

GREATER BAY BANCORP

Form 11-K

June 30, 2004

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] for the fiscal year ended December 31, 2003 or
- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] for the transition period from _____ TO _____.

Commission file number 0-25034

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

GREATER BAY BANCORP 401(k) PLAN

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

GREATER BAY BANCORP
2860 WEST BAYSHORE ROAD
PALO ALTO, CALIFORNIA 94303

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INTRODUCTION

Greater Bay Bancorp has established the Greater Bay Bancorp 401(k) Plan (the Plan). The Plan is a profit sharing plan with a cash or deferred arrangement intended to qualify under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended. The Plan was registered on Registration Statements on Form S-8 filed with the Securities and Exchange Commission on July 8, 1997 (File No. 333-30913) and November 20, 1998 (File No. 333-67677).

REQUIRED INFORMATION

1. Financial Statements and Supplemental Schedules.

Report of Independent Registered Public Accounting Firm

Financial Statements:

Statements of Net Assets Available for Benefits as of December 31, 2003 and 2002

Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2003

Notes to Financial Statements

Supplemental Schedules:

Schedule of Assets (Held at End of Year) Form 5500, Line 4i, Schedule H, Part IV
December 31, 2003

2. Exhibits.

23.1 Consent of Independent Registered Public Accounting Firm

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Greater Bay Bancorp 401(k) Plan

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December 31, 2003 and 2002

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Note: Other supplementary schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Greater Bay Bancorp 401(k) Plan

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Greater Bay Bancorp 401(k) Plan (the "Plan") at December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

San Francisco, CA

June 30, 2004

Table of Contents**Greater Bay Bancorp 401(k) Plan****Statement of Net Assets Available for Benefits****As of December 31, 2003 and 2002**

	2003	2002
Assets		
Investments, at fair market value	\$ 53,551,097	\$ 34,151,178
Receivables:		
Employer contribution	114,054	283,555
Participant contribution	146,639	128,716
Accrued interest and dividends	72,898	59,669
	<u> </u>	<u> </u>
Total receivables	333,591	471,940
	<u> </u>	<u> </u>
Total assets	53,884,688	34,623,118
	<u> </u>	<u> </u>
Liabilities		
Total liabilities		
	<u> </u>	<u> </u>
Net assets available for benefits	\$ 53,884,688	\$ 34,623,118
	<u> </u>	<u> </u>

Table of Contents**Greater Bay Bancorp 401(k) Plan****Statement of Changes in Net Assets Available for Benefits****For the Year Ended December 31, 2003****Additions**

Additions to net assets attributed to:

Net appreciation in fair value of investments \$ 11,642,791

Investment income:

Interest 101,362

Dividends 294,504

395,866

12,038,657

Contributions:

Employee 5,280,212

Employer 2,726,093

Rollover 1,607,067

9,613,372

Total additions

21,652,029**Deductions**

Deduction from net assets attributed to:

Distributions to participants 2,571,195

Administrative expenses 55,840

2,627,035

Net increase

19,024,994

Net assets transferred in from terminated plans

236,576

Net increase in net assets available for benefits

19,261,570

Net assets available for benefits, beginning of year

34,623,118

Net assets available for benefits, end of year

\$ 53,884,688

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Greater Bay Bancorp 401(k) Plan

Notes to Financial Statements

As of and for the Year Ended December 31, 2003

1. Plan Description

The following description of the Greater Bay Bancorp 401(k) Plan (the Plan) is provided for general information purposes only. Participants of the Plan should refer to the Plan document for a more comprehensive description of the Plan's provisions.

General

Greater Bay Bancorp (GBB) sponsors a 401(k) plan called the Plan. The Plan is a defined contribution plan covering all employees of GBB and its Bank subsidiaries who are 18 years of age or older. GBB and the Bank Subsidiaries are herein collectively referred to as the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan's assets have been held with Wells Fargo Bank N.A., the Plan's Trustee since December 1, 2000.

Plan Amendments

The Company amended and restated the Plan by adopting the Wells Fargo Bank N.A., Master Plan as amended for GUST and has submitted the amended and restated Plan and Plan Adoption Agreement to the Internal Revenue Services (IRS) for a letter of determination as to the qualified status of the Plan. The Company also adopted a Plan amendment for compliance with The Economic Growth and Tax Relief Reconciliation Tax Act (EGTRRA) and with final minimum required distribution regulations.

Plan Transfers

The accounts of a few participants who did not respond to requests for distribution instructions were transferred from the terminated plans of four of the Company's subsidiary banks. Transferred receipts included five participant accounts from the Bank of Santa Clara 401(k) Plan, and one account each from the Coast Commercial Bank 401(k) Plan, the Coast Commercial Bank ESOP, the Golden Gate Bank 401(k) Plan, and the MATSCO 401(k) Plan, totaling \$236,576.

Contributions

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Each year, participants may contribute between 1% and 50% of eligible compensation, as that term is defined in the Plan, but no more than the dollar limit prescribed annually by the Internal Revenue Code (IRC). Participants age 50 and over may make additional catch-up contributions up to the dollar limit prescribed annually by the IRC. The Plan also accepts qualified rollover contributions from employees. The Company makes a matching contribution in an amount equal to 62.5% of participants salary deferral contributions that do not exceed 8% of eligible compensation. Additional employer contributions may be made at the Company s discretion. Catch-up contributions are not matched by the Company. Qualified non-elective contributions may be made to the accounts of non-highly compensated participants only.

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Greater Bay Bancorp 401(k) Plan

Notes to Financial Statements

As of and for the Year Ended December 31, 2003

Participant Accounts

Individual salary deferral, rollover and employer contributions accounts are maintained for each Plan participant by the Plan's recordkeeper, Wells Fargo Retirement Plan Services. The accounts of each participant are credited with his or her salary deferral contributions, rollover contributions, employer contributions and investment earnings.

Vesting

Participants are immediately 100% vested in all salary deferral contributions. Vesting in employer matching and discretionary contributions is based on years of service as follows:

Years of Service	Percent Vested
1	25%
2	50%
3	75%
4 or more	100%

Participants who were employed by entities that merged with GBB receive credit for years of service with the merged entity for vesting purposes.

Forfeitures

Any participant who terminates employment before becoming 100% vested in his or her employer contributions accounts will forfeit the non-vested portion of his or her employer contributions account when the account is distributed. Forfeited amounts may be used currently to reduce employer contributions. However, upon reemployment, forfeited amounts may be restored to the accounts of participants under rules set out in the Plan's Forfeitures Break in Service rules. The total forfeiture amount as of December 31, 2003 is \$ 85,942.

Table of Contents**Greater Bay Bancorp 401(k) Plan****Notes to Financial Statements****As of and for the Year Ended December 31, 2003****Investment Options**

Upon enrollment in the Plan, each participant must direct the Trustee to invest his or her account among a selection of mutual funds, common collective trust funds and/or an employer stock fund. The investment selections available to participants include at minimum, but are not limited to, the following types of investment funds:

Stable Value Funds providing current income with liquidity, primarily through Guaranteed Investment Contracts (GIC), government and other money market fixed income

Bond Funds providing income and capital appreciation through ownership of corporate and government debt instruments

Equity Funds primarily providing capital appreciation through investments in common stock across broad industry, market capitalization and other investment classes to diffuse risk. Participants may make changes to investment directions for future contributions in whole percentages and re-direct the investment of current investments at any time.

Investments

Investments representing 5% or more of net assets available for Plan benefits were as follows:

Identity of Issuer	Description of Investments	Fair Value
Greater Bay Bancorp Common Stock	Common Stock of Company	\$ 14,646,381
WF Asset Allocation EBT Ret	Common Collective Trust	7,747,897
WF S&P 500 Index	Common Collective Trust	7,566,086
WF Stable Return EBT	Common Collective Trust	7,417,850
WF Bond Index	Common Collective Trust	3,546,359
WF S&P Midcap Index EBT Ret	Common Collective Trust	2,954,745
		\$ 43,879,318

Participant Loans

Any participant may borrow a maximum of 50% of his or her vested account balance, but not more than \$50,000 and not less than \$1,000. All loans provide for semi-monthly repayment by payroll deduction, under level amortization schedules and bear a commercially reasonable rate of interest. Loans made for any purpose must be repaid within 5 years except loans made for the purchase of the participant's principal residence. A maximum of 2 all purpose and 1 principal residence loans may be outstanding at any time.

Payment of Benefits

Upon termination of employment, including termination at death, disability or retirement, a participant whose account balance exceeds \$5,000 may elect to receive either a lump-sum distribution or installment payments over a period not to exceed the participant's life expectancy or the joint life expectancy of the participant and his or her designated beneficiary.

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Greater Bay Bancorp 401(k) Plan

Notes to Financial Statements

As of and for the Year Ended December 31, 2003

2. Summary of Significant Accounting Policies

Basis of Accounting

The records of the Plan are kept and the accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options in a combination of 16 investment vehicles including various mutual funds, common collective funds, a stable value fund and an employer stock fund investment. Funds may be invested in various combinations of stocks, bonds, income, and other investment securities. Such investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in risk in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair market value. Mutual fund shares are valued at quoted market prices, common collective trusts are valued at the sum underlying quoted investment prices, and represents the net asset value of shares held by the Plan at year-end. Employer stock is held in a unitized fund. Participant loans are valued at cost.

Purchases and sales of securities are reflected on a trade date basis. Transaction gains or losses are determined on the average cost method. Interest income is recognized on the accrual basis. The net appreciation (depreciation) in the fair value of the Plan's investments consists of

realized gains or losses and the unrealized appreciation (depreciation) on those investments.

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Greater Bay Bancorp 401(k) Plan

Notes to Financial Statements

As of and for the Year Ended December 31, 2003

Contributions

Employee salary deferral contributions and the Company's matching contributions are recorded each pay period. Company discretionary and true-up matching contributions may be made no later than the due date, including extensions, of the Company's federal income tax return.

Payment of Benefits

Benefits are recorded when paid.

Tax Status

The IRS has determined and informed the Company by a letter dated May 5, 1995, that the Plan as submitted to the IRS, satisfies the requirements to be a qualified retirement plan under the applicable sections of the IRC. The Company has amended the Plan to comply with recent changes to the IRC, collectively referred to as the GUST amendment, and has filed for a new determination letter from the IRS on the Plan's continued qualification following such amendment. The Plan administrator believes that the Plan is currently being operated in compliance with the applicable requirements of the IRC and accordingly no provision for federal income taxes has been made.

3. Administrative Expenses

Participants are responsible for loan origination fees totaling \$75 per loan, investment management fees for the WF Stable Return Fund of 40 basis points, and employer stock fund administration fees of 20 basis points. GBB bears most of the administrative expenses associated with the management of the Plan and accordingly such expenses are not reflected in the financial statements of the Plan.

4. Plan Termination

Although it has not expressed any intent to do so, GBB has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. Participants will become 100% vested in the event of Plan termination.

5. Concentration of Risk

A portion of the Plan's assets is invested in the common stock of GBB, which represents 27.18% of the Plan's total assets at December 31, 2003 and 53.61% of the Plan's net investment appreciation for the year ended December 31, 2003.

Table of Contents**Greater Bay Bancorp 401(k) Plan****Schedule of Assets (Held at End of Year)****Form 5500, Line 4i, Schedule H, Part IV****December 31, 2003****EIN 77-0387041**

Identity of Issuer	Description of Investments	Current Value
* Greater Bay Bancorp Common Stock	Common Stock of Company	\$ 14,646,381
* WF Asset Allocation EBT Ret	Common Collective Trust	7,747,897
* WF S&P 500 Index EBT Ret	Common Collective Trust	7,566,086
* WF Stable Return EBT	Common Collective Trust	7,417,850
* WF Bond Index	Common Collective Trust	3,546,359
* WF S&P Midcap Index EBT Ret	Common Collective Trust	2,954,745
Artisan International Fund	Registered Investment Company	1,703,727
Fidelity Advisor Value Strategy	Registered Investment Company	1,658,598
Dreyfus Intermediate Term Income	Registered Investment Company	1,349,604
* WF Russell 2000 Index EBT Ret	Common Collective Trust	1,144,271
Fidelity Advisor Dividend Growth Fund Class A	Registered Investment Company	1,100,788
Fidelity Advisor Value Strategies Fund T	Registered Investment Company	826,983
ABN AMRO Veredus Aggressive Growth Fund	Registered Investment Company	515,177
AIM Basic Value Fund	Registered Investment Company	215,219
Fidelity Advisor Mid Cap Fund	Registered Investment Company	191,585
Total investment portfolio		52,585,270
* Participant loans, secured by balance of vested accounts with interest rates ranging from 4.25% to 9.50%		965,827
Total investment portfolio and participant loans		\$ 53,551,097

* Indicates a party-in-interest with respect to the Plan.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Greater Bay Bancorp 401 (k) Plan

(Name of Plan)

Date: June 30, 2004

By: /s/ Peggy Hiraoka

Peggy Hiraoka

Executive Vice President

Greater Bay Bancorp

Plan Administrator

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
23.1	Consent of Independent Registered Public Accounting Firm