0.18
	Fourth Quarter	\$44.09	\$34.50	\$0.18
2013	First Quarter	\$41.45	\$36.89	\$0.18
	Second Quarter	\$40.75	\$37.75	\$0.18
	Third Quarter through August [*]			

FORWARD LOOKING STATEMENTS

NorCal, Bank of Alameda, Marin, and Bank of Marin make forward-looking statements in this proxy statement – prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results after the merger. These forward-looking statements are based on the beliefs and assumptions of the management of each of NorCal, Bank of Alameda, Marin, and Bank of Marin, as well as on information currently available to them. While NorCal, Bank of Alameda, Marin, and Bank of Marin believe that the expectations reflected in these forward-looking statements are reasonable, and have based these expectations on their beliefs as well as assumptions they have made, those expectations may ultimately prove to be incorrect.

When words such as “anticipates,” “believes,” “estimates,” “seeks,” “expects,” “plans,” “intends,” “forecasts,” “predicts” or similar expressions are used, forward-looking statements are being made.

Many possible events or factors could affect Marin’s future results and performance after the merger. The events or factors that could cause results or performance to materially differ from those expressed in the forward-looking statements include:

- lower than expected consolidated revenues for Marin;
- higher than expected merger related costs;
- losses of deposit and loan customers resulting from the merger;
- loss of key personnel;
- greater than expected operating costs and/or loan losses;
- significant increases in competition;
- unexpected difficulties or delays in obtaining regulatory approvals for the merger;
- the inability to achieve expected cost savings from the merger, or the inability to achieve those savings as soon as expected;
- adverse changes in interest rates and economic or business conditions;
- adverse legislative or regulatory changes affecting Marin’s and NorCal’s businesses;
- unexpected costs and difficulties in adapting to technological changes and integrating systems;
- adverse changes in the securities markets;
- the effects of terrorist attacks in the U.S. or abroad or other events affecting world peace or international commerce;
- the ability to fully realize the value of any goodwill or other intangible assets recorded in the merger; and
- the extent to which Marin can take advantage of NorCal’s deferred tax asset in future periods following the merger.

Due to the uncertainties surrounding these events or factors, you should not unduly rely on the forward-looking statements made in this proxy statement – prospectus. Actual results may materially differ from those currently expected or anticipated.

Forward-looking statements are not guarantees of performance. Instead, they involve risks, uncertainties and assumptions. Many of the factors described under the section of this proxy statement – prospectus entitled “Risk Factors” and described in the “Risk Factors” section of Marin’s Form 10-K for the year ended December 31, 2012, which is incorporated by reference, will determine the results and stock prices for Marin, and are beyond Marin’s or NorCal’s ability to control or predict. As a result, NorCal, Bank of Alameda, Marin, and Bank of Marin claim the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995 for the forward-looking statements contained and incorporated by reference in this proxy statement – prospectus.

RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement – prospectus, including the matters addressed under the section “Forward Looking Statements,” you should carefully consider the following risk factors in deciding how to vote for the merger proposal presented in this proxy statement – prospectus. In addition, you should read and consider the risks associated with each of the businesses of Marin and NorCal because these risks will relate to the combined company. Descriptions of some of these risks can be found in the Annual Report on Form 10-K filed by Marin for the year ended December 31, 2012, as updated by other reports, which are filed with the SEC and incorporated by reference into this proxy statement – prospectus. You should also consider the other information in this proxy statement – prospectus and the other documents incorporated by reference into this proxy statement – prospectus. See “Where You Can Find More Information.”

Because the market price of Marin common stock will fluctuate, NorCal shareholders who receive any Marin stock in the merger cannot be certain of the market value of the merger consideration they will receive.

The merger agreement assumes that the approximately [*] shares of Marin common stock, which will constitute the equity portion of the merger consideration, assuming [*] NorCal common shares outstanding and an “average price” for Marin common stock between \$33.16 and \$46.81, have a market value equal to approximately \$[*], or \$[*] per share for a NorCal shareholder who elects and receives only Marin stock in the merger. Since the market value of Marin common stock fluctuates, the value of the equity portion of the merger consideration may be more or less than approximately \$[*]. The value of the merger consideration may change depending on various factors discussed in the section of the attached proxy statement – prospectus entitled “Proposal I – The Merger – Exchange Ratio.” Assuming an “average price” for Marin common stock between \$33.16 and \$46.81, you will receive either \$3.01 in cash, 0.07716 newly issued shares of Marin common stock, or a combination thereof in exchange for the shares of NorCal common stock you own. As a result, each increase, or decrease, of \$1.00 in the market price of Marin stock would result in a corresponding change of approximately \$0.08 for each share of NorCal stock surrendered solely in exchange for Marin stock in the merger. Stock price changes may result from a variety of factors that are beyond the control of Marin and NorCal, including but not limited to general market and economic conditions, changes in their respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the NorCal annual meeting you will not know the precise market value of the consideration you will receive at the effective time of the merger.

As a result of these factors, the value of the merger consideration may change prior to the time payments to NorCal shareholders are made.

Please read the sections entitled “Proposal I – The Merger – Exchange Ratio.”

The market price of Marin common stock after the merger may be affected by factors different from those affecting the shares of NorCal or Marin currently.

Upon completion of the merger, holders of NorCal common stock electing to receive shares of Marin (or who are allocated shares of Marin) common stock will become holders of Marin common stock. Marin’s business differs from that of NorCal, and, accordingly, the results of operations of the combined company and the market price of Marin common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of Marin and NorCal.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated.

Before the merger may be completed, Marin and NorCal must obtain various approvals or consents, including from the FDIC and the DFI. In deciding whether to grant these approvals, the relevant governmental authorities will make a determination of whether, among other things, the merger is in the public interest. These regulatory entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although the parties do not currently expect that any material conditions or changes would be imposed, there can be no assurance that they will not be. Such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have a material adverse effect on the combined company following the merger. In addition, Marin or NorCal may elect not to consummate the merger if: (A) any required regulatory approval has been denied by the relevant regulatory authority and such denial has become final and nonappealable, (B) any such approval includes any condition, restriction or requirement that would (i) have a material adverse effect on NorCal's business or, (ii) would restrict the business of Marin after the closing of the merger such that it would have a material adverse effect on Marin, or (iii) require the sale by NorCal or Marin of any material portion of their assets, or (C) if a regulatory authority has issued a final, nonappealable injunction permanently enjoining or otherwise prohibiting the completion of the merger. See "Proposal I – The Merger—Regulatory Approvals Required."

Marin may be unable to integrate operations successfully or to achieve expected cost savings.

The earnings, financial condition and prospects of Marin after the merger will depend in part on Marin's ability to integrate the operations and management of NorCal and to continue to implement its own business plan. There is no assurance that Marin will be able to do so. Among the issues that Marin could face are:

- unexpected problems with operations, personnel, technology or credit;
- loss of customers and employees of NorCal;
- difficulty in working with NorCal's employees and customers;
- the assimilation of NorCal's operations, site and personnel; and
- instituting and maintaining uniform standards, controls, procedures and policies.

Further, although the boards of directors of both parties anticipate cost savings as a result of the merger, Marin may not be fully able to realize those savings. Any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

Marin expects to incur significant costs associated with the merger.

Marin estimates that it has incurred or will incur significant transaction costs associated with the merger, a portion of which will be incurred whether or not the merger closes. Marin believes the combined company may incur charges to operations, which are not currently reasonably estimable, in the quarter in which the merger is completed or subsequent quarters, to reflect costs associated with integrating the two banks. There is no assurance that the combined company will not incur additional material charges in subsequent quarters to reflect additional costs associated with the merger, including charges associated with the impairment of any goodwill booked in connection with the merger.

The failure of the loan portfolios to perform as expected may unfavorably impact Marin.

Marin's performance and prospects after the merger will be dependent to a significant extent on the performance of the combined loan portfolios of Bank of Marin and Bank of Alameda, and ultimately on the financial condition of their

respective borrowers and other customers. The existing loan portfolios of the two banks differ to some extent in the types of borrowers, industries, geographic location of the collateral and credits represented. In

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addition, there are differences in the documentation, classifications, credit ratings and management of the portfolios. As a result, Marin's overall loan portfolio after the merger may have a different risk profile than the loan portfolio of either Bank of Marin or Bank of Alameda before the merger. The performance of the two loan portfolios will be adversely affected if any of such factors is worse than currently anticipated. In addition, to the extent that present customers are not retained by NorCal and Bank of Alameda, or additional expenses are incurred in retaining them, there could be adverse effects on future consolidated results of operations of Marin following the merger. Realization of improvement in profitability is dependent, in part, on the extent to which the revenues of NorCal are maintained and enhanced.

The fairness opinion obtained by NorCal from its financial advisor will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.

NorCal has not obtained an updated fairness opinion as of the date of this proxy statement – prospectus from Sandler. Changes in the operations and prospects of Bank of Alameda and NorCal and / or Bank of Marin and Marin, general market and economic conditions and other factors that may be beyond the control of NorCal and Marin, and on which the fairness opinion was based, may alter the value of NorCal or Marin or the prices of shares of NorCal common stock or Marin common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because NorCal does not anticipate asking its financial advisor to update its opinion, the July 1, 2013 opinion does not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. The opinion is attached as Appendix B to this proxy statement – prospectus. For a description of the opinion that NorCal received from its financial advisor, see “Proposal I – The Merger—Opinion of NorCal’s Financial Advisor” For a description of the other factors considered by NorCal’s board of directors in determining to approve the merger, see “Proposal I – The Merger – Recommendation of, and Factors Considered by, NorCal’s Board of Directors”

NorCal shareholders may not receive the form of merger consideration that they elect.

The merger agreement is designed to ensure that half of the outstanding shares of NorCal are exchanged for shares of Marin in accordance with the exchange ratio and that the other half of the outstanding shares of NorCal receive cash in the amount of \$3.01. NorCal shareholders may elect to receive cash, Marin common stock or a combination as their merger consideration, but given that half of the outstanding NorCal common shares must be exchanged for Marin common stock and the other half for cash, their election may not be fully honored. See “Proposal I – The Merger – Election Procedure.”

If an election is not fully honored, a NorCal shareholder will incur tax consequences that differ from those that would have resulted had he or she received the form of consideration elected. See “Proposal I – The Merger – Material Federal Income Tax Consequences.”

Some of the directors and executive officers of NorCal may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the merger agreement.

The interests of some of the directors and executive officers of NorCal may be different from those of NorCal shareholders, and directors and officers of NorCal may be participants in arrangements that are different from, or in addition to, those of NorCal shareholders. These interests are described in more detail in the section entitled “Proposal I – The Merger—Interests of Certain Persons.”

Termination of the merger agreement could negatively impact NorCal.

If the merger agreement is terminated, there may be various consequences. For example, NorCal’s businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. If the merger agreement is terminated and NorCal’s board of directors seeks another merger or business combination, NorCal shareholders cannot be certain that NorCal will be able to find a party willing to pay the equivalent or greater consideration than that which Marin has agreed to pay in the merger. In addition, if the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by NorCal’s board of directors, NorCal may be required to pay Marin a termination fee of \$970,000.

NorCal will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on NorCal. These uncertainties may impair NorCal’s ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with NorCal to seek to change existing business relationships with NorCal.

Retention of certain employees by NorCal may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with Marin. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with NorCal, or after the merger with Marin, the combined bank’s business following the merger could be harmed. Subject to certain exceptions, NorCal has agreed to operate its business in the ordinary course prior to closing. See “Proposal I – The Merger Agreement – Conduct of Business of NorCal Pending the Merger” for a description of the restrictive covenants applicable to NorCal.

NorCal has a significant deferred tax asset that may not be realized in the future.

NorCal has federal net operating losses of \$9.6 million and California net operating losses of the \$22.6 million as of December 31, 2012. The ultimate realization of a deferred tax asset is dependent upon the generation of future taxable income during the periods prior to the expiration of the related net operating losses and the limitations of Section 382 of the Internal Revenue Code. If our estimates and assumptions about future taxable income are not accurate, the value of our deferred tax asset may not be recoverable and may result in a valuation allowance that would impact our earnings.

The unaudited comparative per share data for Marin and NorCal included in this proxy statement – prospectus are preliminary, and Marin’s actual results after the completion of the merger may differ materially from the unaudited comparative per share data included in this proxy statement – prospectus.

The unaudited comparative per share data for both Marin and NorCal in this proxy statement – prospectus are presented for illustrative purposes only and are not necessarily indicative of what Marin’s actual results would have been had the merger been completed on the dates indicated. For more information, see “Summary - Unaudited Comparative Per Share.”

THE ANNUAL MEETING

Proxy Statement – Prospectus

This proxy statement – prospectus is being furnished to you in connection with the solicitation of proxies by the NorCal board of directors in connection with the annual meeting of shareholders.

This proxy statement – prospectus is first being furnished to the NorCal shareholders on or about [*], 2013.

Date, Time and Place of the Annual Meeting

The annual meeting is scheduled to be held at [*], California, on [*], [*], 2013, at 9:00 a.m., and at any adjournments or postponements thereof (the “meeting”).

Record Date; Solicitation of Proxies

The board of directors has selected the close of business on [*], 2013 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. At that date, there were [*] outstanding shares of NorCal common stock entitled to vote at the annual meeting.

A form of proxy for voting your shares at the meeting is enclosed. The proxy confers discretionary authority to vote the shares represented thereby on any matter that was not known at the time this proxy statement – prospectus was prepared which may properly be presented for action at the meeting. This may include action with respect to procedural matters pertaining to the conduct of the meeting and election of a substitute in place of any nominee who is unable to serve or for good cause will not serve.

The enclosed proxy is being solicited by NorCal’s board of directors and the cost of the solicitation is being borne by NorCal. The principal solicitation of proxies is being made by mail, although additional solicitation may be made by telephone, e-mail, facsimile or personal visits by directors, officers and employees of NorCal. The total expense of this solicitation will be borne by NorCal and will include reimbursement paid to brokerage firms and others for their expenses in forwarding solicitation materials and such expenses as may be paid to any soliciting firm engaged by NorCal.

Vote Required

Approval of the merger agreement requires approval of a majority of the outstanding shares of NorCal. In the election of directors, the nine candidates receiving the highest number of votes will be elected. Broker non-votes (i.e., shares held by brokers or nominees which are represented at the meeting but with respect to which the broker or nominee is not authorized to vote on a particular proposal) and abstentions will not be counted, except for quorum purposes, and will have no effect on the election of directors but will have the effect of a vote against the merger.

Revocability of Proxies

Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is voted by filing with the Secretary of NorCal an instrument revoking said proxy or a duly executed proxy bearing a later date. In addition, the powers of the proxyholders will be revoked if the person executing the proxy is present at the meeting and advises the Chairman of his or her election to vote in person. Unless revoked, all shares represented by a properly executed proxy received prior to the meeting will be voted as specified by each shareholder in the proxy. If no specifications are given by a shareholder, then the proxy will be voted in favor of the (i) merger agreement, (ii)

election of the directors nominated by management, and (iii) in favor of such other business as may properly come before the meeting.

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Matters to be Considered at the Meeting

The meeting is being held for the following purposes:

1. To approve the merger agreement in the form attached as Appendix A to the proxy statement – prospectus.
2. To elect the following nominees to serve as directors of NorCal until the next Annual Meeting of Shareholders and until their successors shall be elected and qualified (if the merger has not been completed by then), or until completion of the merger:

Stephen G. Andrews
Eric C. Cross
James B. Davis
Gregory R. Gersack
Michael G. Gorman

Kenneth M. Karmin
Kevin Kennedy
James L. McKenna
Joel Vuylsteke

3. To consider and transact such other business as may properly be brought before the meeting.

PROPOSAL I – THE MERGER

General

The merger is governed by the merger agreement. Pursuant to the merger agreement, NorCal will be merged with and into Marin and immediately thereafter Bank of Alameda will be merged with and into Bank of Marin. The term “merger” refers to both these transactions. Shareholders of NorCal will have the election to receive shares of common stock of Marin, cash or a combination in exchange for their shares of NorCal, subject to proration, as provided in the merger agreement.

This section of the proxy statement – prospectus describes certain aspects of the merger, including the background of the merger and NorCal’s reasons for the merger.

Background of the Merger

NorCal’s board of directors has from time to time explored and assessed various strategic options potentially available to NorCal. These strategic discussions have focused on, among other things, the economic environment and its impact on financial institutions generally and NorCal in particular. In addition, the discussions have addressed the ongoing consolidation in the financial services industry.

Marin’s management and board of directors also regularly review the financial services industry environment, including the trend towards consolidation in the industry, and periodically discuss ways in which to enhance Marin’s competitive position, including the possible acquisition of another financial institution.

In August, 2012, at a special meeting of NorCal’s board of directors, the board created a sub-committee for this purpose. Members included Jim Davis, Steve Andrews, Greg Gersack (who later resigned from the sub-committee), Ken Karmin and Kevin Kennedy. In September, 2012 the board discussed directing the sub-committee, now formally the merger and acquisition committee, to meet with investment banking firms, including Sandler and two other firms.

In October 2012, the merger and acquisition committee of NorCal met with several investment banking firms to discuss the environment for bank mergers and, specifically, the potential opportunities for NorCal if it were to seek a potential acquiror. In early November 2012, NorCal elected to engage Sandler to assist in the exploration and consideration of potential strategic alternatives available to NorCal. On November 14, 2012, the NorCal board of directors and representatives of Sandler discussed holding a process to explore indications of interest by third parties. At that meeting, the NorCal board of directors and representatives of Sandler discussed the parties Sandler and NorCal expected would be likely to be interested in a strategic transaction with NorCal, including publicly-traded banks and privately-held banks. On the following day, the committee appointed Jim Davis as its chair. In the course of this appointment, the committee considered Mr. Davis’s possible personal interests in having NorCal either be acquired or remain independent.

In late December 2012, Sandler began initiating contact with parties regarding their potential interest in a strategic transaction with NorCal. On December 20, 2012, Mr. Davis reported to the committee on the potential candidates identified by or to Sandler. Sandler initiated contact with all of the parties that NorCal, in consultation with Sandler, determined would be most likely to be interested in pursuing a strategic transaction with NorCal on terms that would be attractive to NorCal, and certain additional parties that had independently initiated contact with Sandler and/or NorCal to indicate their interest in pursuing a strategic

transaction with NorCal. A total of 19 companies were contacted. After being contacted, 12 of these companies executed confidentiality agreements under which these parties agreed to maintain the confidentiality of any evaluation material provided by NorCal.

In January and early February, NorCal provided evaluation material to those parties that had executed confidentiality agreements. In addition, NorCal's senior management team had in-person meetings with seven of these interested parties to discuss the financial standing and prospects of NorCal and the markets in which it did business. NorCal's senior management team met with the senior management team of Marin on February 6, 2013.

In mid-February, NorCal received four non-binding indications of interest from various interested parties including Marin. Those indications offered to acquire 100% of the common stock of NorCal for values ranging between \$2.00 and \$2.70 per share of NorCal common stock. Marin's initial indication of interest offered acquiring 100% of NorCal common stock for a range of values between \$2.46 and \$2.64 per share of NorCal common stock to be paid 50% in cash and 50% in Marin common stock.

NorCal's board of directors met on February 21, 2013 to discuss the initial indications. The board elected to allow Marin and Company A to perform financial, legal and on-site loan due diligence of NorCal. Following a verbal indication of interest received the following week from Company B, NorCal made the decision to allow Company B to also perform detailed due diligence on NorCal.

During March and early April, NorCal made confidential information available to Marin, Company A and Company B through an online data room.

On March 9 and 10, 2013, Company A performed onsite loan due diligence of NorCal's loan portfolio.

On March 14, 2013, NorCal's senior management team, together with representatives from Sandler, met with senior management of Marin as part of Marin's due diligence review of NorCal. On March 16 and 17, 2013, Marin performed onsite loan due diligence of NorCal's loan portfolio.

On March 17, 2013, NorCal's CFO, together with representatives from Sandler, met with representatives of Company A as part of Company A's due diligence review of NorCal.

On March 23, 2013, Company B performed onsite loan due diligence of NorCal's loan portfolio.

On April 3, 2013, NorCal's merger and acquisition committee, together with representatives from Sandler, had separate discussions with representatives of each of Marin, Company A and Company B.

On April 18, 2013, the NorCal board of directors met to review updated non-binding indications of interest from Marin, Company A and Company B. Marin's revised indication of interest offered to acquire 100% of NorCal common stock for a value of \$2.70 per share of NorCal common stock to be paid 50% in cash and 50% in Marin common stock. Company A offered to provide value of \$2.75 per share of NorCal common stock to be paid 50% in cash and 50% in Company A common stock. Company B offered to provide value of \$3.00 per share of NorCal common stock to be paid 100% in cash. After detailed discussion, the NorCal board of directors authorized Sandler to request improved indications from each of the interested parties.

Sandler contacted Companies A and B, both of which reconfirmed the terms of their most recent proposals. On April 25, 2013, Marin indicated that it was prepared to improve its non-binding indication of interest to a value of \$3.03 per share of NorCal common stock to be paid 50% in cash and 50% in Marin common stock. On April 30, 2013, Marin provided a written indication of interest which confirmed the indicated value of \$3.03 per share of NorCal common

stock.

On April 30, 2013, the NorCal board of directors met to review Marin's improved indication of interest and discuss all of the indications of interest that had been received. After detailed discussion, the NorCal board of directors voted to enter into an agreement to negotiate exclusively with Marin for a period

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of time so that NorCal could pursue the transaction contemplated by Marin's indication of interest for a value of \$3.03 per share of NorCal common stock.

On May 16, 2013, NorCal and Marin executed an agreement which provided exclusive negotiation rights until June 30, 2013 to Marin for a potential strategic transaction with NorCal.

Marin provided a draft definitive merger agreement and ancillary legal agreements to NorCal on May 23, 2013.

In late May and June 2013, NorCal, Marin and their respective legal counsel and financial advisors performed additional due diligence and negotiated the final terms of the definitive merger agreement and ancillary legal agreements. In the course of negotiations, NorCal's board agreed to a reduction in the merger consideration to \$3.01 per share in exchange for certain concessions that would benefit non-executive employees and provide greater incentive for employees to support the merger even if their positions were jeopardized by the transaction.

At a special meeting held on July 1, 2013, the NorCal board of directors, together with representatives of Sandler and Bingham McCutchen LLP, discussed the proposed merger between NorCal and Marin. Representatives of Sandler reviewed with the NorCal board of directors Sandler's financial analysis of the merger. Sandler then delivered its oral opinion, later confirmed in writing, to the NorCal board of directors that, as of July 1, 2013, and based upon and subject to the assumptions and limitations set forth in the written opinion, the merger consideration was fair, from a financial point of view, to the holders of NorCal common stock. After additional discussions and deliberations, the NorCal board of directors unanimously (1) declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of NorCal and its shareholders, (2) approved the merger agreement and (3) recommended to the shareholders of NorCal that they vote to approve the merger agreement.

Later in the day on July 1, 2013, NorCal and Marin executed the merger agreement. A joint press release announcing the transaction was released in the afternoon of July 1, 2013.

Recommendation of, and Factors Considered by, NorCal's Board of Directors

In reaching its conclusion to proceed with the merger and recommend adoption of the merger agreement to its shareholders, NorCal's board of directors considered information and advice from its financial advisor and its legal counsel. All material factors considered by the NorCal board of directors have been disclosed herein. In approving the merger agreement, the board of directors of NorCal considered a number of factors including the following, but did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors:

- the belief that the terms of the merger are fair to and in the best interest of the NorCal shareholders;
- the opinion rendered by Sandler to the NorCal board of directors that the consideration to be received was fair, from a financial point of view, to the shareholders of NorCal;
- the financial terms of the merger, including the relationship of the merger consideration to the book value of NorCal common stock and the earnings of NorCal;
- the prices paid and the terms of other recent comparable combinations of banks and bank holding companies;
- the structure of the merger consideration, with approximately 50% of the merger consideration payable in cash and approximately 50% payable in shares of Marin common stock;

the tax-deferred nature of the stock portion of the merger consideration;

the value of Marin common stock, including the liquidity of Marin common stock given its listing on Nasdaq and information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of Marin, including Marin's positive financial performance trends;

the NorCal board of directors' review, with its legal and financial advisors, of the preliminary discussions that Sandler had with numerous interested parties, with some of such parties subsequently gaining access to a due diligence data room and some of such parties communicating either verbally or in writing proposals that were inferior to Marin's proposal for a variety of reasons, including a lower value or uncertain value of the consideration, uncertain timing or a lower probability of success associated with the closing of a transaction;

the ability of Marin to complete a merger transaction from a financial and regulatory perspective;

the ability of Marin's management team to successfully integrate and operate the business of the combined company after the merger;

the advantages of being part of a larger entity, including the potential for operating efficiencies, the effect of a higher lending limit that would be available to NorCal's customers, and the generally higher trading multiples of larger financial institutions;

the ability of a larger institution to compete in the banking environment and to leverage overhead costs;

a review of the risks and prospects of remaining independent, including the challenges of the current financial and regulatory climate compared with aligning NorCal with a larger, well-capitalized, well-managed organization;

the current and prospective economic, regulatory and competitive environment facing the financial services industry generally, including the continued consolidation in the financial services industry and the competitive effects of the increased consolidation on relatively smaller financial institutions such as NorCal;

NorCal's lack of access to certain capital markets due to its relatively small size; and

results that could be expected to be obtained by NorCal if it continued to operate independently, and the likely benefits to shareholders of such course, as compared with the value of the merger consideration being offered by Marin.

The NorCal board of directors also considered the potential adverse consequences of the proposed merger, including:

the interests of NorCal's officers and directors with respect to the merger apart from their interests as holders of NorCal common stock, and the risk that these interests might influence their decision with respect to the merger;

provisions of the merger agreement limiting NorCal's ability to pursue other merger opportunities;

the loss of autonomy associated with being an independent financial institution;

the potential reaction of NorCal's customers to Marin;

the possibility that the merger and the related integration process could disrupt NorCal's on-going business and result in the loss of customers;

the fact that NorCal's officers and employees will have to focus extensively on actions required to complete the merger, which will divert their attention from NorCal's business, and that NorCal will incur substantial transaction costs even if the merger is not consummated;

that while the merger is pending, NorCal will be subject to restrictions on how it conducts business that could delay or prevent NorCal from pursuing business opportunities or preclude it from taking actions that would be advisable if it was to remain independent; and

the possible effects on NorCal should the parties fail to complete the merger, including the possible effects on the price of NorCal common stock, and the associated business and opportunity costs.

Based on the reasons stated, NorCal's board of directors believes that the merger is in the best interest of NorCal and its shareholders and unanimously recommends that the NorCal shareholders vote "FOR" approval of the merger agreement.

Opinion of NorCal's Financial Advisor

By letter dated November 5, 2012, NorCal retained Sandler to act as its financial advisor in connection with a potential sale of NorCal to another party. Sandler is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler acted as financial advisor to the board of directors of NorCal in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement, dated as of July 1, 2013 with Marin. At its July 1, 2013 meeting, the NorCal board reviewed the merger agreement and Sandler delivered to the board its oral opinion, which was subsequently confirmed in writing, that, as of such date, the merger consideration was fair to the holders of NorCal common stock from a financial point of view. The full text of Sandler's written opinion dated July 1, 2013 is attached as Appendix B to this proxy statement – prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. NorCal shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler's opinion speaks only as of the date of the opinion. The opinion was directed to NorCal's board and is directed only to the fairness of the merger consideration to NorCal's common shareholders from a financial point of view. It does not address the underlying business decision of NorCal to engage in the merger or any other aspect of the merger and is not a recommendation to any NorCal shareholder as to how such shareholder should vote at the meeting with respect to the merger agreement or any other matter.

In connection with rendering its opinion on July 1, 2013, Sandler reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain financial statements and other historical financial information of NorCal that Sandler deemed relevant;
- (3) certain financial statements and other historical financial information of Marin that Sandler deemed relevant;
- (4) internal financial projections for NorCal for the year ending December 31, 2013 and an estimated long-term growth rate for the years thereafter as provided by and discussed with senior management of NorCal;
- (5) publicly available mean analyst estimates for Marin for the years ending December 31, 2013 and 2014 and a publicly available long-term earnings per share growth rate for the years thereafter as discussed and confirmed with senior management of Marin;
- (6) the pro forma financial impact of the merger on Marin based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies as determined by the senior management of Marin;
- (7) a comparison of certain financial and other information for NorCal and Marin with similar publicly available information for certain other banking institutions, the securities of which are publicly traded;
- (8) the terms and structures of other recent mergers and acquisition transactions in the banking sector;
- (9) the current market environment generally and in the banking sector in particular; and

(10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler considered relevant.

Sandler also discussed with certain members of senior management of NorCal the business, financial condition, results of operations and prospects of NorCal and held similar discussions with the senior management of Marin regarding the business, financial condition, results of operations and prospects of Marin.

In performing its review, Sandler relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided to Sandler by NorCal and Marin or that was otherwise reviewed by Sandler and assumed such accuracy and completeness for purposes of rendering its opinion. Sandler further relied on the assurances of the management of NorCal and Marin that such respective managements were not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler was not asked to and did not undertake an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of NorCal or Marin or any of their respective subsidiaries. Sandler did not make an independent evaluation of the adequacy of the allowance for loan losses of NorCal and Marin or the combined entity after the merger and did not review any individual credit files relating to NorCal and Marin. Sandler has assumed, with NorCal's consent, that the respective allowances for loan losses for both NorCal and Marin are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler used internal financial projections as provided by the senior management of NorCal and publicly available mean analyst estimates as confirmed with the senior management of Marin. Sandler also received and used in its analyses certain projections of transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were prepared by and/or reviewed with representatives and senior management of Marin. With respect to those projections, estimates and judgments, the respective managements of NorCal and Marin confirmed to Sandler that those projections, estimates and judgments reflected the best currently available estimates and judgments of those respective managements of the future financial performance of NorCal and Marin, respectively, and Sandler assumed that such performance would be achieved. Sandler expressed no opinion as to such estimates or the assumptions on which they were based. Sandler also assumed that there was no material change in the respective assets, financial condition, results of operations, business or prospects of NorCal and Marin since the date of the most recent financial data made available to Sandler. Sandler assumed in all respects material to its analysis that NorCal and Marin would remain as a going concern for all periods relevant to its analyses. Finally, Sandler expressed no opinion as to any of the legal, accounting and tax matters relating to the merger and any other transactions contemplated in connection therewith. Finally, Sandler relied upon the advice that NorCal received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement.

Sandler's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of such opinion. Events occurring after the date of its opinion could materially affect its opinion. Sandler did not undertake to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion.

Sandler's opinion was directed to the board of directors of NorCal in connection with its consideration of the merger and merger agreement and does not constitute a recommendation to any shareholder of NorCal as to how such shareholder should vote at any meeting of shareholders called to consider and vote upon the merger. Sandler's opinion is directed only to the fairness, from a financial point of view, of the merger consideration to holders of NorCal common stock and does not address the underlying business decision of NorCal to engage in the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for NorCal or the effect of any other transaction in which NorCal might engage. Sandler's opinion shall not be reproduced or used for used for any other purposes, without Sandler's prior written consent. Sandler's opinion has been approved by Sandler's fairness

opinion committee. Sandler has consented to inclusion of its opinion and this summary in the registration statement on Form S-4 which includes this proxy statement – prospectus. Sandler does not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by NorCal’s officers,

directors, or employees, or class of such persons, relative to the compensation to be received in the merger by any other shareholders of NorCal.

In rendering its July 1, 2013 opinion, Sandler performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler, but is not a complete description of all the analyses underlying Sandler's opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. In arriving at its opinion, Sandler did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather, Sandler made its determination as to the fairness of the merger consideration to NorCal common shareholders on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler's comparative analyses described below is identical to NorCal or Marin and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of NorCal or Marin and the companies to which they are being compared.

In performing its analyses, Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of NorCal, Marin and Sandler. The analysis performed by Sandler is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the NorCal board at the July 1, 2013 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler's analyses do not necessarily reflect the value of NorCal's common stock or the prices at which NorCal's common stock may be sold at any time. The analysis and opinion of Sandler was among a number of factors taken into consideration by NorCal's board in making its determination to adopt the merger agreement and the analyses described below should not be viewed as determinative of the decision of NorCal's board or management with respect to the fairness of the merger consideration to NorCal common shareholders.

At the July 1, 2013 meeting of the NorCal board, Sandler presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler or the presentation made by Sandler to the NorCal board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

Summary of Proposal.

Sandler reviewed the financial terms of the proposed merger. All of the outstanding shares of NorCal common stock will be cancelled, and shareholders of NorCal will elect to receive either 0.07716 shares of Marin common stock (subject to adjustment as stated below), \$3.01 in cash, or a combination for shares of NorCal common stock they own,

subject to the limitations in the merger agreement. The number of shares of Marin common stock to be issued to NorCal shareholders is based on the fixed exchange ratio of 0.07716, provided that Marin's common stock price remains between \$35.11 and \$42.91 as measured by the 15-day volume-weighted average price prior to closing of the transaction. To the extent the volume-weighted average closing price of Marin common stock is outside this price range, then the exchange ratio will adjust

as set forth in the merger agreement. The aggregate transaction value is \$32.5 million based on NorCal common shares outstanding of 10,641,940 and Marin closing stock price of \$40.00 as of June 28, 2013. The aggregate transaction value also includes cash payment of \$3.01 less the applicable strike price for 40,000 in-the-money options outstanding with weighted average strike price of \$1.50. Based upon financial information as or for the quarter ended March 31, 2013, Sandler calculated the following transaction ratios:

Transaction Value / Book Value:	123	%
Transaction Value / Tangible Book Value:	123	%
Transaction Value / Last Twelve Months Earnings Per Share	6.3x	
Transaction Value / Last Twelve Months Earnings Per Share (Adjusted)	NM	
Core Deposit Premium:	2.8	%
Market Premium (as of June 28, 2013)	10.8	%

NorCal – Comparable Company Analysis.

Sandler also used publicly available information to compare selected financial and market trading information for NorCal and a group of financial institutions selected by Sandler. The NorCal peer group was selected by Sandler and consisted of the following selected public banks with total assets between \$150 million and \$500 million and headquartered in the following California counties: Alameda, Amador, Contra Costa, El Dorado, Marin, Napa, Placer, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Solano, Sonoma, Sutter, and Yolo.

Greater Sacramento Bancorp	Summit State Bank
Avidbank Holdings, Inc.	Presidio Bank
California Bank of Commerce	Bay Commercial Bank
United American Bank	Focus Business Bank
AltaPacific Bancorp	Liberty Bancorp
New Resource Bank	Community 1 st Bank
Summit Bancshares, Inc.	Pinnacle Bank
MNB Holdings Corporation	Community Bank of the Bay
River Valley Community Bank	Valley Community Bank

The analysis compared publicly available financial information for NorCal and the median financial and market trading data for the NorCal regional peer group as of and for the most recent quarter ended March 31, 2013. The table below sets forth the data for NorCal and the median data for the NorCal regional peer group as of and for the most recent quarter ended March 31, 2013, with pricing data as of June 28, 2013. Return on average assets, return on average equity, and earnings per share were adjusted to exclude the reversal of \$5.6 million valuation allowance against deferred tax asset and for an effective tax rate of 35%.

	NorCal	Peer Group Median
Total Assets (in millions)	\$265	\$218
Last Twelve Months Return on Average Assets	(0.11)%	0.59%
Last Twelve Months Return on Average Equity	(1.4)%	5.1%
Last Twelve Months Net Interest Margin	3.65%	3.82%
Last Twelve Months Efficiency Ratio	80%	79%
Last Twelve Months Cost of Funds	0.20%	0.45%
Non-performing Assets / Total Assets	0.97%	1.56%
Non-performing Loans / Total Loans	1.51%	1.80%
Loan Loss Reserves / Non-performing Assets	131%	108%
Tangible Common Equity / Tangible Assets	10.0%	10.2%
Leverage Ratio	11.5%	11.2%
Total Risk Based Capital Ratio	18.1%	16.1%
Price / Book Value	111%	90%
Price / Tangible Book Value	111%	93%
Price / Last Twelve Months Earnings Per Share	NM	13.3x
Market Capitalization (in millions)	\$29	\$26

Source: SNL Financial

NorCal - Stock Price Performance.

Sandler reviewed the history of the publicly reported trading prices of NorCal's common stock for the one-year period ended June 28, 2013. Sandler also reviewed the history of the publicly reported trading prices of NorCal's common stock for the three-year period ended June 28, 2013. Sandler then compared the relationship between the movements in the price of NorCal's common stock against the movements in the prices of an index of its peer group, the KBW Regional Bank Index and the S&P 500 Index.

NorCal One-Year Stock Performance

	Beginning Index Value June 28, 2012	Ending Index Value June 28, 2013	
NorCal	100	% 163.7	%
Peer Group Index	100	% 118.4	%
KBW Regional Bank Index	100	% 120.4	%
S&P 500 Index	100	% 120.9	%

NorCal Three-Year Stock Performance

	Beginning Index Value June 28, 2010	Ending Index Value June 28, 2013	
NorCal	100	% 131.0	%
Peer Group Index	100	% 114.7	%
KBW Regional Bank Index	100	% 131.5	%
S&P 500 Index	100	% 149.5	%

Marin - Comparable Company Analysis.

Sandler also used publicly available information to compare selected financial and market trading information for Marin and a group of financial institutions selected by Sandler. The Marin peer group consisted of the following selected public banks headquartered in California with total assets between \$1.0 billion and \$3.0 billion.

TriCo Bancshares	Pacific Premier Bancorp, Inc.
Sierra Bancorp	Heritage Commerce Corp.
Bridge Capital Holdings	CU Bancorp
Heritage Oaks Bancorp	Pacific Mercantile Bancorp

The analysis compared publicly available financial information for Marin and the median financial and market trading data for the Marin peer group as of and for the most recent quarter ended March 31, 2013. The table below sets forth the data for Marin and the median data for the Marin peer group as of and for the most recent quarter ended March 31, 2013, with pricing data as of June 28, 2013.

	Marin	Peer Group Median
Total Assets (in millions)	\$1,427	\$1,365
Last Twelve Months Return on Average Assets	1.23%	0.82%
Last Twelve Months Return on Average Equity	12.0%	8.1%
Last Twelve Months Net Interest Margin	4.68%	4.19%
Last Twelve Months Efficiency Ratio	55%	68%
Last Twelve Months Cost of Funds	0.18%	0.32%
Non-performing Assets / Total Assets	1.83%	1.35%
Non-performing Loans / Total Loans	2.44%	2.07%
Loan Loss Reserves / Non-performing Assets	51%	81%
Tangible Common Equity / Tangible Assets	11.0%	10.6%
Leverage Ratio	10.9%	12.8%
Total Risk Based Capital Ratio	14.0%	16.1%
Price / Book Value	138%	125%
Price / Tangible Book Value	138%	138%
Price / Last Twelve Months Earnings Per Share	12.3x	16.4x
Price / Estimated 2013 Earnings Per Share	12.0x	15.6x
Price / Estimated 2014 Earnings Per Share	12.4x	14.3x
Market Capitalization (in millions)	\$218	\$194

Source: SNL Financial

Marin - Stock Price Performance.

Sandler reviewed the history of the publicly reported trading prices of Marin's common stock for the one-year period ended June 28, 2013. Sandler also reviewed the history of the publicly reported trading prices of Marin's common stock for the three-year period ended June 28, 2013. Sandler then compared the relationship between the movements in the price of Marin's common stock against the movements in the prices of an index of its peer group, the KBW Regional Bank Index and the S&P 500 Index.

Marin One-Year Stock Performance

	Beginning Index Value June 28, 2012	Ending Index Value June 28, 2013	
Marin	100	% 110.0	%
Peer Group Index	100	% 121.7	%
KBW Regional Bank Index	100	% 120.4	%
S&P 500 Index	100	% 120.9	%

Marin Three-Year Stock Performance

	Beginning Index Value June 28, 2010	Ending Index Value June 28, 2013	
Marin	100	% 121.0	%
Peer Group Index	100	% 149.7	%
KBW Regional Bank Index	100	% 131.5	%
S&P 500 Index	100	% 149.5	%

NorCal - Net Present Value Analysis.

Sandler performed an analysis that estimated the present value of NorCal common stock through December 31, 2017.

Sandler based the analysis on NorCal's internal financial projections for NorCal for the year ending December 31, 2013 and an estimated long-term growth rate for the years thereafter as provided by and discussed with senior management of NorCal.

To approximate the terminal value of NorCal's common stock at December 31, 2017, Sandler applied price to forward earnings multiples of 10.0x to 20.0x and multiples of tangible book value ranging from 60% to 130%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 9.0% to 15.0%.

Earnings Per Share Multiples

Discount Rate	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
9.0%	\$1.11	\$1.34	\$1.56	\$1.78	\$2.01	\$2.23
10.0%	\$1.07	\$1.28	\$1.49	\$1.71	\$1.92	\$2.14
11.0%	\$1.02	\$1.23	\$1.43	\$1.64	\$1.84	\$2.05
12.0%	\$0.98	\$1.18	\$1.37	\$1.57	\$1.76	\$1.96
13.0%	\$0.94	\$1.13	\$1.32	\$1.50	\$1.69	\$1.88
14.0%	\$0.90	\$1.08	\$1.26	\$1.44	\$1.62	\$1.80
15.0%	\$0.86	\$1.04	\$1.21	\$1.38	\$1.56	\$1.73

Tangible Book Value Per Share Multiples

Discount Rate	60%	75%	90%	100%	115%	130%
9.0%	\$1.27	\$1.59	\$1.91	\$2.12	\$2.44	\$2.76
10.0%	\$1.22	\$1.52	\$1.83	\$2.03	\$2.33	\$2.64
11.0%	\$1.17	\$1.46	\$1.75	\$1.94	\$2.24	\$2.53
12.0%	\$1.12	\$1.40	\$1.68	\$1.86	\$2.14	\$2.42
13.0%	\$1.07	\$1.34	\$1.61	\$1.79	\$2.05	\$2.32
14.0%	\$1.03	\$1.29	\$1.54	\$1.71	\$1.97	\$2.23
15.0%	\$0.99	\$1.23	\$1.48	\$1.64	\$1.89	\$2.14

Sandler also considered and discussed with the NorCal board how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler performed a similar analysis assuming NorCal's net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for NorCal common stock, using a discount rate of 12.00%:

Earnings Per Share Multiples

Annual Budget Variance	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
(25.0)	)% \$0.74	\$0.88	\$1.03	\$1.18	\$1.32	\$1.47
(20.0)	)% \$0.78	\$0.94	\$1.10	\$1.25	\$1.41	\$1.57
(15.0)	)% \$0.83	\$1.00	\$1.17	\$1.33	\$1.50	\$1.67
(10.0)	)% \$0.88	\$1.06	\$1.23	\$1.41	\$1.59	\$1.76
(5.0)	)% \$0.93	\$1.12	\$1.30	\$1.49	\$1.68	\$1.86
0.0	% \$0.98	\$1.18	\$1.37	\$1.57	\$1.76	\$1.96
5.0	% \$1.03	\$1.23	\$1.44	\$1.65	\$1.85	\$2.06
10.0	% \$1.08	\$1.29	\$1.51	\$1.72	\$1.94	\$2.16
15.0	% \$1.13	\$1.35	\$1.58	\$1.80	\$2.03	\$2.25
20.0	% \$1.18	\$1.41	\$1.65	\$1.88	\$2.12	\$2.35
25.0	% \$1.23	\$1.47	\$1.72	\$1.96	\$2.21	\$2.45

Marin - Net Present Value Analysis.

Sandler performed an analysis that estimated the present value of Marin common stock through December 31, 2017.

Sandler based the analysis on Marin's projected earnings stream as derived from publicly available mean analyst estimates for Marin for the years ending December 31, 2013 and 2014 and a publicly available long-term earnings per share growth rate for the years thereafter as discussed and confirmed with senior management of Marin;

To approximate the terminal value of Marin's common stock at December 31, 2017, Sandler applied price to forward earnings multiples of 10.0x to 20.0x and multiples of tangible book value ranging from 110% to 160%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 9.0% to 15.0%.

Earnings Per Share Multiples

Discount Rate	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
9.0%	\$30.78	\$36.33	\$41.87	\$47.41	\$52.95	\$58.49
10.0%	\$29.53	\$34.83	\$40.14	\$45.45	\$50.75	\$56.06
11.0%	\$28.34	\$33.42	\$38.50	\$43.58	\$48.67	\$53.75
12.0%	\$27.20	\$32.07	\$36.94	\$41.81	\$46.69	\$51.56
13.0%	\$26.13	\$30.80	\$35.46	\$40.13	\$44.80	\$49.47
14.0%	\$25.10	\$29.58	\$34.06	\$38.54	\$43.01	\$47.49
15.0%	\$24.13	\$28.42	\$32.72	\$37.02	\$41.31	\$45.61

Tangible Book Value Per Share Multiples

Discount Rate	110%	120%	130%	140%	150%	160%
9.0%	\$33.96	\$36.75	\$39.55	\$42.35	\$45.15	\$47.94
10.0%	\$32.57	\$35.25	\$37.93	\$40.60	\$43.28	\$45.96
11.0%	\$31.25	\$33.82	\$36.38	\$38.95	\$41.51	\$44.08
12.0%	\$30.00	\$32.46	\$34.92	\$37.37	\$39.83	\$42.29
13.0%	\$28.81	\$31.16	\$33.52	\$35.88	\$38.24	\$40.59
14.0%	\$27.67	\$29.93	\$32.20	\$34.46	\$36.72	\$38.98
15.0%	\$26.60	\$28.77	\$30.93	\$33.10	\$35.27	\$37.44

Sandler also considered and discussed with the NorCal board how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler performed a similar analysis assuming Marin's net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for Marin common stock, using a discount rate of 12.00%:

Earnings Per Share Multiples

Annual Budget Variance	10.0x	12.0	14.0x	16.0x	18.0x	20.0x
(25.00)	)% \$21.12	\$24.77	\$28.42	\$32.07	\$35.73	\$39.38
(20.00)	)% \$22.33	\$26.23	\$30.13	\$34.02	\$37.92	\$41.81
(15.00)	)% \$23.55	\$27.69	\$31.83	\$35.97	\$40.11	\$44.25
(10.00)	)% \$24.77	\$29.15	\$33.54	\$37.92	\$42.30	\$46.69
(5.00)	)% \$25.99	\$30.61	\$35.24	\$39.87	\$44.49	\$49.12
0.0	% \$27.20	\$32.07	\$36.94	\$41.81	\$46.69	\$51.56
5.0	% \$28.42	\$33.54	\$38.65	\$43.76	\$48.88	\$53.99
10.0	% \$29.64	\$35.00	\$40.35	\$45.71	\$51.07	\$56.43
15.0	% \$30.86	\$36.46	\$42.06	\$47.66	\$53.26	\$58.86
20.0	% \$32.07	\$37.92	\$43.76	\$49.61	\$55.45	\$61.30
25.0	% \$33.29	\$39.38	\$45.47	\$51.56	\$57.64	\$63.73

Analysis of Selected Merger Transactions.

Sandler reviewed two sets of comparable mergers and acquisitions. The first set of mergers and acquisitions included 37 transactions announced from January 1, 2012 through June 28, 2013 involving commercial banks with announced deal values and where the selling bank's total assets was between \$100 million and \$500 million, NPAs / Assets was less than 3%, and TCE / TA was greater than 9% at announcement. The second set of mergers and acquisitions included 8 transactions announced from January 1, 2011 through June 28, 2013 involving California commercial banks with announced deal values and where the selling bank's total assets was between \$100 million and \$500 million, NPAs / Assets was less than 3%, and TCE / TA was greater than 9% at announcement.

Sandler deemed these transactions to be reflective of the proposed NorCal and Marin combination. Sandler reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price to last twelve months earnings per share, core deposit premium and market premium. As illustrated in the following table, Sandler compared the proposed merger multiples to the median multiples of these comparable transactions.

	NorCal / Marin	Nationwide Median	California Median
Transaction Value / Book Value	123%	124%	120%
Transaction Value / Tangible Book Value	123%	127%	120%
Transaction Value / Last Twelve Months EPS	6.3x	18.6x	25.0x
Core Deposit Premium	2.8%	3.4%	1.7%
Market Premium ¹	10.8%	31.9%	31.9%

¹ Two-day market premium

Pro Forma Merger Analysis.

Sandler analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger is completed in the fourth quarter of 2013; (2) the deal value per share is equal to \$3.05 per NorCal share; (3) pre-tax cost savings of \$2.5 million in 2014 and \$3.6 million in 2015; (4) one-time costs of \$3.75 million pre-tax are expensed prior to close and \$3.75 million pre-tax are expensed in 2014; (5) Marin's performance was calculated in accordance with publicly available mean analyst estimates for Marin for the years ending December 31, 2013 and 2014 and a publicly available long-term earnings per share growth rate for the years thereafter as discussed and confirmed with senior management of Marin; (6) NorCal's performance was calculated in accordance with NorCal's internal financial projections for NorCal for the year ending December 31, 2013 and an estimated long-term growth rate for the years thereafter as provided by and discussed with senior management of NorCal; (7) certain other assumptions pertaining to costs and expenses associated with the transaction, intangible amortization, opportunity cost of cash and other items. The analyses indicated that, for the full years 2014 to 2018, the merger (excluding transaction expenses) would be accretive to Marin's projected earnings per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler's Compensation and Other Relationships.

Sandler has acted as financial advisor to the board of directors of NorCal in connection with the merger. NorCal has agreed to pay Sandler a transaction fee in an amount equal to (i) 1.20% of the amount by which the aggregate purchase price paid is equal to or less than \$2.69 per share, plus (ii) 2.5% of the amount by which the aggregate purchase price paid exceeds \$2.69 per share, which shall be due and payable in immediately available funds on the day of closing of the business combination (estimated to be \$459,727 as of July 29, 2013). NorCal has also agreed to pay Sandler a fee of \$50,000 to render an opinion in connection

with the merger, which shall be due and payable in immediately available funds at the time such opinion is rendered. Sandler's fairness opinion was approved by Sandler's fairness opinion committee.

In the ordinary course of their respective broker and dealer businesses, Sandler may purchase securities from and sell securities to NorCal and Marin and their affiliates. Sandler may also actively trade the debt and/or equity securities of NorCal and Marin or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Exchange Ratio

The value that you will receive in exchange for your NorCal stock is dependent on certain defined terms in the merger agreement called the "Exchange Ratio," "Parent Average Price" and the "Per Share Cash Consideration."

"Exchange Ratio" means 0.07716 share of Marin common stock for each share of NorCal common stock; provided, however, if the Parent Average Price is more than \$42.91 but not more than \$44.86, the Exchange Ratio shall be equal to the quotient of \$3.31 divided by the Parent Average Price; provided, further, if the Parent Average Price is more than \$44.86, the Exchange Ratio shall be 0.07379 subject to the possibility of further adjustment as provided in Section 8.04(d) of the merger agreement; provided further, if the Parent Average Price is less than \$35.11 but not less than \$33.16, the Exchange Ratio shall be equal to the quotient of \$2.71 divided by the Parent Average Price; provided further, if the Parent Average Price is less than \$33.16, the Exchange Ratio shall be 0.08172 subject to the possibility of further adjustment as provided in Section 8.03(d) of the merger agreement;

"Parent Average Price" means the weighted average price of Marin on the Nasdaq Stock Exchange reporting system (based on "regular way" trading) for the fifteen trading days ending on the day which is the second trading day preceding the anticipated closing date of the merger, whether or not trades occur on those days.

"Per Share Cash Consideration" means \$3.01 per NorCal common share.

Accordingly, changes in the price of Marin's common stock can affect the Parent Average Price, and if the weighted average used to calculate the Parent Average Price results in a number outside the range between \$35.11 and \$42.91, the Exchange Ratio will adjust. The Per Share Cash Consideration always remains fixed at \$3.01 per NorCal common share.

As a shareholder of NorCal, you may elect, subject to the proration provisions discussed below, to receive all cash, all Marin common stock or a combination of cash and Marin common stock for the NorCal shares you own.

If you receive cash, the amount you receive per share will be equal to the "Per Share Cash Consideration" or \$3.01 per share.

If you receive Marin common stock, the number of shares that you will receive will be equal to the number of your NorCal shares multiplied by the Exchange Ratio. The Exchange Ratio generally is fixed, but may adjust as discussed above relative to the Parent Average Price. To the extent that the formula results in a fraction of a share, such fraction will not be issued but you will receive cash in lieu of such fractional interest.

The following table illustrates the "Exchange Ratio" as a function of several possible "Parent Average Prices" and the effect that has on the number of shares of Marin common stock issued and the value of the aggregate consideration to be issued by Marin in the transaction:

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Dollars in thousands, except per share

Parent Average Price	Exchange Ratio	Per Share Value of Stock	Per Share Cash Consideration	Blended Per Share Consideration	Per Share	Required Stock Amount	Aggregate Stock Consideration	Aggregate Cash Consideration	Aggregate Merger Consideration	Stock Percentage	Cash Perce
\$48.76	0.07379	\$3.60	\$3.01	\$3.30		392,634	\$19,145	\$16,016	\$35,161	54.45%	45.55
\$46.81	0.07379	\$3.45	\$3.01	\$3.23		392,634	\$18,379	\$16,016	\$34,395	53.44%	46.56
\$44.86	0.07379	\$3.31	\$3.01	\$3.16		392,634	\$17,614	\$16,016	\$33,630	52.38%	47.62
\$44.47	0.07443	\$3.31	\$3.01	\$3.16		396,040	\$17,612	\$16,016	\$33,628	52.37%	47.63
\$44.08	0.07509	\$3.31	\$3.01	\$3.16		399,552	\$17,612	\$16,016	\$33,628	52.37%	47.63
\$43.69	0.07576	\$3.31	\$3.01	\$3.16		403,117	\$17,612	\$16,016	\$33,628	52.37%	47.63
\$42.91	0.07716	\$3.31	\$3.01	\$3.16		410,566	\$17,617	\$16,016	\$33,634	52.38%	47.62
\$40.96	0.07716	\$3.16	\$3.01	\$3.09		410,566	\$16,817	\$16,016	\$32,833	51.22%	48.78
\$39.01	0.07716	\$3.01	\$3.01	\$3.01		410,566	\$16,016	\$16,016	\$32,032	50.00%	50.00
\$37.06	0.07716	\$2.86	\$3.01	\$2.93		410,566	\$15,216	\$16,016	\$31,232	48.72%	51.28
\$35.11	0.07716	\$2.71	\$3.01	\$2.86		410,566	\$14,415	\$16,016	\$30,431	47.37%	52.63
\$34.33	0.07894	\$2.71	\$3.01	\$2.86		420,037	\$14,420	\$16,016	\$30,436	47.38%	52.62
\$33.94	0.07985	\$2.71	\$3.01	\$2.86		424,879	\$14,420	\$16,016	\$30,437	47.38%	52.62
\$33.55	0.08077	\$2.71	\$3.01	\$2.86		429,775	\$14,419	\$16,016	\$30,435	47.38%	52.62
\$33.16	0.08172	\$2.71	\$3.01	\$2.86		434,830	\$14,419	\$16,016	\$30,435	47.38%	52.62
\$31.21	0.08172	\$2.55	\$3.01	\$2.78		434,830	\$13,571	\$16,016	\$29,587	45.87%	54.13
\$29.26	0.08172	\$2.39	\$3.01	\$2.70		434,830	\$12,723	\$16,016	\$28,739	44.27%	55.73

Please see “Market Price and Dividend Information” for the historical price information for Marin’s and NorCal’s common stocks.

Subsequent to June 30, 2013, Marin will receive a cash dividend from Bank of Marin to provide the necessary funds for the cash portion of the merger consideration to be paid to NorCal’s shareholders.

Election Procedure

In order to make a valid election, a shareholder of NorCal must complete a form transmittal letter that will be mailed by Marin’s exchange agent, Registrar and Transfer Company, at least 35 days prior to the anticipated closing date of the merger to each holder of record of NorCal common stock as of 5 business days prior to the mailing date. Such transmittal letter will allow holders of NorCal common stock to select either shares of Marin common stock, cash or a combination of the foregoing. PLEASE RETAIN THIS PROXY STATEMENT – PROSPECTUS, SINCE IT WILL BE OF ASSISTANCE IN MAKING YOUR ELECTION.

IF YOU DO NOT MAKE A VALID AND TIMELY ELECTION, YOU WILL RECEIVE WHATEVER FORM OF CONSIDERATION (MARIN COMMON SHARES OR CASH) AS MAY BE NECESSARY TO SATISFY THE PRORATION PROVISIONS DISCUSSED BELOW.

A valid election will be properly made and effective only if the exchange agent actually receives a properly completed letter of transmittal by 5:00 p.m. on or before the 30th day after the letter of transmittal is first mailed. A letter of

transmittal will be deemed properly completed only if an election is indicated for each share of NorCal common stock and accompanied by one or more certificates, or customary affidavits and indemnity for lost certificates, representing all shares of NorCal common stock covered by such letter of transmittal. An election may be revoked or changed at any time prior to the election deadline.

NORCAL SHAREHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES UNTIL THEY RECEIVE THE ELECTION FORMS AND INSTRUCTIONS FROM THE EXCHANGE AGENT.

The number of NorCal shares with respect to which a stock or cash or combination election is effective may be changed under certain circumstances. By the terms of the merger agreement, one half of the outstanding NorCal common shares must be exchanged for Marin common stock.

If, after taking into account all valid cash elections, more than half of the total number of NorCal common shares would be exchanged for Marin common stock, the exchange agent will deliver cash instead of Marin shares first to shareholders who failed to make a valid election and then, if necessary, to NorCal shareholders even though they made a valid stock election. As a result, the NorCal shareholders that made valid stock elections will be subject to a proration process which will result in the holder receiving a different mix of consideration than originally requested.

On the other hand, if after taking into account all valid elections, less than half of the total number of NorCal common shares would be exchanged for Marin common stock, the exchange agent will deliver Marin shares instead of cash first to NorCal shareholders who failed to make a valid election and then, if necessary, to NorCal shareholders even though they made valid cash elections. As a result, the NorCal shareholders that made valid cash elections will be subject to a proration process which will result in the holders receiving a different mix of consideration than originally requested.

For details on the proration provisions, please refer to the merger agreement, attached as Appendix A to this proxy statement – prospectus.

The proration provisions of the merger agreement are subject to further revision so that in no event will the total amount of cash paid by Marin in the merger (including cash for (i) NorCal common stock, (ii) fractional shares, (iii) stock options and (iv) dissenting shares) exceed 58% of the total consideration received in the merger.

Because the price of Marin common stock fluctuates, you will not know, when you vote or make your election, either the exact value of the shares of Marin common stock, or the number of shares of Marin common stock, which you will receive in the merger. The market value of Marin shares at the time of the merger and afterwards could be substantially higher or lower than the current market value. You are urged to obtain current market quotations for both Marin and NorCal stock, and to consult with your financial advisors before you vote. In addition, please review the “Risk Factors” section of this proxy statement – prospectus before deciding how to vote or making an election.

As soon as practicable following the closing date of the merger, and after the proration procedures described above are completed, each holder of NorCal common stock who submitted a properly completed letter of transmittal will be issued a certificate representing the number of shares of Marin common stock to which such holder is entitled, if any (and, if applicable, a check for the amount to be paid in lieu of fractional shares of Marin common stock), and/or an amount of cash to which such holder is entitled, if any.

Surrender of NorCal Stock Certificates after the Merger

Holders of NorCal common stock who do not submit a letter of transmittal prior to the election deadline must nevertheless submit a properly completed letter of transmittal (other than the section pertaining to the election) and the certificate representing NorCal common stock to the exchange agent in order to receive your consideration.

No dividends or other distributions that are declared on Marin common stock will be paid to persons otherwise entitled to receive the same until the NorCal certificates for their shares have been surrendered in exchange for the Marin certificates, but upon such surrender, such dividends or other distributions, from and after the effective time of the merger, will be paid to such persons in accordance with the terms of Marin common stock. No interest will be paid

to the NorCal

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shareholders on the cash or the Marin common stock into which their shares of NorCal common stock will be exchanged.

Regulatory Approvals Required

Bank holding companies, such as Marin and NorCal, and banks, such as Bank of Marin and Bank of Alameda, are heavily regulated institutions with numerous federal and state laws and regulations governing their activities. Among these laws and regulations are requirements of prior approval by applicable government regulatory authorities in connection with acquisition and merger transactions such as the merger. In addition, these institutions are subject to ongoing supervision, regulation and periodic examination by various federal and state financial institution regulatory agencies.

Consummation of the merger is subject to various conditions, including, among others, receipt of the prior approvals of the DFI and the FDIC.

The merger agreement provides that the obligations of the parties to consummate the merger are conditioned upon all regulatory approvals having been granted by March 31, 2014.

Application for regulatory review and approval of the merger and the related transactions has been filed with the DFI and the FDIC and a request for determination of an exemption has been filed with the FRB. There can be no assurance that the DFI, the FDIC or the FRB will approve or take other required action with respect to the merger and the related transactions or as to the date of such approvals or action.

Management and Operations after the Merger

Management. Mr. Kevin Kennedy, a current member of NorCal's board of directors will be named to serve as a member of the boards of directors of Marin and Bank of Marin following consummation of the merger. Otherwise, the directors and the principal executive officers of Marin and Bank of Marin immediately prior to the effective time of the merger will continue as the directors and the principal executive officers following the merger.

Operations. Although there can be no assurance that any specific level of cost savings will be achieved, Marin currently expects cost reductions attributable to the merger to approximate 33% of NorCal non-interest expense (assuming a non-interest expense base of approximately \$10.0 million pre-tax) with 75% to be realized in 2014 and 100% thereafter.

It is also estimated that one-time, merger-related restructuring charges will total approximately \$4.5 million after tax (this includes approximately \$1.6 million in after-tax related data processing contract termination fees). Marin expects the transaction to be accretive to earnings during the first full year of operations.

This information should be read in conjunction with the historical consolidated financial statements of NorCal and Marin, including the respective notes thereto, attached to this proxy statement – prospectus or incorporated herein by reference.

The statements contained in this section constitute “forward looking statements.” Actual results, which are dependent on a number of factors, many of which are beyond the control of Marin and NorCal, may differ materially. See “Forward Looking Statements.” The cost savings and restructuring charges reflected above and in this proxy statement – prospectus may not be indicative of the results that may be achieved in the future. Assuming consummation of the merger, the actual cost savings and restructuring charges that may be realized in the merger may differ, perhaps significantly, from the amounts described above and elsewhere in this proxy statement – prospectus.

Nasdaq Listing

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The shares of Marin common stock to be issued in the merger will be listed on the Nasdaq Global Market.

Resales of Marin Common Stock

The shares of Marin common stock to be issued to shareholders of NorCal in the merger have been registered under the Securities Act of 1933. Such shares will be freely transferable under such Act.

Material Federal Income Tax Consequences

The parties intend for the merger to be treated as a tax-free reorganization for U.S. federal income tax purposes. It is a condition to complete the merger that Crowe Horwath LLP, special tax counsel to Marin, issue an opinion that the merger will be treated as a reorganization within the meaning of section 368(a) of the Internal Revenue Code.

The following general discussion sets forth the anticipated material federal income tax consequences of the merger for U.S. holders (as defined below) of NorCal shareholders and NorCal. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income tax. This discussion relies upon certain representations made by Marin, Bank of Marin, NorCal and Bank of Alameda, and is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). A tax opinion is not binding on the IRS or the courts, and therefore no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth below.

This discussion is limited to United States residents and citizens that hold their NorCal shares as capital assets within the meaning of section 1221 of the Code for U.S. federal income tax purposes (generally, assets held for investment). This discussion does not address all of the tax consequences that may be relevant to a particular shareholder or to a shareholder that is subject to special treatment under U.S. federal income tax laws, including but not limited to, if you are:

- financial institution;
- tax-exempt organization;
- an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);
- an insurance company;
- mutual fund;
- dealer or broker in stocks and securities, or currencies;
- trader in securities that elects mark-to-market treatment;
- subject to the alternative minimum tax provisions of the Code;
- person that is not a U.S. holder (as defined below);
- person that has a functional currency other than the U.S. dollar;
- a holder of NorCal common stock that holds NorCal common stock as part of a hedge, straddle, constructive sale, conversion, or other integrated transaction; or

subject to tax under Code sections 877 or 877A as a U.S. expatriate.

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Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within our knowledge or control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

For purposes of this discussion, the term “U.S. holder” means a beneficial owner of NorCal common stock that is for U.S. federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation, or entity treated as a corporation, organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes or (iv) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

The U.S. federal income tax consequences to a partner in an entity or arrangement treated as a partnership, for U.S. federal income tax purposes, that holds NorCal common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding NorCal common stock should consult their own tax advisors.

NORCAL SHAREHOLDERS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER, AS WELL AS THE EFFECTS OF STATE, LOCAL AND NON-U.S. TAX LAWS.

The merger will be treated as a “reorganization” within the meaning of Section 368(a) of the Code. As a “reorganization,” for U.S. federal income tax purposes no gain or loss will be recognized by NorCal in the merger, and the material U.S. federal income tax consequences of the merger for NorCal shareholders are summarized as follows:

NorCal Shareholders Who Receive Only Marin Shares. If you receive solely Marin shares, then you will not recognize gain or loss for U.S. federal income tax purposes in the merger, except that any NorCal shareholder who receives cash proceeds in lieu of a fractional Marin share will recognize capital gain or capital loss equal to the difference between such proceeds and the tax basis allocated to the fractional share. The tax basis of the Marin shares (including any fractional shares deemed received and exchanged for a cash payment) received by you in exchange for your NorCal common stock will be the same as your tax basis in your NorCal common stock. Your holding period in the Marin shares (including any fractional shares deemed received and exchanged for a cash payment) received by you will include your holding period in your NorCal common stock. Your capital gain or loss on cash proceeds received by you in lieu of a fractional Marin share will be long-term capital gain or loss if you have held your shares of NorCal common stock for more than one year at the effective time of the merger.

NorCal Shareholders Who Receive Only Cash. If you exchange all of your shares of NorCal common stock for cash in the merger, you will recognize capital gain or capital loss for U.S. federal income tax purposes to the extent the amount of cash received by you in the merger (calculated on a share by share basis) exceeds or is less than your tax basis in your NorCal common stock.

NorCal Shareholders Who Receive Both Marin Shares and Cash. If you receive both Marin shares and cash in exchange for your NorCal common stock, you will recognize gain, but not loss, for U.S. federal income tax purposes (calculated on a share by share basis) in an amount equal to the lesser of (1) the amount of cash received by you in merger and (2) an amount equal to the excess, if any, of (a) the sum of the amount of cash plus the fair market value of the Marin shares received by you in the merger, over (b) your tax basis in your NorCal common stock. (The preceding sentence does not apply to any cash you receive in lieu of fractional Marin shares, the tax consequences of which are

discussed above under the subheading “– NorCal Shareholders Who Receive Only Marin Shares.”) Your recognized gain will be capital gain unless your receipt of cash has the effect of a distribution of a dividend, in which case your gain will be treated as ordinary dividend income to the extent of your ratable share of NorCal’s accumulated earnings and profits as

calculated for U.S. federal income tax purposes. For purposes of determining whether your receipt of cash has the effect of a distribution of a dividend, you will be treated as if you first exchanged all of your NorCal common stock solely for Marin shares and then Marin immediately redeemed a portion of the shares for the cash that you actually received in the merger. The IRS has indicated in rulings that any reduction in the interest of a minority stockholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would receive capital gain (as opposed to dividend) treatment. In determining whether your receipt of cash has the effect of a distribution of a dividend, certain constructive ownership rules must be taken into account.

Your aggregate tax basis in the Marin shares received by you in the merger will equal your aggregate tax basis in your NorCal common stock, (1) reduced by (a) the portion of your tax basis in your NorCal common stock that is allocable to a fractional share of Marin common stock for which cash is received and (b) the amount of cash received by you in the merger, and (2) increased by the amount of gain (including any portion of such gain that is treated as a dividend as described above), if any, recognized by you in the merger (other than any gain recognized upon your receipt of cash in lieu of a fractional Marin share). Your holding period for the Marin shares received by you in the merger will include your holding period for your NorCal common stock.

Taxation of Capital Gain. Your gain or loss in connection with the merger will constitute capital gain or loss and will constitute long-term capital gain or loss if your holding period is greater than one year as of the date of the merger. For individual NorCal shareholders, this long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 20%. The deductibility of capital losses is subject to limits. Beginning in 2013, capital gain income of individuals, estates and certain trusts with income at or above a certain threshold will be subject to an additional 3.8% Medicare tax.

The foregoing discussion is not intended to be a complete analysis or description of all potential federal income tax consequences of the merger. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax advisor to determine the particular federal, state, local or foreign income or other tax consequences to you of the merger.

Accounting Treatment

It is anticipated that the merger will be accounted for as a business combination using the acquisition method of accounting for financial reporting purposes. Under this method of accounting, the assets and liabilities of the company acquired are recorded at their respective fair values as of the date of completion of the merger, and are added to those of the acquiring company. Financial statements of the acquiring company issued after the merger takes place reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company that was acquired.

Dissenters' Rights

If you do not vote your NorCal shares in favor of the proposal to approve the merger agreement and you remain a holder of NorCal common stock at the effective time of the merger, you will, by complying with the procedures set forth in Chapter 13 of the California General Corporation Law, be entitled to receive an amount in cash equal to the fair market value of your shares as of July 1, 2013, the last trading day before the public announcement of the acquisition. Such fair market value will be determined in accordance with such statute.

The high bid and low ask price for NorCal on July 1, 2013 was \$2.75 and \$2.66 per share, respectively. The closing price on July 1, 2013, which was the last trading day before the public announcement of the acquisition during which

there were trades of NorCal stock, was \$2.66

A copy of Chapter 13 of the California General Corporation Law is attached hereto as Appendix C. You should read it for more complete information concerning dissenters' rights. The discussion in this section is qualified in its entirety by reference to Appendix C. THE REQUIRED PROCEDURE SET

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FORTH IN CHAPTER 13 OF THE CALIFORNIA GENERAL CORPORATION LAW MUST BE FOLLOWED EXACTLY OR ANY DISSENTERS' RIGHTS MAY BE LOST.

In order to be entitled to exercise dissenters' rights, you must not vote for the merger. Thus, if you wish to dissent and you execute and return a proxy in the accompanying form, you must specify that your shares are to be either voted "AGAINST" or "ABSTAIN" on Proposal I. If you return a proxy without voting instructions or with instructions to vote "FOR" Proposal I, your shares will automatically be voted in favor of the merger and you will lose your dissenters' rights.

If the merger is approved by the shareholders, NorCal will have 10 days after the approval to send to those shareholders who did not vote in favor of the merger a written notice of such approval accompanied by:

- a copy of Chapter 13 of the California General Corporation Law,
- a statement of the price determined to represent the fair market value of the dissenting shares as of July 1, 2013, and
- a brief description of the procedure to be followed if a shareholder desires to exercise dissenters' rights.

Within 30 days after the date on which the notice of the approval of the acquisition is mailed, the dissenting shareholder who plans to exercise dissenters' rights must make written demand upon NorCal for the purchase of dissenting shares and payment to such shareholder of their fair market value. The written demand must specify the number of shares held of record by such shareholder and a statement of what the shareholder claims to be the fair market value of those shares as of July 1, 2013. At the same time, the shareholder must surrender, at the office designated in the notice of approval, the certificates representing the dissenting shares to be stamped or endorsed with a statement that they are dissenting shares or to be exchanged for certificates of appropriate denomination so stamped or endorsed. Any shares of NorCal common stock that are transferred prior to their submission for endorsement lose their status as dissenting shares.

PLEASE NOTE THAT YOU WILL NOT BE ABLE AS A PRACTICAL MATTER TO BE BOTH A DISSENTING SHAREHOLDER AND PARTICIPATE IN THE SHAREHOLDER ELECTION PROCESS. IF YOU ATTEMPT TO PERFECT YOUR DISSENTERS' RIGHTS AND SUBSEQUENTLY CHANGE YOUR MIND, IT IS LIKELY THAT THE SHAREHOLDER ELECTION WILL HAVE ALREADY TERMINATED AND YOU WILL RECEIVE WHATEVER CONSIDERATION OTHER NON-ELECTING SHAREHOLDERS WILL RECEIVE UNDER THE PRORATION PROVISIONS.

If NorCal and the dissenting shareholder agree that the surrendered shares are dissenting shares and agree upon the price of the shares, the dissenting shareholder will be entitled to the agreed price with interest from the date of such agreement. The applicable interest rate will be the rate then set by law for the accrual of interest on judgments for money. That rate is currently 10% per annum simple interest (not compounded). Subject to the restrictions imposed under California law on the ability of a California corporation to repurchase its own shares, NorCal must pay the fair value of the dissenting shares within 30 days after the amount thereof has been agreed upon, or 30 days after any statutory or contractual conditions to the acquisition have been satisfied, whichever is later. The obligation to pay for the dissenting shares is subject to receipt of the certificates representing them.

If NorCal denies that the shares surrendered are dissenting shares, or if NorCal and the dissenting shareholder fail to agree upon a fair market value of such shares, then the dissenting shareholder must, within six months after the notice of approval is mailed, file a complaint in the Superior Court of the proper county requesting the court to make such determination(s) or intervene in any pending action brought by any other dissenting shareholder. If the complaint is not filed or intervention in a pending action is not made within the specified six-month period, the dissenter's rights are

lost. If the fair market value of the dissenting shares is

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at issue, the court will determine, or will appoint one or more impartial appraisers to determine, such fair market value.

A dissenting shareholder may not withdraw his or her dissent or demand for payment unless NorCal consents to such withdrawal.

IT IS A CONDITION TO THE ACQUISITION THAT NO MORE THAN 10% OF THE OUTSTANDING SHARES OF NORCAL COMMON STOCK EXERCISE DISSENTERS RIGHTS IN THIS MANNER.

Interests of Certain Persons in the Merger

When considering the recommendation of the NorCal board of directors, you should be aware that some NorCal directors and officers have interests in the merger that differ from the interests of other NorCal shareholders. These interests include:

Chairman James B. Davis, President Stephen G. Andrews, Chief Financial Officer Jeanette E. Reynolds, and Chief Lending Officer P. Troy Williams will, pursuant to certain contractual provisions with NorCal and Bank of Alameda, receive change in control payments of \$225,334, \$480,607, \$189,779, and \$213,917, respectively, immediately prior to the closing of the merger;

• certain officers and directors have stock options for which they will receive the economic value based on the merger price;

• Director Kevin Kennedy will be added to the board of directors of Marin at the effective time of the merger;

• directors and officers have continuing indemnification protections and some continuing insurance protection; and

• President Stephen G. Andrews has entered into a letter agreement with Bank of Marin which, among other things, provides him a guaranteed salary of \$19,378 per month for six months following the merger as East Bay Market President.

The NorCal board of directors was aware of these interests and considered them before approving the merger agreement.

The Merger Agreement

The following is a summary of selected provisions of the merger agreement. While Marin and NorCal believe this description covers the material terms of the merger agreement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the merger agreement, which is incorporated by reference in its entirety into, and is attached as Appendix A to, this document. You are urged to read the merger agreement in its entirety.

The merger agreement contains representation, warranties, covenants and other agreements that Marin and NorCal made to each other. The assertions embodied in those representations, warranties and other agreements are qualified by information in confidential disclosure schedules that Marin and NorCal have exchanged in connection with signing the merger agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations, warranties, covenants and other agreements set forth in the attached merger agreement. Neither Marin nor NorCal believes that the disclosure schedules contain information that the securities laws require either or both of them to publicly disclose other than information that has already been so disclosed. Moreover, information concerning the subject matter of the representations, warranties, covenants and other agreements may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in the companies' public disclosures.

The Merger. Upon the terms and subject to the conditions set forth in the merger agreement, NorCal will merge with and into Marin, with Marin as the surviving entity. The separate corporate existence of NorCal, with all its rights, privileges, immunities, power and franchises, will cease.

Immediately subsequent to the merger, Bank of Alameda, a California state bank and wholly owned subsidiary of NorCal, will merge with and into Bank of Marin, a California state bank and wholly owned subsidiary of Marin.

Effective Time. The effective time of the merger shall occur upon the filing of the agreement of merger with the California Secretary of State or on such date as may be specified therein.

Closing and Effect of the Merger. The closing of the merger will occur no later than the third business day after the satisfaction or waiver of the conditions provided in the merger agreement, except for those conditions that by their nature are to be satisfied at the closing (but subject to the fulfillment or waiver of those conditions), or on such other date as Marin and NorCal may agree in writing. See “—Conditions to Consummation of the Merger.”

Surviving Corporation's Governing Documents, Officers and Directors.

Surviving Corporation Governing Documents. At the effective time of the merger, the articles of incorporation and bylaws of Marin will be the articles of incorporation and bylaws of the surviving corporation as they exist immediately before the effective time, in each case until thereafter changed or amended as provided therein or by applicable laws

Surviving Corporations Officers and Directors. After the merger the boards of directors of the Marin and Bank of Marin will consist of twelve members. The twelve members will be made up of eleven directors from Marin's current board and one director from NorCal's current board. Those twelve individuals will be: (a) Joel Sklar, (b) Russell A. Colombo, (c) Thomas M. Foster, (d) Robert Heller, (e) Norma J. Howard, (f) Stuart D. Lum, (g) William H. McDevitt, (h) Michaela Rodeno, (i) Brian M. Sobel (j) J. Dietrich Stroeh (k) Jan Yanehiro and (l) Kevin Kennedy.

The following senior executive officers will serve Marin and Bank of Marin in the positions noted: Russell A. Colombo, President and Chief Executive Officer. Reporting to Mr. Colombo will be Kevin K.

Coonan as Chief Credit Officer, Peter Pelham as Director of Retail Banking and Elizabeth Reizman as Senior Credit Administrator. Marin recently announced the appointment of Tani Girton as Chief Financial Officer of Marin and Bank of Marin, effective on September 3, 2013.

Marin is currently evaluating whether it will retain any Senior Executive Officers from NorCal and if so, which positions they will hold. Marin has entered into a letter agreement with Stephen G. Andrews, the President and Chief Executive Officer of NorCal, wherein it is anticipated that Mr. Andrews will be appointed as the East Bay Market President. Lower level positions are in the process of being evaluated and determined.

Merger Consideration.

Conversion of NorCal Common Stock. At the effective time of the merger, each share of NorCal common stock issued and outstanding immediately prior to the effective time will be converted into and become exchangeable for the right to receive either Marin common stock or cash as described under “Exchange Ratio,” together with the right, if any, to receive cash in lieu of fractional shares of Marin common stock. See “—Fractional Marin Common Stock” below.

Marin Common Stock. Each outstanding share of Marin common stock will remain an outstanding share of Marin common stock and will not be converted or otherwise affected by the merger. For more information regarding Marin common stock, see “Marin Common Stock.”

Rights as Shareholders of NorCal. At the effective time, holders of NorCal common stock will cease to be, and will have no rights as, shareholders of NorCal other than to receive the merger consideration.

Election and Exchange Procedures. The exchange agent will provide appropriate transmittal materials to holders of record of NorCal common stock, advising such holders of the procedure for making their election and surrendering their stock to the exchange agent. See, “Election Procedure.”

Upon the surrender of the shares of NorCal common stock, the holder will be entitled to receive in exchange therefor:

(1) a certificate representing the number of whole shares of Marin common stock that such holder is entitled to receive pursuant to the merger, and/or (2) a check in the amount, after giving effect to any required tax withholdings, in an amount that such holder is entitled to receive pursuant to the merger, as described in “—Conversion of NorCal Common Stock” above; and
a check in the amount, after giving effect to any required tax withholdings, of any cash payable in lieu of fractional shares.

For purposes of dividends, all shares of Marin common stock to be issued pursuant to the merger will be deemed issued and outstanding as of the effective time of the merger. Whenever a dividend or other distribution is declared by Marin in respect of Marin common stock, the record date for which is at or after the effective time of the merger, that declaration will include dividends or other distributions in respect of all shares of Marin common stock issuable pursuant to the merger agreement. No dividends or other distributions in respect of Marin common stock shall be paid to any holder of any unsurrendered shares of NorCal common stock until the unsurrendered shares of NorCal common stock are surrendered for exchange. See, “Summary - Dividends After the Merger.”

Fractional Marin Common Stock. No fractional shares of Marin common stock will be issued to any shareholder of NorCal upon completion of the merger. For each fractional share that would otherwise be issued, Marin will pay cash in an amount equal to the fraction of a share of Marin common stock which the

holder would otherwise be entitled to receive multiplied by the average closing price of Marin common stock. No interest will be paid or accrue on cash payable to holders of those certificates in lieu of fractional shares.

Treatment of Stock Options. At the effective time of the merger, the NorCal equity incentive plan will terminate.

Prior to the effective time of the merger, a holder of a NorCal stock option shall be permitted to exercise any options granted under the NorCal equity incentive plan in accordance with the terms of that plan. NorCal will facilitate the exercise of those options by allowing those options to be exercised and taxes paid by NorCal or holder as permitted by applicable law.

For options not exercised prior to the effective time of the merger, each optionee shall receive an amount in cash, without interest, from NorCal equal to the product of (x) the total number of shares subject to the NorCal stock option times (y) the excess, if any, of \$3.01 over the exercise price per share under such NorCal Stock Option less applicable taxes required to be withheld with respect to such payment.

For restricted stock awards which the applicable restrictions shall not have lapsed, each award shall be cancelled and shall only entitle the holder thereof to receive from NorCal, immediately prior to the effective time, an amount in cash, without interest, equal to (x) the number of shares subject to such award immediately prior to the effective time times (y) \$3.01 (or, if the award provides for payments to the extent the value of the shares exceed a specified reference price, the amount, if any, by which \$3.01 exceeds such reference price), less applicable taxes required to be withheld with respect to such payment.

Representations and Warranties. The merger agreement contains substantially similar representations and warranties of Marin and NorCal as to, among other things:

- corporate organization and existence;
- capitalization;
- corporate power and authority;
- no conflicts, required filings, third party consents and governmental approvals required to complete the merger;
- availability, accuracy and compliance with generally accepted accounting principles of financial reports and filings with regulatory authorities;
- no broker's or finder's fees, except as contemplated by the merger agreement
- timely filing of required regulatory reports and absence of regulatory investigations or restrictive agreements with regulators;
- absence of litigation;
- compliance with laws and permits; and
- tax matters.

In addition, the merger agreement contains further representations and warranties of NorCal as to, among other things:

- validity of, and the absence of defaults under, certain contracts;
- employee benefit matters;
- labor matters;
- environmental matters;
- interest rate risk management instruments, such as swaps and options;
- proper and accurate maintenance of books and records;
- insurance coverage;
- adequacy of its allowance for loan losses under established regulatory and accounting standards;

transactions with affiliates;

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- condition and title to real and personal property;
- the absence of a trust business;
- intellectual property; and
- affiliate ownership of shares.

Conduct of Business of NorCal Pending the Merger. Prior to the effective time, except as expressly contemplated by the merger agreement, NorCal has agreed that, without the consent of Marin, it will not and will cause its subsidiaries not to, among other things:

Ordinary Course of Business; Adverse Effects

- conduct its business other than in the ordinary and usual course of business;
- fail to use its reasonable best efforts to preserve its business organization and assets intact and maintain its rights, franchises and existing relations and goodwill with customers, suppliers, creditors, lessors, lessees, employees and business associates;
- take any action that would adversely affect or delay the ability of NorCal or Marin to perform any of their obligations under the merger agreement;
- take any action that would be reasonably likely to have a material adverse effect on NorCal;
- take any action which is intended, or would reasonably be expected to, impede, delay or, adversely affect the ability of NorCal or its subsidiaries to consummate the merger and the other transactions contemplated by the merger agreement; or
- take any action which is intended, or would reasonably be expected to, diminish the value of NorCal or its goodwill to Marin or otherwise disparage Marin or any of its officers, employees or directors.

Capital Stock

- issue, sell, pledge, dispose of, encumber, permit to become outstanding or authorize the creation of any shares of capital stock or any rights; or
- permit any additional shares of capital stock of NorCal or any of its subsidiaries to become subject to grants of employees or director stock options, other rights or similar stock-based employee rights.

Dividends and Stock Repurchases

- make, declare, pay or set aside for payment any dividend payable in cash, stock or property on its capital stock, except for dividends paid by any direct or indirect wholly-owned subsidiary of NorCal to NorCal; or
- directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire any shares of its capital stock.

Compensation

- enter into, amend or renew any employment, consulting, severance or similar agreements or increase in any manner the compensation or benefits of any of its employees or directors, except for:
 - normal increases for employees made in the ordinary course of business consistent with past practice, provided that no increase shall result in an annual adjustment of more than 5% or other changes required by applicable law; or
 - grant or approve the grant of any stock options or awards under NorCal's stock option plans.

Hiring

- hire any person as an employee of NorCal or any of its subsidiaries or promote any employee except:
 - o to fill a vacancy with an employee whose employment is terminable at will; and
 - o to fill any vacancy with a new employee whose base salary and bonus do not exceed \$50,000 on an annual basis.

Benefit Plans

- enter into, terminate, establish, adopt or amend any benefit plans or take any action to accelerate the vesting, accrual or fund or in any way secure payment of or exercisability of stock options, restricted stock, or other compensation or benefits payable thereunder;
- amend or modify any NorCal option plan or enter into, amend or modify any option or award agreement under any stock option plan or take any other action which has the effect of increasing NorCal's obligations or liabilities pursuant to any stock option plan.

Dispositions

sell, transfer, lease, license, guarantee, mortgage, pledge, encumber or otherwise create any lien on, dispose of or discontinue any of its assets, deposits, business or properties other than:
o sales of loans and loan participations;
o sale or disposition of property acquired in foreclosure or by transfer in lieu of foreclosure (“OREO”); and
o other sales or dispositions in the ordinary course of business consistent with past practice and in a transaction that together with all other such transactions is not material to NorCal and its subsidiaries, taken as a whole.

Acquisitions

acquire, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted, each in the ordinary course of business consistent with past practice, all or any portion of the assets, business, deposits or properties of any other person except:
o in the ordinary course of business consistent with past practice and in a transaction that together with all other such transactions is not material to NorCal and its subsidiaries, taken as a whole; or
o as otherwise permitted by the merger agreement.

Capital Expenditures

make any capital expenditures other than in the ordinary course of business consistent with past practice in amounts not to exceed \$5,000 individually or \$15,000 in the aggregate.

Amendments to Governing Documents

amend NorCal’s articles of incorporation or bylaws or the organizational documents of any of its subsidiaries.

Accounting Methods

implement or adopt any change in NorCal’s book or tax accounting principles, practices or methods, other than as may be required by GAAP, and as concurred in by NorCal’s independent public accountants, or as otherwise required in the merger agreement.

Contracts

enter into, renew, modify, amend or terminate or make any payment not then required under any contract, or waive, release or assign any material right or claim under any contract that calls for aggregate annual payments of \$10,000 or more which is not terminable at will or with 30 days or less notice without payment of a premium or penalty, other than loans or other transactions made in the ordinary course of the banking business.

Settlement of Claims

enter into any settlement or similar agreement with respect to, or take any other significant action with respect to the conduct of any action, suit, proceeding or investigation that NorCal or any of its subsidiaries is or becomes a party to, which settlement, agreement or action involves payment, in excess of \$15,000 individually or \$25,000 in the aggregate and/or would impose any material restriction on the business of the surviving corporation or create

precedent for claims reasonably likely to be material to NorCal and its subsidiaries, taken as a whole.

Adverse Actions

take any action or omit to take any action that would reasonably be likely to result in:
o any of NorCal's representations or warranties set forth in the merger agreement being or becoming untrue in any material respect;
o a condition to the merger not being satisfied; or
o a material violation of any provision of the merger agreement, except as may be required by applicable law.

Risk Management

except as required by law or regulation, implement or adopt any material change to interest rate or other risk management policies, fail to follow NorCal's or its applicable subsidiary's existing policies with respect to managing exposure to interest rate and other risk, or fail to use commercially reasonable efforts to avoid any material increase in its aggregate exposure to interest rate risk.

Indebtedness

incur any indebtedness for borrowed money or other liability (other than deposits, federal funds borrowings and borrowings from the Federal Home Loan Bank of San Francisco) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than with respect to the collection of checks and other negotiable instruments in the ordinary and usual course of business consistent with past practices.

Loans

make any loan, loan commitment, renewal or extension to any person or any affiliate or immediate family member of such person exceeding, in the aggregate, \$300,000, or purchase or sell any loan or loan participation; or
forgive any loans to directors, officers or employees of NorCal.

Investments

other than purchases of direct obligations of the United States of America with a remaining maturity at the time of purchase of one year or less, purchase or acquire securities of any type and other than sales of overnight federal funds or as provided above, make any investment either by contributions to capital, property transfers or purchase of any property or asset of any person.

Tax

commence or settle any litigation or proceeding with respect to any liability for taxes, make any material tax election, file any amended tax return, or take any action which is reasonably likely to have a material adverse effect on the tax position of NorCal, or of Marin after the merger; or
change any of its methods of reporting income or deductions for tax purposes or take any other action with respect to taxes that is outside the ordinary course of business or inconsistent with past practice.

Commitments

agree or commit to do any of the foregoing.

Conduct of Business of Marin Pending the Merger. Prior to the effective time, except as expressly contemplated by the merger agreement, Marin has agreed that, without the consent of NorCal, it will not and will cause its subsidiaries not to, among other things:

conduct its business other than in the ordinary and usual course or fail to use its reasonable best efforts to preserve its business organization and assets intact and maintain its rights, franchises and existing relations and goodwill with customers, suppliers, creditors, lessors, lessees, employees and business associates;

knowingly take any action that would reasonably be expected to materially impede, delay or adversely affect the ability of Marin to consummate the merger and other transactions contemplated in the merger agreement; or

take any action or omit to take any action that would reasonably be likely to result in:

any of Marin's representations or warranties set forth in the merger agreement being or becoming untrue in any material respect;

o a condition to the merger not being satisfied; or

o a material violation of any provision of the merger agreement, except as may be required by applicable law.

Additional Covenants. NorCal and Marin have agreed to:

use their reasonable best efforts in good faith to take all actions necessary to consummate, as promptly as practicable, the merger, the bank merger and the other transactions contemplated by the merger agreement;

jointly prepare this proxy statement – prospectus and Marin will prepare and file with the Securities and Exchange Commission a registration statement on Form S-4;

consult and obtain consent from the other before issuing any press releases, such consent not to be unreasonably withheld or delayed, with respect to the merger or the merger agreement;

afford the other party access to certain information and personnel and keep any information so obtained confidential;

use reasonable best efforts to obtain all governmental consents necessary to consummate the transactions contemplated in the merger agreement;

notify each other of any circumstance known to it that is reasonably likely, individually or taken together with all other facts known to it, to result in a material adverse effect on them or would cause a material breach of their respective obligations under the merger agreement; and

refrain from taking any action that would disqualify or reasonably be expected to disqualify the merger as a “reorganization” under section 368(a) of the Internal Revenue Code.

NorCal has further agreed to:

convene a shareholders' meeting as soon as practicable to consider and vote upon adoption of the merger agreement and recommend to its shareholders that they approve the merger;

refrain from taking certain action with respect to an acquisition proposal as described under “—Acquisition Proposals” below.

modify its accounting and certain other policies and practices to match those of Marin and make such accounting entries and adjustments as Marin shall direct;

provide Marin with evidence that the Bank of Alameda 401(k) Profit Sharing Plan is in the process of being terminated and cooperate with Marin to terminate on mutually agreeable terms any deferred compensation programs; make or cause to be made a severance payment to each employee who is identified by Marin as not being a continuing employee. The amount of the severance payment to a non-continuing employee shall be equal to two weeks of his or her current salary for each full year of service worked by such employee for NorCal or Bank of Alameda with a minimum of four weeks of salary to be paid;

consult in good faith with Marin regarding the content of any formal presentation of the transactions contemplated by the merger agreement to employees of NorCal and its subsidiaries as a group and will include a representative of Marin in any such presentation and provide Marin with a copy of the intended communication;

use reasonable best efforts to obtain any required consents or waivers from third-parties in connection with the merger, the bank merger and the other transactions contemplated by the merger agreement to ensure a smooth transition at or after the effective time;

make such accounting entries and adjustments as Marin shall direct, subject to exceptions;

take action necessary so that immediately prior to the effective time, each NorCal option remaining outstanding, whether or not then exercisable, will be cancelled and will entitle the option holder only to receive cash in exchange for their cancelled options;

update the disclosure schedules to the merger agreement to the second business day prior to the closing of the merger and deliver such a draft of the updated disclosure schedules to Marin no later than 72 hours prior to the closing of the merger;

at least five business days prior to the effective time of the merger, provide Marin with NorCal's updated consolidated financial statements as of the month end immediately prior to the effective time of the merger;

pay or cause to be paid all interest payments deferred on its debt securities and all distributions on the underlying capital securities with the effect that the interest payments on the debt securities and cause the distributions on the capital securities to be current at the effective time; and

send questionnaires to its shareholders and former shareholders seeking information on whether they have acquired additional ownership of Alameda common stock beyond those shares acquired in the private placement in 2010.

Marin has further agreed to:

following the effective time of the merger, indemnify present and former directors and officers of NorCal in connection with any claim arising out of actions or omissions occurring at or prior to the effective time to the fullest extent that NorCal is permitted to indemnify its directors and officers;

provide, for one year from the effective time, the portion of directors and officers liability insurance that serves to reimburse the present and former directors and officers of NorCal on terms and conditions comparable to those provided by NorCal; provided, however, that Marin is not required to spend on an annual basis more than 150% of the current amount spent by NorCal to procure such insurance coverage;

provide former employees of NorCal who continue as employees of Marin with employee benefit plans substantially comparable, in the aggregate, to those provided to similarly situated employees of Marin;

appoint, Kevin Kennedy as a director of Marin

use its reasonable best efforts to list on Nasdaq shares of its common stock to be issued in the merger; and

expressly assume NorCal's obligations under its junior subordinated debt securities.

Acquisition Proposals. Under the terms of the merger agreement, NorCal has agreed that neither it nor Bank of Alameda nor any of their respective officers, directors and employees shall, and that it shall direct and use its reasonable best efforts to cause its and Bank of Alameda's agents and representatives not to, directly or indirectly:

- initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to any acquisition proposal; or
- engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an acquisition proposal, or otherwise facilitate any effort or attempt to make or implement an acquisition proposal.

For purposes of the merger agreement, "acquisition proposal" means:

- any proposal or offer with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, share exchange, business combination or similar transaction involving NorCal or any of its subsidiaries; and
- any proposal or offer to acquire in any manner, directly or indirectly, 15% or more of the total voting power or of any class of equity securities of NorCal or those of any of its subsidiaries or 15% or more of the consolidated total assets of NorCal.

However, the above restriction would not prevent NorCal or its board of directors from:

- complying with disclosure obligations under federal or state law;
- at any time prior, but not after the NorCal shareholder meeting is convened, providing information in response to a request therefor by a person who has made an unsolicited bona fide written acquisition proposal if the board of directors of NorCal receives from the person so requesting such information an executed confidentiality agreement on terms not less restrictive to the other party than those contained in the confidentiality agreement between the parties to the merger agreement;
- engaging in any negotiations or discussions with any person who has made an unsolicited bona fide written acquisition proposal; or
- recommending such an acquisition proposal to the shareholders of NorCal,

only if, however,

in the cases referred to in the second, third and fourth bullet points above, the board of directors of NorCal determines in good faith (after consultation with outside legal counsel) that such action is, in the absence of the foregoing proscriptions, legally required in order for its directors to comply with their fiduciary duties under applicable laws; and

in the cases referred to in the third and fourth bullet points above, the board of directors of NorCal determines in good faith (after consultation with its financial advisor) that such acquisition proposal is a superior proposal.

For purposes of the merger agreement, “superior proposal” means an unsolicited bona fide acquisition proposal involving more than 50% of the assets (on a consolidated basis) or total voting power of the equity securities of NorCal that its board of directors has determined in its good faith judgment is reasonably likely to be consummated in accordance with its terms, taking into account all legal, financial and regulatory aspects of the proposal and the person making the proposal, and if consummated, would result in a transaction more favorable to NorCal’s shareholders from a financial point of view than the transaction contemplated by the merger agreement (after taking into account any revisions to the terms of the transaction contemplated pursuant to the provisions described below and the time likely to be required to consummate such acquisition proposal).

NorCal agreed that it would immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any acquisition proposals. NorCal has agreed that it will notify Marin promptly, but in no event later than the next succeeding business day, if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, any of its representatives, indicating, in connection with such notice, the name of such person and the material terms and conditions of any proposal or offer and thereafter shall keep Marin informed, on a current basis, of the status and terms of any such proposals or offers and the status of any such discussions or negotiations.

Further, the merger agreement provides that the board of directors of NorCal and each committee thereof shall not:

subject to the exception below, withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Marin, the recommendation of its board of directors with respect to the merger (it being understood that publicly taking a neutral position or no position with respect to an acquisition proposal at any time beyond ten business days after the first public announcement of such acquisition proposal shall be considered an adverse modification of the recommendation); or cause or permit NorCal to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement (other than a confidentiality agreement referred to above) relating to any acquisition proposal, except under certain circumstances relating to a superior proposal pursuant to which NorCal pays the termination fee, as described in “—Termination of the Merger Agreement” below.

Notwithstanding the above, prior to the time, but not after, the approval of NorCal shareholders for the merger is obtained, the board of directors of NorCal may withhold, withdraw or modify NorCal’s recommendation or approve, recommend or otherwise declare advisable any superior proposal that was not solicited, initiated, encouraged or facilitated in breach of the merger agreement, if the board of directors determines in good faith, after consultation with outside counsel, that such action is legally required in order for its directors to comply with their respective fiduciary duties under applicable law; provided, however, that no such change of recommendation may be made until after at least five business days following Marin’s receipt of notice from NorCal advising that management of NorCal currently intends to recommend to the board of directors of NorCal that it take such action and the basis therefor. In determining whether to make a

change of recommendation in response to a superior proposal or otherwise, the board of directors of NorCal shall take into account any changes to the terms of the merger agreement proposed by Marin and any other information provided by Marin in response to such notice.

Conditions to Consummation of the Merger. Each party's obligation to effect the merger is subject to the satisfaction or waiver of the following conditions:

approval of the merger agreement by a majority of the outstanding shares of NorCal common stock;
receipt of all regulatory approvals required to complete the merger and the bank merger, all those approvals remaining in effect and all statutory waiting periods with respect to those approvals having expired, and without the imposition of any restrictions or conditions that would reasonably be likely to (1) have a material adverse effect on NorCal, (2) restrict the business of Marin or any of its subsidiaries in a manner that would have a material adverse effect with respect to Bank of Marin, or (3) require the sale by NorCal or Marin of any material portion of their respective assets;
absence of any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order by a governmental authority of competent jurisdiction that restrains, enjoins or otherwise prohibits consummation of the transactions contemplated by the merger agreement;
accuracy of the representations and warranties of the other party as of July 1, 2013 and, except to the extent those representations and warranties speak as of an earlier date, as of the closing date of the merger as though made on the closing date; provided, however, that those representations and warranties will be deemed to be true and correct unless the failure or failures of those representations and warranties to be true and correct would have or would be reasonably expected to have a material adverse effect on the other party; and
performance by the other party in all material respects of all obligation required to be performed by it under the merger agreement at or prior to the closing date.

NorCal's obligation to effect the merger is subject to, among other conditions, the fulfillment or waiver, of the following condition:

no event shall have occurred or circumstance arisen that, individually or taken together with all other facts, has had or could reasonably be expected to have a material adverse effect with respect to Marin.

Marin's obligation to effect the merger is subject to, among other conditions, the satisfaction, or waiver, of the following conditions:

NorCal shareholders who have signed shareholder agreements shall have performed in all material respects all obligations under such agreements;
NorCal's adjusted shareholders' equity and allowance for loan losses will not be less than \$25 million and \$3.3 million, respectively, as of the last business day of the last month before closing;
Marin shall have received a tax opinion from Crowe Horwath, LLP that the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code, and the Marin and NorCal will be a party to that reorganization within the meaning of Section 368(b) of the Code;
Marin shall have received executed non-solicitation agreements from each of the directors of NorCal and from James B. Davis and an executed Letter Agreement from Stephen G. Andrews each of which shall remain in full force and effect;
As of the date NorCal delivers to Marin its final consolidated financial statements, the average for the prior 30 days of NorCal's total deposits and total loans shall not be less than \$215 million and \$150 million, respectively;

NorCal shall not have incurred transaction expenses in excess of \$750,000 in connection with the merger and all such fees shall have been paid by NorCal prior to the Effective Time.

Holders of not in excess of 10% of the outstanding shares of NorCal common stock shall have duly exercised their dissenters' rights under Chapter 13 of the California General Corporations Law.

NorCal shall have obtained consents required to be obtained pursuant to agreements with third parties;

Marin shall have received the written resignation of each director of NorCal; and

no event shall have occurred or circumstance arisen that, individually or taken together with all other facts, has had or could reasonably be expected to have a material adverse effect with respect to NorCal.

We cannot assure you if, or when, we will obtain the required regulatory approvals necessary to consummate the merger, or whether all of the other conditions precedent to the merger will be satisfied or waived by the party permitted to do so. If the merger is not completed on or before March 31, 2014, either Marin or NorCal may terminate the merger agreement, unless the failure to effect the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe covenants and agreements of that party set forth in the merger agreement.

Termination of the Merger Agreement. The parties may terminate the merger agreement and abandon the merger at any time prior to the effective time, whether before or after approval by the shareholders or shareholders of NorCal or Marin:

by mutual written consent of Marin and NorCal, if the board of directors of each so determines;

by either party if:

the merger is not consummated by March 31, 2014, unless the failure to effect the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe covenants and agreements of that party set forth in the merger agreement or, in the case of the shareholders who are party to the shareholder agreements, his or her obligations under such agreements;

any governmental entity that must grant regulatory approval has denied approval of the merger and denial has become final and non-appealable or the application therefore shall have been permanently withdrawn at the request of the governmental authority; or

NorCal shareholders fail to adopt the merger agreement.

by NorCal if:

- (i) NorCal is not in material breach of any terms of the merger agreement, (ii) the board of directors of NorCal authorizes the company to enter into an alternative acquisition agreement with respect to a superior proposal, (iii) Marin does not make within 5 business days of receipt of notice of NorCal's intentions to enter into the alternative acquisition agreement, an offer that the NorCal board of directors determines in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the shareholders as the superior proposal and (iv) NorCal pays the termination fee described below;

Marin breaches any of its representations or warranties, or fails to perform any of its agreements or covenants, which breach is incapable of being cured by Marin within 30 days after written notice is given to Marin; and the Marin average closing price is below \$33.16 per share and such decline, is significantly disproportionate to the decline over the same period, if any, in the KBW Regional Bank Index average closing price as measured against the initial value of the KBW Regional Bank Index of \$65.00 and Marin does not agree to adjust the amount of shares of Marin common stock to

be received by NorCal shareholders, as more fully described in the section entitled "Exchange Ratio."

by Marin if:

NorCal breaches any of its representations or warranties, or fails to perform any of its agreements or covenants, which breach is incapable of being cured by NorCal within 30 days after written notice is given to NorCal;

- a director or executive of NorCal materially breaches his shareholder agreement, including a breach of the obligation to vote his or her shares of NorCal common stock in favor of adoption of the merger agreement, if such breach has resulted in the failure of the merger agreement to be adopted by the shareholders of NorCal and cannot be cured within 30 days of giving notice to the breaching shareholder;

NorCal breaches its obligations relating to acquisition proposals described in "—Acquisition Proposals" above, the board of directors of NorCal withdraws or changes its recommendation of the merger, fails to reaffirm its approval or recommendation of the merger agreement and merger as promptly as practicable after receipt of any written request to do so from Marin, or recommends that its shareholders tender their shares in an offer not commenced by Marin or an affiliate of Marin or fails to recommend against such an offer; and

the Marin average closing price is above \$46.81 per share and such increase, is significantly disproportionate to the increase over the same period, if any, in the KBW Regional Bank Index average closing price, as measured against the initial value of the KBW Bank Index of \$65.00, and NorCal does not agree to adjust the amount of shares of Marin common stock to be received by NorCal shareholders, as more fully described in the section entitled "Exchange Ratio."

Waiver and Amendment of the Merger Agreement. At any time prior to the closing of the merger, Marin and NorCal, by action taken or authorized by their respective boards of directors, may, if legally allowed:

- amend or modify the agreement in writing; and
- waive any provision in the merger agreement that benefited them.

However, after any approval of the transactions contemplated by the merger agreement by the shareholders of NorCal, there may not be, without further approval of those shareholders, any amendment to the merger agreement which would reduce the aggregate value of the consideration to be received by the NorCal shareholders under the merger agreement, other than as contemplated by the merger agreement.

Termination Fee. Marin will be entitled to a termination fee of \$970,000 payable by NorCal in the event of any of the following:

an acquisition proposal shall have been made to NorCal or has become publicly known, Marin and NorCal fail to consummate the merger by March 31, 2014 as a result of NorCal's knowing action or inaction or failure to obtain approval of its shareholders; and any acquisition proposal is consummated within 12 months of the termination of the merger agreement.

NorCal terminates the merger in conjunction with entering into a superior proposal pursuant to the terms of the merger agreement and Marin does not make, within five business days of receipt of notice of a superior proposal, an offer that NorCal's board of directors determines is at least as favorable from a financial point of view, to the shareholders of NorCal as the superior proposal;

- Marin terminates the merger because a director or officer of NorCal breaches his agreement to vote his or her shares of NorCal common stock in favor of adoption of the merger

agreement, if such breach has resulted in the failure of the merger agreement to be adopted by the shareholders of NorCal; or

NorCal breaches its obligations relating to acquisition proposals described in “—Acquisition Proposals” above, the board of directors of NorCal withdraws or changes its recommendation of the merger or fails to reaffirm its approval or recommendation promptly after receipt of a competing acquisition proposal.

Stock Exchange Listing. Marin has agreed to cause the shares of Marin common stock to be issued in the merger to be approved for quotation on Nasdaq.

Shareholder Agreements. All NorCal directors and P. Troy Williams, and Jeanette E. Reynolds, as executive officers, in their capacities as shareholders of NorCal, have separately entered into shareholder agreements with Marin in which they have agreed to vote all shares of NorCal common stock that they owned as of the date of their respective agreements, and that they subsequently acquire, in favor of the merger proposal therein. As of the record date, these shareholders beneficially owned, in the aggregate, [*] shares of the common stock of NorCal, allowing them to exercise approximately [*]% of the voting power of NorCal common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the record date).

Non-Solicitation Agreements. Simultaneously with the execution of the merger agreement, Eric C. Cross, James B. Davis, Gregory R. Gersack, Michael G. Gorman, Kenneth M. Karmin, Kevin Kennedy, James L. McKenna, and Joel Vuylsteke as NorCal directors, entered into non-solicitation agreements with Marin. They are prohibited, for a period of eighteen months following the effective time, from transacting any activity customarily associated with commercial banking or lending or the operation of an institution the deposits of which are insured by the FDIC, called herein a competitive enterprise, with any customers of NorCal. This restriction extends to the geographic area consisting of the California counties in which Bank of Marin will operate at the effective time. Customers for purposes of these agreements include existing customers of NorCal or potential customers who were solicited in the 12 months prior to closing. In addition, they will not solicit the business of customers of NorCal for a competitive enterprise, or solicit for employment the employees of NorCal, or interfere or damage any relationship between NorCal and its customers. They have also agreed not to disclose or use confidential information of NorCal. Additionally, directors Gersack, Karmin and Kennedy have agreements that allow them to continue pre-existing business arrangements, which may involve some degree of competition with Marin.

Marin Stock

General. Marin’s articles of incorporation authorize the issuance of up to 15,000,000 shares of common stock, no par value and 5,000,000 shares of preferred stock, no par value. As of June 30, 2013, there were 5,442,628 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding. There are also 155,804 shares of common stock issuable upon exercise of outstanding warrants to acquire such shares at an average exercise price of \$26.96 per share.

Common Stock. Holders of Marin common stock are entitled to one vote, in person or by proxy, for each share of Marin common stock held of record in the shareholder’s name on the books of Marin as of the record date on any matter submitted to the vote of the shareholders except that, for the election of directors, each shareholder has cumulative voting rights and is entitled to as many votes as shall equal the number of shares held by such shareholder multiplied by the number of directors to be elected. Each shareholder may cast all his or her votes for a single candidate or distribute such votes among any or all of the candidates as he or she chooses. However, no shareholder shall be entitled to cumulate votes (in other words, cast for any candidate a number of votes greater than the number of shares of stock held by such shareholder) unless such candidate’s name has been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder’s intention to cumulate his or her votes. If any shareholder has given such notice, all shareholders may cumulate their votes for candidates in

nomination.

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Each share of Marin common stock has the same rights, privileges and preferences as every other share and will share equally in Marin's net assets upon liquidation or dissolution. Marin common stock has no preemptive, conversion or redemption rights or sinking fund provisions and all of the issued and outstanding shares of Marin common stock, when issued, will be fully paid and nonassessable.

Transfer Agent. The transfer agent and registrar for Marin's common stock is Registrar and Transfer Company.

Preferred Stock. The preferred stock may be issued from time to time in one or more series without action by the shareholders. The board of directors is authorized to designate and to fix the number of shares of any such series of preferred stock and to determine and alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of preferred stock, including, but not limited to, dividend rate, voting, liquidation preference and conversion rights. The board of directors, within the limits stated in any resolution of the board of directors originally fixing the number of shares constituting any series, may increase or decrease the number of shares in such series (but not below the number of shares of any series subsequent to the issue of shares of that series). The preferred stock has no preemptive rights.

Dividends. Marin's shareholders are entitled to dividends when, as and if declared by Marin's board of directors out of funds legally available therefor (subject to certain restrictions on payment of dividends imposed by the laws of California). For information concerning Marin's recent dividend history, see "Summary – Dividends After the Merger" and "Market Price and Dividend Information."

Shareholder Rights Plan. On June 14, 2007, Marin's board of directors adopted a shareholder rights plan which provides one preferred share purchase right (a "Right") for each outstanding share of common stock, no par value of Marin, including shares of common stock that may be issued by Marin from time to time after such date as, for example, in the merger. The description and terms of the Rights are set forth in a Rights Agreement dated as of July 2, 2007 (the "Rights Agreement") between Marin and Bank of Marin, as Rights Agent.

The Rights Agreement is designed to discourage takeovers that involve abusive tactics and or do not provide fair value to shareholders.

Pursuant to the Rights Agreement, upon the occurrence of certain "triggering events," each registered holder of Marin common stock is entitled to purchase from Marin one one-hundredth of a share of Series A Junior Participating Preferred Stock, no par value, of Marin at a price of \$125.00 per one one-hundredth of a Preferred Share, subject to adjustment.

At any time before the occurrence of a "triggering event", the board of directors of Marin may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement. See "Where You Can Find More Information" to learn how to obtain a copy of this document.

Anti-Takeover Provisions. In addition to the shareholder rights plan described above, Marin's articles of incorporation and bylaws, or Marin's charter documents, contain certain provisions that deal with matters of corporate governance and certain rights of shareholders which might be deemed to have a potential "anti-takeover" effect. Such provisions will also render the removal of an incumbent board of directors or management more difficult.

The following description of certain of the provisions of Marin's charter documents is necessarily general, and reference should be made in each case to such documents, which are contained as exhibits to

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Marin's previous filings with the Securities and Exchange Commission. See "Where You Can Find More Information" to learn how to obtain a copy of these documents.

Directors. Certain provisions of Marin's charter documents will impede changes in majority control of the board of directors. Marin's charter documents provides that:

Shareholders must comply with certain prior notice provisions in connection with nominations of persons to become directors of Marin. Failure to comply with these provisions may result in the nominations being disregarded.

The size of the board of directors may be increased or decreased by a majority vote of the board;

Any vacancy occurring in the board of directors, including a vacancy created by an increase in the number of directors, shall be filled for the remainder of the unexpired term by a majority vote of the directors then in office; and

A director, in general, may only be removed by the affirmative vote of a majority of the shares eligible to vote.

Authorized Shares. Marin's articles of incorporation authorizes the issuance of 15,000,000 shares of common stock and 5,000,000 shares of preferred stock. The shares of common stock and preferred stock were authorized to provide Marin's board of directors with as much flexibility as possible to effect, among other transactions, financings, acquisitions, stock dividends, and the exercise of employee stock options. However, these additional authorized shares may also be used by the board of directors, to the extent consistent with its fiduciary duty, to deter future attempts to gain control of Marin. As a result of the ability to fix voting rights for a series of preferred stock and to issue additional shares of common stock, the board has the power to issue stock to persons friendly to management in order to attempt to block a tender offer, merger or other transaction by which a third party seeks control of Marin, and thereby allow members of management to retain their positions.

Purpose and Takeover Defensive Effects of Marin's Charter Documents and Shareholder Rights Plan. Marin's board believes that the provisions described above are prudent and will reduce Marin's vulnerability to takeover attempts and certain other transactions which have not been negotiated with and approved by its board of directors. The board of directors believes these provisions are in the best interest of Marin and its shareholders. In the judgment of the board of directors, Marin's board will be in the best position to determine the true value of Marin and to negotiate more effectively for terms that will be in the best interest of its shareholders. Accordingly, the board of directors believes that it is in the best interest of Marin and its shareholders to encourage a potential acquirer to negotiate directly with the board of directors, and that these provisions will encourage such negotiations and discourage hostile takeover attempts. It is also the view of the board of directors that these provisions should not discourage persons from proposing a merger or other transaction at a price reflective of the true value of Marin and otherwise in the best interest of all shareholders.

Despite the belief of Marin as to the benefits to shareholders of these provisions, these provisions may also have the effect of discouraging a future takeover attempt which would not be approved by Marin's board of directors, but pursuant to which shareholders may receive a substantial premium for their shares over then current market prices. As a result, shareholders who might desire to participate in such a transaction may not have any opportunity to do so.

Comparison of Marin Common Stock and NorCal Common Stock

General. NorCal is incorporated under the laws of the State of California and the rights of NorCal shareholders are governed by the laws of the State of California, NorCal’s articles of incorporation, and its bylaws. As a result of the merger, NorCal shareholders may receive shares of Marin common stock and may become Marin shareholders. Marin is incorporated under the laws of the State of California and the rights of Marin shareholders are governed by the laws of the State of California, Marin’s articles of incorporation and its bylaws. Thus, following the merger, the rights of NorCal shareholders who become Marin shareholders in the merger will continue to be governed by the laws of the State of California, but will no longer be governed by NorCal’s articles of incorporation and bylaws and instead will be governed by the Marin articles of incorporation and bylaws.

Comparison of Shareholders’ Rights. Set forth below is a summary comparison of material differences between the rights of Marin shareholders under the Marin articles of incorporation and the Marin bylaws (right column), and the rights of NorCal shareholders under the NorCal articles of incorporation and NorCal bylaws (left column). The summary set forth below is not intended to provide a comprehensive discussion of each company’s governing documents. This summary is qualified in its entirety by reference to the full text of the Marin articles of incorporation and Marin bylaws currently in effect, and the NorCal articles of incorporation and NorCal bylaws currently in effect.

NorCal

Marin

Authorized Capital Stock

The authorized capital stock of NorCal consists of 30,000,000 shares of common stock, no par value, and 10,000,000 shares of preferred stock.

The authorized capital stock of Marin consists of 15,000,000 shares of common stock, no par value, and 5,000,000 shares of preferred stock.

Number of Directors

NorCal’s bylaws state that the number of directors comprising the board of directors will be from five (5) to nine (9), with exact number to be determined from time to time by the board of directors. There are currently nine (9) members of the NorCal board of directors.

Marin’s bylaws state that the number of directors comprising the board of directors will be from nine (9) to seventeen (17), with the exact number to be determined from time to time by the Marin board of directors. There are currently eleven (11) members of the Marin board of directors. This number will be increased to twelve (12) upon the appointment of Mr. Kennedy at the effective time of the merger.

Election of Directors—Cumulative Voting

The California General Corporation Law generally requires that cumulative voting be available to shareholders in the election of directors, with certain exceptions. NorCal’s shareholders are permitted to cumulate their votes in the election of directors.

The California General Corporation Law generally requires that cumulative voting be available to shareholders in the election of directors, with certain exceptions. Marin’s shareholders are permitted to cumulate their votes in the election of directors.

Classification of Board of Directors

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NorCal's charter documents do not provide for a classified board of directors; each director serves until their respective successors are elected.

Marin's charter documents do not provide for a classified board of directors; each director serves until their respective successors are elected.

Removal of Directors

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NorCal

Under NorCal's bylaws, any director may be removed, with or without cause, at any meeting of shareholders called expressly for such purpose by a vote of the holders of a majority of shares entitled to vote for the election of directors. However, if less than the entire board of directors is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors.

Nomination of Director Candidates by Shareholders

NorCal's bylaws permit shareholders who are entitled to vote in the meeting of shareholders to nominate a director for election if notice is delivered to the president of the corporation by the later of (i) the close of business 21 days prior to any meeting of shareholders called for the election of directors, or (ii) ten days after the date of mailing of notice of the meeting to shareholders.

Shareholder Action Without a Meeting

NorCal's bylaws do not allow for any action to be taken by the shareholders outside of an annual meeting or special meeting.

Special Meetings of Shareholders

NorCal may call a special shareholders meeting upon the request of a majority of the board of directors, the chairman of the board of directors, the president, or of the NorCal shareholders who together hold not less than ten percent of the outstanding shares of NorCal stock that would be entitled to vote at such a meeting.

Indemnification of Directors and Officers

Marin

Under Marin's bylaws, any director may be removed, with or without cause, at any meeting of shareholders called expressly for such purpose by a vote of the holders of a majority of shares entitled to vote for the election of directors. However, if less than the entire board of directors is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors.

Marin's bylaws permit shareholders who are entitled to vote in the meeting of shareholders to nominate a director for election if notice is delivered to the president of the corporation not less than 14 days, nor more than 50 days prior to any meeting of shareholders called for the election of directors, with the notice period varying for certain instances as set forth in the bylaws.

According to Marin's bylaws, any action required or permitted to be taken at any annual or special shareholders' meeting may be taken without a meeting, without prior notice and without a vote, if a consent in writing is signed by the number of shareholders whose affirmative vote would be required to take such action at a meeting at which all shares entitled to vote thereon were present and voted, except that unanimous written consent is required for election of directors to non-vacant positions.

Marin may call a special shareholders meeting upon the request of a majority of the board of directors, the chairman of the board of directors, the president, or of the Marin shareholders who together hold not less than ten percent of the outstanding shares of Marin stock that would be entitled to vote at such a meeting.

NorCal

NorCal's restated articles of incorporation provide that the liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law and that NorCal is authorized to provide indemnification to the fullest extent permitted by applicable law of agents of NorCal through by-law provisions, agreements with such agents or other persons, or otherwise, with respect to actions for breach of duty to NorCal, its shareholders, and others. In addition, NorCal maintains directors' and officers' liability insurance.

Amendments to Articles of Incorporation and Bylaws

NorCal's articles of incorporation may be amended in any manner allowed under California law.

NorCal's bylaws may be amended by the board of directors, but the shareholders entitled to vote may adopt additional bylaws and may amend or repeal any bylaw whether or not adopted by them and only the shareholders may adopt, amend or repeal any bylaw which specifies or changes the fixed number of directors or the minimum or maximum number of directors on a variable-number board of directors.

Tax Treatment

NorCal is a Subchapter C corporation, which means that NorCal is taxed as a separate entity from its shareholders, and its earnings are not taxed on an individual shareholder basis.

Dividends

NorCal's restated articles of incorporation do not provide for any cumulative or other dividend on shares of common stock.

The California General Corporation Law permits the payment of dividends to shareholders if NorCal's retained earnings equal at least the amount of the proposed dividend. If NorCal does not have sufficient retained earnings available for the proposed dividend, it may pay a dividend to its shareholders if immediately after giving effect to the dividend, the value of its assets

Marin

Marin's articles of incorporation provide that the liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law and that Marin is authorized to provide indemnification to the fullest extent permitted by applicable law of agents of Marin through by-law provisions, agreements with such agents or other persons, or otherwise, with respect to actions for breach of duty to Marin, its shareholders, and others. Marin has also entered into indemnification agreements with its directors and executive officers. In addition, Marin maintains directors' and officers' liability insurance.

Marin's articles of incorporation may be amended in any manner allowed under California law.

Marin's bylaws may be amended by the board of directors, but the shareholders entitled to vote may adopt additional bylaws and may amend or repeal any bylaw whether or not adopted by them and only the shareholders may adopt, amend or repeal any bylaw which specifies or changes the fixed number of directors or the minimum or maximum number of directors on a variable-number board of directors.

Marin is a Subchapter C corporation, which means that Marin is taxed as a separate entity from its shareholders, and its earnings are not taxed on an individual shareholder basis.

Marin's articles of incorporation do not provide for any cumulative or other dividend on shares of common stock.

The California General Corporation Law permits the payment of dividends to shareholders if Marin's retained earnings equal at least the amount of the proposed dividend. If Marin does not have sufficient retained earnings available for the proposed dividend, it may pay a dividend to its shareholders if immediately after giving effect to the dividend, the value of its assets equals or

equals or exceeds the sum of (a) its total liabilities plus (b) the liquidation preference of any shares which have a preference upon dissolution over the rights of shareholders receiving the distribution.

exceeds the sum of (a) its total liabilities plus (b) the liquidation preference of any shares which have a preference upon dissolution over the rights of shareholders receiving the distribution.

Liquidation Preferences

NorCal's restated articles of incorporation do not provide for any liquidation preferences on shares of common stock, but do provide that the board of directors may, in regards to undesignated preferred shares, determine preferences and privileges, including liquidation preferences, for such preferred shares.

Marin's amended articles of incorporation do not provide for any liquidation preferences on shares of common stock, but do provide that the board of directors may, in regards to undesignated preferred shares, determine preferences and privileges, which includes liquidation preferences, for such preferred shares.

Redemption

NorCal's restated articles of incorporation do not provide for any redemption on shares of common stock, but do provide that the board of directors may, in regards to undesignated preferred shares, determine preferences and privileges, including redemption preferences, for such preferred shares.

Marin's articles of incorporation do not provide for any redemption on shares of common stock, but do provide that the board of directors may, in regards to undesignated preferred shares, determine preferences and privileges, which includes redemption preferences, for such preferred shares.

NorCal

Marin

Shareholders' Rights Plan

NorCal does not have a shareholders' rights plan

Marin does have a shareholders' rights plan designed to avoid takeovers that involve abusive tactics and/or do not provide fair value for shareholders.

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Information about Marin and Bank of Marin

General. Bank of Marin Bancorp is a California corporation and is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. As a bank holding company, Marin is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Board of Governors of the Federal Reserve System.

Marin's principal asset is its wholly owned subsidiary, Bank of Marin. At June 30, 2013, Marin had total consolidated assets of \$1.4 billion, consolidated deposits of \$1.2 billion, and consolidated stockholders' equity of \$158.4 million.

Bank of Marin. Bank of Marin was licensed by the DFI on January 23, 1990, and commenced operation as a California state bank on the same day. As a California state bank, Bank of Marin is subject to primary supervision, examination and regulation by the DFI, and the FDIC is its primary federal regulator. Bank of Marin is also subject to certain other state and federal laws and regulations. The deposits of Bank of Marin are insured by the FDIC up to the applicable limits thereof. Bank of Marin is not a member of the Federal Reserve System. Bank of Marin presently has no subsidiaries.

The Bank provides traditional commercial banking services to small and medium-sized businesses and individuals in the communities of Marin (10 branches), Petaluma (3 offices), one office in each of Napa, Sonoma, Santa Rosa, and San Francisco. Bank of Marin serves Marin County, Sonoma County, Napa, and San Francisco, offering a broad range of deposit products, commercial and personal loans, cash management solutions, and wealth management services.

Additional Information Concerning Marin. Information concerning:

- directors and executive officers,
- executive compensation,
- principal stockholders,
- certain relationships and related transactions, and
- other related matters concerning Marin

is included or incorporated by reference in its annual report on Form 10-K for the year ended December 31, 2012. Additionally, financial statements and information as well as management's discussion and analysis thereof are included in the Form 10-K and in its Form 10-Qs for the quarters ended June 30, 2013 and March 31, 2013. These reports are incorporated by reference into this proxy statement – prospectus. If you want to obtain copies of these documents or other information concerning Marin, please see “Where You Can Find More Information” at page [*].

Information about Norcal and Bank of Alameda

General. NorCal is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. NorCal was incorporated under the laws of the State of California in 2002 for the principal purpose of engaging in activities permitted for a bank holding company. As a bank holding company, NorCal is authorized to engage in the activities permitted under the Bank Holding Company Act of 1956, as amended, and the regulations thereunder. NorCal's principal office is located at 1701 Harbor Bay Parkway, Suite 100, Alameda, California 94502 and its telephone number is (510) 748-8450.

NorCal owns 100% of the issued and outstanding shares of common stock (the only class of shares outstanding) of its banking subsidiary, Bank of Alameda.

Bank of Alameda was incorporated under the laws of the State of California on October 2, 1997, and with the approval of the Department of Financial Institutions and the Federal Deposit Insurance Corporation Bank of Alameda opened for business on March 23, 1998. Bank of Alameda operates four full service offices in Alameda County, including the head office located at 2130 Otis Drive, Alameda, CA 94501. In addition Bank of Alameda operates an Administrative Office located at 1701 Harbor Bay Parkway, Suite 100, Alameda CA 94502 and an Accounting Department Office located at 2125 Oak Grove Rd., Suite 124, Walnut Creek, CA 94598.

Bank of Alameda's deposits are insured by the Federal Deposit Insurance Corporation up to applicable legal limits. Bank of Alameda's primary business is providing a wide array of financial products with an exemplary level of personal service to small and medium sized businesses, professionals and individuals preferring quality personal attention. Bank of Alameda's principal service area is Alameda and Contra Costa counties, and Bank of Alameda utilizes electronic banking systems and a courier service to provide personalized banking services throughout its service areas. Bank of Alameda accepts checking and savings deposits, offers secured and unsecured commercial and industrial loans, secured real estate loans, other installment and term loans and other customary banking services. Bank of Alameda is a California state chartered commercial bank.

The mission of Bank of Alameda is to provide customized financial services to Alameda and Contra Costa county businesses, professionals, and individuals who desire a high degree of personalized attention.

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For discussion of regulation and supervision of NorCal and Bank of Alameda, see “- Supervision and Regulation.”

At March 31, 2013 NorCal had 61 full-time equivalent employees.

Business. Bank of Alameda is a full service community bank that specializes in providing financial services to small and medium sized businesses primarily in Alameda and Contra Costa Counties The products and the

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marketing focus of Bank of Alameda are designed to meet the demands of Bank of Alameda's target market. In addition to providing products and services, Bank of Alameda emphasizes the establishment of long standing relationships with its customers, and regularly modifies the products and services it offers to meet the unique demands of its customers. The following discussion is a review of the base or core products and services that Bank of Alameda offers and is prepared to structure to meet customer needs.

Commercial Lending. Bank of Alameda provides a full array of commercial credit products:

- Lines of Credit to finance seasonal cash flow fluctuation.
- Term Loans to finance equipment purchases, business acquisitions and other growth needs.
- Account Receivables / Inventory Lines to finance business with ongoing working capital requirements.
- Standby Letters of Credit in lieu of performance bonds or guarantees.

Bank of Alameda's commercial and industrial loans have a high degree of industry diversification. A substantial portion of commercial and industrial loans that are not secured by real estate are secured by accounts receivables, inventory, equipment or other collateral. The remainder of Bank of Alameda's commercial and industrial loans are unsecured. Both secured and unsecured loans are underwritten based on the underlying historic and projected cash flow of the borrower.

Commercial and Construction Real Estate Lending. Bank of Alameda provides real estate financing for both construction and mortgage purposes. Although many real estate borrowers are owners / users of the property constructed and / or permanently financed, Bank of Alameda also provides real estate financing for developers. The products offered by Bank of Alameda include:

- Construction Loans for both residential and commercial projects.
- Commercial Mortgage financing with maturities ranging to ten years with longer amortizations.
- Lot Development Loans, which are ordinarily replaced by a construction loan in the normal cycle of development.
- Multifamily Residential mortgages for residential properties with five or more dwelling units.

Real estate construction loans consist of loans to individuals and residential developers that are secured by single-family and multi-family residential properties and to owner-users and developers that are secured by commercial properties. Repayment of construction loans is generally from long-term mortgages.

Agriculture Lending. Bank of Alameda provides term financing for vineyard properties located primarily in Napa and Sonoma counties. Most loans are secured by real property and have terms of three to ten years, with longer amortizations. Borrowers are small family-owned growers and wineries with significant experience and operating histories.

Personal Loan Products. For individuals, Bank of Alameda offers lines of credit on a secured and unsecured basis, home equity lines of credit and automobile loans to qualified borrowers. Real estate mortgage loans are secured by deeds of trust on residential and commercial property.

Cash Management Services. For business customers, Bank of Alameda offers an extensive array of cash management products, which can be customized to meet specific customer requirements. Cash management products for both businesses and individuals are accessible via the Internet.

Deposit Products. Bank of Alameda offers a wide variety of both interest bearing and non-interest bearing transactional accounts for both businesses and individuals. In addition to providing access to deposit accounts via Online (Internet) Banking, Bank of Alameda also provides extensive Courier Service throughout Alameda County so

that customers' deposit and other banking needs may be served without the customer having to make a trip to Bank of

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Alameda. Bank of Alameda also offers savings accounts, money market deposit accounts and certificates of deposits for businesses and individuals.

Competition. Bank of Alameda's primary market area consists of Alameda and Contra Costa Counties. In California generally, and in Bank of Alameda's service areas specifically, major banks and local regional banks dominate the commercial banking industry. By virtue of their larger capital bases, such institutions have substantially greater lending limits than those of Bank of Alameda, as well as more locations, more products and services, greater economies of scale and greater ability to make investments in technology for the delivery of financial services.

As an independent bank, Bank of Alameda's principal competitors for deposits and loans are other banks (particularly major banks), savings and loan associations, credit unions, thrift and loans, mortgage brokerage companies and insurance companies. Other institutions, such as mutual funds, brokerage houses, credit card companies and even retail establishments have offered new investment vehicles, such as money-market funds, that also compete with banks. The direction of federal legislation in recent years favors competition between different types of financial institutions and encourages new entrants into the financial services market. To compete with larger financial institutions in its service area, Bank of Alameda relies upon specialized services, responsive handling of customer needs, local promotional activity, and personal contacts by its officers, directors and staff, compared to large multi-branch banks that compete primarily on interest rates and location of branches. Bank of Alameda also assists customers requiring services not offered by Bank of Alameda to obtain such services from its correspondent banks.

For customers whose loan demands exceed Bank of Alameda's lending limits, Bank of Alameda seeks to arrange funding for such loans on a participation basis with other independent commercial banks or its correspondent banks. No assurance can be given that Bank of Alameda will be able to compete successfully for such loans. Even if Bank of Alameda is successful in making such larger loans, larger and stronger borrowers may be more creditworthy and therefore may be able to negotiate for lower interest rates on their loans, which in turn may reduce Bank of Alameda's net interest margin.

Facilities. NorCal and Bank of Alameda lease all six of their premises. NorCal's Administrative Office is located at 1701 Harbor Bay Parkway, Suite 100, Alameda, California. These premises consist of approximately 7,238 square feet on the first floor of a two story commercial office building. NorCal leases these premises under an operating lease with a term expiring in 2018. The lease contains a schedule of fixed rent increases.

Bank of Alameda's main office is located at 2130 Otis Drive, Alameda, California. The main office premises consist of approximately 4,913 square feet in a free-standing commercial building. Bank of Alameda leases its main office premises under an operating lease with a term expiring December 31, 2018. The lease contains two options to renew for five-year periods. The lease contains a schedule of fixed rent increases.

Bank of Alameda's Park Street branch office opened in March 1999 and is located at 1416 Park Street, Alameda, California. These premises consist of approximately 2,541 square feet in a free-standing commercial building. Bank of Alameda leases these premises under an operating lease with terms that expired in 2009. The lease contains two options to renew for five-year periods. The first option was exercised and commenced effective April 2009 and will expire in March 2014. Annual rent increases are tied to changes in the San Francisco-Oakland-San Jose Consumer Price Index in March of each year compared to March 1999. Bank of Alameda's Emeryville branch office opened in January 2002 and is located at 2200 Powell Street, Suite 105, Emeryville, California. These premises consist of approximately 1,305 square feet on the first floor of a twelve story commercial office building. Bank of Alameda leases these premises under an operating lease with a term expiring in April 2016. The lease contains a schedule of fixed rent increases.

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Bank of Alameda's Oakland branch office opened in March 2004 and relocated in December 2006 to 155 Grand Avenue, Suite 100, Oakland, California. These premises consist of approximately 7,500 square feet on the first floor of a ten story commercial office building. Bank of Alameda leases these premises under an operating lease with a term expiring in January 2020 and contains an option to extend for five years. The lease contains a schedule of fixed rent increases. Bank of Alameda's Accounting Department Office opened in August 2004 and is located at 2125 Oak

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Grove, Suite 124, Walnut Creek, California. These premises consist of approximately 2,302 square feet on the first floor of a two story commercial office building. Bank of Alameda leases these premises under an operating lease with a term which expires September 2013. The lease contains a fixed rent rate for the remainder of the lease.

Supervision and Regulation.

Regulatory Environment. The banking and financial services industry is extensively regulated at the state and federal level. Generally, these regulations are intended to protect consumers and the banking system rather than shareholders of financial institutions. The following is a summary of certain significant statutes, regulations and policies that apply to the operation of banking institutions. This summary is qualified in its entirety by references to the full text of such statutes, regulations and policies.

Recent Developments: Basel III. On July 2, 2013, the federal banking agencies approved final rules implementing “Basel III”, which are intended to strengthen the regulatory capital framework of banking organizations. The final rules apply to insured banks and savings associations and top-tier bank holding companies domiciled in the United States with more than \$500 million in assets. Because the NorCal currently has less than \$500 million in assets, it would not be immediately affected by adoption of these rules, but Bank of Alameda would be separately covered by certain provisions of the proposals.

The final rules increase the minimum requirements for both the levels and quality of capital of banking organizations, make selected changes to the calculation of risk-weighted assets and adjust prompt corrective action thresholds. The final rules, among other things, increase minimum capital requirements of bank holding companies, including increasing the Tier 1 capital to risk-weighted assets ratio to 6%, introducing a new requirement to maintain a minimum ratio of common equity Tier 1 capital to risk-weighted assets of 4.5%, and in 2019, when fully phased in, a capital conservation buffer of an additional 2.5% of risk weighted assets. In addition, the rule makes several changes to the way that assets are risk weighted. The final rules establish new qualifying criteria for regulatory capital, including new limitations on the inclusion of deferred tax assets and mortgage servicing rights. Banking organizations that had less than \$15 billion in total consolidated assets as of December 31, 2009, are permitted to include trust preferred securities in Tier 1 capital, subject to a limit of 25% of Tier 1 capital elements, excluding any non-qualifying capital instruments and after all regulatory capital deductions and adjustments have been applied to Tier 1 capital. The final rules also revise the prompt corrective action framework that take effect January 1, 2015. Under the new prompt corrective action requirements, which are designed to complement the capital conservation buffer, insured depository institutions will be required to meet the following increased capital level requirements in order to qualify as “well capitalized:” (i) a new common equity Tier 1 capital ratio of 6.5%; (ii) a Tier 1 capital ratio of 8% (increased from 6%); (iii) a total capital ratio of 10% (unchanged from current rules); and (iv) a Tier 1 leverage ratio of 5% (increased from 4%).

Dodd-Frank Act. In July 2010, Congress adopted and President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Dodd-Frank Act significantly changes the structure of federal financial regulation and creates new substantive requirements that apply to a broad range of market participants, including public companies that are not financial institutions. It includes corporate governance and executive compensation reforms, new registration requirements for hedge fund and private equity fund advisers, heightened regulation of over-the-counter derivatives and asset-backed securities and new rules for credit rating agencies. Among other things, the Dodd-Frank Act:

- Requires significant changes to the authority of the Federal Reserve and the Securities and Exchange Commission as well as enhanced oversight and regulation of banks and non-bank financial institutions.

- Requires a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks.

• Gives the FDIC the authority to oversee the wind down of a failing financial company whose failure threatens the nation's financial stability.

• Establishes a new Consumer Financial Protection Bureau within the Federal Reserve. This agency is in the process of adopting rules for consumer protections applicable to all financial institutions.

• Permanently increased FDIC insurance coverage limit to \$250,000.

Although the Dodd-Frank Act is intended to address many of the perceived causes of the current financial crisis and improve the functioning of financial market, the consequences of the Dodd-Frank Act cannot be reasonably estimated at this time, but certain aspects of the Dodd-Frank Act could have adverse implications on the financial industry, the competitive environment and our operations by reducing revenue and increasing operating costs.

Bank Holding Company Act. As a bank holding company, NorCal is subject to regulation under the Bank Holding Company Act of 1956, as amended ("BHC Act") and is subject to examination and supervision by the FRB. The BHC Act limits the kinds of businesses in which NorCal can engage directly or through subsidiaries. It is permitted to manage or control banks. Generally, however, it is prohibited, with certain exceptions, from acquiring direct or indirect ownership or control of more than five percent of any class of voting shares of an entity engaged in nonbanking activities unless the FRB finds such activities to be "so closely related to banking" as to be deemed "a proper incident thereto". In addition, a bank holding company may not acquire more than five percent of the voting shares of any domestic bank without the prior approval of the FRB.

Regulation and Supervision of Bank of Alameda. Bank of Alameda is a California state-chartered commercial bank. Bank of Alameda's deposits are insured by the FDIC and thus are subject to the rules and regulations of the FDIC pertaining to deposit insurance, including deposit insurance assessments. Bank of Alameda also is subject to regulations and supervision by the DFI. Applicable federal and state regulations address many aspects of Bank of Alameda's business and activities, including investments, loans, borrowings, transactions with affiliates, branching, acquisitions of other banks or branches of other banks, reporting and other areas.

The Federal Reserve and Monetary Policy. The operations of bank holding companies and their subsidiaries are affected by the credit and monetary policies of the FRB. The FRB implements national monetary policies (with objectives such as curbing inflation and combating recession) by its open-market operations in the United States government securities, by adjusting the required level of reserves for financial institutions, subject to its reserve requirements, and by varying the discount rates applicable to borrowings by depository institutions. The actions of the FRB in these areas influence the growth of the bank loans, investments, and deposits and also affect interest rates charged on loans and paid on deposits. The monetary policies of the FRB have had a significant effect on the operating results of commercial banks in the past and are expected to do so in the future. However, the effect, if any, such policies on the future business and earnings of Bank of Alameda cannot be accurately predicted.

Safety and Soundness Standards. The federal banking agencies have adopted guidelines establishing safety and soundness standards for all insured depository institutions. Those guidelines relate to internal controls, information systems, internal audit systems, loan underwriting and documentation, compensation and interest rate exposure. In general, the standards are designed to assist the federal banking agencies in identifying and addressing problems at insured depository institutions before capital becomes impaired. If an institution fails to meet these standards, the appropriate federal banking agency may require the institution to submit a compliance plan and may institute enforcement proceedings if an acceptable compliance plan is not submitted.

Regulatory Capital Requirements and Prompt Corrective Action. Federal regulations establish guidelines for calculating "risk-adjusted" capital ratios. These guidelines, which apply to banks and bank holding companies, establish

a systematic approach of assigning risk weights to bank assets and commitments, making capital requirements more sensitive to differences in risk profiles among banking organizations. For these purposes, "Tier 1" capital consists of common equity, non-cumulative perpetual preferred stock and minority interests in the equity accounts of consolidated subsidiaries and excludes goodwill. "Tier 2" capital consists of cumulative perpetual

preferred stock, limited-life preferred stock, mandatory convertible securities, subordinated debt and (subject to a limit of 1.25% of risk-weighted assets) general loan loss reserves. In calculating the relevant ratio, a bank's assets and off-balance sheet commitments are risk-weighted; thus, for example, generally loans are included at 100% of their book value while assets considered less risky are included at a percentage of their book value (20%, for example, for interbank obligations and Government Agency securities, and 0% for vault cash and U.S. Government securities).

Under these regulations, to be considered adequately capitalized, banks and bank holding companies are required to maintain a risk-based capital ratio of 8%, with Tier 1 risk-based capital (primarily shareholders' equity) constituting at least 50% of total qualifying capital or 4% of risk-weighted assets.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires the federal banking agencies to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. Each of the federal banking agencies has issued regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. An insured depository institution generally will be classified in the following categories based on the capital measures indicated below:

Capital Category	Total Risk-Based Capital Ratio	Tier 1 Risk-Based Capital Ratio	Tier 1 Leverage Ratio
Well capitalized	10 %	6 %	5 %
Adequately capitalized	8 %	4 %	4 %
Undercapitalized	<8.0%	<4.0%	<4.0%
Significantly undercapitalized	<6.0%	<3.0%	<3.0%

An institution is critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than 2.0 percent.

At each successive lower capital category, an insured depository institution is subject to more restrictions. An institution that, based upon its capital levels, is classified as well-capitalized, adequately capitalized or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency. The federal banking agencies, however, may not treat an institution as "critically undercapitalized" unless its capital ratio actually warrants such treatment.

If an insured depository institution is undercapitalized, it will be closely monitored by the appropriate federal banking agency. Undercapitalized institutions must submit an acceptable capital restoration plan. If the institution is owned by a holding company, the capital restoration plan must include a guarantee of performance issued by the holding company. Further restrictions and sanctions are required to be imposed on insured depository institutions that are critically undercapitalized. The appropriate federal banking agency is required to either appoint a receiver for an undercapitalized institution within 90 days or obtain the concurrence of the FDIC to another form of action.

Potential Enforcement Actions. In addition to measures taken under the prompt corrective action provisions, commercial banking organizations may be subject to potential enforcement actions by the federal regulators for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, the issuance of a cease-and-desist order that can be judicially enforced, the termination of insurance of deposits (in the case of a depository institution), the imposition of civil money penalties,

the issuance of directives to increase capital, the issuance of formal and informal agreements, the issuance of removal and prohibition orders against institution-affiliated parties and the enforcement of such actions through injunctions or

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restraining orders based upon a prima facie showing by the agency that such relief is appropriate. Additionally, a holding company's inability to serve as a source of strength to its subsidiary banking organizations could serve as an additional basis for a regulatory action against the holding company.

Dividends. A California corporation such as NorCal may make a distribution to its shareholders if the corporation's retained earnings equal at least the amount of the proposed distribution or if the value of the corporations' assets after the distribution will equal or exceed its liabilities and any unpaid dividends on preferred securities, if any.

The primary source of funds for payment of cash dividends by NorCal to its shareholders would be the receipt of dividends and management fees from Bank of Alameda. NorCal's ability to receive dividends from Bank of Alameda is limited by applicable state and federal law. Under the California Financial Code, funds available for cash dividend payments by a bank are restricted to the lesser of; the bank's retained earnings or its net income for its last three fiscal years (less any distributions to shareholders made during such period). However, with the prior approval of the DFI, a bank may pay cash dividends in an amount not to exceed the greatest of the bank's retained earnings, its net income of the bank for its last fiscal year or its net income for its current fiscal year. However, if DFI determines the bank's shareholders' equity is not adequate or that the payment of a dividend would be unsafe or unsound, the DFI may order such bank not to pay a dividend to shareholders. Additionally, under the FDICIA, a bank may not make any capital distribution, including the payment of dividends, if after making such distribution the bank would be in any of the "undercapitalized" categories under the FDIC's Prompt Corrective Action regulations.

Community Reinvestment Act. Pursuant to the Community Reinvestment Act ("CRA") of 1977, the federal regulatory agencies that oversee the banking industry are required to use their authority to encourage financial institutions to help meet the credit needs of the local communities in which such institutions are chartered, consistent with safe and sound banking practices. When conducting an examination of a financial institution such as Bank of Alameda, the agencies assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods. This record is taken into account in an agency's evaluation of an application for creation or relocation of domestic branches or for merger with another institution. Failure to address the credit needs of a bank's community may also result in the imposition of certain other regulatory sanctions, including a requirement that corrective action be taken.

Anti Money-Laundering Regulations. A series of banking laws and regulations beginning with the Bank Secrecy Act in 1970 requires banks to prevent, detect, and report illicit or illegal financial activities to the federal government to prevent money laundering, international drug trafficking, and terrorism. Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, financial institutions are subject to prohibitions against specified financial transactions and account relationships, requirements regarding the Customer Identification Program, as well as enhanced due diligence and "know your customer" standards in their dealings with high risk customers, foreign financial institutions, and foreign individuals and entities.

Privacy and Data Security. The Gramm-Leach Bliley Act ("GLBA") of 1999 imposes requirements on financial institutions with respect to consumer privacy. The GLBA generally prohibits disclosure of consumer information to non-affiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to consumers annually. The GLBA also directs federal regulators, including the FDIC, to prescribe standards for the security of consumer information. NorCal and Bank of Alameda are subject to such standards and are required to have an information security program to safeguard the confidentiality and security of customer information and to ensure proper disposal of information that is no longer needed. Customers must be notified when unauthorized disclosure involves sensitive customer information that may be misused.

Consumer Protection Regulations. Bank of Alameda's lending activities are subject to a variety of statutes and regulations designed to protect consumers, including the Fair Credit Reporting Act, Equal Credit Opportunity Act, the Fair Housing Act Truth-in-Lending Act, the Unfair, Deceptive or Abusive Acts and Practices, the Dodd-Frank Wall

Street Reform and Consumer Protection Act. Bank of Alameda's deposit operations are also subject to laws and regulations that protect consumer rights including Funds Availability, Truth in Savings, and Electronic Funds Transfers. Additional rules govern check writing ability on certain interest earning accounts, prescribe procedures for complying with administrative subpoenas of financial records and restricted overdraft fees on consumers' accounts relating to debit card usage or other forms of electronic transfer.

Conclusions. Statutes, regulations and policies affecting the industry are frequently under review by Congress and state legislatures, and by the federal and state agencies charged with supervisory and examination authority over banking institutions. It is impossible for NorCal to predict with any degree of accuracy the competitive impact the laws and regulations described above will have on commercial banking in general and on the business of NorCal in particular, or to predict whether or when any of the proposed legislation and regulations described above will be adopted.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Norcal Community Bancorp. The following discussion provides information about the results of operations, financial condition, liquidity, and capital resources of NorCal and its wholly owned subsidiary, Bank of Alameda, as of and for the six months ended June 30, 2013 and 2012, and as of and for each of the years in the two-year period ended December 31, 2012. This information concerning NorCal should be read in conjunction with the financial statements of NorCal and the notes thereto which appear elsewhere in this proxy statement – prospectus.

General. NorCal is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. NorCal was incorporated under the laws of the State of California in 2002 for the principal purpose of engaging in activities permitted for a bank holding company. As a bank holding company, NorCal is authorized to engage in the activities permitted under the Bank Holding Company Act of 1956, as amended, and the regulations thereunder.

NorCal owns 100% of the issued and outstanding shares of common stock (the only class of shares outstanding) of its banking subsidiary, Bank of Alameda.

Bank of Alameda was incorporated under the laws of the State of California on October 2, 1997, and with the approval of the Department of Financial Institutions and the Federal Deposit Insurance Corporation Bank of Alameda opened for business on March 23, 1998. Bank of Alameda operates four full service offices in Alameda County, including the head office located at 2130 Otis Drive, Alameda, CA 94501. In addition Bank of Alameda operates an Administrative Office located at 1701 Harbor Bay Parkway, Suite 100, Alameda CA 94502 and an Accounting Department Office located at 2125 Oak Grove Rd., Suite 124, Walnut Creek, CA 94598.

Bank of Alameda's deposits are insured by the Federal Deposit Insurance Corporation up to applicable legal limits. Bank of Alameda's primary business is providing a wide array of financial products with an exemplary level of personal service to small and medium sized businesses, professionals and individuals preferring quality personal attention. Bank of Alameda's principal service area is Alameda and Contra Costa counties, and Bank of Alameda utilizes electronic banking systems and a courier service to provide personalized banking services throughout its service areas. Bank of Alameda accepts checking and savings deposits, offers secured and unsecured commercial and industrial loans, secured real estate loans, other installment and term loans and other customary banking services. Bank of Alameda is a California state chartered commercial bank.

Overview. NorCal's primary source of income is from the interest earned on loans and securities investments and its primary expenses are interest paid on deposits and salary and related benefits.

Net income for the six months ended June 30, 2013 was \$6,722,000, or \$0.63 per diluted share, compared to a net loss of \$1,854,000, or \$(0.17) per diluted share for the same period in 2012. Included in the 2013 results is a one-time

income tax benefit of \$5,939,000 resulting from a deferred tax asset valuation allowance reversal, partially offset by a current book tax provision of \$434,000. Pre-tax income for the six months ended June 30, 2013 was \$1,217,000, compared to a pre-tax loss of \$1,852,000 for the six months ended June 30, 2012. The primary reason for

the increase in pre-tax earnings between these periods is the reduction in the provision for loan and lease losses. Bank of Alameda provided a loan loss provision of \$2,650,000 for the six months ended June 30, 2012 compared to no provision during the same period in 2013.

The return on average assets was 5.16% for the six months ended June 30, 2013, compared to (1.43%) for the same period in 2012. Excluding the one-time valuation allowance reversal, the return on average assets for the six months ended June 30, 2013 was 0.62%. The return on average equity was 57.91% for the six months ended June 30, 2013, and 9.04% excluding the reversal of the valuation allowance. This compares with (17.46%) for the six months ended June 30, 2012.

For the year ended December 31, 2012, NorCal reported a net loss of \$987,000, or \$(0.09) per diluted share, compared to net income of \$12,000 for the year ended December 31, 2011. The decrease in net income in 2012 compared to 2011 was primarily associated with an increase of \$1.8 million in provision for loan and lease losses in 2012 compared to 2011 from \$0.9 million to \$2.7 million, respectively.

The return on average assets was (0.37%) and 0.00%, for 2012 and 2011, respectively. The return on average equity was (4.82%) and 0.06% for 2012 and 2011, respectively.

The following discusses significant areas, including the above mentioned 2013 reversal of NorCal's valuation allowance held against its deferred tax asset, that have affected NorCal's results of operations for the six months ended June 30, 2013 and year ended December 31, 2012, as compared to the six months ended June 30, 2012 and year ended December 31, 2011.

Recent Events. On July 1, 2013, NorCal announced that it had entered into a definitive agreement with Marin, under which Marin would acquire NorCal and Bank of Alameda. The transaction is expected to close in the fourth quarter of 2013 subject to regulatory approvals and approval by NorCal's shareholders.

Results of Operations.

Net Interest Income. The level of net interest income depends on several factors in combination, including yields on earning assets, the cost of interest-bearing liabilities, the volumes of earning assets and interest-bearing liabilities and the mix of products which comprise the earning assets and interest-bearing liabilities.

For the six months ended June 30, 2013 net interest income was \$4,677,000, compared to \$4,879,000 for the same period in 2012, a decrease of \$202,000, or 4.14%. The average yield on loans for the six months ended June 30, 2013 decreased 29 basis points or \$257,000 in loan interest income compared to the same period in 2012. This decrease was partially offset by a decrease in average rates paid on interest-bearing deposits, which decreased 18 basis points, or \$145,000 in interest expense for the six months ended June 30, 2013 compared to the same period in 2012.

For the year ended December 31, 2012 net interest income was \$9,618,000, substantially equal to net interest income of \$9,606,000 for the year ended December 31, 2011. Interest income decreased \$142,000, or 1.35% between December 31, 2012 and December 31, 2011, which was offset by a decrease in interest expense of \$153,000, or 16.89% in 2012 compared to 2011.

The following distribution, rate and yield tables present the average amounts outstanding for the major categories of NorCal's balance sheet, the average interest rates earned or paid thereon, and the resulting net interest margin on average interest-earning assets for the periods indicated. Average balances are based on daily averages.

Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rates and Interest Differential.

	For the Six Months Ended June 30, 2013				For the Six Months Ended June 30, 2012			
	Average Balance	Interest Income/ Expense	Average Yield/ Rate		Average Balance	Interest Income/ Expense	Average Yield/ Rate	
(Dollars in thousands; unaudited)								
Assets:								
Loans, gross	\$170,079	\$4,251	5.04	%	\$169,178	\$4,484	5.33	%
Securities	60,185	657	2.20	%	61,813	767	2.50	%
Federal funds sold and interest-bearing deposits in other financial institutions	21,607	22	0.21	%	24,628	25	0.20	%
Total interest earning assets	251,871	4,930	3.95	%	255,619	5,276	4.15	%
Allowance for loan and lease losses	(3,513)				(4,254)			
Other assets	14,329				8,670			
Total assets	\$262,687				\$260,035			
Liabilities and Shareholders' Equity:								
Deposits:								
Savings and interest-bearing transactions	135,388	94	0.14	%	128,958	207	0.32	%
Time deposits, \$100,000 or less	11,840	26	0.44	%	12,876	33	0.52	%
Time deposits, \$100,000 or more	10,973	28	0.51	%	13,147	43	0.66	%
Total interest-bearing deposits	158,201	148	0.19	%	154,981	283	0.37	%
Non-interest bearing demand	71,261	—			74,090	—		
Total deposits	229,462	148			229,071	283		
Subordinated debt	8,248	105	2.57	%	8,248	114	2.78	%
Total interest -bearing liabilities	166,449	253	0.31	%	163,229	397	0.49	%
Other liabilities	1,570				1,369			
Total liabilities	239,280				238,688			
Shareholders' equity	23,407				21,347			
Total liabilities and shareholders' equity	\$262,687				\$260,035			
Net interest income and margin		\$4,677	3.74	%		\$4,879	3.84	%

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	For the Year Ended December 31, 2012				For the Year Ended December 31, 2011			
	Average Balance	Interest Income/ Expense	Average Yield/ Rate		Average Balance	Interest Income/ Expense	Average Yield/ Rate	
(Dollars in thousands; unaudited)								
Assets:								
Loans, gross	\$166,622	\$8,848	5.31	%	\$161,208	\$9,245	5.73	%
Securities	63,507	1,459	2.30	%	49,753	1,189	2.39	%
Federal funds sold and interest-bearing deposits in other financial institutions	29,915	63	0.21%		36,620	78	0.21%	
Total interest earning assets	260,044	10,370	3.99	%	247,581	10,512	4.25	%
Allowance for loan and lease losses	(4,313)				(5,077)			
Other assets	9,476				10,076			
Total assets	\$265,207				\$252,580			
Liabilities and Shareholders' Equity:								
Deposits:								
Savings and interest-bearing transaction	\$131,414	\$383	0.29	%	\$123,104	\$481	0.39	%
Time deposits, \$100,000 or less	12,445	62	0.50	%	13,967	92	0.66	%
Time deposits, \$100,000 or more	12,939	80	0.62	%	14,278	109	0.77	%
Total interest-bearing deposits	156,798	525	0.33	%	151,349	682	0.45	%
Non-interest bearing demand	78,094	—			70,441	—		
Total deposits	234,892	525			221,790	682		
Subordinated debt	8,248	227	2.75	%	8,248	224	2.72	%
Total interest-bearing liabilities	165,046	752	0.46	%	159,597	906	0.57	%
Other liabilities	1,578				1,857			
Total liabilities	244,719				231,895			
Shareholders' equity	20,489				20,685			
Total liabilities and shareholders' equity	\$265,207				\$252,580			
Net interest income and margin		\$9,618	3.70	%		\$9,606	3.88	%

Volume and Rate Variances.

The following table presents the approximate effect on net interest income of volume and rate changes from these periods. The change in interest due to both rate and volume has been allocated to change due to rate and change due to volume in proportion to the relationship of absolute dollar amounts of change in each.

	Six Months Ended June 30, 2013 vs. 2012		
	Volume	Yield/Rate	Total
(Dollars in thousands; unaudited)			
Increase (decrease) in interest and fee income:			
Loans, gross	\$24	\$(257)	\$(233)
Investment securities	(20)	(90)	(110)
Federal funds sold and interest-bearing deposits in other financial institutions	(3)	—	(3)
Total interest and fee income	1	(347)	(346)
Increase (decrease) in interest expense:			
Deposits:			
Savings and interest-bearing transaction accounts	10	(123)	(113)
Time deposits, \$100,000 or less	(3)	(4)	(7)
Time deposits, \$100,000 or more	(6)	(9)	(15)
Subordinated debt	-	(9)	(9)
Total interest expense on interest-bearing liabilities	1	(145)	(144)
Net interest income	\$—	\$(202)	\$(202)

	Year Ended December 31, 2012 vs. 2011		
	Volume	Yield/Rate	Total
(Dollars in thousands; unaudited)			
Increase (decrease) in interest and fee income:			
Loans, gross	\$303	\$(700)	\$(397)
Investment securities	318	(48)	270
Federal funds sold and interest-bearing deposits in other financial institutions	(14)	(1)	(15)
Total interest and fee income	607	(749)	(142)
Increase (decrease) in interest expense:			
Deposits:			
Savings and interest-bearing transaction accounts	31	(129)	(98)
Time deposits, \$100,000 or less	(9)	(21)	(30)
Time deposits, \$100,000 or more	(10)	(19)	(29)
Subordinated debt	—	3	3
Total interest expense on interest-bearing liabilities	12	(166)	(154)
Net interest income	\$595	\$(583)	\$12

NorCal's net interest margin, expressed as a percentage of average earning assets, decreased 10 basis points to 3.74% for the six months ended June 30, 2013 compared to 3.84% for the same period in 2012. The majority of the decrease in interest income related to the decrease on the yields earned on loans. Loan yields decreased 29 basis points to 5.04% compared to 5.33% for the six months ended June 30, 2013 and 2012, respectively. NorCal was able

to offset a portion of this decrease with a decline on rates paid on interest-bearing liabilities. For the six months ended June 30, 2013 the average rate paid on interest-bearing liabilities decreased 18 basis points to 0.31% compared to 0.49% for the six months ended June 30, 2012.

The persistently low interest rate environment, as well as increasing competition for loans, also attributed to the decline in interest income. NorCal expects that increased loan volumes may offset some of the decline in loan yields for the remainder of the year.

Reduction in interest income for the year ended December 31, 2012 compared to the same period in 2011 was offset by a change in mix from lower yielding overnight funds with other financial institutions, to loans and investment securities and a reduction in rates paid on interest-bearing deposits. While NorCal saw declines in loan yields of 42 basis points during 2012 compared to 2011, average loan balances and investment securities increased by 3% and 28%, respectively in 2012 compared to 2011. The rates paid on NorCal's interest-bearing deposits decreased 12 basis points to 0.33% for the year ended December 31, 2012 compared to 0.45% for the year ended December 31, 2011.

The ongoing low rate environment contributed to both the lower loan and securities yields and interest-bearing liabilities rates. NorCal also believes that the Temporary Liquidity Guarantee Program ("TLG") resulted in more deposit customers carrying balances in non-interest bearing deposit balances which were 100% guaranteed by the FDIC until the program ended on December 31, 2012. This provided NorCal with a lower funding source throughout 2012.

Allowance and Provision for Loan and Lease Losses. The allowance for loan and lease losses as of December 31, 2012 and December 31, 2011 was \$3,549,000 and \$4,807,000 respectively. The allowance for loan and lease losses as of June 30, 2013 and June 30, 2012 was \$3,824,000 and \$4,347,000 respectively. Credit risk is inherent in lending. NorCal establishes an allowance for loan and lease losses through charges to earnings, which are shown in the statement of operations as a provision for loan and lease losses. Specifically identifiable and quantifiable known losses are promptly charged off against the allowance. NorCal performs a quarterly evaluation to determine the adequacy of the allowance for loan and lease losses and provides a charge to the current quarter's expense if the analysis determines a shortfall.

The provision for loan and lease losses and the level of allowance for each of the periods reported are dependent upon many factors, including the composition of the loan portfolio, loan growth, prior loss experience, current delinquencies, management's evaluation of the quality of the loan portfolio, the valuation of problem loans and general economic conditions. In addition, NorCal's primary regulators, the FDIC and the DFI, as an integral part of their examination process, review the adequacy of the allowance. These regulatory agencies may require additions to the allowance based on their judgment about information available at the time of their examinations.

The procedures for monitoring the adequacy of the allowance for loan and lease losses and the various methodologies used for this determination are discussed under "Allowance for Loan and Lease Losses".

Non-interest Income. The following table sets forth the various components of NorCal's non-interest income for the six months ended June 30, 2013 and 2012:

	For the Six Months Ended June 30,		Increase (decrease) 2013 versus 2012	
	2013	2012	Amount	Percent
(Dollars in thousands; unaudited)				
Service charges on deposit accounts	\$141	\$218	\$(77)	-35%
Gain on sale of other real estate	598	—	598	NA
Mortgage loan packaging fees	423	303	120	40%
Gain on sale of investment securities	—	171	(171)	NA
Increase in cash surrender value of bank owned life insurance	57	30	27	90%
Other	130	132	(2)	-2%
Total	\$1,349	\$854	\$495	58%

Non-interest income for the six months ended June 30, 2013 was \$1,349,000, an increase of \$495,000, or 58% compared to the same period in 2012. Gain on sales other real estate accounted for \$598,000, or 121% of the increase in 2013. NorCal sold two properties in 2013 for a gain, compared to no gains on sales for the same period in 2012. Another component of NorCal's non-interest income is mortgage loan packaging fees which increased \$120,000, or 40% for the six months ended June 30, 2013 compared to the same period in 2012.

NorCal provides a mortgage packaging service under which Bank of Alameda assembles mortgage loan applications for submission to two major retail mortgage lenders for their funding of the mortgages. NorCal receives a fee from these lenders for this service. The increase of \$120,000 in this fee income in 2013 compared to 2012 was attributable to additions of mortgage brokers to NorCal's mortgage banking division and a generally favorable rate environment for mortgage loans. NorCal also underwrites and funds a small amount of these residential mortgage loans for its own loan portfolio. Fees generated from these loans are amortized over the expected life of the loan as an adjustment to the yield.

In June 2012, NorCal sold some of its available-for-sale mortgage-backed securities for a net gain of \$171,000. These sales were part of an asset-liability strategy.

The following table sets forth the various components of NorCal's non-interest income for the years ended December 31, 2012 and 2011:

	For the Year Ended December 31,		Increase (decrease) 2012 versus 2011		
	2012	2011	Amount	Percent	
(Dollars in thousands; unaudited)					
Service charges on deposit accounts	\$402	\$390	\$12	3	%
Mortgage loan packaging fees	931	218	713	327	%
Gain on sale of investment securities	370	—	370	NA	
Increase in cash surrender value of bank owned life insurance	94	—	94	NA	
Other	265	424	(159)	-38	%
Total	\$2,062	\$1,032	\$1,030	100	%

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Non-interest income for the year ended December 31, 2012 was \$2,062,000, an increase of \$1,030,000, or 100% compared to the year ended December 31, 2011. NorCal's mortgage packaging fees accounted for \$713,000, or 69% of this total increase. As previously discussed, NorCal added additional mortgage brokers to its mortgage

banking division which increased to four full time mortgage brokers compared to one in 2011. The increase in staffing was used to take advantage of the favorable rate environment for mortgage loan refinancing and new home buyers.

In June 2012, and again in December 2012, NorCal sold some of its available-for-sale mortgage-backed securities for a net gain of \$370,000. These sales were part of an asset-liability management strategy.

In March 2012, NorCal purchased bank owned life insurance policies totaling \$3,000,000 as an income generating asset used to offset certain employee benefit costs. NorCal had no such asset in 2011. The change in the cash surrender value of these policies totaled \$94,000 for the year ended December 31, 2012, and is reported as non-interest income in NorCal's statement of operations.

In 2011, NorCal received rental income for its proportional share of other real estate owned totaling \$118,000, which was reported in other non-interest income. This rental income was not repeated in 2012 due to the sale of the property, resulting in a decrease of other non-interest income in 2012. This property was being managed by the lead bank that originated the loan in which Bank of Alameda was a participant.

Non-interest Expense. The following table sets forth the major components of NorCal's non-interest expense for the six months ended June 30, 2013 and 2012:

	For the Six Months Ended June 30,		Increase (decrease) 2013 versus 2012		
	2013	2012	Amount	Percent	
(Dollars in thousands; unaudited)					
Salaries and employee benefits	\$2,830	\$2,754	\$76	3	%
Occupancy and equipment	733	685	50	7	%
Professional fees	225	227	(2)	-1	%
Data processing	271	279	(8)	-3	%
Regulatory fees and FDIC insurance	183	343	(160)	-47	%
Other real estate expense, impairment and loss on sale	32	93	(61)	-66	%
Insurance	76	113	(37)	-33	%
Directors' fees	96	85	11	13	%
Communications and postage	73	41	32	78	%
Advertising and promotion	24	31	(7)	-23	%
Other operating expenses	267	284	(19)	-7	%
Total	\$4,810	\$4,935	\$(125)	-3	%

Non-interest expense for the six months ended June 30, 2013 decreased 3%, or \$125,000 compared to the six months ended June 30, 2012. The majority of the decrease was related to lower FDIC deposit insurance premiums for the first half of 2013 due to the improved risk profile of Bank of Alameda compared to the same period in 2012. During 2012, Bank of Alameda had been accruing its payment of FDIC insurance using a 2009 prepayment fee schedule. This accrual was evaluated in December 2012 and corrected during that month to reflect the actual assessment fees incurred during 2012.

Also included in non-interest expense for the six months ended June 30, 2012 was an impairment charge of \$80,000 taken against real estate owned.

During the second quarter of 2012, NorCal began the implementation of an upgraded communications system for NorCal's customer service call center. Those costs are being recouped in reduced outside data processing fees which

had a minimal decrease between the reported periods.

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The following table sets forth the major components of NorCal's non-interest expense for the year ended December 31, 2012 and 2011:

	For the Year		Increase (decrease)		
	2012	2011	2012 versus 2011	Amount	Percent
(Dollars in thousands; unaudited)					
Salaries and employee benefits	\$5,691	\$4,984	\$707	14	%
Occupancy and equipment	1,428	1,493	(65)	-4	%
Professional fees	564	341	222	65	%
Data processing	536	516	20	4	%
Regulatory fees and FDIC insurance	374	682	(308)	-45	%
Other real estate expense, impairment and loss on sale	328	555	(227)	-41	%
Insurance	192	231	(39)	-17	%
Directors fees	180	176	4	2	%
Communications and postage	102	89	13	15	%
Advertising and promotion	56	37	19	51	%
Other operating expenses	564	532	33	6	%
Total	\$10,015	\$9,636	\$379	4	%

Non-interest expense for the year ended December 31, 2012 increased 4% to \$10,015,000, compared to \$9,636,000 for the year ended December 31, 2011. Salaries and employee benefits, the largest component of non-interest expense, increased \$707,000, or 14% in 2012 compared to 2011. The majority of the increase was related to commissions paid to mortgage brokers on mortgage packaging fees earned. The increase in the commissions paid in 2012 compared to 2011 was \$493,000. As previously discussed under Non-interest Income, mortgage loan packaging fee income increased during this same period by a significant amount due to the increase in staffing of the department and the favorable rate environment for mortgage loan refinancing and new home buyers. The remainder of the increase was primarily related to increased employee benefit costs in 2012 compared to 2011.

FDIC deposit insurance assessments decreased from 2011 to 2012 due to the improved risk profile of Bank of Alameda compared to the same period in 2012

Income Taxes. The income tax benefit for six months ended June 30, 2013 was \$5,505,000 compared to an income tax provision of \$2,000 for the six months ended June 30, 2012. The income tax benefit for the six months ended June 30, 2013 included the reversal of the \$5,939,000 valuation allowance for deferred tax assets that was established in 2009.

Some items of income and expense are recognized in different years for tax purposes than when applying generally accepted accounting principles, leading to timing differences between NorCal's actual tax liability and the amount accrued for this liability based on book income. These temporary differences comprise the "deferred" portion of NorCal's tax expense or benefit, which is accumulated on NorCal's books as a deferred tax asset or deferred tax liability until such time as they reverse.

Realization of NorCal's deferred tax assets is primarily dependent upon NorCal generating sufficient taxable income to obtain a benefit from the reversal of net deductible temporary differences and utilization of tax credit carryforwards and the net operating loss carryforwards for Federal and California state income tax purposes. The amount of deferred tax assets considered realizable is subject to adjustment in future periods based on estimates of future taxable income. Under generally accepted accounting principles, a valuation allowance is required to be recognized if it is "more likely

than not” that a deferred tax asset will not be realized. The determination of the realizability of the deferred tax assets is highly subjective and dependent upon judgment concerning management’s

evaluation of both positive and negative evidence, including forecasts of future income, cumulative losses, applicable tax planning strategies, and assessments of current and future economic and business conditions.

In 2013, after consideration of the matters in the preceding paragraph, NorCal determined a valuation allowance for deferred tax assets was no longer required. NorCal had net deferred tax assets of \$5,886,000 as of June 30, 2013.

For the year ended December 31, 2012, NorCal had current income tax expense of \$2,000 compared to \$90,000 in 2011. The change in the valuation allowance for 2012 and 2011 was \$566,000 and \$73,000, respectively. The majority of NorCal's deferred tax asset and associated valuation allowance against those assets are related to future income tax benefits from NorCal's net operating loss carryforwards ("NOLs"). As of December 31, 2012, NorCal had federal and state NOLs of approximately \$9,616,000 and \$22,612,000, respectively.

Market Risk. Market risk is the risk of loss from adverse change in market prices or rates. NorCal's market risk arises primarily from interest rate risk inherent in its lending, investment and deposit-taking activities. Profitability is affected by fluctuations in interest rates and a sudden or substantial change in interest rates may adversely impact NorCal's earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis.

Interest Rate Risk. NorCal's market risk exposure is primarily that of interest rate risk. Interest rate risk is the potential of economic losses due to future interest rate changes. These potential economic losses may be reflected as a loss of future net interest income or a loss of current fair market values. One of the principal objectives of asset/liability management is to manage the risks associated with changing interest rates and the impact on earnings and capital. NorCal has established policies and procedures to monitor and limit the amount of loss exposure and volatility from changes in interest rates and reviews this exposure on a quarterly basis.

NorCal contracts with a third party vendor who maintains a modeling software program that imports among other items, current balances, interest rates, maturity dates, repricing information and embedded options. Furthermore, certain assumptions are used including prepayments, deposit decay factors and core deposit repricing betas. Using a static balance sheet, either the current or projected interest rates of NorCal's financial assets and liabilities are then shocked by an immediate and parallel change in all bases rates, up and down.

The following table sets forth the estimated changes in NorCal's annual net interest income that would result from an instantaneous parallel shift in interest rates as of June 30, 2013.

	Increase/(Decrease) in Estimated Net Interest Income Amount	Percent	
(Dollars in thousands; unaudited)			
Change in Interest Rates (basis points)			
+400	\$ 184	1.84	%
+300	\$ 103	1.03	%
+200	\$ 75	0.74	%
+100	\$ 41	0.41	%
0	\$—		
-100	\$(353)	)-3.51	%
-200	\$(827)	)-8.23	%

The model has some inherent shortcomings. Rate changes are never instantaneous, nor do assets and liabilities of similar maturity or period react in the same way to changes in rates. Setting of policy limits on the

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amount of interest rate risk exposure NorCal is willing to undertake is useful in mitigating errors in assumptions or shortcomings found in the modeling process.

Financial Condition.

As of June 30, 2013 total assets were \$264.2 million, compared to \$258.3 million at June 30, 2012, an increase of \$5.9 million, or 2.3%. Total assets at December 31, 2012 and 2011 were \$265.7 million and \$248.1 million, respectively, increasing \$17.6 million, or 7.1% between these two dates.

Total investment securities were \$58.7 million at June 30, 2013, compared to \$68.9 million at June 30, 2012, a decrease of \$10.2 million, or 14.8%. Total investment securities at December 31, 2012 were \$62.2 million, a decrease of \$1.9 million, or 3.1% compared to total investment securities of \$64.1 million at December 31, 2011.

Total loans and leases were \$178.0 million at June 30, 2013, increasing \$12.7 million, or 7.7% from the \$165.3 million reported at June 30, 2012. Total loans and leases at December 31, 2012 were \$167.8 million compared to \$165.8 million at December 31, 2011, a \$2.0 million or 1.2% increase between those two dates.

As of June 30, 2013 total deposits were \$228.4 million, compared to \$229.2 million at June 30, 2012, a decrease of \$800,000 or 0.3%. Total deposits at December 31, 2012 were \$236.0 million compared to \$217.7 million at December 31, 2011, a \$18.3 million or 8.4% increase between these two periods.

Securities Portfolio. The following table reflects the estimated fair values for each category of available-for-sale securities at the dates indicated:

	June 30, 2013	2012	December 31, 2012	2011
(Dollars in thousands; June 30 unaudited)				
U.S. Government sponsored entities and agencies	\$5,972	\$9,448	\$7,377	\$13,078
Corporate bonds	6,467	4,132	3,063	6,129
Residential mortgage-backed securities	26,561	34,472	30,381	24,888
Obligations of states and political subdivisions	2,178	4,335	2,738	4,879
Total	\$41,178	\$52,387	\$43,559	\$48,974

The following table reflects the carrying amount and estimated fair values of the investment securities held-for-maturity at the dates indicated:

	June 30, 2013	2012	December 31, 2012	2011
(Dollars in thousands; unaudited)				
Obligations of states and political subdivisions - carrying amount	\$17,492	\$16,500	\$18,618	\$15,162
- fair value	\$17,508	\$16,758	\$18,852	\$15,398

The following table summarizes the remaining life and weighted average yields of available-for-sale securities at June 30, 2013:

	June 30, 2013						
	Available-for-Sale						
	Within 1 year	After 1 but within 5 years	After 5 but within 10 years	After 10 years	Mortgage- backed	Total	
(Dollars in thousands; unaudited)							
U.S. Government sponsored entities and agencies	\$2,564	\$491	\$2,917			\$5,972	
Corporate bonds	1,521	2,994	1,952			6,467	
Obligations of states and political subdivisions	754	1,424	-			2,178	
Sub-total	4,839	4,909	4,869	—	—	14,617	
Residential mortgage-backed securities					\$26,561	26,561	
Total	\$4,839	\$4,909	\$4,869	\$—	\$26,561	\$41,178	
Weighted average yield	2.09	%2.10	%2.25	%	1.59	%1.77	%

The follow table summarizes the remaining life and weighted average yields of held-to-maturity securities at June 30, 2013:

	June 30, 2013					
	Held-to-Maturity					
	Within 1 year	After 1 but within 5 years	After 5 but within 10 years	After 10 years	Total	
(Dollars in thousands; unaudited)						
Obligations of states and political subdivisions	\$3,663	\$10,990	\$2,839		\$17,492	
Weighted average yield	3.09	%3.28	%2.19	%	3.07	%

The available-for-sale securities portfolio is used as a vehicle to supplement NorCal's liquidity, provide a better alternative yield to overnight federal funds or similar type overnight earning assets, and provide collateral for public deposits and other borrowing facilities. Unrealized gains and losses are recorded as an adjustment to equity, net of taxes, but are not recognized in current earnings. Upon the sale of an available-for-sale security any gain or loss is reflected in current earnings and the equity adjustment is reversed. At June 30, 2013, NorCal held \$41.2 million in available-for-sale securities with a duration of 4.0 years. At June 30, 2013, an unrealized loss, net of taxes, of \$519,000 related to these securities was included in shareholders' equity.

The held-to-maturity portfolio is also used as a better alternative yield to overnight federal funds or similar type overnight earning assets, and also may be used as collateral for public deposits. At June 30, 2013 NorCal held \$17.5 million in held-to-maturity securities with a duration of 2.7 years. If it is determined that an "other than temporary" decline in the fair value of the held-to-maturity securities is present, than a loss is recognized in current earnings. NorCal had no securities determined to have other than temporary declines in market value at June 30, 2013.

Loan Portfolio. The following table shows the composition of NorCal's loan portfolio as of the dates indicated:

	June 30, 2013	2012	December 31, 2012	2011
(Dollars in thousands; June 30 unaudited)				
Commercial	\$17,086	\$17,973	\$16,876	\$17,182
Agriculture	4,052	5,788	5,617	6,989
Real estate - residential	39,806	40,728	38,444	40,526
Real estate - commercial	109,639	93,601	102,273	88,425
Real estate - construction	6,175	5,665	3,254	11,124
Consumer	1,268	1,430	1,324	1,493
Leases	-	71	37	104
Total	\$178,026	\$165,256	\$167,825	\$165,843

NorCal's outstanding commercial real estate loan portfolio comprised 61% of total loans at June 30, 2013 compared to 57% at June 30, 2012. Commercial real estate loans comprised 61% and 53%, respectively, at December 31, 2012 and 2011. The mix of commercial real estate property types are well diversified primarily between retail, office and industrial. Properties securing commercial real estate loans are generally located in NorCal's primary market, which is the San Francisco Bay Area. The following table presents a segmentation of NorCal's commercial real estate portfolio by type for the periods presented:

	As of June 30, 2013			As of December 31, 2012			As of December 31, 2011			
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total		
(Dollars in thousands; unaudited)										
Retail	\$26,136	24	%\$23,309	25	%	\$26,540	26	%\$17,757	20	%
Office	29,106	27	%26,971	29	%	24,895	24	%25,122	28	%
Industrial	33,724	31	%25,726	27	%	33,658	33	%25,029	28	%
Multifamily	7,453	7	%3,599	4	%	5,713	6	%3,656	4	%
Special purpose	6,339	6	%7,551	8	%	5,459	5	%8,857	10	%
Other	6,881	5	%6,445	7	%	6,008	6	%8,004	10	%
Total	\$109,639	100	%\$93,601	100	%	\$102,273	100	%\$88,425	100	%
Owner-occupied	\$38,728		\$40,319			\$37,851		\$39,158		
Investor property	\$70,911		\$53,282			\$64,422		\$49,267		

Commitments and Letters of Credit. During the ordinary course of business, NorCal will provide various forms of credit lines and letters of credit to meet the financing needs of its customers. These commitments to provide credit represent an obligation of NorCal to its customers which is not represented in any form on the balance sheets. NorCal uses the same credit policies in making commitments and letters of credit as it does for loans included on the balance sheets. The commitments include, to varying degrees, elements of credit and interest rate risk not recognized in NorCal's financial statements.

At June 30, 2013 and December 31, 2012, NorCal had undisbursed loan commitments and standby letters of credit outstanding of \$32.3 million and \$31.7 million, respectively, whose contractual amounts represent credit risk. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Loan Maturities and Sensitivities of Loans to Changes in Interest Rates. The following table presents the maturity distribution of NorCal's selected loans as of December 31, 2012. The table shows the distribution of such loans between those loans with predetermined fixed interest rates and those with variable floating interest rates.

	Within one year	One to five years	After five years	Total
(Dollars in thousands; unaudited)				
Commercial, agriculture and commercial real estate	\$9,372	\$19,461	\$95,933	\$124,766
Real estate construction	2,004	1,250	—	3,254
Total	\$11,376	\$20,711	\$95,933	\$128,020
Loans with fixed interest rates	\$3,093	\$17,745	\$29,280	\$50,118
Loans with floating interest rates	8,282	27,553	42,067	77,902
Total	\$11,375	\$45,298	\$71,347	\$128,020

Credit Quality. Inherent in lending is the exposure that the lender may receive less than the full return of principal and interest if a borrower becomes unable or unwilling to repay. NorCal's loan policies and procedures serve to establish underwriting standards and the methods of monitoring ongoing credit quality to mitigate this exposure.

NorCal's credit administration evaluates loans and assigns credit risk grades to evaluated loans using grading standards employed by bank regulatory agencies. Those loans judged to carry higher risk attributes are referred to as "classified loans." Classified loans receive elevated management and board attention to maximize collection. Additionally, the Audit Committee of Bank of Alameda engages a third party to provide an independent review of the loan portfolio and management's risk ratings, among other items.

Loans are placed on nonaccrual status when there is reasonable doubt as to full collectability of principal and interest. When the loan is placed on nonaccrual status interest stops accruing and any uncollected interest that had been accrued is reversed. Interest payments received on nonaccrual loans is either applied against principal or reported as interest income, according to management's judgment as to the ultimate collectability of principal. Generally loans are restored to accrual status when the obligation is brought current and has performed in accordance with the contractual terms for a reasonable period of time.

Loans may be restructured by management when a borrower has experienced some change in financial status causing an inability to meet the original repayments terms. NorCal may then grant a concession to the borrower that it would not otherwise consider.

Other non-performing assets may include loans 90 days or more past due and still accruing interest, however NorCal generally places those loans on nonaccrual status unless they are well secured and in the process of collection. Other real estate is comprised of property acquired through foreclosure or acceptance of deeds-in-lieu of foreclosure. Other real estate properties are initially recorded at fair value less estimated costs to sell, establishing a new costs basis, and are subsequently accounted for at the lower of cost or fair value less estimated costs to sell. Losses recognized at the time of acquiring property in full or partial satisfaction of debt are charged against the allowance for loan and lease losses. Fair value of other real estate is generally based on an independent appraisal of the property. Revenues and expenses associated with other real estate, and subsequent adjustments to the fair value of the property and to the estimated costs of disposal, are realized and reported as a component of non-interest expense when incurred.

The following table summarizes NorCal's nonperforming assets at the dates indicated:

	June 30,		December 31,			
	2013	2012	2012	2011		
(Dollars in thousands; June data unaudited)						
Nonaccrual loans	\$1,797	\$6,658	\$1,986	\$7,648		
Accruing loans 90 days or more past due	—	—	—	—		
Troubled debt restructurings	608	621	1,161	2,924		
Total non-performing loans	2,405	7,279	3,147	10,572		
Other real estate	461	1,635	461	1,844		
Total non-performing assets	\$2,866	\$8,914	\$3,608	\$12,416		
Nonperforming assets as a percentage of loans plus other real estate	1.61	% 5.34	% 2.14	% 7.4		%
Nonperforming assets as a percentage of total assets	1.08	% 3.45	% 1.36	% 5.00		%

During the economic downturn, NorCal experienced credit quality problems, primarily in its real estate construction and land development portfolio. As indicated in the table, by June 30, 2013 NorCal had managed to

lower its problem assets to approximately 1% of total assets. The number of nonaccrual loans at June 30, 2013 was seven, of which all are secured by real estate and are being carried at their realizable values. Troubled debt restructurings at June 30, 2013 consist of two residential real estate mortgages that have each been performing according to the restructured terms for six months or more. Other real estate at June 30, 2013 consisted of two properties secured by land, recorded at their fair market value, less estimated selling costs.

Allowance for Loan and Lease Losses. The allowance for loan and lease losses is an estimate of probable credit losses inherent in NorCal's loan portfolio that have been incurred as of the balance-sheet date. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after credit losses and loan growth. Credit exposures determined to be uncollectible are charged against the allowance. Cash received on previously charged off amounts is recorded as a recovery to the allowance. The overall allowance consists of two primary components, specific reserves related to impaired loans and general reserves for probable inherent losses related to loans that are not impaired.

NorCal's process for identifying impaired loans is the same for all classes of loans. A loan is considered impaired when, based on current information and events, it is probable that NorCal will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the original agreement. Factors considered in this assessment include the borrower's historical payment performance, financial condition and global cash flows. All loans and leases determined to be impaired are individually evaluated for impairment. When a loan or lease is determined to be impaired, NorCal measures impairment based on the present value of expected future cash flows discounted at the credit's effective interest rate, except that as a practical expedient, NorCal may measure impairment based on an observable market price, or the fair value of the collateral if the credit is collateral dependent. A loan or lease is collateral dependent if the repayment is expected to be provided solely by the underlying collateral.

The determination of the general reserve for loans and leases that are not impaired is based on estimates made by management, to include, but not limited to, consideration of historical losses by portfolio segment over the most recent three years, internal asset classifications, levels of and trends in delinquencies and impaired loans, and qualitative factors to include economic trends in NorCal's service areas, industry experience and trends, geographic concentrations, estimated collateral values, NorCal's underwriting policies, the character of the loan and lease portfolio, and probable losses inherent in the portfolio taken as a whole.

NorCal maintains a separate allowance for each portfolio segment. These portfolio segments include commercial, agriculture, real estate-residential, real estate-commercial, real estate-construction (including land and development loans), consumer loans and leases. The allowance for loan and lease losses attributable to each portfolio segment is combined to determine NorCal's overall allowance, which is included in the consolidated balance sheets. Allocations of the allowance may be made for specific loans and leases or portfolio segments, but the entire allowance is available for any loan or lease that should be charged off.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. Management and the board of directors review the adequacy of the allowance at least quarterly, including consideration of the relative risks in the portfolio, current economic conditions and other factors. If management and the board of directors determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, NorCal's primary regulators, the FDIC and the DFI, as an integral part of their examination process, review the adequacy of the allowance. These regulatory agencies may require additions to the allowance based on their judgment about information available at the time of their examinations.

The following table summarizes the activity in NorCal's allowance for loan and lease losses for the periods indicated:

	Six Months Ended		Year Ended			
	June 30, 2013	2012	December 31, 2012	2011		
(Dollars in thousands; June data unaudited)						
Balance at the beginning of period	\$3,549	\$4,807	\$4,807	\$5,820		
Charge-offs:						
Commercial	—	—	—	(68)	
Agriculture	—	(990	)	(1,083) —	
Real estate - residential	—	(117	)	(117	) (843
Real estate - commercial	(190	) (944	)	(1,594	) (530
Real estate - construction	—	(1,928	)	(2,155	) (508
Consumer	(3	) —		(3	) (32
Leases	—	—	—	—		
Total charge-offs	(193	) (3,979	)	(4,952	) (1,981
Recoveries:						
Commercial	14	12	25	3		
Agriculture	58	—	—	34		
Real estate - residential	—	9	122	4		
Real estate - commercial	396	—	—	—		
Real estate - construction	—	848	897	27		
Consumer	—	—	—	—		
Leases	—	—	—	—		
Total recoveries	468	869	1,044	68		
Net recoveries (charge-offs)	275	(3,110	)	(3,908	) (1,913
Additions charged to operations	—	2,650	2,650	900		
Balance at the end of the period	\$3,824	\$4,347	\$3,549	\$4,807		
Selected Ratios:						
Ratio of net (recoveries) charge-offs during the period to average loans outstanding (annualized)	(0.33)% 3.7	%	2.35	% 1.19	%
Allowance for loan and lease losses to total loans	2.15	% 2.63	%	2.11	% 2.9	%
Allowance for loan and lease losses to nonperforming loans	159	% 60	%	136	% 47	%

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Allocation of Allowance for Loan and Lease Losses. The following table shows the allocation of the allowance for loan and lease losses as of the periods presented:

	June 30,			December 31,			2011		
	2013	Percent of Loans in each Category to total loans	2012	Percent of Loans in each Category to total loans	2012	Percent of Loans in each Category to total loans	2011	Percent of Loans in each Category to total loans	
(Dollars in thousands; unaudited)									
Commercial	\$531	10	% \$668	11	% \$459	10	% \$511	10	%
Agriculture	226	2	% 285	4	% 303	3	% 997	4	%
Real estate - residential	665	22	% 791	25	% 480	23	% 967	24	%
Real estate - commercial	2,006	62	% 1,959	57	% 2,036	61	% 1,801	53	%
Real estate - construction	391	3	% 479	3	% 265	2	% 500	7	%
Consumer	5	1	% 11	1	% 6	1	% 12	1	%
Leases	—	—	% —	—	% —	—	% —	—	%
Unallocated	—	NA	154	NA	—	NA	19	NA	
Total	\$3,824	100	% \$4,347	100	% \$3,549	100	% \$4,807	100	%

The allocation presented in the preceding table should not be interpreted as an indication that charges to the allowance for loan and lease losses will be incurred in these amounts or proportions, or that the portion of the allowance allocated to each category represents the total amount available for charge-offs that may occur.

Deposits. NorCal attracts its deposits from businesses, professionals and individuals in its primary service area located in the San Francisco Bay Area. Deposits are NorCal's primary funding source. NorCal has been successful in maintaining a stable, low cost deposit base and does not rely on more volatile high cost time deposits.

Average non-interest bearing demand deposits for the six month period ended June 30, 2013 and 2012 as a percentage of total average deposits, equaled 31% and 32%, respectively. Average non-interest bearing demand deposits for the year ended December 31, 2012 and 2011 equaled 33% and 32% of total average deposits, respectively. As discussed previously, the change in mix from non-interest-bearing demand deposits to savings and interest-bearing transaction accounts in 2013 may be attributed to the December 31, 2012 expiration of the TLG program.

The following table summarizes the distribution of daily average deposit balances and the average rates paid by deposit category for the periods indicated:

	Six months ended June 30,		2012		
	2013	Average Balance	Average Rate ¹	Average Balance	Average Rate ¹
(Dollars in thousands; unaudited)					
Non-interest bearing demand		\$71,261	NA	\$74,090	NA
Savings and interest-bearing transaction		135,388	0.14	% 128,958	0.32 %
Time deposits, \$100,000 or less		11,840	0.44	% 12,876	0.52 %
Time deposits, \$100,000 or more		10,973	0.51	% 13,147	0.66 %

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Total	\$229,462	0.13	% \$229,071	0.25	%
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(1) annualized

	Year ended December 31,		2011		
	2012				
	Average Balance	Average Rate	Average Balance	Average Rate	
(Dollars in thousands; unaudited)					
Non-interest bearing demand	\$78,094	NA	\$70,441	NA	
Savings and interest-bearing transaction	131,414	0.29	% 123,104	0.39	%
Time deposits, \$100,000 or less	12,445	0.50	% 13,967	0.66	%
Time deposits, \$100,000 or more	12,939	0.62	% 14,278	0.77	%
Total	\$234,892	0.22	% \$221,790	0.31	%

The following table sets forth the scheduled maturities of NorCal's time deposits of \$100,000 or more as of the dates indicated.

	June 30, 2013	December 31, 2012
	(Dollars in thousands)	
Three months or less	\$2,674	\$2,833
Over three months through six months	2,410	3,640
Over six months through twelve months	2,662	2,232
Over twelve months	2,943	2,381
Total	\$10,689	\$11,086

Liquidity. Liquidity is defined as NorCal's ability to maintain sufficient cash flows to fund operations and to meet obligations and commitments in the most timely and cost efficient manner. NorCal actively manages its liquidity on a daily basis because adequate liquidity is essential in addressing balance sheet fluctuations, brought about by loan growth, deposit outflows or the purchase of assets, or liability repayments.

NorCal's principal sources of liquidity are deposit growth and principal and interest payments on loans and securities. NorCal also maintains contingent funding sources, which includes unsecured borrowing arrangements with its correspondent banks totaling \$12,000,000 at June 30, 2013 and December 31, 2012. Additionally, NorCal, using certain loans as pledged collateral, can borrow from the Federal Home Loan Bank of San Francisco (the "FHLB"), on either a short-term or long-term basis up to approximately \$39 million and \$40 million at June 30, 2013 and December 31, 2012, respectively. As of June 30, 2013 and December 31, 2012, NorCal had no outstanding borrowings under any of these arrangements.

Capital Resources. NorCal has a Capital Policy which provides a framework for evaluating capital adequacy at both a consolidated and subsidiary bank basis. Management reviews various capital measurements on a regular basis to ensure that both internal and external capital levels are within established guidelines. In addition, Bank of Alameda performs a quarterly stress testing of capital using a variety of scenarios on its earnings and capital.

NorCal is subject to certain regulatory requirements of the FRB and Bank of Alameda is subject to certain regulatory capital requirements administered by the FDIC. Failure to meet these minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators. Under capital adequacy guidelines, NorCal and Bank of Alameda must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. These quantitative measures are established by regulation and require that minimum amounts and ratios of total and Tier 1 capital to

risk-weighted assets and of Tier 1 capital to average assets be maintained. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The following tables summarize the consolidated NorCal's and Bank of Alameda's leverage and risk-based capital components, risk-weighted assets, average assets and leverage and risk-based capital ratios, as defined under regulatory guidelines, as of the periods presented:

NorCal Community Bancorp

	June 30, 2013		December 31, 2012		2011			
							Minimum	Well-Capitalized
							Regulatory	Regulatory
							Requirements	Requirement
Capital components:								
Tier 1 Capital	\$29,766	\$23,736	\$24,871	\$26,028				
Tier 2 Capital	3,915	5,481	5,225	5,003				
Total risk-based capital	\$33,681	\$29,217	\$30,096	\$31,031				
Risk-weighted assets	\$193,048	\$179,176	\$178,056	\$176,530				
Average assets for leverage ratio	\$262,260	\$266,808	\$274,137	\$252,358				
	June 30, 2013	2012	December 31, 2012	2011				
Capital ratios:								
Total risk-based capital	17.45	% 16.31	% 16.9	% 17.58	% 8	% 10	%	
Tier 1 risk-based capital	15.42	% 13.25	% 13.97	% 14.74	% 4	% 6	%	
Leverage	11.35	% 8.9	% 9.07	% 10.31	% 4	% NA		

As discussed previously, in 2013 NorCal reversed the valuation allowance set against its deferred tax assets in the amount of \$5.9 million. Regulatory capital guidelines limit the amount of deferred tax assets allowed to be included in Tier 1 capital. At June 30, 2013, the amount of disallowed deferred tax assets excluded from Tier 1 capital was \$3.3 million.

Bank of Alameda

	June 30, 2013		December 31, 2012		2011			
							Minimum	Well-Capitalized
							Regulatory	Regulatory
							Requirements	Requirement
(Dollars in thousands; June 2013 unaudited)								
Capital components:								
Tier 1 Capital	\$30,856	\$26,977	\$28,081	\$28,600				
Tier 2 Capital	2,428	2,262	2,239	2,235				
Total risk-based capital	\$33,284	\$29,239	\$30,320	\$30,835				
Risk-weighted assets	\$192,818	\$178,832	\$177,710	\$176,190				
Average assets for leverage ratio	\$261,995	\$266,471	\$273,796	\$252,024				
	June 30, 2013	2012	December 31, 2012	2011				
Capital ratios:								
Total risk-based capital	17.26	% 16.35	% 17.06	% 17.51	% 8	% 10	%	
Tier 1 risk-based capital	16.00	% 15.09	% 15.80	% 16.24	% 4	% 6	%	
Leverage	11.78	% 10.12	% 10.26	% 11.35	% 4	% 5	%	

Bank of Alameda was subject to a memorandum of understanding (“MOU”) entered into with the FDIC and the DFI that required Bank of Alameda to maintain a minimum Leverage ratio of 10% and a total Risk-based Capital

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ratio minimum of 12%, which were amended in October 2012 under a revised MOU to a minimum Leverage ratio of 9%. Effective in February 2013 both agencies terminated the MOU.

Contractual Obligations. For a discussion relating to our contractual obligations, please see “Footnote 12 - Operating Leases to the NorCal Community Bancorp Financial Statements - Audited Consolidated Financial Statements.”

Financial Ratios.

The following table shows key financial ratios for the periods indicated:

	June 30,			December 31,		
	2013 (1)	2012 (1)		2012	2011	
Return on average assets	5.16	%(1.43	)%	(0.37)%—	%
Return on average equity	57.91	%(17.46	)%	(4.82	)%0.06	%
Average equity to average assets	8.91	%8.21	%	7.73	% 8.19	%

(1) annualized and unaudited

Where you Can Find More Information

Marin files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information that Marin files at the Commission’s public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at (800) SEC-0330 for further information on the public reference rooms. The Commission also maintains an Internet World Wide Web site at “http://www.sec.gov” at which reports, proxy and information statements and other information regarding Marin are available.

Marin has filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933 relating to the shares of Marin common stock to be issued in connection with the merger. This proxy statement – prospectus also constitutes the prospectus of Marin filed as part of the registration statement but does not contain all the information set forth in the registration statement and exhibits thereto. You may copy and read the registration statement and its exhibits at the public reference facilities maintained by the Securities and Exchange Commission at the address set forth above.

The Securities and Exchange Commission allows Marin to “incorporate by reference” information into this proxy statement – prospectus, which means that Marin can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is deemed to be part of this proxy statement – prospectus, except for any information superseded by information contained directly in this proxy statement – prospectus. This proxy statement – prospectus incorporates by reference the documents set forth below that Marin has previously filed with the Commission. These documents contain important information about Marin and its financial condition.

Marin Commission Filings (File No. 001-33572)	Period
Annual Report on Form 10-K	Year ended December 31, 2012
Quarterly Report on Form 10-Q	Quarters ended June 30, 2013 and March 31, 2013
Proxy Statement for Annual Meeting of Shareholders.....	Dated: April 11, 2013.
Current Reports on Form 8-K	Dated: April 23, 2013; May 15, 2013; July 12, 2013; July 19, 2013; and July 26, 2013

Marin incorporates by reference any additional documents that it may file with the Commission between the date of proxy statement – prospectus and the date of the consummation of the merger. These include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

This proxy statement – prospectus incorporates by reference documents relating to Marin which are not presented in this proxy statement – prospectus or delivered herewith. Those documents are available from Marin without charge, excluding all exhibits unless specifically incorporated by reference in this proxy statement – prospectus, by requesting them in writing or by telephone from:

Bank of Marin Bancorp
504 Redwood Blvd, Suite 100
Novato, California 94947
(415) 763-4523
Attention: Nancy Boatright

If you would like to request documents, please do so by [*], 2013 to receive them before the meeting.

Marin has supplied all information contained in this proxy statement – prospectus relating to Marin and NorCal has supplied all such information relating to NorCal.

In deciding how to vote, you should rely only on the information contained in this proxy statement – prospectus or incorporated herein by reference. Neither Marin nor NorCal has authorized any person to provide you with any information that is different from what is contained in this proxy statement – prospectus. This proxy statement – prospectus is dated [*], 2013. You should not assume that the information contained in this proxy statement – prospectus is accurate as of any date other than such date, and neither the mailing to you of this proxy statement – prospectus nor the issuance to you of shares of Marin common stock will create any implication to the contrary. This proxy statement – prospectus does not constitute an offer to sell or a solicitation of any offer to buy any securities, or the solicitation of a proxy in any jurisdiction in which, or to any person to whom, it is unlawful.

PROPOSAL II: ELECTION OF DIRECTORS

The By-Laws of NorCal provide the procedure for nomination and election of the board of directors. Nominations not made in accordance with the procedures may be disregarded by the Chairman of the Meeting, and upon his instructions, the Inspector of Election shall disregard all votes cast for such nominees.

Votes will be cast in such a way as to effect the election of all nominees or as many as possible under the rules of cumulative voting to the extent the proxies have discretionary authority to do so. If any nominee should become unable or unwilling to serve as a director, either (i) the proxies will be voted for such substitute nominees as shall be designated by the board of directors, or (ii) the number of nominees may be reduced. The board of directors presently has no knowledge that any of the nominees will be unable or unwilling to serve. The nine nominees receiving the highest number of votes at the Meeting will be elected.

Nominees for Director

The persons named below have been nominated by the current board of directors for election as directors to serve until completion of the merger or, if for any reason the merger is not completed, the next Annual Meeting and until their successors are duly elected and qualified. For information pertaining to stock ownership of each of the nominees reference can be made to the “– Security Ownership Of Management.”

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Name	Age	Position With Company	Director Since ¹	Principal Occupation, Business Experience During Past Five Years and Other Information
Stephen G. Andrews	56	President, CEO and Director	1998	President and CEO of NorCal Community Bancorp, 2002 to present. President and CEO of Bank of Alameda, 1998 to present.
Eric C. Cross	61	Director	1998	Retired President and CEO of Cross & Associates, Inc. Chairman of the Board of NorCal Community Bancorp, 2002 to present. Chairman of the Board of Bank of Alameda, 1998 to present. Former Chairman of Alameda Federal Savings and Loan Association.
James B. Davis	83	Chairman and Director	1998	Retired managing partner of the law firm of Davis, Craig and Young and its successors. Managing Principal, FIG Partners. LLC 2008 to present. Former board member and director of bank equity sales and trading, Howe Barnes Hoefler and Arnett.
Gregory R. Gersack	47	Director	2011	Vice Chairman of Bank of Alameda since 1998. Vice President of FVS Enterprises, Inc., an entertainment management company.
Michael G. Gorman	68	Director	1998	Principal of High Street Holdings, a diversified investment company, and CEO of Ortho Mattress Inc.
Kenneth M. Karmin	52	Director	2012	Registered investment advisor; President of Kevin Kennedy, LLC.
Kevin Kennedy	46	Director	2009	Certified public accountant; retired partner of Armanino McKenna, LLP. Former director of California Bancshares, Inc.
James L. McKenna	77	Director	1998	Former director, President and CEO of Alameda First National Bank.
Joel Vuylsteke	83	Director	1998	

¹ Includes service as a director of Bank of Alameda, the predecessor institution of NorCal.

There are no family relationships among any of NorCal's Executive Officers, directors or director nominees.

No director or nominee chosen by the board of directors is, or within the last five years was, a director of any company with a class of securities registered pursuant to section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of section 15(d) of such Act or of any company registered as an investment company under the Investment Company Act of 1940, as amended, except as follows: Kenneth M. Karmin is a director of JMP Group, NYSE registered company.

Executive Officers of NorCal and Bank of Alameda

Set forth below is certain information with respect to the Executive Officers of NorCal and of Bank of Alameda.

Name	Age	Position	Officer Since ¹
James B. Davis	83	Chairman of the Board, NorCal and Bank of Alameda	1998
Stephen G. Andrews	56	President and Chief Executive Officer, NorCal and Bank of Alameda	1998
Jeanette E. Reynolds	52	Executive Vice President, Chief Financial Officer and Corporate Secretary, NorCal and Bank of Alameda	1998
P. Troy Williams	52	Executive Vice President, Chief Operating Officer and Chief Lending Officer, NorCal and Bank of Alameda	1998

¹ Includes service as an officer of Bank of Alameda, the predecessor institution of NorCal.

A brief summary of the background and business experience of the Executive Officers of NorCal who have not previously been described is set forth below:

Jeanette E. Reynolds has served as NorCal's Executive Vice President, Chief Financial Officer and Corporate Secretary since NorCal was organized in 2002. Ms. Reynolds has served as Bank of Alameda's Executive Vice President and Chief Financial Officer since Bank of Alameda commenced business in 1998 and as Bank of Alameda's Corporate Secretary since 2001. Prior to that she was Corporate Manager, Western Region for U.S. Bank from 1997 to 1998, and Senior Vice President, Finance for California Bancshares, Inc. from 1987 to 1997.

P. Troy Williams has served as Bank of Alameda's Executive Vice President and Chief Lending Officer since May 2000 and was named Chief Operating Officer in 2006. Mr. Williams has been an Executive Vice President of NorCal since 2004. Prior to that he was Bank of Alameda's Vice President and Commercial Lending Officer from the time Bank of Alameda commenced business in 1998 until May 2000. Prior to joining Bank of Alameda Mr. Williams was Vice President and Branch Manager for Summit Bank in Oakland, California from 1982 to 1998.

Information Pertaining to Election of Directors

Security Ownership of Management. The following table sets forth information as of the record date pertaining to beneficial ownership of NorCal's common stock (the sole class of stock outstanding) by current directors of NorCal, nominees to be elected to the board of directors, the executive officers named in the Summary Compensation Table, and all directors and executive officers of NorCal as a group. As used throughout this proxy statement – prospectus, the terms "Officer" and "Executive Officer" refer to the Chairman of the Board; the President and Chief Executive Officer; the Executive Vice President and Chief Financial Officer; and the Executive Vice President, Chief Operating Officer and Chief Lending Officer. The information in the following table has been obtained from NorCal's records, or from information furnished directly by the individual or entity to NorCal.

For purposes of the following table, shares issuable pursuant to stock options which may be exercised within 60 days of the record date are deemed to be issued and outstanding and have been treated

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as outstanding in determining the amount and nature of beneficial ownership and in calculating the percentage of ownership of those individuals possessing such interest, but not for any other individuals.

Name and Address of Beneficial Owner(1)	Relationship with Company or Bank	Amount and Nature of Beneficial Ownership(2)	Exercisable Options(2)(3)	Percent of Class(2)	
Stephen G. Andrews	President, CEO and Director, Company and Bank		19,375	1.76	%
Eric C. Cross	Director, Company and Bank		-0-	2.00	%
James B. Davis	Chairman of the Board and Director, Company and Bank		19,375	2.06	%
Gregory R. Gersack	Director, Company and Bank	275,000	-0-	2.58	%
Michael G. Gorman	Director, Company and Vice Chairman, Bank		-0-	2.34	%
Kenneth M. Karmin	Director Nominee, Company and Bank	350,000	-0-	3.29	%
Kevin Kennedy	Director, Company and Bank		-0-	1.43	%
James L. McKenna	Director, Company and Bank		-0-	1.87	%
Jeanette E. Reynolds	Executive Vice President, Chief Financial Officer and Secretary, Company and Bank	39,142	16,375	0.37	%
Joel Vuylsteke	Director, Company and Bank		-0-	2.18	%
P. Troy Williams	Executive Vice President, Chief Operating and Chief Lending Officer, Company and Bank		16,375	0.87	%
All directors and executive officers as a group (11 in number)		2,209,158	71,500	20.62	%

(1) The address for all persons is c/o NorCal Community Bancorp, 1701 Harbor Bay Parkway, Suite 100, Alameda, California, 94502.

(2) Includes exercisable options shown in the next column. In calculating the percentage of ownership, all shares which the identified person or persons have the right to acquire by exercise of options are deemed to be outstanding for the purpose of computing the percentage of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.

- (3) Indicates number of shares subject to options currently exercisable or exercisable within 60 days of the record date.
- (4) Includes 154,217 shares held in a living trust of which Mr. Andrews is a trustee and with respect to which he shares voting and investment power.
Includes 25,312 shares held by Cross & Associates Pension Trust Plan of which Mr. Cross is a trustee and with respect to which he shares voting and investment power, 33,750 shares held by Cross & Associates Profit Sharing
- (5) Trust of which Mr. Cross is also a trustee and with respect to which he shares voting and investment power, and 50,000 shares held jointly with Mr. Cross's spouse.
- (6) Includes 190,686 shares held in a trust of which Mr. Davis is a trustee and with respect to which he has sole voting and investment power.
Includes 172,000 shares held in a family trust of which Mr. Gorman is a trustee and with respect to which he shares voting and investment power and 75,000 shares held by Frederica Von Stade Enterprises Defined Benefit Pension
- (7) Plan and Trust of which Mr. Gorman is also a trustee and with respect to which he shares voting and investment power.
- (8) Includes 52,711 shares held in a trust of which Mr. Kennedy is a trustee and with respect to which he has sole voting and investment power.
Includes 197,312 shares held in a Profit Sharing Plan with respect to which Mr. McKenna holds voting and
- (9) investment power, and 625 shares in a living trust of which Mr. McKenna is a trustee and with respect to which he shares voting and investment power.
- (10) Includes 230,050 shares held in a family trust of which Mr. Vuylsteke is a trustee and with respect to which he has voting and investment power.
- (11) Includes 20,208 shares held jointly with Mr. William's spouse.

Committees of the Board of Directors.

Executive Committee. The Executive Committee is authorized by NorCal's By-Laws to exercise all of the powers and authority of the board of directors during the intervals between meetings of the Board, except the power to declare dividends and to adopt, amend or repeal By-Laws or as otherwise prohibited by law. The members of the Executive Committee are James B. Davis (Chairman), Stephen G. Andrews, Michael G. Gorman, James L. McKenna and Joel Vuylsteke. The Executive Committee did not meet during 2012.

Audit Committee. The Audit Committee reviews or causes to be reviewed, in accordance with procedures approved by the board of directors, all reports of examination of NorCal and Bank of Alameda made by regulatory authorities, and makes or causes to be made in accordance with procedures approved by the Board, third party examinations and audits of NorCal and Bank of Alameda. The Committee regularly reports to the Board its findings, conclusions and recommendations, if any, relating to the adequacy of internal controls and procedures in accordance with applicable laws, regulations and sound financial accounting principles. The Audit Committee selects NorCal's independent certified public accountants and pre-approves all non-audit services.

The members of the Audit Committee are James L. McKenna (Chairman), Eric C. Cross, Gregory R. Gersack, Michael G. Gorman, Kenneth M. Karmin, Kevin Kennedy and Joel Vuylsteke. All Audit Committee members would be considered independent under Rule 5605(a) of the Nasdaq listing standards. In addition, the board of directors has determined that James L. McKenna has:

- (i) an understanding of generally accepted accounting principles and financial statements;
- (ii) the ability to assess the general application of such principles in connection with the account for estimates, accruals and reserves;
 - experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by NorCal's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (iii) an understanding of internal control over financial reporting; and
- (iv) an understanding of audit committee functions.

Therefore, the board of directors has determined that Mr. McKenna meets the definition of "audit committee financial expert" under the rules of the SEC and is "financially sophisticated" under Nasdaq rules. Designation of a person as an audit committee financial expert does not result in the person being deemed an expert for any purpose, including under Section 11 of the Securities Act of 1933. The designation does not impose on the person any duties, obligations or liability greater than those imposed on any other audit committee member or any other director and does not affect the duties, obligations or liability of any other member of the audit committee or board of directors.

During 2012 the Audit Committee met five times.

Loan Committee. The Loan Committee is responsible for establishing loan policies and procedures and reviewing Bank of Alameda's loan portfolio. The Committee also has general oversight responsibility for Bank of Alameda's policy and performance under the Community Reinvestment Act. The members of the Loan Committee are Joel Vuylsteke (Chairman), Stephen G. Andrews, Eric C. Cross, James B. Davis, Gregory R. Gersack, Michael G. Gorman, Kevin Kennedy and James L. McKenna. During 2012 the Loan Committee met 18 times.

Compensation Committee. The Compensation Committee, which consists entirely of independent directors, is responsible for determining the compensation of directors and executive officers of NorCal. The Committee is responsible for evaluating, reviewing and recommending to the Board of the Directors compensation levels and equity and non-equity incentive compensation for all employees. The Committee also oversees NorCal's benefit plans and all employment and personnel policies and procedures including employment contracts. The members of the Compensation Committee are Eric C. Cross (Chairman), Gregory R. Gersack, Michael G. Gorman, Kenneth M. Karmin, Kevin Kennedy, James L. McKenna and Joel Vuylsteke. During 2012 the Compensation Committee met two times.

Committee Charters. The Committees of the board of directors do not have standing charters. They have such authority as the board of directors delegates to them from time to time.

NorCal does not have a nominating committee. The board of directors performs the functions of a nominating committee.

During calendar year 2012, NorCal's board of directors met 12 times for regularly scheduled meetings. Bank of Alameda's board of directors met 12 times for regularly scheduled meetings. Each director attended at least 75 percent of the aggregate of: (i) the total number of

meetings of the board of directors; and (ii) the total number of meetings of board committees on which that director served.

Indebtedness of Management. Some of NorCal's directors and executive officers, as well as their immediate family and associates, are customers of, and have had banking transactions with, Bank of Alameda in the ordinary course of Bank of Alameda's business, and NorCal expects these persons to have such ordinary banking transactions with Bank of Alameda in the future. In the opinion of management of NorCal, all loans and commitments to lend included in such transactions were made in the ordinary course of business on the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness, and do not involve more than the normal risk of collectability or present other unfavorable features. While Bank of Alameda does not have any limits on the aggregate amount it may lend to directors and executive officers as a group, loans to individual directors and officers must comply with Bank of Alameda's lending policies and statutory lending limits. In addition, prior approval of Bank of Alameda's board of directors is required for all such loans.

Transactions With Management and Others. There are no existing or proposed material transactions between NorCal and any of NorCal's directors, executive officers, nominees for election as a director, or the immediate family or associates of any of the foregoing persons.

Change In Control. Upon completion of the merger, NorCal will merge with and into Bank of Marin Bancorp and will cease to exist as a separate entity. Other than the merger agreement, Management is not aware of any arrangements, including the pledge by any person of shares of NorCal, the operation of which may at a subsequent date result in a change in control of NorCal.

Summary Compensation Table

Name and Principal Position	Year	Salary \$	Bonus \$	Stock Awards \$	Option Awards \$	All other Compensation \$	Total \$
Stephen G. Andrews President and CEO	2012	224,643	Nil	15,000	Nil	11,848	251,491
	2011	214,200	Nil	Nil	Nil	11,848	226,048
	2010	214,200	Nil	Nil	7,500	11,848	233,548
Jeanette E. Reynolds EVP/CFO	2012	161,227	Nil	15,000	Nil	480	176,707
	2011	149,016	Nil	Nil	Nil	480	149,496
	2010	149,016	Nil	Nil	7,500	480	156,996
P. Troy Williams EVP/COO/CLO	2012	167,708	Nil	15,000	Nil	5,133	187,841
	2011	156,450	Nil	Nil	Nil	5,133	161,583
	2010	156,450	Nil	Nil	7,500	5,133	169,083
James B. Davis Chairman of the Board	2012	109,386	Nil	15,000	Nil	-	124,386
	2011	105,179	Nil	Nil	Nil	-	105,179
	2010	105,179	Nil	Nil	7,500	351	113,030

- (1) Represents group term life insurance payments for each named executive, and \$11,800 paid in 2012, 2011 and 2010 to Mr. Andrews and \$4,800 paid in 2012, 2011 and 2010 to Mr. Williams as an automobile allowance.

Employment Contracts. During 2012 employment agreements were in effect between NorCal and Stephen G. Andrews, Jeanette E. Reynolds, P. Troy Williams and James B. Davis, pursuant to which they each agreed to serve as executive officers of NorCal. These employment agreements provide for annual salaries of \$[*] for Mr. Andrews, \$[*] for Ms. Reynolds, \$[*] for Mr. Williams, and \$[*] for Mr. Davis. Each of the employment agreements will automatically renew for an additional term of one year unless terminated earlier by the parties.

Equity Incentive Plan. In 1998 Bank of Alameda's board of directors adopted the Bank of Alameda 1998 Stock Option Plan ("1998 Plan") in order to promote the long-term success of Bank of Alameda and the creation of shareholder value. The 1998 Plan was approved by Bank of Alameda's shareholders at the 1999 Annual Meeting of Shareholders. Following the reorganization transaction pursuant to which NorCal became the holding company for Bank of Alameda in 2002, the Plan was amended, adopted by NorCal and re-named the NorCal Community Bancorp Amended and Restated 1998 Stock Option Plan. In 2006 the shareholders approved an amendment to the Plan and the Plan was re-named the Amended and Restated 1998 Equity Incentive Plan. The Amended and Restated 1998 Equity Incentive Plan expired on May 3, 2008. During 2008 NorCal obtained shareholder approval of the NorCal Community Bancorp 2008 Equity Incentive Plan to replace the expiring 1998 plan.

Grants of Plan-Based Awards.

Name	Grant Date	Stock Awards Number of Shares of Stock or Units #	Grant Date Fair Value of Stock and Option Awards (\$)
Stephen G. Andrews	5/17/2012	10,000	17,000
Jeanette E. Reynolds	5/17/2012	10,000	17,000
P. Troy Williams	5/17/2012	10,000	17,000
James B. Davis	5/17/2012	10,000	17,000

¹ The grant date fair value of the restricted stock awards was \$1.70, which was the intrinsic value, or stock price on the grant date.

Outstanding Equity Awards at Fiscal Year-End. The following table summarizes the outstanding equity awards at December 31, 2012.

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Name	Option Awards				Stock Awards		
	Number of Securities Underlying Options Exercisable #	Number of Securities Underlying Options Unexercisable #	Option Exercise Price \$	Option Expiration Date	Grant Date	Number of Shares of Stock Not Vested #	Market Value of Shares of Stock Not Vested \$
Stephen G. Andrews	10,000	Nil	1.50	12/16/2016	5/17/2012	10,000	18,600
	5,625	Nil	8.22	10/16/2013			
	3,750	Nil	12.67	6/17/2014			
Jeanette E. Reynolds	10,000	Nil	1.50	12/16/2016	5/17/2012	10,000	18,600
	3,375	Nil	8.22	10/16/2013			
	3,000	Nil	12.67	6/17/2014			
P. Troy Williams	10,000	Nil	1.50	12/16/2016	5/17/2012	10,000	18,600
	3,375	Nil	8.22	10/16/2013			
	3,000	Nil	12.67	6/17/2014			
James B. Davis	10,000	Nil	1.50	12/16/2016	5/17/2012	10,000	18,600
	5,625	Nil	8.22	10/16/2013			
	3,750	Nil	12.67	6/17/2014			

Option Exercises and Stock Vesting. None of the named executive officers exercised stock options and therefore did not realize any value during 2012.

Pension Benefits. NorCal does not maintain any plan that provides for payments or other benefits at, or following, or in connection with retirement.

Nonqualified Deferred Compensation. NorCal does not maintain a nonqualified deferred compensation plan.

Equity Compensation Plan Information.

Plan category	(a) No. of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) No. of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	75,250	\$5.65	360,000

Potential Payments Upon Termination or Change-In-Control. The table below quantifies the estimated payments and benefits that will be provided to executive management in connection with the merger with Marin and the provisions of the Change in Control Agreements at close.

Name	Value of Salary Component \$	Value of Benefits Under COBRA \$	Value of Cancelled In-the-money Stock options \$
Stephen G. Andrews	465,082		15,100
Jeanette E. Reynolds	169,926		15,100
P. Troy Williams	175,829		15,100
James B. Davis	225,334	Nil	15,100

401(k) Plan. The Board of Directors of NorCal adopted a 401(k) Plan that is available to all employees. The NorCal 401(k) Plan is intended to provide a tax-deferred savings vehicle to its participants. During 2012 NorCal did not make any contributions to participants in the NorCal 401(k) Plan. Effective January 1, 2013 employer contributions began in amounts equal to 100% of the employee's contribution up to 3% of the employee's annual base compensation amount and 50% of employee's contribution over 3% to 4% of the employee's annual base compensation.

Directors Compensation for 2012. The table below details the compensation earned by non-employee directors in 2012.

Name	Fees earned or paid in cash \$
Eric C. Cross	29,688
Gregory R. Gersack	26,608
Michael G. Gorman	27,008
Kenneth M. Karmin ¹	-
Kevin Kennedy	27,808
James L. McKenna	36,448
Joel Vuylsteke	32,408

¹Kenneth M. Karmin elected to waive his directors fees in 2012.

During 2012, directors who were not employees of NorCal each received an annual retainer fee of \$24,192, payable in monthly increments of \$2,016, for serving on the board of directors. Directors also received \$200 for each Board committee meeting they attended that did not take place on the same day as a meeting of the full board of directors and \$2,016 for each strategic planning session attended. The Chairman of the Audit Committee received an annual retainer fee of \$8,640, payable in monthly increments of \$720, the Chairman of the Loan Committee received an annual retainer fee of \$4,800 payable in monthly increments of \$400, and the Chairman of the Compensation Committee received an annual retainer of \$2,880, payable in monthly increments of \$240. For the 2012 fiscal year, fees paid to directors for attendance at meetings of the board of directors or committees of the Board totaled \$179,168.

Significant Litigation. NorCal is not involved in any litigation other than routine litigation in the ordinary course of NorCal's business.

Recommendation of the Board of Directors

The proxy holders intend to vote all proxies they hold in favor of election of each of the nominees, unless otherwise provided by the shareholders' voting instructions on the proxy card. You are urged to vote "FOR" approval of the merger agreement, and "FOR" management's nominees for director. If no instruction is given, the proxy holders intend to vote for each proposal set forth above.

LEGAL MATTERS

Certain legal matters, including the validity of the shares of Marin common stock to be issued in connection with the merger, will be passed upon for Marin by Stuart | Moore, San Luis Obispo, California. As of the date of this proxy statement – prospectus, members of Stuart | Moore owned an aggregate of approximately [*] shares of Marin common stock.

EXPERTS

The financial statements of Marin and management’s report on the effectiveness of Marin’s internal control over financial reporting appearing in Marin’s Annual Report on Form 10-K for the year ended December 31, 2012, have been audited by Moss Adams LLP, independent registered public accounting firm, as set forth in its report thereon, and incorporated in this prospectus by reference , and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of NorCal Community Bancorp as of December 31, 2012 and 2011 and for the years then ended included in this Prospectus have been so included in reliance on the report of Crowe Horwath LLP, independent auditors, given on the authority of said firm as experts in auditing and accounting.

OTHER BUSINESS

The only business to be conducted at the annual meeting will be the approval of the merger and election of directors. No other business may be presented, other than adjournment, if necessary, to solicit additional proxies.

Dated: [*], 2013

NORCAL COMMUNITY BANCORP

Jeanette E. Reynolds,
Secretary

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INDEPENDENT AUDITOR'S REPORT

The Shareholders and
Board of Directors
NorCal Community Bancorp
Alameda, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of NorCal Community Bancorp, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorCal Community Bancorp as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of NorCal Community Bancorp for the year ended December 31, 2010 were audited by other auditors whose report dated February 17, 2011 expressed an unqualified opinion on those statements.

Sacramento, California
February 21, 2013

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NORCAL COMMUNITY BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and due from banks	\$2,049,831	\$1,703,234
Interest bearing deposits in other banks		