UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2005

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to .

Commission File Number: 000-15637

SVB FINANCIAL GROUP

(formerly Silicon Valley Bancshares)

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**91-1962278** (I.R.S. Employer Identification No.)
3003 Tasman Drive, Santa Clara, California 95054 1191 (Address of principal executive offices including zip code)	**http://www.svb.com/company/investor_fs.asp** (Registrant s URL)

(408) 654-7400
Registrant s telephone number, including area code:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes o Noý

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yesý Noo

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ý

At December 23, 2005, 34,910,915 shares of the registrant s common stock ($0.001 par value) were outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1 - INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except par value)		June 30, 2005		December 31, 2004
Assets				
Cash and due from banks	$	259,824	$	284,208
Federal funds sold, securities purchased under agreement to resell and other short-term investments		278,421		343,010
Investment securities		2,201,016		2,074,967
Loans, net of unearned income		2,423,965		2,308,588
Allowance for loan and lease losses		(36,372)		(37,613)
Loans, net		2,387,593		2,270,975
Premises and equipment, net of accumulated depreciation and amortization		18,782		14,641
Goodwill		35,639		35,639
Accrued interest receivable and other assets		126,551		122,239
Total assets	$	5,307,826	$	5,145,679
Liabilities, Minority Interest, and Stockholders Equity				
Liabilities:				
Deposits:				
Noninterest-bearing demand	$	2,728,646	$	2,649,853
Negotiable order of withdrawal (NOW)		38,446		32,009
Money market		1,315,850		1,206,078
Time		290,177		331,574
Total deposits		4,373,119		4,219,514
Contingently convertible debt		147,195		146,740
Junior subordinated debentures		50,304		49,470
Other borrowings		11,418		9,820
Other liabilities		94,780		107,502
Total liabilities		4,676,816		4,533,046
Commitments and contingencies				
Minority interest in capital of consolidated affiliates		98,080		70,685
Stockholders equity:				
Preferred stock, $0.001 par value, 20,000,000 shares authorized; no shares issued and outstanding				
Common stock, $0.001 par value, 150,000,000 shares authorized; 35,097,064 and 35,970,095 shares outstanding at June 30, 2005 and December 31, 2004, respectively		35		36
Additional paid-in capital		5,263		45,226
Retained earnings		539,035		499,911
Unearned compensation		(9,171)		(4,512)

Accumulated other comprehensive income (loss)		(2,232)		1,287
Total stockholders equity		532,930		541,948
Total liabilities, minority interest, and stockholders equity	$	5,307,826	$	5,145,679

See accompanying notes to interim unaudited consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands, except per share amounts)	For the three months ended June 30, 2005	For the three months ended June 30, 2004 (As Restated)	For the six months ended June 30, 2005	For the six months ended June 30, 2004 (As Restated)
Interest income:				
Loans	$ 51,306	$ 35,614	$ 98,762	$ 71,122
Investment securities:				
Taxable	21,191	17,578	42,165	31,072
Non-taxable	947	1,290	1,970	2,751
Federal funds sold, securities purchased under agreement to resell and other short-term investments	2,025	1,717	4,984	3,690
Total interest income	75,469	56,199	147,881	108,635
Interest expense:				
Deposits	2,848	2,124	5,110	4,138
Other borrowings	931	712	1,726	1,438
Total interest expense	3,779	2,836	6,836	5,576
Net interest income	71,690	53,363	141,045	103,059
(Recovery of) provision for loan and lease losses	814	(6,175)	(3,000)	(5,530)
Net interest income after (recovery of) provision for loan and lease losses	70,876	59,538	144,045	108,589
Noninterest income:				
Client investment fees	7,805	6,399	15,201	12,667
Letter of credit and standby letter of credit income	2,423	2,343	4,793	5,014
Corporate finance fees	6,935	10,759	11,749	15,141
Deposit service charges	2,378	3,695	4,882	7,408
Gains on derivative instruments, net	10,115	3,593	14,141	6,158
Gains (losses) on investment securities, net	(1,631)	755	(429)	2,224
Other	2,108	2,924	4,936	5,783
Total noninterest income	30,133	30,468	55,273	54,395
Noninterest expense:				
Compensation and benefits	44,280	40,673	84,548	74,080
Professional services	5,653	4,876	10,723	8,215
Net occupancy	4,215	4,665	8,873	9,266
Furniture and equipment	3,300	3,450	6,019	6,359
Business development and travel	2,702	2,180	4,792	4,171
Correspondent bank fees	1,475	1,243	2,696	2,524
Data processing services	952	789	1,965	1,874
Telephone	1,061	902	1,950	1,684
Provision for (reduction of) unfunded credit commitments	(1,074)	3,101	(1,259)	2,382
Other	3,761	4,470	6,833	7,626
Total noninterest expense	66,325	66,349	127,140	118,181
Income before minority interest in net (income) loss of consolidated affiliates and income tax expense	34,684	23,657	72,178	44,803
	372	(67)	813	(548)

Minority interest in net (income) loss of consolidated affiliates								
Income before income tax expense		35,056		23,590		72,991		44,255
Income tax expense		14,160		9,129		29,159		16,573
Net income	$	20, 896	$	14,461	$	43,832	$	27,682
Earnings per common share basic	$	0.60	$	0.41	$	1.24	$	0.79
Earnings per common share diluted	$	0.54	$	0.39	$	1.13	$	0.75

See accompanying notes to interim unaudited consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(Dollars in thousands)	For the three months ended June 30, 2005	For the three months ended June 30, 2004 (As Restated)	For the six months ended June 30, 2005	For the six months ended June 30, 2004 (As Restated)
Net income	$ 20,896	$ 14,461	$ 43,832	$ 27,682
Other comprehensive income (loss), net of tax:				
Cumulative translation gains (losses):				
Translation gain (loss), net	(32)		(32)	
Change in unrealized gains (losses) on available-for-sale investment securities:				
Unrealized holding gains (losses), net	11,854	(23,847)	(2,197)	(17,003)
Reclassification adjustment for gains (losses) included in net income, net of tax	(1,087)	(12)	(1,290)	710
Other comprehensive income (loss), net of tax	10,735	(23,859)	(3,519)	(16,293)
Comprehensive income (loss)	$ 31,631	$ (9,398)	$ 40,313	$ 11,389

See accompanying notes to interim unaudited consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)	**For the six months ended June 30, 2005**	**June 30 2004 (As Restated)**
Cash flows from operating activities:		
Net income	$ 43,832	$ 27,682
Adjustments to reconcile net income to net cash provided by operating activities:		
(Recovery of) provision for loan and lease losses	(3,000)	(5,530)
(Gains) losses on investment securities, net	429	(2,224)
Changes in fair values of derivatives	1,601	3,460
Depreciation and amortization	4,173	4,323
Minority interest	(813)	548
Tax benefit of stock compensation	7,198	3,507
Amortization of stock-based compensation	3,441	773
Amortization of deferred warrant related loan fees	(3,504)	(2,610)
Deferred income tax expense (benefit)	1,310	(112)
Changes in other assets and liabilities:		
(Increase) in accrued interest receivable	(4,624)	(2,224)
(Increase) decrease in accounts receivable	867	(7,557)
(Increase) in income tax receivable	(6,442)	(735)
Increase (decrease) in accrued retention, incentive plans, other compensation benefits payable	(14,037)	2,333
Other, net	12,445	5,550
Net cash provided by operating activities	42,876	27,184
Cash flows from investing activities:		
Purchases of investment securities	(349,232)	(1,023,375)
Proceeds from sales of investment securities	210,120	141,134
Proceeds from maturities and pay downs of investment securities	7,902	390,989
Net (increase) in loans	(123,415)	(133,376)
Proceeds from recoveries of charged-off loans	7,829	7,263
Purchases of premises and equipment	(8,245)	(3,252)
Net cash (used by) investing activities	(255,041)	(620,617)
Cash flows from financing activities:		
Net increase in deposits	153,605	338,525
Increase in other borrowings, net	1,598	25,000
Capital contributions from minority interest participants, net of distributions	28,208	17,400
Proceeds from issuance of common stock	12,921	11,756
Repurchase of common stock	(73,140)	
Net cash provided by financing activities	123,192	392,681
Net (decrease) in cash and cash equivalents	(88,973)	(200,752)
Cash and cash equivalents at beginning of year	627,218	835,313
Cash and cash equivalents at end of period	$ 538,245	$ 634,561
Supplemental disclosures:		
Cash paid during the period for:		
Interest paid	$ 6,799	$ 5,512
Income taxes paid	$ 27,043	$ 13,920

See accompanying notes to interim unaudited consolidated financial statements.

SVB FINANCIAL GROUP AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Nature of Business

SVB Financial Group (formerly known as Silicon Valley Bancshares) (individually referred to as SVB Financial) and its subsidiaries (collectively, including SVB Financial, referred to as the Company) offer clients financial products and services through five lines of banking and financial services (see Note 10. Segment Reporting). SVB Financial is a bank holding company and a financial holding company whose principal subsidiary is Silicon Valley Bank (the Bank), a California chartered bank founded in 1983. The Company is headquartered in Santa Clara, California. As of May 31, 2005, the Company changed its name from Silicon Valley Bancshares to SVB Financial Group.

The Bank serves more than 10,000 clients across the country, through its 26 regional offices in the United States, and through two foreign subsidiaries located in London, England and Bangalore, India. The Bank has 12 offices throughout California and operates regional offices across the country in Arizona, Colorado, Georgia, Illinois, Massachusetts, Minnesota, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, and Washington. The Bank serves corporate clients in all stages of maturity ranging from emerging-growth companies to established middle market corporate companies in the technology and life science markets and the premium wine industry. The Company defines emerging-growth clients as companies in the start-up or early stages of their life cycle. These companies tend to be privately held and backed by venture capital investors. They generally have few employees, are primarily engaged in research and development, have brought relatively few products or services to market, and have no or little revenue. By contrast, the Company defines middle market clients as companies that tend to be more mature. These companies may be publicly traded and more established in the markets in which they participate. Additionally, merger, acquisition, private placement, and corporate partnering services are provided through the Company s wholly-owned investment banking subsidiary, SVB Alliant, whose offices are in California and Massachusetts.

2. Basis of Presentation

The accompanying unaudited interim consolidated financial statements contain all adjustments (of a normal and recurring nature) that are, in the opinion of management, necessary to fairly present the financial position, results of operations and cash flows of the Company in accordance with accounting principles generally accepted in the United States of America (GAAP). Such interim financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The results of operations for the three months and six months ended June 30, 2005, are not necessarily indicative of the results for any future periods. These interim consolidated financial statements should be read in conjunction with the Company s Amendment No. 1 to its Annual Report on Form 10-K/A for the year ended December 31, 2004 (2004 Form 10-K/A).

The consolidated balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements, as restated, at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying interim consolidated financial statements have been prepared on a consistent basis with the accounting policies described in Note 2 to the Consolidated Financial Statements that are presented in the Company s 2004 Form 10-K/A.

The preparation of interim consolidated financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior to fourth quarter of 2004, the Company aggregated its allowance for loan and lease losses and its liability for unfunded credit commitments and reflected the aggregate allowance in its allowance for loan and lease losses (ALLL) balance. Commencing in the fourth quarter of 2004, the Company reflected its allowance for loan and lease losses in its ALLL balance and its liability for unfunded credit commitments in other liabilities. These reclassifications were also made to prior periods balance sheets to conform to current period s presentations. Additionally, the Company reclassified expense related to the ALLL to provision for loan losses and expense related to changes in the liability for unfunded credit commitments into noninterest expense for all periods presented. Such reclassifications had no effect on our results of operations or stockholders equity.

Federal Funds Sold, Securities Purchased under Agreement to Resell and Other Short-Term Investments

Federal funds sold, securities purchased under agreement to resell and other short-term investments as reported in the consolidated balance sheets include interest-bearing deposits in other financial institutions of $23.1 million and $11.4 million at June 30, 2005 and December 31, 2004, respectively.

Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25), and related interpretations, to account for its employee stock options rather than the alternative fair value accounting allowed by Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. APB No. 25 provides that the compensation expense relative to the Company s employee stock options be measured based on the intrinsic value of the stock option. SFAS No. 123 as amended by SFAS No. 148 requires those companies that continue to follow APB No. 25 to provide pro forma disclosure of the impact of applying the fair value method of SFAS No. 123.

The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123 and Financial Accounting Standards Board (FASB) Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation.

The Company records compensation expense for the cost of restricted stock and restricted stock units by amortizing the grant date fair value of such grants over their vesting period.

Compensation expense related to the Employee Stock Purchase Plan (ESPP), used in determining the pro forma net income and basic and diluted earnings per share amounts, is calculated in accordance with the provisions of FASB Technical Bulletin No. 97-1 Accounting under Statement 123 for certain Employee Stock Purchase Plans with a Look-back Option.

If compensation cost related to both the Company s stock option awards to employees and directors and to the ESPP had been determined under the fair value method prescribed under SFAS No. 123, the Company s net income, basic earnings per share, and diluted earnings per share would have been the pro forma amounts shown below for the three months and six months ended June 30, 2005 and June 30, 2004:

(Dollars in thousands, except per share amounts)	**For the three months ended June 30,**				**For the six months ended June 30,**			
		2005		**2004 (As restated)**		**2005**		**2004 (As restated)**
Net income, as reported	$	20,896	$	14,461	$	43,832	$	27,682
Add: Stock-based compensation expense, net of tax reported in net income		1,257		301		1,919		445
Less: Total stock-based employee compensation expense determined under fair value based method, net of tax		(5,591)		(8,686)		(10,909)		(14,174)
Net income, pro forma	$	16,562	$	6,076	$	34,842	$	13,953
Earnings per common share basic:								
As reported	$	0.60	$	0.41	$	1.24	$	0.79
Pro forma		0.48		0.17		0.99		0.40
Earnings per diluted share diluted:								
As reported	$	0.54	$	0.39	$	1.13	$	0.75
Pro forma		0.45		0.17		0.93		0.39

Refer to the Company s 2004 Form 10-K/A under Part II. Item 8. Consolidated Financial Statements and Supplementary Data Note 19 to the Consolidated Financial Statements Employee Benefit Plans for assumptions used in calculating the pro forma amounts above.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123, revised 2004, Share-Based Payment (SFAS No. 123 (R)) which is a revision of SFAS No. 123 and supersedes APB No. 25. SFAS No. 123(R) requires the Company to measure the cost of employee services received in exchange for an award of equity instruments using a fair value method, and record such expense in the Company s consolidated financial statements for interim or annual reporting periods beginning after June 15, 2005. On April 14, 2005 the U.S. Securities and Exchange Commission (the SEC) provided issuers with an election to defer the adoption date of SFAS No. 123(R) from the first interim or annual reporting period beginning after June 15, 2005 to the first *annual* reporting period beginning after June 15, 2005. The Company elected to defer the effective date of SFAS No. 123(R) until fiscal 2006.

The adoption of SFAS No. 123(R) will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. The adoption of SFAS No. 123(R) will have a material impact on the Company s consolidated results of operations, financial position, and statement of cash flows as such expense will then be reported in its consolidated financial statements rather than on a pro forma basis in the notes to the consolidated financial statements. The Company expects that the pro forma expense calculated under SFAS No. 123 (above) will approximate the expense to be recognized under SFAS No. 123(R).

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections (SFAS No. 154), which replaces APB No. 20 Accounting Changes and SFAS No. 3 Reporting Accounting Changes in Interim Financial Statements. SFAS No. 154 also changes the requirements for the accounting for and reporting of a change in accounting principle, and applies to all voluntary changes in accounting principles, as well as changes required by an accounting pronouncement in the unusual instance it does not include specific transition provisions. Specifically, SFAS No. 154 requires retrospective application to prior periods financial statements, unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for the Company beginning January 1, 2006. The Company does not expect the adoption of SFAS No. 154 to have a material impact on its results of operations or financial condition.

3. Restatement of Financial Statements

As described in the Company s 2004 Form 10-K/A and its Amendment No. 1 on Form 10-Q/A for the three months ended March 31, 2005 (Q1 Form 10-Q/A), both of which were filed with the SEC prior to the filing of this report on Form 10-Q, the Company has restated its interim consolidated financial statements as of and for the three-month period ended March 31, 2005, the consolidated annual financial statements for the years 2004, 2003 and 2002, interim consolidated financial information for each of the quarters within fiscal 2004 and 2003, and selected financial data for fiscal years 2004, 2003, 2002, 2001 and 2000, for purposes of correcting misapplications of GAAP (the Restatement). This note should be read in conjunction with Note 3, Restatement of Financial Statements in the Notes to the Company s consolidated financial statements included in Item 8, Consolidated Financial Statements and Supplementary Data of the 2004 Form 10-K/A, which provides further information on the nature and impact of the Restatement.

The primary Restatement adjustments recorded due to the misapplication of GAAP are described below.

Derivative equity warrant assets with net share settlement provisions were not accounted for as derivatives in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (SFAS No. 133).

Derivative equity warrant assets with net share settlement provisions were not accounted for as derivatives in accordance with the provisions of SFAS No. 133, as amended. This misapplication of GAAP resulted in a change to the Company s interest income, provision for loan and lease losses, noninterest income and net income for the years ended December 31, 2004, 2003 and 2002 and for all quarterly periods during the years ended December 31, 2004 and 2003. The total impact, including all adjustments, increased (decreased) income before income tax expense by $(1.2) million, $6.1 million and $5.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company often obtains derivative equity warrant assets to purchase an interest in a client s stock in connection with providing credit facilities and, less frequently, for providing other services. In general, the derivative equity warrant assets that it holds entitle the Company to buy a specific number of shares of stock at a specific price over a specific time period. Certain warrants obtained by the Company include contingent provisions, which set the underlying number of shares or strike price based upon certain future events. For example, the number of shares exercisable for some warrants is contingent upon the related lending facility, such as the extent of utilization of the facility, including draw frequency or amount. Or, in some cases, the underlying strike price of some warrants may be contingent upon resolution of an event such as the share price of a subsequent future round of equity financing of the issuer.

Previously, the Company recorded these equity warrant assets on its balance sheet at a nominal value until the date they became marketable, the date of expiration, or the date the issuer was acquired or completed an initial public offering. However, the Company determined that its accounting treatment of equity warrant assets in its private and public client companies should conform to a 2001 interpretation of SFAS No. 133 as amended. In April 2001, the FASB issued Statement 133 Derivative Implementation Group Issue No. A17, Contracts That Provide for Net Share Settlement, as revised (DIG A17), which was effective with the first financial quarter, after the cleared guidance was posted to the FASB website and remains effective for all subsequent periods.

As a result, the Company s accounting for equity warrant assets with net share settlement provisions has been revised beginning as of the third quarter of 2001. The net share settlement provision contained in each of the Company s warrant agreements allows it to realize value without a capital investment. Under such a provision, the client company delivers to the Company, upon its exercise of the warrant, the amount of shares with a current fair value equal to the net gain of the warrant agreement (sometimes described as a cashless exercise). Because the Company s warrant agreements contain such net share settlement provisions, its warrants are required to be accounted for as derivative instruments under SFAS No. 133, as amended.

Under the revised accounting treatment, equity warrant assets in the Company s private and public client companies, which include net share settlement provisions are recorded at fair value and are classified as derivative assets, a component of other assets on the Company s balance sheet at the time they are obtained. The grant date fair values of these equity warrant assets are deemed to be loan fees and, as such, are required to be recognized as an adjustment of loan yield through interest income, as prescribed by SFAS No. 91 Accounting for Non Refundable Fees and Costs Associated with Originating or Acquiring Loans and Indirect Costs of Leases (SFAS No. 91). Similar to other loan fees, the yield adjustment related to the grant date fair value of equity warrant assets, received directly in connection with the issuance of a credit facility, is recognized over the life of the related credit facility in interest income. Any changes in value of the warrant derivative assets subsequent to the grant date fair value are recognized in gains (losses) on derivative instruments, net in the Company s consolidated statements of income. If the warrant is in the money, the Company exercises these equity warrants for shares when a portfolio company completes an initial public offering on a publicly reported market or is acquired by a publicly traded company. On the date a warrant is exercised and exchanged for equity securities, it is marked to market as a derivative asset with the resulting change in value recognized in gains (losses) on derivative instruments, net, in noninterest income, a component of consolidated net income. As of the exercise date, the basis or value in the equity securities is reclassified from Other Assets to the Investment Securities line item on the balance sheet. The equity securities are classified as available-for-sale securities under SFAS No. 115 Accounting for Certain Investments in Debt and Equity Instruments (SFAS No. 115). In accordance with the provisions of SFAS No. 115, changes in fair value of securities designated as available for sale are excluded from net income and reported in accumulated other comprehensive income after applicable taxes, which is a separate component of stockholders equity.

The initial implementation of the 2001 interpretation of SFAS No. 133, as amended, caused us to recognize the fair value of the equity warrant assets on the Company s consolidated balance sheet as of the beginning of the third quarter of 2001. The Company recorded as unearned loan fees the estimated grant date fair value of the equity warrant assets that, as of July 1, 2001, would not yet have been amortized to interest income had this accounting policy been in place since the equity warrant assets were first received. The unearned loan fees recorded as of July 1, 2001 were amortized, as a loan yield adjustment, over the remaining life of the related credit facilities. In accordance with the implementation provisions of SFAS No. 133 as amended, the fair value of the equity warrant asset portfolio, less the amount recorded as unearned loan fees at July 1, 2001, is reported as a cumulative effect of a change in accounting principle.

Initial non-refundable corporate finance fees were not reported in accordance with the provisions of Staff Accounting Bulletin No. 104, Revenue Recognition (SAB No. 104).

Initial non-refundable corporate finance fees were not reported in accordance with the provisions of SAB No. 104. This misapplication of GAAP resulted in a change to the Company s consolidated noninterest income and net income for the years ended December 31, 2004, 2003 and 2002.

The Company is engaged by clients to provide merger and acquisition advisory services. The income from these engagements is typically comprised of an initial non-refundable fee due upon execution of the engagement letter and a contingent fee due upon a merger or acquisition event, if any. The engagement letters generally do not include a termination date. Corporate finance fees on mergers and acquisitions advisory services, a component of noninterest income, have been restated to defer the recognition of the initial upfront non-refundable retainer until the completion of all contractual obligations pursuant to the terms of the engagement letters or upon receipt or notification of an engagement termination letter. Therefore, the change in accounting resulted in a net increase (decrease) in corporate finance fees of $0.1 million, $(0.9) million and $(1.2) million for the years ended December 31, 2004, 2003 and 2002, respectively, and a corresponding change in deferred revenue for the same periods, which has been or will be recognized in future periods.

Non-refundable loan fees and costs associated with our lending products were not reported in accordance with the provisions of SFAS No. 91.

Non-refundable loan fees and costs associated with the Company s lending products and fees associated with letters of credit were not reported in accordance with the provisions of SFAS No. 91. This misapplication of GAAP resulted in a change to its interest income and net income for the years ended December 31, 2004, 2003 and 2002.

Through the Company s lending products and services, it extends loans and other credit facilities to its commercial clients, most often secured by the assets of its clients. The Company often obtains loan fees and incurs capitalizable costs in relation to the extension of these credit facilities to its clients. Net loan fee income, a component of interest income, has been restated to revise revenue recognition in accordance with the appropriate straight-line or interest method, as prescribed by SFAS No. 91. In addition, the Company inappropriately recognized non-refundable loan fees it receives for factoring loans immediately rather than deferring and amortizing fees over the term of the facility granted. In addition, the Company reclassified certain letters of credit fee income from loan interest income to noninterest income, as the probability of the commitment being exercised was deemed to be remote. The Company did not properly defer direct loan origination costs associated with originating certain loan products. Therefore, the Company restated its recognition of net loan fee income by reducing loan interest income by $2.5 million, $4.7 million and $3.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. These amounts were deferred and are recognized into income using the appropriate loan fee recognition methodology over the lives of the corresponding loans. In addition, we reclassified certain letters of credit fee income of $7.6 million, $7.0 million and $8.4 million for the years ended December 31, 2004, 2003 and 2002, respectively, from loan interest income to non-interest income, as the probability of the commitment being exercised was deemed to be remote.

Certain investment securities that were readily convertible to known amounts of cash and present insignificant risk of changes in value with original or purchased maturity dates of 90 days or less, were not reported as cash equivalents in accordance with the provisions of SFAS No. 95, Statement of Cash Flows (SFAS No. 95).

Certain investment securities that were readily convertible to known amounts of cash and present insignificant risk of changes in value with original or purchased maturity dates of 90 days or less, were not reported as cash equivalents in accordance with the provisions of SFAS No. 95. This reclassification did not result in any change to the Company s revenue or net income for the years ended December 31, 2004, 2003 and 2002 or for any quarterly period during the years ended December 31, 2004 and 2003.

A reclassification has been made to the Company s consolidated balance sheets of money market mutual fund investments and commercial paper investments from Investment securities to the Federal funds sold, securities purchased under agreement to resell and other short-term investment securities line item. These investment securities were deemed to meet the definition of cash equivalents as they are readily convertible to known amounts of cash and present insignificant risk of changes in value with original or purchased maturity dates of 90 days or less. Cash equivalents are required to be reflected separately from investment securities pursuant to SFAS No. 95. Therefore, the Company reclassified these investment securities to Federal funds sold, securities purchased under agreement to resell and other short-term investment securities in the amounts of $181.3 million and $40.3 million as of December 31, 2004 and 2003, respectively.

Current federal income taxes receivable and current federal income taxes payable were not reflected net on the Company s balance sheets in accordance with the provisions of FASB Interpretation No. 39, Offsetting of Amounts Related to Certain Contracts (FIN No. 39).

Current federal income taxes receivable and current federal income taxes payable were not reflected net on the Company s balance sheets. This misapplication of GAAP resulted in a change to the Company s Other assets and Other liabilities as of December 31, 2004 and 2003. Current federal income taxes receivable and current federal income taxes payable should be netted as the Company has the legal right of offset, as defined by FIN No. 39. Therefore, Other assets and Other liabilities have been restated to reflect the net current federal income taxes receivable or net current federal income taxes payable at each of these period ends. This correction of the accounting resulted in a decrease to both Other assets and Other liabilities of $22.5 million and $24.6 million as of December 31, 2004 and 2003, respectively.

Impact of the Restatement of Financial Statements.

The cumulative impact of the restatement, including all adjustments, increased the Company s opening retained earnings by $11.7 million at January 1, 2002. Net income for 2003 and 2002 increased by, $1.1 million and $1.1 million, respectively, and decreased in 2004 by $1.5 million.

The Company also recorded various other adjusting entries as part of the Restatement.

The impact of the restatement on the Company s interim consolidated balance sheet, statements of income, comprehensive income and condensed cash flows is shown in the accompanying tables.

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30, 2004		
(Dollars in thousands, except per share amounts)	**As Previously Reported**	**Adjustments**	**As Restated**
Interest Income:			
Loans	$ 37,280	$ (1,666)	$ 35,614
Investment securities:			
Taxable	17,989	(411)	17,578
Non-Taxable	1,290		1,290
Federal funds sold, securities purchased under agreement to resell and other short-term investments	1,306	411	1,717
Total interest income	57,865	(1,666)	56,199
Interest expense			
Deposits	2,124		2,124
Other borrowings	712		712
Total interest expense	2,836		2,836
Net interest income	55,029	(1,666)	53,363
(Recovery of) provision for loan and lease losses	(5,860)	(315)	(6,175)
Net interest income after (recovery of) provision for loan and lease losses	60,889	(1,351)	59,538
Noninterest income:			
Client investment fees	6,399		6,399
Letter of credit and standby letter of credit income	3,805	(1,462)	2,343
Corporate finance fees	10,897	(138)	10,759
Deposit service charges	3,695		3,695
Income from client warrants	3,310	(3,310)	
Gains (losses) on derivative instruments, net		3,593	3,593
Gains (losses) on investment securities, net	478	277	755
Other	2,924		2,924
Total noninterest income	31,508	(1,040)	30,468
Noninterest expense:			
Compensation and benefits	41,153	(480)	40,673
Professional services	4,876		4,876
Net occupancy	4,587	78	4,665
Furniture and equipment	3,450		3,450
Business development and travel	2,180		2,180
Correspondent bank fees	1,243		1,243
Data processing services	789		789
Telephone	902		902
Provision for (reduction of) unfunded credit commitments	3,101		3,101
Other	4,470		4,470
Total noninterest expense	66,751	(402)	66,349
Income before minority interest in net (income) losses of consolidated affiliates and income tax expense	25,646	(1,989)	23,657
Minority interest in net (income) losses of consolidated affiliates	(67)		(67)
Income (loss) before income tax expense	25,579	(1,989)	23,590
Income tax expense (benefit)	9,871	(742)	9, 129

Net income	$	15,708	$	(1,247)	$	14,461
Earnings per common share-basic	$	0.45	$	(0.04)	$	0.41
Earnings per common share-diluted	$	0.43	$	(0.04)	$	0.39

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the Six Months ended June 30, 2004		
(Dollars in thousands, except per share amounts)	**As Previously Reported**	**Adjustments**	**As Restated**
Interest Income:			
Loans	$ 73,912	$ (2,790)	$ 71,122
Investment securities:			
Taxable	32,012	(940)	31,072
Non-Taxable	2,751		2,751
Federal funds sold, securities purchased under agreement to resell and other short term investments	2,750	940	3,690
Total interest income	111,425	(2,790)	108,635
Interest expense			
Deposits	4,138		4,138
Other borrowings	1,438		1,438
Total interest expense	5,576		5,576
Net interest income	105,849	(2,790)	103,059
(Recovery of) provision for loan and lease losses	(2,742)	(2,788)	(5,530)
Net interest income after (recovery of) provision for loan and lease losses	108,591	(2)	108,589
Noninterest income:			
Client investment fees	12,667		12,667
Letter of credit and standby letter of credit income	14,984	157	15,141
Corporate finance fees	7,534	(2,520)	5,014
Deposit service charges	7,408		7,408
Income from client warrants	6,218	(6,218)	
Gains (losses) on derivative instruments, net		6,158	6,158
Gains (losses) on investment securities, net	1,800	424	2,224
Other	5,783		5,783
Total noninterest income	56,394	(1,999)	54,395
Noninterest expense:			
Compensation and benefits	75,256	(1,176)	74,080
Professional services	9,110	156	9,266
Net occupancy	8,215		8,215
Furniture and equipment	6,359		6,359
Business development and travel	4,171		4,171
Correspondent bank fees	2,524		2,524
Data processing services	1,874		1,874
Telephone	1,684		1,684
Provision for (reduction of) unfunded credit commitments		2,382	2,382
Other	7,626		7,626
Total noninterest expense	116,819	1,362	118,181
Income before minority interest in net (income) losses of consolidated affiliates and income tax expense	48,166	(3,363)	44,803
Minority interest in net (income) losses of consolidated affiliates	(548)		(548)
Income (loss) before income tax expense	47,618	(3,363)	44,255
Income tax expense (benefit)	17,900	(1,327)	16,573
Net income	$ 29,718	$ (2,036)	$ 27,682

Earnings per common share-basic	$	0.85	$	(0.06)	$	0.79
Earnings per common share-diluted	$	0.81	$	(0.06)	$	0.75

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months ended June 30, 2004		
(Dollars in thousands)	**As Previously Reported**	**Adjustments**	**As Restated**
Net income	$ 15,708	$ (1,247)	$ 14,461
Other comprehensive income (loss), net of tax:			
Change in unrealized gains (losses) on available-for-sale investment securities:			
Unrealized holding gains (losses), net of tax	(25,952)	2,105	(23,847)
Reclassification adjustment for gains (losses) included in net income, net of tax	(1,979)	1,967	(12)
Other comprehensive income (loss), net of tax	(27,931)	4,072	(23,859)
Comprehensive income (loss)	$ (12,223)	$ 2,825	$ (9,398)

	For the Six Months ended June 30, 2004		
(Dollars in thousands)	**As Previously Reported**	**Adjustments**	**As Restated**
Net income	$ 29,718	$ (2,036)	$ 27,682
Other comprehensive income (loss), net of tax:			
Change in unrealized gains (losses) on available-for-sale investment securities:			
Unrealized holding gains (losses), net of tax	(17,511)	508	(17,003)
Reclassification adjustment for gains (losses) included in net income, net of tax	(4,658)	5,368	710
Other comprehensive income (loss), net of tax	(22,169)	5,876	(16,293)
Comprehensive income (loss)	$ 7,549	$ 3,840	$ 11,389

SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months ended June 30, 2004		
(Dollars in thousands)	**As Previously Reported**	**Adjustments**	**As Restated**
Cash flows from operating activities:			
Net cash (used) provided by operating activities	$ 19,442	$ 7,742	$ 27,184
Cash flows from investing activities:			
Net cash (used) provided by investing activities	(668,813)	48,196	(620,617)
Cash flows from financing activities:			
Net cash (used) provided by financing activities	399,009	(6,328)	392,681
Foreign exchange effect on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	(250,362)	49,610	(200,752)
Cash and cash equivalents at beginning of period	794,996	40,317	835,313
Cash and cash equivalents at end of period	$ 544,634	$ 89,927	$ 634,561
Supplemental disclosures:			
Cash paid during the period for:			
Interest paid	$ 5,512	$	$ 5,512
Income taxes paid	$ 13,920	$	$ 13,920

4. Earnings Per Share (EPS)

The following is a reconciliation of basic EPS to diluted EPS for the three months and six months ended June 30, 2005 and June 30, 2004.

	For the three months ended June 30,			For the six months ended June 30,		
(Dollars and shares in thousands, except per share amounts)	**Net Income**	**Weighted Average Shares**	**Per Share Amount**	**Net Income**	**Weighted Average Shares**	**Per Share Amount**
2005:						
Basic EPS:						
Income available to common stockholders	$ 20,896	35,010	$ 0.60	$ 43,832	35,339	$ 1.24
Effect of dilutive securities:						
Stock options, restricted stock and convertible debt		3,464			3,288	
Diluted EPS:						
Income available to common stockholders and assumed conversions	$ 20,896	38,474	$ 0.54	$ 43,832	38,627	$ 1.13
2004: (As Restated)						
Basic EPS:						
Income available to common stockholders	$ 14,461	35,049	$ 0.41	$ 27,682	34,965	$ 0.79
Effect of dilutive securities:						
Stock options, restricted stock and convertible debt		2,078			1,983	
Diluted EPS:						
Income available to common stockholders and assumed conversions	$ 14,461	37,127	$ 0.39	$ 27,682	36,948	$ 0.75

In September 2004, the EITF reached final consensus on EITF Issue No. 04-8, The Effect of Contingently Convertible Instruments on Diluted Earnings per Share, requiring that contingently convertible securities should be treated as convertible securities and included in the calculation of diluted earnings per common share. The diluted earnings per common share for the three and six months ended June 30, 2005 and 2004, have been restated to reflect the December 31, 2004 adoption of EITF Issue 04-8. The potentially dilutive effect of the contingently convertible debt using the treasury stock method was 1,152,143 shares as of June 30, 2005. The Company included the dilutive effect of the $150.0 million zero-coupon, convertible subordinated notes due June 15, 2008 in its fully diluted earnings per share (EPS) calculation using the treasury stock method, in accordance with the provisions of Emerging Issue Task Force (EITF) issue No. 90-19, Convertible Bonds With Issuer Option to Settle in Cash Upon Conversion and Statement of Financial Accounting Standard (SFAS) No. 128, Earnings Per Share . However, the exposure draft of SFAS No. 128R, if adopted in its proposed form, will require the Company to change its accounting for the calculation of EPS on its contingently convertible debt to the if converted method. The if converted treatment of the contingently convertible debt would have decreased EPS by $0.04 per diluted common share, or 7.4 percent and $0.08 per diluted common share or 7.1 percent, for the three and six months ended June 30, 2005, respectively.

5. Investment Securities

The detailed composition of the Company s investment securities is presented as follows:

(Dollars in thousands)	June 30, 2005	December 31, 2004
Available-for-sale securities, at fair value	$ 2,016,012	$ 1,926,685
Marketable securities (investment company fair value accounting)	344	480
Non-marketable securities (investment company fair value accounting):		
Venture capital fund investments(1)	66,428	52,547
Other private equity investments(2)	20,018	15,720
Other investments(3)	24,161	11,247
Non-marketable securities (equity method accounting):		
Other investments (4)	3,590	2,388
Low income housing tax credit funds	12,876	14,070
Non-marketable securities (cost method accounting):		
Fund investments	28,059	27,409
Federal Home Loan Bank stock (5)	17,512	12,798
Federal Reserve Bank stock (5)	8,220	7,967
Other private equity investments	3,796	3,656
Total investment securities	$ 2,201,016	$ 2,074,967

---

(1) Includes $52.1 million and $45.3 million related to SVB Strategic Investors Fund, LP, at June 30, 2005, and December 31, 2004, respectively. The Company has a controlling ownership interest of 12.6% and 11.1% in the fund at June 30, 2005 and December 31, 2004, respectively. It also includes $14.3 million and $7.3 million related to SVB Strategic Investors Fund II, LP, at June 30, 2005 and December 31, 2004, respectively. The Company has a controlling interest of 8.6% and 14.4 % in the fund at June 30, 2005 and December 31, 2004, respectively.

(2) Includes $20.0 million and $15.7 million related to Silicon Valley BancVentures, LP, at June 30, 2005, and December 31, 2004, respectively. The Company has a controlling ownership interest of 10.7% in the fund for both the periods ended June 30, 2005 and December 31, 2004.

(3) Includes $20.7 million and $9.0 million related to Partners For Growth, LP, at June 30, 2005 and December 31, 2004, respectively. The Company has a majority ownership interest of slightly above 50.0% and 53.2% in the fund at June 30, 2005 and December 31, 2004, respectively. It also included $3.4 million and $2.3 million related to Gold Hill Venture Lending 03, LP, a venture debt fund, as of June 30, 2005 and December 31, 2005, respectively. The Company has a direct ownership interest of 4.8% in the fund for both periods ended June 30, 2005 and December 31, 2004.

(4) Includes $3.6 million and $2.4 million related to Gold Hill Venture Lending Partners 03, LLC, the general partner of Gold Hill Venture Lending 03, LP, at June 30, 2005 and December 31, 2004, respectively. The Company has a majority interest of 90.7% in Gold Hill Venture Lending Partners 03, LLC. Gold Hill Venture Lending Partners 03, LLC has an ownership interest of 5.0% in the fund for both periods ended June 30, 2005 and December 31, 2004.

(5) Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB) stock are restricted, as the Company is required to hold shares of FHLB and FRB stock under the Bank s borrowing agreement.

The following table presents the components of gains and losses on investment securities, for the three months and six months ended June 30, 2005 and June 30, 2004.

(Dollars in thousands)	For the three months ended June 30, 2005	For the three months ended June 30, 2004 (As Restated)	For the six months ended June 30, 2005	For the six months ended June 30, 2004 (As Restated)
Gross gains on investment securities:				
Available-for-sale securities, at fair value	$ 71	$ 15	$ 123	$ 1,213
Non-marketable securities (investment company fair value accounting):				
Venture capital fund investments	1,256	1,199	4,902	2,642
Other private equity investments	540	757	945	2,101
Other investments	22		22	
Non-marketable securities (cost method accounting):				
Venture capital fund investments	527	119	527	119
Other private equity investments	50	755	48	790
Total gross gains on investment securities	2,466	2,845	6,567	6,865
Gross losses on investment securities:				
Available-for-sale securities, at fair value	(1,929)	(36)	(2,355)	(3)
Non-marketable securities (investment company fair value accounting):				
Venture capital fund investments	(1,453)	(848)	(1,453)	(2,189)
Other private equity investments	(51)	(155)	(51)	(1,362)
Other investments				
Non-marketable securities (cost method accounting):				
Venture capital fund investments	(643)	(937)	(2,745)	(937)
Other private equity investments	(21)	(114)	(392)	(150)
Total gross losses on investment securities	(4,097)	(2,090)	(6,996)	(4,641)
Net gains (losses) on investment securities	$ (1,631)	$ 755	$ (429)	$ 2,224

6. Loans and Allowance for Loan and Lease Losses

The detailed composition of loans, net of unearned income of $20.3 million and $18.4 million, for the periods ended June 30, 2005, and December 31, 2004, respectively, is presented in the following table:

(Dollars in thousands)	June 30, 2005	December 31, 2004
Commercial loans	$ 2,034,263	$ 1,927,271
Vineyard development	88,019	80,960
Commercial real estate	20,253	18,562
Total real estate construction	108,272	99,522
Real estate term consumer	31,306	27,124
Real estate term commercial	19,378	16,720
Total real estate term	50,684	43,844
Consumer and other	230,746	237,951
Total loans, net of unearned income	$ 2,423,965	$ 2,308,588

The activity in the allowance for loan and lease losses for the three months and six months ended June 30, 2005 and 2004 was as follows:

(Dollars in thousands)	Three months ended June 30, 2005	2004 (As Restated)	Six months ended June 30, 2005	2004 (As Restated)
Beginning balance	$ 35,698	$ 49,381	$ 37,613	$ 49,862
(Recovery of) provision for loan and lease losses	814	(6,175)	(3,000)	(5,530)
Loans charged off	(2,010)	(2,751)	(6,070)	(6,715)
Recoveries	1,870	4,425	7,829	7,263
Ending balance	$ 36,372	$ 44,880	$ 36,372	$ 44,880

The aggregate recorded investment in loans for which impairment has been determined in accordance with SFAS No. 114 totaled $15.8 million and $12.6 million at June 30, 2005, and June 30, 2004, respectively. Allocations of the allowance for loan and lease losses specific to impaired loans totaled $1.0 million at June 30, 2005, and $3.8 million at June 30, 2004. Average impaired loans for the second quarter of 2005 and 2004 totaled $14.8 million and $13.7 million, respectively.

7. Borrowings

The following table represents the outstanding borrowings at June 30, 2005 and December 31, 2004:

(Dollars in thousands)	Maturity	June 30, 2005	December 31, 2004
0% Short-term borrowings(1)	September 28, 2005	$ 9,262	$ 9,120
Other borrowings	Overdraft	1,756	
Revolving line of credit venture debt fund	Due on Demand	400	700
Total other borrowings		$ 11,418	$ 9,820
Contingently convertible debt	June 15, 2008	$ 147,195	$ 146,740
Junior subordinated debentures	October 15, 2033	50,304	49,470

(1) Relates to the acquisition of SVB Alliant (Alliant Partners) in 2001 and were payable to the former owners, who have been employed by the Company. These notes were discounted over their respective terms, based on market interest rates as of September 28, 2001.

Interest expense related to other borrowings was $0.9 million and $0.7 million for the three months ended June 30, 2005 and June 30, 2004, and $1.7 million and $1.4 million for the six months ended June 30, 2005 and June 30, 2004, respectively. The weighted average interest rates associated with the Company s borrowings outstanding for the three and six months ended June 30, 2005 were 1.74% and 1.66%, respectively.

Contingently Convertible Debt

On May 20, 2003, the Company issued $150.0 million of zero-coupon, convertible subordinated notes at face value, due June 15, 2008, to qualified institutional buyers pursuant to Rule 144A under the Securities Act and outside the United States to non-US persons pursuant to Regulation S under the Securities Act. The notes are convertible into the Company s common stock at a conversion price of $33.6277 per share and are subordinated to all present and future senior debt of the Company. Holders of the notes may convert their notes only if: (i) the price of the Company s common stock issuable upon conversion of a note reaches a specified threshold, (ii) specified corporate transactions occur, or (iii) the trading price for the notes falls below certain thresholds. At the initial conversion price, each $1,000 principal amount of notes will be convertible into approximately 29.7374 shares of the Company s common stock. This represents 4,460,610 shares of the Company s common stock. On August 14, 2003, the Company filed a shelf registration statement with the SEC, with respect to the resale of the notes and the common stock issuable upon the conversion of the notes. The fair value of the convertible debt at June 30, 2005, was $216.0 million, based on quoted market prices. The Company intends to settle the principal amount of $150.0 million (accreted value) in cash. Based on the terms of the notes, if, at any time before June 15, 2007, the per share stock price on the last trading day of the immediately preceding fiscal quarter was 110% or more of the then current conversion price, the notes would become convertible. The per share closing price of $44.06 of the Company s common stock on March 31, 2005, the last trading day of first quarter of 2005, was 110% or more than the then current conversion price of $33.6277. Accordingly, during the second quarter of 2005, our note holders held the right, at their option, to convert their notes, in whole or in part, into shares of the Company s common stock, subject to certain limitations, at the conversion price of $33.6277. The Company settled in cash its obligations relating to the conversion of notes in an aggregate principal amount of $35,000 for which the Company had received conversion notice during the second quarter of 2005.

Concurrent with the issuance of the convertible notes, the Company entered into a convertible note hedge and a warrant transaction with respect to its common stock, with the objective of decreasing its exposure to potential dilution from conversion of the notes (see Note 8. Derivative Financial Instruments - Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company s Own Stock).

7.0% Junior Subordinated Debentures

On October 30, 2003, the Company issued $51.5 million in 7.0% junior subordinated debentures to a special-purpose trust, SVB Capital II. The Company s distributions to SVB Capital II are cumulative and are payable quarterly at a fixed rate of 7.0% per annum of the face value of the junior subordinated debentures. The junior subordinated debentures are mandatorily redeemable upon the maturity of the debentures on October 15, 2033, or to the extent that the Company redeems any debentures earlier. The Company may redeem the debentures prior to maturity in whole or in part, at its option, at any time on or after October 30, 2008. In addition, the Company may redeem the debentures, in whole but not in part, prior to October 30, 2008 upon the occurrence of certain events. Issuance costs of $2.2 million related to the junior subordinated debentures were deferred and are being amortized over the period until mandatory redemption of the debentures in October 2033. Also see Note 8. Derivative Financial Instruments below. The fair value of the 7.0% junior subordinated debentures was estimated to be $51.0 million as of June 30, 2005 and $50.2 million as of December 31, 2004. The Company has guaranteed the trust preferred securities issued by SVB Capital II.

Available Lines of Credit

As of June 30, 2005, the Company had available $430.0 million in federal funds and lines of credit, all of which were unused. In addition to the available federal funds lines the Company has repurchase agreement lines available with multiple securities dealers. Reverse repurchase lines allow the Company to finance short term borrowings using various fixed income securities as collateral. At June 30, 2005, the Company had not borrowed against any of its reverse repurchase lines.

8. Derivative Financial Instruments

The Company designates a derivative as held for hedging purposes or as non-hedging when it enters into a derivative contract. The designation may change based upon management s reassessment or changing circumstances. Derivative instruments that the Company obtains or uses include interest rate swaps, forward contracts, options and warrants. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Forward settlement contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date, and rate or price. An option or warrant contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument (including another derivative financial instrument), index, currency or commodity at a predetermined rate or price during a period or at a time in the future. Option or warrant agreements can be transacted on organized exchanges or directly between parties. The Company records period-end gross positive fair values of derivative instruments in other assets and the gross negative fair values in other liabilities.

The total notional or contractual amounts, credit risk amount and estimated net fair value for derivatives were:

	At June 30, 2005		
	Notional or contractual amount	Credit risk Amount (1)	Estimated net fair value Asset (liability)
		(Dollars in thousands)	
Fair Value Hedge			
Interest rate swap	$ 50,000	$ 797	$ 797
Derivatives			
Foreign exchange spot and forwards	496,627	6,311	2,750
Foreign currency options	19,538	164	
Equity warrant assets	N/A	27,291	27,291
		At December 31, 2004 (Dollars in thousands)	
Fair Value Hedge			
Interest rate swap	$ 50,000	$ 49	$ 49
Derivatives			
Foreign exchange spot and forwards	525,434	10,011	(431)
Foreign currency options	13,460	47	
Equity warrant assets	N/A	28,928	28,928

(1) Credit risk amounts reflect the replacement cost for those contracts in a gain position in the event of nonperformance by all such counterparties.

Fair Value Hedges

Derivative instruments that the Company holds as part of its interest rate risk management may include interest rate swaps, caps and floors, and forward contracts. On October 30, 2003, the Company entered into an interest rate swap agreement with a notional amount of $50.0 million. This agreement hedges against the risk of changes in fair values associated with the majority of the Company s 7.0% fixed rate, junior subordinated debentures. For information on the Company s junior subordinated debentures, see Note 7 - Borrowings.

The terms of this fair value hedge agreement provide for a swap of the Company s 7.0% fixed rate payment for a variable rate based on London Inter-Bank Offer Rate (LIBOR) plus a spread. Because the swap meets the criteria for the short-cut treatment, the benefit or expense is recorded in the period incurred. This derivative agreement provided net income of $0.3 million and $0.6 million in the three months ended June 30, 2005 and 2004, and $0.7 million and $1.2 million in the six months ended June 30, 2005 and 2004, respectively. The swap agreement mirrors the terms of the junior subordinated debentures and therefore is callable by the counterparty anytime on or after October 30, 2008. The Company assumes no ineffectiveness as the swap agreement meets the short-cut method requirements under SFAS No. 133 for fair value hedges of debt instruments. As a result, changes in the fair value of the swap are offset by changes in the fair value of the junior subordinated debentures, and no net gain or loss is recognized in earnings. Changes in the fair value of the derivative agreement and the junior subordinated debentures are primarily dependent on changes in market interest rates.

Derivatives

The Company enters into various derivatives primarily to provide derivative products or services to customers. These derivatives are not linked to specific assets and liabilities on the balance sheet or to forecasted transactions in an accounting hedge relationship and, therefore, do not qualify for hedge accounting.

The Company enters into foreign exchange forward contracts and non-deliverable foreign exchange forward contracts with clients involved in international trade finance activities, either as the purchaser or seller of foreign currency at a future date, depending upon the clients need. For each of the foreign exchange forward contracts and non-deliverable foreign exchange forward contracts entered into with its clients, the Company enters into an opposite way foreign exchange forward contract and non-deliverable foreign exchange forward contract with a correspondent bank, which mitigates the risk of fluctuations in foreign currency exchange rates. These contracts are short-term in nature, typically expiring within one year. The Company has not experienced nonperformance by counterparties and therefore has not incurred related losses. Further, the Company anticipates performance by all counterparties to such agreements. Period end fair value of foreign currency forward contracts is included in Other Assets and Other Liabilities as of June 30, 2005 and December 31, 2004. The change in fair value of these contracts is recorded in the line item gains on derivative instruments, net in noninterest income, a component of consolidated net income.

The Company enters into foreign currency option contracts with clients involved in international trade finance activities, either as the purchaser or seller of foreign currency options, depending upon the client s need. For each of the currency option contracts entered into with its clients, the Company enters into an opposite way foreign currency option contract with a correspondent bank, which mitigates the risk of fluctuations in foreign currency exchange rates. These contracts typically expire in less than one year. The Company has not experienced nonperformance by counterparties and therefore has not incurred related losses. Further, the Company anticipates performance by all counterparties. The change in fair value of these contracts is recorded in gains (losses) on derivatives in noninterest income, a component of consolidated net income.

The Company enters into foreign exchange forward contracts with correspondent banks to economically hedge the risk of fluctuations in the foreign exchange exposure risk related to certain foreign currency denominated loans. These contracts are short term in nature, typically expiring within one year. The Company has not experienced nonperformance by counterparties and therefore has not incurred related losses. Further, the Company anticipates performance by all counterparties to such foreign exchange forward contracts. The change in fair value of these contracts is recorded in gains on derivatives in noninterest income, a component of consolidated net income.

The Company obtains derivative equity warrant assets to purchase an equity position in a client company s stock in consideration for providing credit facilities and less frequently for providing other services. The purpose of obtaining warrants from client companies is intended to increase the Company s future noninterest income. The change in fair value of equity warrant assets is recorded in gains on derivative instruments in noninterest income, a component of consolidated net income. The change in fair value of the warrants resulted in a net loss of $1.5 million, and $2.5 million for the three months ended June 30, 2005 and 2004, and $1.6 million and $4.7 million for the six months ended June 30, 2005 and 2004, respectively. For information on the Company s change in the value of warrant assets, see Note 3 Restatement of Financial Statements.

Derivative Fair Value Instruments Indexed to and Potentially Settled in a Company s Own Stock

Concurrent with the issuance of the $150 million principal amount of contingently convertible notes, (see Note 7 Borrowings), the Company entered into a convertible note hedge (purchased call option) at a cost of $39.3 million and a warrant transaction providing proceeds of $17.4 million with respect to its common stock, with the objective of decreasing its exposure to potential dilution from conversion of the contingently convertible notes, (see Note 7. Borrowings). Under the terms of the convertible note hedge, upon the occurrence of conversion events, the Company has the right to purchase up to approximately 4,460,610 shares of its common stock from the counterparty at a price of $33.6277 per common share. The convertible note hedge agreement will expire on June 15, 2008. The Company has the option to settle any amounts due under the convertible hedge either in cash or net shares of its common stock. The cost of the convertible note hedge is included in stockholders equity in accordance with the guidance in EITF No. 00-19. Under the warrant agreement, the counterparty may purchase up to approximately 4,460,608 shares of the Company s common stock at $51.34 per share, upon the occurrence of conversion events defined above. The warrant transaction will expire on June 15, 2008. The proceeds of the warrant transaction were included in stockholders equity in accordance with the guidance in EITF No. 00-19. During the three and six month periods ending June 30, 2005 and 2004, the warrant was not dilutive to the Company s EPS, as the Company s average common stock price remained below $51.34 during these periods.

9. Common Stock Repurchase

On January 27, 2005, the Company announced that its Board of Directors authorized the repurchase of up to an additional $75.0 million of common stock under the Company s stock repurchase program, in conjunction with the $160.0 million originally approved in May 2003. The additional $75.0 million of shares may be repurchased at any time, at the Company s discretion, before June 30, 2006, in the open market, through block trades or otherwise, pursuant to applicable securities laws. Depending on market conditions, availability of funds, and other relevant factors, the repurchase of the additional shares may be commenced or suspended at any time prior to June 30, 2006, without any prior notice. Since May 2003 when the program was approved by the Board of Directors, the Company has repurchased 6.4 million shares totaling $199.0 million as of June 30, 2005. The approximate dollar value of shares that may still be repurchased under this program is $31.5 million.

Under the May 2003 stock repurchase program, the Company repurchased (i) during the three-month period ending June 30, 2005, 831,300 shares of its common stock for $39.2 million in, and (ii) during the six-month period ending June 30, 2005, 1,598,800 shares of its common stock for $73.2 million.

From time to time, the Company may implement a non-discretionary Rule 10b5-1 trading plan, under which the Company will automatically repurchase shares of its common stock pursuant to a predetermined formula for a specified period of time.

10. Segments Reporting

In accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, the Company reports segment information based on the management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company s reportable segments.

The Company is organized into five lines of banking and financial services for management reporting: Commercial Banking, SVB Capital, SVB Alliant, Global Financial Services, and Private Client Services and Other. These operating segments are strategic units that offer different services to different clients. The segments are managed separately because they appeal to different markets and, accordingly, require different strategies. The results of operating segments are based on the Company s internal profitability reporting process. This process assigns each client relationship in its entirety, to a primary operating segment. The process assigns income and expenses to the operating segments according to the customer s primary relationship designation. Additionally, working capital and its associated costs are allocated to the operating segments on an economic basis, treating each operating segment as if it were an independent entity. Unlike financial reporting, which benefits from the comprehensive structure provided by generally accepted accounting principles of the United States of America, the internal profitability reporting process is highly subjective, as there is no comprehensive, authoritative guidance for management reporting. The management reporting process measures the performance of operating segments based on the Company s internal operating structure and is not necessarily comparable with similar information for other financial services companies. Changes in the management structure and/or the allocation process have resulted, and may in the future result in, changes in the Company s allocation methodology as this process is under constant refinement. In the event of such changes, results for prior periods have been, and may be, restated for comparability. Changes in an individual client s primary relationship designation have resulted, and may in the future result, in certain clients inclusion in different segments in different periods.

As of June 30, 2005, based on the quantitative threshold for determining reportable segments as required by SFAS No. 131, the Company s reportable segments are: Commercial Banking, and SVB Capital. SVB Alliant, Private Client Services and Global Financial Services do not meet the separate reporting thresholds as defined by SFAS No. 131 and as such, have been aggregated in a column labeled Other Business Services for segment reporting purposes. For further information, please see the Company s 2004 Form 10-K/A under Part II. Item 8. Consolidated Financial Statements and Supplementary Data - Note 25. Segment Reporting.

Commercial Banking provides solutions to the needs of the Company s commercial clients in the technology, life science, and premium wine industry niches, through the Company s lending, cash and deposit management, and global banking and trade products and services.

SVB Capital focuses on the business needs of the Company s venture capital and private equity clients while establishing and maintaining relationships with those firms domestically and internationally. Through this segment, Silicon Valley Bank provides banking services and financial solutions, including traditional deposit and checking accounts, loans, letters of credit, and cash management services.

The Other Business Services segment is principally comprised of the Private Client Services, SVB Alliant, Global Financial Services and other business service units that are not part of the Commercial Bank, or SVB Capital segments. The Private Client Services group provides a wide range of credit services to high-net-worth individuals using both long-term secured and short-term unsecured lines of credit. Those products and services include home equity lines of credit, secured lines of credit, restricted stock purchase loans, airplane loans, and capital call lines of credit. SVB Alliant provides investment banking products and services including, merger and acquisition services, strategic alliances services, and specialized financial studies such as valuations and fairness opinions. Global Financial Services serves the needs of the Company s domestic clients with global banking products, including foreign exchange and global finance and access to SVB Financial Group s international banking network for in-country services abroad. Global Financial Services also supports venture capital and commercial banking clients with business services through subsidiaries in India and the United Kingdom.

The other business services units provide various products and services. The Other Business Services segment also reflects those adjustments necessary to reconcile the results of operating segments based on the Company s internal profitability reporting process to the Consolidated Financial Statements prepared in conformity with GAAP.

The Company s primary source of revenue is from net interest income. Accordingly, the Company s segments are reported using net interest income. The Company also evaluates performance based on noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. The Company does not allocate income taxes to its segments. Additionally, the Company s management reporting model is predicated on average asset balances, therefore it is not possible to provide period-end asset balances for segment reporting purposes.

The Company s segment information at and for the three months and six months ended June 30, 2005 and 2004 are as follows:

	Commercial Banking	SVB Capital	Other Business Services	Total
		(Dollars in thousands)		
Three Months ended June 30, 2005				
Net interest income	$ 54,667	$ 4,936	$ 12,087	71,690
(Recovery of) provision for loan and lease losses(1)	259		555	814
Noninterest income(2)	22,847	2,132	5,154	30,133
Noninterest expense (3)	45,197	4,723	16,405	66,325
Minority interest in net (income) loss of consolidated affiliates			372	372
Income (loss) before income tax expense(5)	$ 32,058	$ 2,345	$ 653	$ 35,056
Total average loans	$ 1,923,893	$ 79,868	$ 249,387	$ 2,253,148
Total average assets(4)	3,770,905	669,759	600,015	5,040,679
Total average deposits	3,315,236	627,399	171,259	4,113,894
Goodwill at June 30, 2005			35,639	35,639
Three Months ended June 30, 2004 (As Restated)				
Net interest income	$ 39,641	$ 2,617	$ 11,105	$ 53,363
(Recovery of) provision for loan and lease losses(1)	(1,355)	(4)	(4,816)	(6,175)
Noninterest income (2)	20,156	982	9,330	30,468
Noninterest expense(3)	42,874	3,943	19,532	66,349
Minority interest in net (income) losses of consolidated affiliates			(67)	(67)
Income (loss) before income tax expense(5)	$ 18,278	$ (340)	$ 5,652	$ 23,590
Total average loans	$ 1,564,401	$ 81,872	$ 232,029	$ 1,878, 302
Total average assets(4)	3,649,626	542,229	557,003	4,748,858
Total average deposits	3,236,317	508,127	154,004	3,898,448
Goodwill at June 30, 2004			37,549	37,549
Six Months ended June 30, 2005				
Net interest income	$ 105,622	$ 9,032	$ 26,391	$ 141,045
(Recovery of) provision for loan and lease losses(1)	(3,154)		154	(3,000)
Noninterest income (2)	41,493	5,251	8,529	55,273
Noninterest expense (3)	87,784	9,419	29,937	127,140
Minority interest in net (income) loss of consolidated affiliates			813	813
Income (loss) before income tax expense(5)	$ 62,485	$ 4,864	$ 5,642	$ 72,991
Total average loans	$ 1,888,593	$ 81,050	$ 243,606	$ 2,213,249
Total average assets(4)	3,829,859	655,352	597,698	5,082,909
Total average deposits	3,378,951	614,734	161,605	4,155,290
Goodwill at June 30, 2005			35,639	35,639
Six Months ended June 30, 2004 (As Restated)				
Net interest income	$ 77,686	$ 5,051	$ 20,322	$ 103,059

(Recovery of) provision for loan and lease losses(1)		(137)				(5,393)		(5,530)
Noninterest income (2)		38,731		1,829		13,835		54,395
Noninterest expense (3)		80,698		7,664		29,819		118,181
Minority interest in net (income) loss of consolidated affiliates						(548)		(548)
Income (loss) before income tax expense(5)	$	35,856	$	(784)	$	9,183	$	44,255
Total average loans	$	1,542,011	$	72,849	$	226,696	$	1,841,556
Total average assets(4)		3,516,650		528,077		547,050		4,591,777
Total average deposits		3,120,593		493,596		145,091		3,759,280
Goodwill at June 30, 2004						37,549		37,549

(1) For segment reporting purposes, the Company reports net loan charge-offs as the provision for loan losses. Thus, the Other Business Services segment includes $0.6 million and $(4.8) million for the three-month periods ended June 30, 2005 and 2004, respectively, and includes $(1.3) million and $(5.4) million for the six-month periods ended June 30, 2005 and 2004, respectively, which represent the difference between net charge-offs and the provision for loan losses..

(2) Noninterest income presented in the Commercial Bank segment included cash warrant income of $5.6 million and $3.3 million, for the three months ended June 30, 2005 and 2004, respectively and $7.3 million and $6.2 million, for the six months ended June 30, 2005 and

2004, respectively.

(3) Commercial Banking segment includes direct depreciation and amortization of $0.5 million for the three months ended June 30, 2005 and 2004, and $0.9 million and $0.7 million for the six months ended June 30, 2005 and 2004, respectively. Due to the complexity of the Company s cost allocation model, it is not feasible to determine the exact amount of the remaining depreciation and amortization expense allocated to the various business segments (totaling approximately $1.5 million and $1.8 million for the three months ended June 30, 2005 and 2004, respectively, and approximately $3.2 million and $3.6 million for the six months ended June 30, 2005 and 2004, respectively.

(4) Total assets for the Commercial Banking, SVB Capital, and Other Business Services segments equals the greater of total loans or the sum of total deposits and total stockholders equity for each segment.

(5) The internal reporting model used by the Company s management to assess segment performance does not calculate tax expense by segment. The Company s effective tax rate is a reasonable approximation of the segment rates.

11. Obligations Under Guarantees

The Company provides guarantees related to financial and performance standby letters of credit issued to its clients to enhance their credit standings and enable them to complete a wide variety of business transactions. Financial standby letters of credit are conditional commitments issued by the Company to guarantee the payment by a client to a third party (beneficiary). Financial standby letters of credit are primarily used to support many types of domestic and international payments. Performance standby letters of credit are issued to guarantee the performance of a client to a third party when certain specified future events have occurred. Performance standby letters of credit are primarily used to support performance instruments such as bid bonds, performance bonds, lease obligations, repayment of loans, and past due notices. These standby letters of credit have fixed expiration dates and generally require a fee paid by a client at the time the Company issues the commitment. Fees generated from these standby letters of credit are recognized in noninterest income over the commitment period using the straight-line method.

The credit risk involved in issuing letters of credit is essentially the same as that involved with extending loan commitments to clients, and accordingly, the Company uses a credit evaluation process and collateral requirements similar to those for loan commitments. The Company s standby letters of credit are often cash-secured by its clients. The actual liquidity needs or the credit risk that the Company has experienced historically have been lower than the contractual amount of letters of credit issued because a significant portion of these conditional commitments expire without being drawn upon.

The table below summarizes the Company s standby letter of credits at June 30, 2005. The maximum potential amount of future payments represents the amount that could be remitted under the standby letters of credit if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from the collateral held or pledged.

(Dollars in thousands as of)	Expires within one year or less	Expires after one year	Total amount outstanding	Maximum amount of future payments
Financial standby	$ 526,134	$ 87,518	$ 613,652	$ 613,652
Commercial standby	11,616		11,616	11,616
Performance standby	8,875	5,793	14,668	14,668

Total	$ 546,625	$ 93,311	$ 639,936	$ 639,936

At June 30, 2005, the carrying amount of the liabilities related to financial and performance standby letters of credit was approximately $3.9 million. At June 30, 2005, cash and investment securities collateral available to us to reimburse losses under financial and performance standby letters of credits was $243.3 million.

In addition to standby letter of credit guarantees, the Company has issued additional guarantees as off-balance sheet arrangements. As of June 30, 2005, those guarantees include the following:

The Bank, as a financial provider, routinely guarantees credit cards for some of its customers which have been provided by an unaffiliated financial institution. The Bank has recourse against the customer for any amount it is required to pay to a third party in the event of default under these arrangements. These guarantees are subject to the same credit policies, underwriting standards and approval process as loans made by the Bank. Certain of these amounts are secured by certificates of deposit and other assets which the Bank has rights to in the event of nonperformance by the customers. The contract amount of these credit cards, which represents the maximum potential future payments guaranteed, including interest and principal payments, by the Bank, was $49.8 million at June 30, 2005. It is not considered probable that material losses would be incurred by the Bank as a result of these arrangements.

The Company may be required to make contingent payments to the former owners of Woodside Asset Management based on their future revenue growth. During 2004, the Company paid one earn-out payment of $338,000 to the former owners of Woodside Asset Management. As of June 30, 2005, under the acquisition agreement, the maximum future gross earn-out payments to Woodside Asset Management s former owners are $1.6 million.

12. Related Party Transactions

In April 2005, the Company formed the SVB Qualified Investors Fund II, LLC (QIF II), a $5.1 million investment fund for employees that met certain eligibility requirements. To be eligible to participate in QIF II, an employee must be of a certain seniority level and must be a qualified investor as such term is defined by the SEC. QIF II was capitalized by commitments from certain eligible employees, including certain of the Company s executive officers. All employee participants are required to invest in the fund with their own money, but the Company manages the fund and pays all associated administrative costs. QIF II s principal purpose is to invest in a select number of private equity funds managed primarily by the Company or its affiliates. The following individuals who were executive officers in 2005 participated in QIF II, each with individual commitment amounts between $100,000 and $250,000: Greg Becker, Tim Hardin, Jack Jenkins-Stark, Harry Kellogg, Lynda Ward Pierce, Marc Verissimo, Ken Wilcox and Derek Witte.

Additionally, the final closing for SVB Strategic Investors Fund II, L.P. (SIF II), a venture investment fund formed by the Company, took place in June 2005. SIF II is a $175.0 million venture fund of funds that invests in other venture funds and is managed by its general partner, SVB Strategic Investors Fund II, LLC, a wholly-owned subsidiary of the Company. The Company holds a minority interest in SIF II. The following two directors of the Company have also invested in SIF II and hold minority interests in the following commitment amounts: Felda Hardymon (through a family limited partnership), $1,000,000 and James Porter, $100,000.

13. Legal Matters

Refer to the Company s amended Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2005 under Part I. Item 1. Interim Consolidated Financial Statements Note 12 to the Interim Consolidated Financial Statements Legal Matters for a description regarding a certain litigation matter involving Gateway Communications, Inc. The trial date has been postponed from December 2005 to April 2006. As previously disclosed, the Company believes that the sole remaining claim has no merit and intends to defend the lawsuit vigorously. Accordingly, the Company has not recorded an accrual related to this litigation.

Additionally, from time to time, the Company is subject to other legal claims and proceedings that are in the normal course of the Company s business. While the outcome of these matters is currently not determinable, based on information available to the Company, its review of such claims to date and consultation with outside counsel, the Company does not currently expect that the ultimate costs to resolve these matters, if any, will have a material adverse effect on the Company s liquidity, consolidated financial position or results of operations.

14. Subsequent Events

Repurchases under the Company s stock repurchase program

Under the Company s stock repurchase program, which was approved by its Board of Directors in May 2003, the Company repurchased 90,000 shares for a total cost of $4.5 million early in the third quarter of 2005 pursuant to a non-discretionary 10b-5-1 plan established during the second quarter. No shares have been repurchased subsequent to the expiration of the 10b-5-1 plan. To date, the Company has repurchased a total of 6.5 million shares for a total cost of $203.5 million. Approximately $31.5 million remains available for repurchase under the current approved program.

Default upon Zero-Coupon Convertible Subordinated Notes

On October 12, 2005 and December 16, 2005, the trustee under the note indenture relating to the Company s $150.0 million zero-coupon convertible subordinated notes due June 15, 2008, provided notice in accordance with the terms of the indenture that the Company was in breach of its covenant to remain current in its SEC filings because of its failure to file its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005, respectively. The Company s failure to cure this breach within 60 days of the October 12, 2005 notice constituted an event of default under the indenture as of December 11, 2005. As the indenture does not provide for any right of acceleration of the payment of the principal of the notes upon a default in the performance of any covenant or agreement in the notes or in the indenture, the trustee and the holders are not entitled to accelerate the maturity of the notes upon the occurrence of the aforementioned event of default. As a result, this event of default did not constitute a material default with respect to the Company s indebtedness. Upon the occurrence of this event of default, the trustee was entitled, subject to certain limitations and conditions, to seek to enforce the performance of such covenant. In addition, during the period that the event of default was continuing, the Company could not pay cash upon conversion of any note or portion of the note (other than cash for fractional shares). Upon the filing by the Company of its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005, any default or event of default under these notices will be cured.

ITEM 2 - MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s discussion and analysis below contain forward-looking statements. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors discussed in Item 3. Quantitative and Qualitative Disclosures about Market Risk Factors That May Affect Future Results.

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our interim unaudited consolidated financial statements and notes as presented in Part I - Item 1 of this report and in conjunction with the Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2004 (2004 Form 10-K/A), as filed with the Securities and Exchange Commission (SEC). Certain reclassifications have been made to prior years results to conform to the current period s presentations. Such reclassifications had no effect on our results of operations or stockholders equity.

All of the numbers impacted by the Restatement in this section are as restated.

Restatement of Financial Statements

As described in our 2004 Form 10-K/A and our Amendment No. 1 on Form 10-Q/A for the quarter ended March 31, 2005 (Q1 Form 10-Q/A), we have restated our interim consolidated financial statements as of and for the three-month period ended March 31, 2005, the consolidated annual financial statements for the years 2004, 2003 and 2002, quarterly financial data for each of the quarters within fiscal 2004 and 2003, and selected financial data for fiscal years 2004, 2003, 2002, 2001 and 2000, for purposes of correcting misapplications of GAAP (the Restatement). This note should be read in conjunction with Note 3, Restatement of Financial Statements in the Notes to our consolidated financial statements included in Item 8, Consolidated Financial Statements and Supplementary Data of the 2004 Form 10-K/A, which provides further information on the nature and impact of the Restatement.

As previously disclosed, the Board of Directors decided on July 18, 2005 that we should restate these financial statements after concluding that our accounting for our warrant portfolio should conform to certain accounting pronouncements for derivative instruments interpreting Statement of Financial Accounting Standard (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended (SFAS 133). The restated financial statements reflect changes in our derivative equity warrant accounting and other related changes. Additionally, in connection with the Restatement process, we reviewed, corrected and modified, where appropriate, certain of our accounting policies and practices. Changes made as a result of such corrections are also included in the restated financial statements and the selected financial data as applicable.

In connection with the Restatement, we made corrections primarily related to our reporting of: (i) our derivative equity warrant assets pursuant to SFAS 133 and other related changes, (ii) our initial non-refundable corporate finance fees pursuant to Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104), (iii) our non-refundable loan fees and costs associated with our lending products pursuant to SFAS No. 91, *Accounting for Nonrefundable Fees and Costs associated with Originating or Acquiring Loans and Initial Direct Costs of Leases* (SFAS No. 91), (iv) certain investment securities that were readily convertible to known amounts of cash and presented insignificant risk of changes in value with initial maturity dates of 90 days or less were reclassified and reported as cash equivalents pursuant to SFAS No. 95, *Statement of Cash Flows*, and (v) our current federal income taxes receivable and current federal income taxes payable were not reflected net on our balance sheets in accordance with the provisions of FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*.

The Company also recorded various other adjusting entries as part of the Restatement.

Overview of Company Operations

SVB Financial is a bank holding company and a financial holding company that was incorporated in the state of Delaware in March 1999. As of May 31, 2005, we changed our name from Silicon Valley Bancshares to SVB Financial. Our principal subsidiary, Silicon Valley Bank, is a California state-chartered bank and a member of the Federal Reserve System. Silicon Valley Bank s deposits are insured by the Federal Deposit Insurance Corporation. Our corporate headquarters is located at 3003 Tasman Drive, Santa Clara, California 95054, and our telephone number is 408.654.7400. When we refer to SVB Financial Group or we or use similar words, we intend to include SVB Financial and all of its subsidiaries collectively, including Silicon Valley Bank. When we refer to SVB Financial , we are referring only to the parent company, SVB Financial Group.

For over 20 years, we have been dedicated to helping entrepreneurs succeed, specifically focusing on industries where we have deep knowledge and relationships. Our focus is on the technology, life science, private equity, and premium wine industries. We continue to diversify our products and services to support our clients throughout their life cycles, regardless of their age or size. We offer a range of financial services that generate three distinct sources of income.

In part, our income is generated from interest rate differentials. The difference between the interest rates received on interest-earning assets, such as loans extended to clients and securities held in our investment portfolio, and the interest rates paid by us on interest-bearing liabilities, such as deposits and other borrowings, accounts for the major portion of our earnings. Our deposits are largely obtained from commercial clients within our technology, life science, private equity, and premium wine industry sectors, and, to a lesser extent, from individuals served by our Private Client Services group. We do not obtain deposits from conventional retail sources and have no brokered deposits. As part of negotiated credit facilities and certain other services, we frequently obtain rights to acquire stock in the form of warrants in certain client companies.

Fee-based services also generate income for our business. We market our full range of financial services to all of our commercial and private equity firm clients. In addition to commercial banking and private client services, we offer fee-based merger and acquisition services, private placements, and investment and advisory services. Our ability to integrate and cross-sell our diverse financial services to our clients is a strength of our business model.

In addition, we seek to obtain returns through investments in private equity and venture capital fund investments. We manage three limited partnerships: a venture capital fund that invests directly in privately held companies and two funds that invest in other venture capital funds.

Business Overview

SVB Financial Group is organized into groups, which manage the diverse financial services we offer:

Commercial Banking

We provide solutions to the needs of our commercial clients in the technology, life science, private equity and premium wine industries through our lending, deposit account and cash management, and global banking and trade products and services.

Through our lending products and services, we extend loans and other credit facilities to our commercial clients, most often secured by the assets of our clients. Lending products and services include traditional term loans, equipment loans, revolving lines of credit, accounts-receivable based lines of credit, asset-based loans, real estate loans, vineyard development loans, and financing of affordable housing projects. We often obtain warrants to purchase an equity position in a client company s stock in consideration for making loans, or for providing other services.

Our deposit account and cash management products and services provide commercial clients with short and long-term cash management solutions. Deposit account products and services include traditional deposit and checking accounts, certificates of deposit, and money market accounts. In connection with deposit accounts, we also provide lockbox and merchant services that facilitate quicker depositing of checks and other payments to clients accounts. Cash management products and services include wire transfer and Automated Clearing House (ACH) payment services to enable clients to transfer funds quickly from their deposit accounts. Additionally, the cash management services unit provides collection services, disbursement services, electronic funds transfers, and online banking through SVBeConnect.

Our global banking and trade products and services facilitate our clients global finance and business needs. These products and services include foreign exchange services that allow commercial clients to manage their foreign currency risks through the purchase and sale of currencies on the global inter-bank market. To facilitate our clients international trade, we offer a variety of loans and credit facilities guaranteed by the Export-Import Bank of the United States. We also offer letters of credit, including export, import, and standby letters of credit, to enable clients to ship and receive goods globally.

The Commercial Banking group also provides investment services to our clients through our broker-dealer subsidiary, SVB Securities. SVB Securities is registered with the National Association of Securities Dealers, Inc. (NASD). These services, which include money market mutual funds, fixed income securities and repurchase agreements enable our clients to better manage their assets. We also offer investment advisory services through SVB Asset Management, one of our registered investment advisor subsidiaries. SVB Asset Management specializes in outsourced treasury management, customized cash portfolio management and reporting and monitoring for corporations.

SVB Capital

SVB Capital focuses on the business needs of our venture capital and private equity clients, establishing and maintaining relationships with those firms domestically and internationally. Through this segment, we provide banking services and financial solutions, including traditional deposit and checking accounts, loans, letters of credit, and cash management services.

SVB Capital also makes investments in venture capital and other private equity firms and in companies in the niches we serve. The segment also manages three venture funds that are consolidated into our financial statements: SVB Strategic Investors Fund, LP and SVB Strategic Investors Fund II, LP, which are funds of funds that invest in other venture funds, and Silicon Valley BancVentures, LP, a direct equity venture fund that invests in privately held technology and life science companies. This segment also includes investments in Gold Hill Venture Lending 03, LP and its parallel funds (collectively known as Gold Hill Venture Lending 03, LP), which provide secured debt to emerging growth clients in their earlier stages, and Partners for Growth, LP, a fund that provides secured debt to higher risk, emerging growth clients in their later stages. We define emerging growth clients as companies in the start-up or early stages of their life cycle. These companies tend to be privately held and backed by venture capital; they generally have few employees, have brought relatively few products or services to market, and have little or no revenue. By contrast, middle market companies tend to be more mature; they may be publicly traded and more established in the markets in which they participate, although not necessarily the leading players in their industries.

SVB Capital also offers services, through the Special Equities Group, to assist private equity firms, and the partners of such firms, with liquidating securities following initial public offerings and mergers and acquisitions, including in-kind stock transactions, restricted stock sales, block trading, and special situations trading such as liquidation of foreign securities and Private Investment in Public Equity (PIPE) positions. The Special Equities Group is a division of SVB Securities, a broker-dealer registered with the NASD.

Other Business Services

The Other Business Services segment is principally comprised of SVB Alliant, Global Financial Services and Private Client Services, and other business service units that are not part of the Commercial Bank or SVB Capital segments. SVB Alliant, Global Financial Services and Private Client Services do not meet the separate reporting thresholds as defined by SFAS No. 131 and as such, have been aggregated as Other Business Services for segment reporting purposes.

SVB Alliant

Through SVB Alliant, our investment banking subsidiary, we provide merger and acquisition advisory services (M&A), strategic alliance services, and specialized financial studies such as valuations and fairness opinions. In October 2003, we enhanced our investment banking product set by launching a Private Capital Group that provides advisory services for the private placement of securities. SVB Alliant is a broker-dealer registered with the NASD.

Global Financial Services

Global Financial Services serves the needs of the Company s domestic clients with global banking products, including foreign exchange and global finance and access to SVB Financial Group s international banking network for in-country services abroad. Global Financial Services also supports venture capital and commercial banking clients with business services through subsidiaries in India and the United Kingdom.

Private Client Services and Other

Our Private Client Services and Other group is principally comprised of our Private Client Services group and other business services units. Private Client Services provides a wide range of credit services to high-net-worth individuals using loans and long-term secured and short-term unsecured lines of credit. Those products and services include home equity lines of credit, secured lines of credit, restricted stock purchase loans, airplane loans, and capital call lines of credit. We also help our clients meet their cash management needs by providing deposit account products and services, including checking accounts, deposit accounts, money market accounts, and certificates of deposit. Through our subsidiary, Woodside Asset Management, Inc., we provide individual clients with personal investment advisory services, assisting clients in establishing and implementing investment strategies to meet their individual needs and goals. As a result of the Private Client Services group s recent decision to focus on its core banking and credit products, we are exploring strategic alternatives in relation to Woodside Asset Management, including a possible sale to a third party.

Critical Accounting Policies and Estimates

The accompanying management s discussion and analysis of results of operations and financial condition are based upon our interim consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates on an ongoing basis. Management bases its estimates on historical experiences and various other factors and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

In our 2004 Form 10-K/A, a summary of significant accounting policies and a description of accounting policies that are considered critical are described in Part II. Item 8. Consolidated Financial Statements and Supplementary Data Note 2. Significant Accounting Policies and in Part II. Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123 (R), Share-Based Payment which is a revision of SFAS No. 123 and supersedes APB No. 25. SFAS No. 123(R) requires us to measure the cost of employee services received in exchange for an award of equity instruments using a fair value method, and record such expense in our consolidated financial statements for interim or annual reporting periods beginning after June 15, 2005. On April 14, 2005 the SEC provided issuers with an election to defer the adoption date of SFAS No. 123(R) from the first interim or annual reporting period beginning after June 15, 2005 to the first *annual* reporting period beginning after June 15, 2005. The Company elected to defer the effective date of SFAS 123(R) until fiscal 2006.

The adoption of SFAS No. 123(R) will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. The adoption of SFAS No. 123(R) will have a material impact on our consolidated results of operations, financial position, and statement of cash flows as such expense will now be reported in our consolidated financial statements rather than on a pro forma basis in the notes to the consolidated financial statements. However, we expect that the pro forma expense calculated under SFAS No. 123 will approximate the expense that will be recognized under SFAS No. 123(R).

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections (SFAS No. 154), which replaces APB No. 20 Accounting Changes and SFAS No. 3 Reporting Accounting Changes in Interim Financial Statements. SFAS No. 154 also changes the requirements for the accounting for and reporting of a change in accounting principle, and applies to all voluntary changes in accounting principles, as well as changes required by an accounting pronouncement in the unusual instance it does not include specific transition provisions. Specifically, SFAS No. 154 requires retrospective application to prior periods financial statements, unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for the Company beginning January 1, 2006. The Company does not expect the adoption of SFAS No. 154 to have a material impact on its results of operations or financial condition.

Results of Operations

Earnings Summary

We reported net income of $20.9 million for the three months ended June 30, 2005. This was $6.4 million, or 44.5%, higher than net income of $14.5 million for the three months ended June 30, 2004. Net income totaled $43.8 million for the six months ended June 30, 2005. This was $16.2 million, or 58.3%, higher than net income of $27.7 million for the six months ended June 30, 2004.

Dilutive Effect of Contingently Convertible Debt on our Diluted Earnings per Share Calculation

We included the dilutive effect of the $150.0 million zero-coupon, convertible subordinated notes due June 15, 2008 in our diluted earnings per share (EPS) calculation using the treasury stock method, in accordance with the provisions of Emerging Issue Task Force (EITF) issue No. 90-19, Convertible Bonds With Issuer Option to Settle in Cash Upon Conversion and Statement of Financial Accounting Standard (SFAS) No. 128, Earnings Per Share . The exposure draft of SFAS No. 128R, if adopted in its proposed form, will require us to change our accounting for the calculation of EPS on our contingently convertible debt to the if-converted method . The if-converted treatment of the contingently convertible debt would have decreased EPS by $0.04 per diluted common share, or 7.4% for the three months ended June 30, 2005, and by $0.08 per diluted common share, or 7.1% for the six months ended June 30, 2005, respectively.

Three Months ended June 30, 2005 Compared to Three Months ended June 30, 2004

Consolidated net income increased by $6.4 million for the three months ended June 30, 2005 versus the three months ended June 30, 2004.

Net interest income increased by $18.3 million due to an increase in average interest-earning assets, particularly commercial loans and investment securities, and due to an improvement in yields generated from these assets.

This increase in net interest income was partially offset by an increase of $7.0 million in the provision for loan and lease losses. In the second quarter of 2005, we recorded a provision for loan and lease loss expense of $0.8 million, compared to a $6.2 million recovery recorded in the second quarter of 2004.

Six Months ended June 30, 2005 Compared to Six Months ended June 30, 2004

Consolidated net income increased by $16.2 million between the six months ended June 30, 2005 and the six months ended June 30, 2004.

Net interest income increased by $38.0 million due to an increase in average interest-earning assets, particularly commercial loans and investment securities, and due to an improvement in yields generated from these assets.

An increase in noninterest expense of $9.0 million was largely attributable to higher compensation expense of $10.5 million due to higher employee head count and higher equity compensation costs. Additionally, higher professional services expense of $2.5 million was primarily due to costs associated with the restatement of the Company s financial statements and other business initiatives. These increases were offset by a reduction of unfunded credit commitments of $1.3 million in 2005 compared to a provision of unfunded credit commitments of $2.4 million in 2004.

The major components and changes of net income are summarized in the following table:

(Dollars in thousands)	For the three months ended June 30, 2005	2004 (As Restated)	% Change	For the six months ended June 30, 2005	2004 (As Restated)	% Change
Net interest income	$ 71,690	$ 53,363	34.3%	$ 141,045	$ 103,059	36.9%
(Recovery of) provision for loan and lease losses	814	(6,175)	(113.2)	(3,000)	(5,530)	(45.8)
Noninterest income	30,133	30,468	(1.1)	55,273	54,395	1.6
Noninterest expense	66,325	66,349	0.0	127,140	118,181	7.6
Minority interest in net (income) loss (income) of consolidated affiliates	372	(67)	(655.2)	813	(548)	(248.4)
Income before income tax expense	35,056	23,590	48.6	72,991	44,255	64.9
Income tax expense	14,160	9,129	55.1	29,159	16,573	75.9
Net income	$ 20,896	$ 14,461	44.5	$ 43,832	$ 27,682	58.3
Return on average assets(1)	1.66%	1.22%		1.74%	1.21%	
Return on average stockholders equity(1)	15.90	12.20		16.55	11.72	
Average stockholders equity to average assets	10.46	10.02		10.51	10.32	

(1) These quarterly ratios represent annualized net income divided by quarterly average assets or equity.

Net Interest Income and Margin

Net interest income is defined as the difference between interest earned primarily on loans, investment securities, federal funds sold, securities purchased under agreement to resell and other short-term investment securities, and interest paid on funding sources, primarily deposits. Net interest income is our principal source of revenue. Net interest margin is defined as the amount of annualized net interest income, on a fully taxable-equivalent basis, expressed as a percentage of average interest-earning assets. The average yield earned on interest-earning assets is the amount of annualized taxable-equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is defined as annualized interest expense as a percentage of funding sources.

The following tables set forth average assets, liabilities, minority interest, stockholders equity, interest income, interest expense, annualized yields and rates, and the composition of our annualized net interest margin for the three months and six months ended June 30, 2005 and 2004, respectively. (For a description of certain off-balance sheet arrangements, see also Note 11. Obligations under guarantees to the interim financial statements contained in this report.)

AVERAGE BALANCES, RATES AND YIELDS

	For the three months ended June 30,									
	2005					2004				
(Dollars in thousands)		Average Balance		Interest Income/ Expense	Yield/ Rate		Average Balance (As Restated)		Interest Income/ Expense (As Restated)	Yield/ Rate (As Restated)
Interest-earning assets:										
Federal funds sold, securities purchased under agreement to resell and other short-term investment securities(1)	$	376,359	$	2,025	2.16%	$	642,036	$	1,717	1.08%
Investment securities:										
Taxable		1,839,543		21,191	4.62		1,650,228		17,578	4.28
Non-taxable(2)		86,193		1,457	6.78		144,244		1,986	5.54
Loans:										
Commercial		1,854,716		45,129	9.76		1,553,402		31,891	8.26
Real estate construction and term		158,023		2,567	6.52		110,302		1,446	5.27
Consumer and other		240,409		3,610	6.02		214,598		2,277	4.27
Total loans, net of unearned income		2,253,148		51,306	9.13		1,878,302		35,614	7.63
Total interest-earning assets		4,555,243		75,979	6.69		4,314,810		56,895	5.30
Cash and due from banks		226,902					208,297			
Allowance for loan and lease losses		(36,358)					(50,142)			
Goodwill		35,639					37,551			
Other assets(3)		259,253					237,813			
Total assets	$	5,040,679				$	4,748,329			
Funding sources:										
Interest-bearing liabilities:										
NOW deposits	$	38,486	$	39	0.41%	$	26,082	$	27	0.42%
Regular money market deposits		427,270		755	0.71		555,939		695	0.50
Bonus money market deposits		823,503		1,593	0.78		744,674		925	0.50
Time deposits		287,115		461	0.64		321,365		477	0.60
Contingently convertible debt		147,081		235	0.64		146,139		236	0.65
Junior subordinated debentures		49,894		554	4.45		49,588		330	2.68
Federal funds purchased and securities sold under agreement to repurchase		7,912		63	3.19					0.00
Other borrowings		10,031		79	3.16		18,990		146	3.09
Total interest-bearing liabilities		1,791,292		3,779	0.85		1,862,777		2,836	0.61
Portion of noninterest-bearing funding sources		2,763,951					2,452,033			
Total funding sources		4,555,243		3,779	0.33		4,314,810		2,836	0.26
Noninterest-bearing funding sources:										
Demand deposits		2,537,520					2,250,388			
Other liabilities		95,231					105,763			
Minority interest in capital of consolidated affiliates		89,437					53,853			

Stockholders equity		527,199					475,548		
Portion used to fund interest-earning assets		(2,763,951)					(2,452,033)		
Total liabilities, minority interest and stockholders equity	$	5,040,679				$	4,748,329		
Net interest income and margin			$	72,200	6.36%			$	54,059	5.04%
Total deposits	$	4,113,894				$	3,898,448		

(1) Includes average interest-bearing deposits in other financial institutions of $21.4 million and $11.9 million for the three months ended June 31, 2005 and 2004, respectively.

(2) Interest income on non-taxable investments is presented on a fully taxable-equivalent basis using the federal statutory income tax rate of 35.0% in both 2005 and 2004. The tax-equivalent adjustments were $0.5 million and $0.7 million for the three months ended June 30, 2005 and 2004, respectively.

(3) Average equity investments of $155.5 million and $122.7 million (as restated) for the three months ended June 30, 2005 and 2004, respectively, were reclassified to other assets as they were noninterest-bearing.

(Dollars in thousands)	2005 Average Balance	2005 Interest Income/ Expense	2005 Yield/ Rate	2004 Average Balance (As Restated)	2004 Interest Income/ Expense (As Restated)	2004 Yield/ Rate (As Restated)
	For the six months ended June 30,					
Interest-earning assets:						
Federal funds sold, securities purchased under agreement to resell and other short-term investment securities(1)	$ 378,978	$ 4,984	2.65%	$ 700,318	$ 3,690	1.06%
Investment securities:						
Taxable	1,914,106	42,165	4.44	1,473,239	31,072	4.24
Non-taxable(2)	89,120	3,031	6.86	144,328	4,233	5.90
Loans:						
Commercial	1,820,088	87,184	9.66	1,532,621	64,070	8.41
Real estate construction and term	154,298	4,768	6.23	103,306	2,682	5.22
Consumer and other	238,863	6,810	5.75	205,629	4,370	4.27
Total loans, net of unearned income	2,213,249	98,762	9.00	1,841,556	71,122	7.77
Total interest-earning assets	4,595,453	148,942	6.54	4,159,441	110,117	5.32
Cash and due from banks	230,363			210,316		
Allowance for loan and lease losses	(37,792)			(50,983)		
Goodwill	35,639			37,552		
Other assets(3)	259,246			234,922		
Total assets	$ 5,082,909			$ 4,591,248		
Funding sources:						
Interest-bearing liabilities:						
NOW deposits	$ 34,562	$ 69	0.40%	$ 24,778	$ 52	0.42%
Regular money market deposits	462,628	1,447	0.63	491,966	1,232	0.50
Bonus money market deposits	782,463	2,641	0.68	724,593	1,816	0.50
Time deposits	300,419	953	0.64	345,771	1,037	0.60
Contingently convertible debt	146,963	471	0.65	146,016	472	0.65
Junior subordinated debentures	49,648	1,038	4.22	49,313	680	2.77
Federal funds purchased and securities sold under agreement to repurchase	3,978	63	3.19			0.00
Other borrowings	9,888	154	3.14	18,615	287	3.10
Total interest-bearing liabilities	1,790,549	6,836	0.77	1,801,052	5,576	0.62
Portion of noninterest-bearing funding sources	2,804,904			2,358,389		
Total funding sources	4,595,453	6,836	0.30	4,159,441	5,576	0.27
Noninterest-bearing funding sources:						
Demand deposits	2,575,218			2,172,172		
Other liabilities	101,905			93,964		
Minority interest in capital of consolidated affiliates	81,004			50,411		
Stockholders equity	534,233			473,649		
Portion used to fund interest-earning assets	(2,804,904)			(2,358,389)		
Total liabilities, minority interest and stockholders equity	$ 5,082,909			$ 4,591,248		

Net interest income and margin		$ 142,106	6.24%		$ 104,541	5.05%
Total deposits	$ 4,155,290			$ 3,759,280		

(1) Includes average interest-bearing deposits in other financial institutions of $18.3 million and $8.2 million for the six months ended June 31, 2005 and 2004, respectively.

(2) Interest income on non-taxable investments is presented on a fully taxable-equivalent basis using the federal statutory income tax rate of 35.0% in both 2005 and 2004. The tax-equivalent adjustments were $1.1 million and $1.5 million for the six months ended June 30, 2005 and 2004, respectively.

(3) Average equity investments of $153.4 million and $132.6 million (as restated) for the six months ended June 30, 2005 and 2004, respectively, were reclassified to other assets as they were noninterest-bearing.

Net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as volume change. Net interest income is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing liabilities, referred to as rate change. The following table sets forth changes in interest income and interest expense for each major category of interest-earning assets and interest-bearing liabilities. The table also reflects the amount of simultaneous change attributable to both volumes and rates for the periods indicated. For this table, changes that are not solely due to either volume or rate are allocated in proportion to the percentage changes in average volume and average rate. Changes relating to investments in non-taxable municipal securities are presented on a fully taxable-equivalent basis using the federal statutory rate of 35.0% in both 2005 and 2004.

	2005 Compared to 2004 Three months ended June 30, Increase (Decrease) Due to Change in			2005 Compared to 2004 Six months ended June 30, Increase (Decrease) Due to Change in		
(Dollars in thousands)	**Volume**	**Rate**	**Total**	**Volume (As Restated)**	**Rate (As Restated)**	**Total (As Restated)**
Interest income:						
Federal funds sold, securities purchased under agreement to resell and other short-term investment securities	$ (920)	$ 1,228	$ 308	$ (2,284)	$ 3,578	$ 1,294
Investment securities	1,232	1,852	3,084	7,770	2,121	9,891
Loans	7,884	7,808	15,692	15,476	12,164	27,640
Increase (decrease) in interest income	8,196	10,888	19,084	20,962	17,863	38,825
Interest expense:						
NOW deposits	13	(1)	12	20	(3)	17
Regular money market deposits	(184)	244	60	(77)	292	215
Bonus money market deposits	107	561	668	153	672	825
Time deposits	(53)	37	(16)	(143)	59	(84)
Contingently convertible debt	2	(3)	(1)	2	(3)	(1)
Junior subordinated debentures	2	222	224	5	353	358
Federal funds purchased and securities sold under agreement to repurchase	63		63	63		63
Other borrowings	(70)	3	(67)	(137)	4	(133)
(Decrease) increase in interest expense	(120)	1,063	943	(114)	1,374	1,260
Increase in net interest income	$ 8,316	$ 9,825	$ 18,141	$ 21,076	$ 16,489	$ 37,565

Three Months ended June 30, 2005 Compared to Three Months ended June 30, 2004

Net Interest Income

Net interest income, on a fully taxable-equivalent basis, totaled $72.2 million for the three months ended June 30, 2005, an increase of $18.1 million, or 33.6% from the comparable 2004 period. The increase in net interest income was the result of a $19.1 million increase in interest income driven primarily by the loan portfolio, slightly offset by a $0.9 million increase in interest expense.

Interest Income - Net Increase in Interest-Earning Assets (Volume Variance)

The $19.1 million increase in interest income, on a fully taxable-equivalent basis, was partially due to a $8.2 million favorable volume variance. The favorable volume variance resulted from a $240.4 million, or 5.6% increase, in average interest-earning assets. Increases in our funding sources, largely deposits, were the main contributors to the increase in average interest-earning assets. We believe deposits increased due to an improved venture capital funding environment and a general improvement in business conditions for many of our clients. The increase in average interest-earning assets was primarily centered in loans and investment securities, which collectively increased $506.1 million. This increase was partially offset by a decrease in federal funds sold, securities purchased under agreement to resell and other short-term investments of $265.7 million. Average investment securities increased by $131.3 million, resulting in a $1.2 million favorable volume variance. In particular, relatively higher-yielding mortgage-backed securities and collateralized mortgage obligations increased by $185.8 million. We estimated the duration of the investment portfolio at June 30, 2005 to be 1.9 years, compared to 3.0 years at June 30, 2004. The decrease in duration was due primarily to declines in longer-term interest rates.

In addition, average loans increased by $374.8 million resulting in an $7.9 million favorable volume variance. The volume variance is largely driven by growth in our commercial loan category, which represented $301.3 million of the increase, followed by smaller increases in the real estate and consumer loan categories. The increase in average loans reflects an improvement in economic activity in the markets served by us. Our loan yield in the three months ended June 30, 2005 and 2004 included $1.8 million and $1.2 million, respectively, from the accretion of warrant loan fees.

Average federal funds sold, securities purchased under agreement to resell and other short-term investment securities for the three months ended June 30, 2005 decreased, resulting in a $0.9 million unfavorable volume variance. The decrease was mainly due to shifting funds into our investment securities and loan portfolios.

Interest Income - Change in Market Interest Rates and Shift in Investment Portfolio Mix (Rate Variance)

Favorable rate variances associated with each component of interest-earning assets caused a $10.9 million increase in interest income. The yield on average interest-earning assets increased 139 basis points overall, largely driven by higher yields generated by average loans and taxable investment securities. The increase in yields on interest-earning assets was primarily caused by:

- a shift in the loan portfolio mix,
- a shift in the average investment portfolio mix,
- an increase in our weighted-average prime lending rate, and
- an increase in short-term market rates.

The average yield on taxable investment securities for the three months ended June 30, 2005 increased 34 basis points to 4.62% from 4.28% in the comparable prior year period. This was primarily due to a shift in the mix of the investment portfolio to relatively higher-yielding, mortgage-backed securities and collateralized mortgage obligations and to increases in short-term interest rates.

We realized a $7.8 million favorable rate variance associated with our loan portfolio, largely driven by higher yields from loans. The increase in loan yields was partially attributable to a shift in the composition of the loan portfolio to higher-yielding, asset-based lending and accounts receivable factoring products, which, on an average balance basis, increased by approximately 44.2% in the second quarter of 2005 compared to the second quarter of 2004. In addition, on February 3, 2005, March 23, 2005 and again, on May 4, 2005, we increased our prime lending rate, each time by 25 basis points, bringing our prime rate to 6.00%, in response to increases in short-term market interest rates. Our weighted-average prime lending rate increased to 5.91% in the second quarter of 2005 from 4.00% in the 2004 second quarter. As of June 30, 2005, approximately 76.6%, or $1.9 billion of our total loan portfolio, were variable rate loans and would reprice with an increase in our prime lending rate.

In addition, we realized a $1.2 million favorable rate variance associated with federal funds sold, securities under agreement to resell and other short-term investment securities. The aforementioned increases in short-term market interest rates were largely responsible for this favorable rate variance.

Interest Expense

Total interest expense for the three-month ended June 30, 2005 increased by $0.9 million which resulted from an unfavorable rate variance of $1.1 million due to an increase in the rates paid on certain interest-bearing deposits.

The average cost of funds paid in the three months ended June 30, 2005 was 0.33%, compared to 0.26% for the three months ended June 30, 2004.

During the three-month period ended June 30, 2005, the average balance of federal funds purchased and securities sold under agreement to repurchase was $7.9 million and the average interest rate paid during that period was 3.19%.

Six Months ended June 30, 2005 Compared to Six Months ended June 30, 2004

Net Interest Income

Net interest income, on a fully taxable-equivalent basis, totaled $142.1 million for the six months ended June 30, 2005, an increase of $37.6 million, or 35.9% from the comparable 2004 period. The increase in net interest income was the result of a $38.8 million increase in interest income and slightly offset by a $1.3 million increase in interest expense.

Interest Income - Net Increase in Interest-Earning Assets (Volume Variance)

The $38.8 million increase in interest income, on a fully taxable-equivalent basis, was primarily the result of a $21.0 million favorable volume variance. The favorable volume variance resulted from a $436.0 million, or 10.5% increase, in average interest-earning assets. This increase was primarily centered in loans and investment securities, which collectively increased $757.4 million. This increase was partially offset by a decrease in federal funds sold, securities purchased under agreement to resell and other short-term investments of $321.3 million resulting from a reclassification of certain investment securities. Increases in our noninterest-bearing funding sources of $446.5 million were the main contributions to the increase in average interest-earning assets. We believe these funding sources increased due to an improved venture capital funding environment and a general improvement in business conditions for many of our clients.

Average investment securities increased by $385.7 million, resulting in a $7.8 million favorable volume variance. In particular, relatively higher-yielding mortgage-backed securities and collateralized mortgage obligations increased by $323.8 million. We estimated the average duration of the investment portfolio at June 30, 2005 to be 1.9 years, compared to 3.0 years at June 30, 2004. The decrease in duration was due primarily to declines in longer-term interest rates.

In addition, average loans increased by $371.7 million resulting in a $15.5 million favorable volume variance. The volume variance is largely driven by growth in our commercial loan category, which represented $287.5 million of the increase, followed by smaller increases in the real estate and consumer loan categories. The increase in average loans reflects an improvement in economic activity in the markets served by us. Our loan yield in the six months ended June 30, 2005 and 2004 included $3.5 million and $2.6 million, respectively, from the accretion of warrant loan fees.

Average federal funds sold, securities purchased under agreement to resell and other short-term investment securities for the six months ended June 30, 2005 decreased, resulting in a $2.3 million unfavorable volume variance. The decrease was mainly due to our shifting funds into our investment securities and loan portfolios.

Interest Income - Change in Market Interest Rates and Shift in Investment Portfolio Mix (Rate Variance)

Favorable rate variances associated with each component of interest-earning assets caused a $17.9 million increase in interest income. The yield on average interest-earning assets increased 122 basis points overall, largely driven by higher yields generated by average loans and taxable investment securities. The increase in yields on interest-earning assets was primarily caused by:

- a shift in the loan portfolio mix,
- a shift in the average investment portfolio mix,
- an increase in our weighted-average prime lending rate, and
- an increase in short-term market rates.

The average yield on taxable investment securities for the six months ended June 30, 2005 increased 20 basis points to 4.44% from 4.24% in the comparable prior year period, causing a $2.1 million favorable rate variance associated with our average investment securities. This was primarily due to a shift in the composition of a portion of the investment portfolio to relatively higher-yielding, mortgage-backed securities and collateralized mortgage obligations.

We realized a $12.2 million favorable rate variance associated with our loan portfolio, largely driven by higher yields from loans. The increase in loan yields was partially attributable to a shift in the composition of the average loan portfolio to higher-yielding, asset-based lending and accounts receivable factoring products, which, on an average balance basis, increased by approximately 52.2% in the first six months of 2005 compared to the first six months of 2004. In addition, on February 3, 2005, March 23, 2005, and again, on May 4, 2005, we increased our prime lending rate, each time by 25 basis points, bringing our prime rate to 6.00%, in response to increases in short-term market interest rates. Our weighted-average prime lending rate increased to 5.67% in the first six months of 2005 from 4.00% in the first six months of 2004. As of June 30, 2005, approximately 76.6%, or $1.9 billion of our total loan portfolio, were variable rate loans and would reprice with an increase in our prime lending rate.

In addition, we realized a $3.6 million favorable rate variance associated with federal funds sold, securities under agreement to resell and other short-term investment securities. The aforementioned increases in short-term market interest rates were responsible for this favorable rate variance.

Interest Expense

Total interest expense for the six months ended June 30, 2005 increased by $1.3 million, which resulted from an unfavorable rate variance of $1.4 million due to an increase in the rates paid on certain interest-bearing deposits.

The average cost of funds paid in the six months ended June 30, 2005 increased 3 basis points to 0.30% from 0.27% for the six months ended June 30, 2004. This resulted from our decision to increase rates for certain types of interest-bearing deposit accounts, in response to recent increases in short-term market interest rates.

During the six-month period ended June 30, 2005 the average balance of federal funds purchased and securities sold under agreement to repurchase was $4.0 million and the average interest rate during the period was 3.19%.

Provision for (Recovery of) Loan and Lease Losses

The provision for loan and lease losses is based on our evaluation of the adequacy of the existing allowance for loan and lease losses in relation to total loans, and on our periodic assessment of the inherent and identified risk dynamics of the loan portfolio resulting from reviews of selected individual loans and loan commitments.

Three months ended June 30, 2005 Compared to three months ended June 30, 2004

We recorded a provision for loan and lease losses of $0.8 million for the three months ended June 30, 2005, compared to a recovery of loan and lease losses of $6.2 million for the comparable quarter a year ago.

We incurred net charge-offs of approximately $0.1 million for the three months ended June 30, 2005 compared to net recoveries of $1.7 million for the three months ended June 30, 2004.

Six Months ended June 30, 2005 Compared to Six Months ended June 30, 2004

We recorded a recovery of loan and lease losses of $3.0 million for the six months ended June 30, 2005, compared to a $5.5 million recovery for the comparable period a year ago.

We realized net recoveries of approximately $1.8 million for the six months ended June 30, 2005 compared to $0.5 million for the six months ended June 30, 2004, respectively. Credit quality remained strong with nonperforming loans at 0.65% of total gross loans. See Financial Condition - Credit Quality and the Allowance for Loan and Lease Losses for additional related discussion.

Noninterest Income

The following table summarizes the components of noninterest income for the three months and six months ended June 30, 2005 and 2004, and the percent changes from period to period:

(Dollars in thousands)	For the three months ended June 30, 2005	2004 (As Restated)	% Change	For the six months ended June 30, 2005	2004 (As Restated)	% Change
Client investment fees	$ 7,805	$ 6,399	22.0%	$ 15,201	$ 12,667	20.0%
Letter of credit and standby letter of credit income	2,423	2,343	3.4	4,793	5,014	(4.4)
Corporate finance fees	6,935	10,759	(35.5)	11,749	15,141	(22.4)
Deposit service charges	2,378	3,695	(35.6)	4,882	7,408	(34.1)
Gains (losses) on derivative instruments, net	10,115	3,593	181.5	14,141	6,158	129.6
Gains (losses) on investment securities, net	(1,631)	755	(316.0)	(429)	2,224	(119.3)
Other	2,108	2,924	(27.9)	4,936	5,783	(14.6)
Total noninterest income	$ 30,133	$ 30,468	(1.1)	$ 55,273	$ 54,395	1.6

We offer client-directed investment assets, sweep products, and asset management services on which we earn fees. The following table summarizes client investment funds in client directed investment assets, sweep products, and client investment assets under management as of June 30, 2005 and 2004:

(Dollars in millions)	At June 30, 2005	At June 30, 2004
Client investment funds:		
Client-directed investment assets	$ 8,074	$ 7,761
Sweep money market funds	1,469	1,188
Client investment assets under management	3,446	2,008
Total client investment funds(1)	$ 12,989	$ 10,957

(1) Client funds maintained at third-party financial institutions.

Total client investment funds were $13.0 billion at June 30, 2005, compared to $11.0 billion at June 30, 2004, an increase of $2.0 billion, or 19.3%. As of June 30, 2005, SVB Asset Management accounted for $3.4 billion, or 26.4%, of the total client investment funds. Mutual fund products totaled $6.6 billion and $6.8 billion at June 30, 2005 and 2004, respectively.

Three months ended June 30, 2005 Compared to three months ended June 30, 2004

Client investment fee income for the three months ended June 30, 2005 of $7.8 million was $1.4 million, or 22.0% higher, than $6.4 million for the three months ended June 30, 2004. The increased income in the three months ended June 30, 2005 as compared to

36

June 30, 2004 was largely attributable to the growth in client investment funds generating this income.

Our fees, calculated on client average balances, ranged from 5 to 76 basis points as of June 30, 2005, compared to a range of 9 to 58 basis points as of June 30, 2004.

Corporate finance fees for the three months ended June 30, 2005 were $6.9 million, compared to $10.8 million at June 30, 2004, a decrease of $3.9 million for the three months ended June 30, 2004. For the three months ended June 30, 2004, corporate finance fees included a single large transaction of $6.1 million. SVB Alliant s business is highly variable, thus we expect significant changes in corporate finance fees from period to period.

Deposit services for the three months ended June 30, 2005 were $2.4 million, compared to $3.7 million at June 30, 2004, a decrease of $1.3 million for the three months ended June 30, 2004. Clients compensate us for depository services, either through earnings credits computed on their demand deposit balances, or via explicit payments that we recognize as deposit service charge income. Earnings credits are calculated using client average daily deposit balances, less a reserve requirement and a discounted U.S. Treasury bill interest rate. Clients received higher earnings credit in the three months ended June 30, 2005 compared to the respective prior year period due to increased short-term market interest rates in the first three months of 2005, resulting in additional credits to offset deposit service charges.

Gains on derivative instruments, net were $10.1 million for the three months ended June 30, 2005 compared to $3.6 million for the three months ended June 30, 2004 due to increases in foreign exchange forward gains and favorable changes in the warrant asset fair value.

Six Months ended June 30, 2005 Compared to Six Months ended June 30, 2004

Client investment fee income for the six months ended June 30, 2005 of $15.2 million was $2.5 million higher than $12.7 million for the six months ended June 30, 2004. The increased income in the six months ended June 30, 2005 as compared to June 30, 2004 was largely attributable to the growth in client investment funds generating this income.

Corporate finance fees for the six months ended June 30, 2005 were $11.7 million, compared to $15.1 million at June 30, 2004, a decrease of $3.4 million, for the six months ended June 30, 2004. For the six months ended June 30, 2004, corporate finance fees included a single large transaction of $6.1 million. SVB Alliant s business is highly variable, thus we expect significant changes in corporate finance fees from period to period.

Deposit services for the six months ended June 30, 2005 were $4.9 million, compared to $7.4 million at June 30, 2004, a decrease of $2.5 million, or 34.1% lower, than for the six months ended June 30, 2004. Clients compensate us for depository services, either through earnings credits computed on their demand deposit balances, or via explicit payments that we recognize as deposit service charge income. Earnings credits are calculated using client average daily deposit balances, less a reserve requirement and a discounted U.S. Treasury bill interest rate. Clients received higher earnings credit in the six months ended June 30, 2005 compared to the respective prior year period due to increased short-term market interest rates in the first six months of 2005, resulting in additional credits to offset deposit service charges.

Gains on derivative instruments, net were $14.1 million for the six months ended June 30, 2005 compared to $6.2 million for the six months ended June 30, 2004 due to increases in foreign exchange forward gains and favorable changes in the warrant asset fair value.

The following table summarizes the components of gains (losses) on derivative instruments for the three and six months ended June 30, 2005 and 2004, and the percent changes from period to period:

	For the three months ended June 30,		%	For the six months ended June 30,		%
(Dollars in thousands)	**2005**	**2004 (As Restated)**	**Change**	**2005**	**2004 (As Restated)**	**Change**
Foreign exchange forwards	$ 6,792	$ 3,290	106.4%	$ 11,611	$ 6,525	77.9%
Equity warrant assets change in fair value:						
Cancellations and expirations	(681)	(256)	166.0	(819)	(486)	68.5
Other changes in warrant asset fair value	4,004	559	616.3	3,349	119	2,714.3
Total gains (losses) on derivative instruments	$ 10,115	$ 3,593	181.5%	$ 14,141	$ 6,158	129.6%

The change in fair value of equity warrant assets is primarily attributable to the changes in the value of the underlying assumptions used to value the equity warrants including: changes in the risk-free interest rate, changes in the underlying value of the client companies stock, changes in the volatility of market comparable public companies and changes in the expected life.

The following table presents the components of gains and losses on investment securities, for the three months and six months ended June 30, 2005 and June 30, 2004.

(Dollars in thousands)	For the three months ended June 30, 2005	For the three months ended June 30, 2004 (As Restated)	For the six months ended June 30, 2005	For the six months ended June 30, 2004 (As Restated)
Gross gains on investment securities:				
Available-for-sale securities, at fair value	$ 71	$ 15	$ 123	$ 1,213
Non-marketable securities (investment company fair value accounting):				
Venture capital fund investments	1,256	1,199	4,902	2,642
Other private equity investments	540	757	945	2,101
Other investments	22		22	
Non-marketable securities (cost method accounting):				
Venture capital fund investments	527	119	527	119
Other private equity investments	50	755	48	790
Total gross gains on investment securities	2,466	2,845	6,567	6,865
Gross losses on investment securities:				
Available-for-sale securities, at fair value	(1,929)	(36)	(2,355)	(3)
Non-marketable securities (investment company fair value accounting):				
Venture capital fund investments	(1,453)	(848)	(1,453)	(2,189)
Other private equity investments	(51)	(155)	(51)	(1,362)
Other investments				
Non-marketable securities (cost method accounting):				
Venture capital fund investments	(643)	(937)	(2,745)	(937)
Other private equity investments	(21)	(114)	(392)	(150)
Total gross losses on investment securities	(4,097)	(2,090)	(6,996)	(4,641)
Net gains/(losses) on investment securities	$ (1,631)	$ 755	$ (429)	$ 2,224

Gains (losses) on investment securities, net during the three months ended June 30, 2005 and 2004 were $(1.6) million and $0.8 million, respectively, a reduction of $2.4 million or 316.0%. Losses on our equity investments, excluding the impact of minority interest, were $1.9 million for the three months ended June 30, 2005, compared to $28.0 thousand from the same period a year ago. We expect continued variability in the performance of our equity securities portfolio.

Gains (losses) on investment securities, net during the six months ended June 30, 2005 and 2004 represented $(0.4) million and $2.2 million, respectively, a decrease of $2.7 million or (119.3)%. Losses on our equity investments, excluding the impact of minority interest, were $1.0 million for the six months ended June 30, 2005, compared to $0.4 million from the same period a year ago. We expect continued variability in the performance of our equity securities portfolio.

Noninterest Expense

The following table presents the detail of noninterest expense including the percent change in noninterest expense for the current year periods compared to the prior year periods:

(Dollars in thousands)	For the three months ended June 30, 2005	For the three months ended June 30, 2004 (As restated)	% Change	For the six months ended June 30, 2005	For the six months ended June 30, 2004 (As restated)	% Change
Compensation and benefits	$ 44,280	$ 40,673	8.9%	$ 84,548	$ 74,080	14.1%
Professional services	5,653	4,876	15.9	10,723	8,215	30.5
Net occupancy	4,215	4,665	(9.6)	8,873	9,266	(4.2)
Furniture and equipment	3,300	3,450	(4.3)	6,019	6,359	(5.3)
Business development and travel	2,702	2,180	23.9	4,792	4,171	14.9
Correspondent bank fees	1,475	1,243	18.7	2,696	2,524	6.8
Data processing services	952	789	20.7	1,965	1,874	4.9
Telephone	1,061	902	17.6	1,950	1,684	15.8
Provision for (recovery of) unfunded credit commitments	(1,074)	3,101	(134.6)	(1,259)	2,382	(152.9)
Other	3,761	4,470	(15.9)	6,833	7,626	(10.4)
Total noninterest expense	$ 66,325	$ 66,349	0.0	$ 127,140	$ 118,181	7.6

Three months ended June 30, 2005 compared to three months ended June 30, 2004

The increase in compensation and benefits expense of $3.6 million was primarily due to an increase in salaries and wages expense of $2.5 million, or 12.7%, to $22.6 million for the three months ended June 30, 2005, compared to $20.0 million for the comparable prior year period. The increase in salaries and wages is largely attributable to an increase in average full-time equivalent (FTE) personnel and higher rates of pay for employee salaries and wages. FTE personnel were 1,034 for the second quarter of 2005, an increase from 991 FTE personnel for the second quarter of 2004.

The remainder of the increase in compensation and benefits expense in the second quarter of 2005 was largely due to increases in equity-based compensation expense. Equity-based compensation expense increased by $1.8 million, or 340.0%, to $2.2 million for the 2005 second quarter, compared to $0.5 million for the 2004 second quarter. This increase reflects our greater use of restricted stock and restricted stock units, in lieu of stock options, as components of our employee compensation structure, as we transition our equity-based compensation programs to rely less on stock options.

Employee stock ownership plan expense increased by $0.6 million, or 60.0%, to $1.6 million for the 2005 second quarter, compared to $1.0 million for the 2004 second quarter. The increase was attributable to larger contributions to employee accounts resulting from our improved consolidated financial performance.

Professional services expense totaled $5.7 million for the three months ended June 30, 2005, an increase of $0.8 million as compared to $4.9 million for the three months ended June 30, 2004. The primary components of this net increase were associated with the commitment of resources to amend and restate our Form 10-K for the year ended December 31, 2004, and expenses associated with certain IT development projects.

Business development and travel expense totaled $2.7 million for the three months ended June 30, 2005, an increase of $0.5 million as compared to $2.2 million for the three months ended June 30, 2004. This increase is attributable to investment in business development by all of our business units.

We recorded a reduction of $1.1 million to the liability for unfunded credit commitments for the three months ended June 30, 2005 compared to a provision of $3.1 million for the three months ended June 30, 2004. This provision is impacted by the credit commitments outstanding at the balance sheet date as well as the credit quality of our loan commitments. The changes to the provision in these periods is primarily a result of changes in the total credit commitments outstanding at the respective balance sheet date.

Six Months ended June 30, 2005 Compared to Six Months ended June 30, 2004

The increase in compensation and benefits expense of $10.5 million was primarily due to an increase in salaries and wages expense of $5.0 million, or 12.6%, to $44.6 million for the six months ended June 30, 2005, compared to $39.6 million for the comparable prior year period. The increase in salaries and wages is largely attributable to an increase in average full-time equivalent (FTE) personnel and higher rates of employee salaries and wages. FTE personnel were 1,034 at the end of the June 30, 2005, an increase from 991 FTE personnel at June 30, 2004.

The remainder of the increase in compensation and benefits expense in the first six months of 2005 was largely due to increases in equity-based compensation expense. Equity-based compensation increased by $2.8 million, or 400.0%, to $3.5 million for the first six months of 2005, compared to $0.7 million for the first six months of 2004. This increase reflects our greater use of restricted stock and restricted stock units, in lieu of stock options, as components of our employee compensation structure, as we transition our equity-based compensation programs to rely less on stock options.

Employee stock ownership plan expense increased by $1.0 million, or 50.0%, to $3.0 million for the first six months of 2005, compared to $2.0 million for the first six months of 2004. The increase was attributable to larger contributions to employee accounts resulting from our improved consolidated financial performance.

Professional services expense totaled $10.7 million for the six months ended June 30, 2005, an increase of $2.5 million as compared to $8.2 million for the six months ended June 30, 2004. The primary components of this net increase were associated with commitment of resources to document, enhance and audit internal controls to accomplish and maintain compliance with the Sarbanes-Oxley Act of 2002 and the independent audit thereof, the commitment of resources to amend and restate our Form 10-K for the year ended December 31, 2004, and expenses associated with certain IT development projects.

Business development and travel expense totaled $4.8 million for the six months ended June 30, 2005, an increase of $0.6 million as compared to $4.2 million for the six months ended June 30, 2004. This increase is attributable to investment in business development by all of our business units.

We recorded a reduction of $1.3 million to the liability for unfunded credit commitments for the six months ended June 30, 2005 compared to a provision of $2.4 million for the six months ended June 30, 2004. This provision is linked to the credit commitments outstanding at the balance sheet date as well as the credit quality of our loan commitments. The changes to the provision in these periods is primarily a result of changes in the total credit commitments outstanding at the respective balance sheet date.

Minority Interest in Net (Gains) Losses of Consolidated Affiliates

Investment gains or losses related to our managed funds, (see Part I Item 1 Interim Consolidated Financial Statements Note 5. Investment Securities), are included in noninterest income. Minority interest in the net gains or losses of these consolidated managed funds primarily represents net investment gains or losses and management fees expenses attributable to the minority interest holders in these managed funds.

The change from net minority interest gains in the second quarter of 2004 to net minority losses in the second quarter of 2005 as well as in the first six months of 2004 to net minority losses in the first six months of 2005 is primarily attributable to lower returns from our managed funds. Additionally, two managed funds, Taurus LP and Libra LP returned $0.2 million in investment losses and $0.1 million in investment gains in the second quarter and first six months of 2004, respectively. These funds were liquidated in the fourth quarter of 2004.

(Dollars in thousands)	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Minority interest in net (gains) losses of consolidated affiliates	$ 372	$ (67)	$ 813	$ (548)

Income Taxes

Our effective tax rate was 40.4% for the second quarter ended June 30, 2005, compared with 38.7% for the second quarter ended June 30, 2004. The increase in our effective tax rate was primarily attributed to a lower impact of our tax-advantage investments on the overall pre-tax income.

The Company s effective tax rate for the first six months of 2005 was 40.0% compare to 37.5% for the first six months of 2004. The lower rate in the first six months of 2004 was primarily attributed to a higher impact of our tax-advantage investments on the overall pre-tax income.

Operating Segment Results

In accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, we report segment information based on the management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments. Please refer to the discussion of our segment organization in our 2004 Annual Report on Form 10-K/A, Part I. Item 1. Business Business Overview.

Our primary source of revenue is from net interest income. Accordingly, our segments are reported using net interest income. We also evaluate performance based on noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. We do not allocate income taxes to our segments. Additionally, our management reporting model is predicated on average asset balances. Therefore, it is not possible to provide period end asset balances for segment reporting purposes. Our segment information at and for the three months ended June 30, 2005 and 2004 are as follows:

Commercial Banking

Second quarter ended June 30, 2005 compared to second quarter ended June 30, 2004

Net Income (Loss) Before Taxes

Commercial Banking s income before income taxes for the second quarter ended June 30, 2005 of $32.1 million represented an increase of $13.8 million, or 75.4%, from $18.3 million for the same period a year ago. This increase was the net result of higher revenues of $17.7 million, offset by higher noninterest expenses of $2.3 million, and a net change in recoveries of $(1.6) million. The higher revenues were comprised of higher net interest income of $15.0 million and higher noninterest income of $2.7 million.

40

Net interest income of $54.7 million for the second quarter ended June 30, 2005 increased $15.0 million, or 37.9%, from $39.6 million for the same period a year ago. Higher loan and deposit volumes along with higher interest rates drove this increase.

Recovery of provision for loan and lease losses of $(0.3) million for the second quarter ended June 30, 2005 represented a net change of approximately $(1.6) million from $1.4 million for the same period a year ago.

Noninterest income of $22.8 million for second quarter ended June 30, 2005 increased $2.7 million, or 13.4%, from $20.2 million for the same period a year ago. This increase in noninterest income was primarily driven by an increase in cash warrant income of $2.3 million, increased cash management investment and sweep fees of $1.2 million, partially offset by decreased cash management account fees of $1.3 million.

Noninterest expense of $45.2 million for the second quarter ended June 30, 2005 increased $2.3 million, or 5.4%, from $42.9 million for the same period a year ago. The increase in direct noninterest expense was primarily driven by expense related to compensation and benefits. Specifically, base compensation increased $0.9 million, and incentive compensation increased $0.5 million. Noninterest expenses related to units supporting Commercial Banking activities were also allocated to Commercial Banking. Increases in base compensation, stock based compensation, and professional services related to the support units contributed to the expense increase.

Financial Condition

Commercial Banking had an increase in average deposits of $78.9 million, or 2.4%, and an increase in average loans of $359.5 million, or 23.0%, during the second quarter ended June 30, 2005 compared to the same period a year ago. The loan products with the largest growth were core commercial, which grew by $136.5 million, and asset-based lending, which grew by $103.4 million. The increase in average deposits and average loans reflect an improved funding environment for our venture capital-backed commercial clients and other market factors. Additionally, we are engaged in various marketing initiatives to attract and retain commercial clients at all stages of growth.

Six months ended June 30, 2005 compared to six months ended June 30, 2004

Net Income (Loss) Before Taxes

Commercial Banking s income before income taxes for the six months ended June 30, 2005 of $62.5 million represented an increase of $26.6 million, or 74.3%, from $35.9 million for the same period a year ago. This increase was the net result of higher revenues of $30.7 million, and a net increase in recoveries of $3.0 million, offset by higher noninterest expenses of $7.1 million. The higher revenues were comprised of higher net interest income of $27.9 million and higher noninterest income of $2.7 million.

Net interest income of $105.6 million for the six months quarter ended June 30, 2005 increased $27.9 million, or 36.0%, from $77.7 million for the same period a year ago. Higher loans and deposit volumes along with higher interest rates drove this increase.

Recovery of provision for loan and lease losses of $3.2 million for the six months ended June 30, 2005 represented a net change of approximately $3.0 million from $0.1 million for the same period a year ago.

Noninterest income of $41.5 million for six months ended June 30, 2005 increased $2.8 million, or 7.1%, from $38.7 million for the same period a year ago. This increase in noninterest income was primarily driven by increased cash management sweep fees of $2.1 million, increased international fee income of $1.5 million, and increased cash warrant income of $0.9 million, partially offset by decreased cash management account fees of $2.6 million.

Noninterest expense of $87.8 million for the six months ended June 30, 2005 increased $7.1 million, or 8.8%, from $80.7 million for the same period a year ago. The increase in direct noninterest expense was in part driven by expense related to compensation and benefits. Specifically, base compensation increased $1.8 million, and incentive compensation increased $1.4 million. Noninterest expenses related to units supporting Commercial Banking activities were also allocated to Commercial Banking. Increases in base compensation, stock based compensation, and professional services related to the support units contributed to the expense increase.

Financial Condition

Commercial Banking had an increase in average deposits of $258.4 million, or 8.3%, and an increase in average loans of $346.6 million, or 22.5%, during the six months ended June 30, 2005 compared to the same period a year ago. The loan products with the largest growth were asset-based lending, which grew by $116.4 million, and core commercial, which grew by $101.5 million. The increase in average deposits and average loans reflect an improved funding environment for our venture capital-backed commercial clients and other market factors. Additionally, we are engaged in various marketing initiatives to attract and retain commercial clients at all stages of growth.

41

SVB Capital

Second quarter ended June 30, 2005 compared to second quarter ended June 30, 2004

Net Income (Loss) Before Taxes

SVB Capital s income before income taxes for the second quarter ended June 30, 2005 of $2.3 million represented an increase of $2.7 million, or 789.3%, from $(0.3) million for the same period a year ago. This increase was the net result of higher revenues of $3.5 million, offset by higher noninterest expense of $0.8 million. The higher revenues were comprised of higher net interest income of $2.3 million and higher noninterest income of $1.1 million.

Net interest income of $4.9 million for the second quarter ended June 30, 2005 increased $2.3 million, or 88.6%, from $2.6 million for the same period a year ago. Higher deposit volumes along with higher interest rates drove this increase.

Noninterest income of $2.1 million for second quarter ended June 30, 2005 increased $1.1 million, or 117.0%, from $1.0 million for the same period a year ago. The increase was primarily a result of increased international fees, increased cash management investment fees, increased fund management fees, and increased other noninterest income.

Noninterest expense of $4.7 million for the second quarter ended June 30, 2005 increased $0.8 million, or 19.8%, from $3.9 million for the same period a year ago. The increase in direct noninterest expense was primarily driven by expense related to compensation and benefits. Specifically, stock-based compensation increased $0.4 million, and incentive compensation increased $0.1 million. Noninterest expenses related to units supporting SVB Capital activities were also allocated to SVB Capital. Increases in base compensation, stock-based compensation, and professional services related to the support units contributed to the expense increase.

Financial Condition

SVB Capital had an increase in average deposits of $119.3 million, or 23.5%, and a decrease in average loans of $2.0 million, or (2.4)%, during the second quarter ended June 30, 2005 compared to the same period a year ago. The increase in average deposits reflect an improved funding environment for our venture capital-backed commercial clients and other market factors. Additionally, we are engaged in various marketing initiatives to attract and retain commercial clients at all stages of growth.

Six months ended June 30, 2005 compared to six months ended June 30, 2004

Net Income (Loss) Before Taxes

SVB Capital s income before income taxes for the six months ended June 30, 2005 of $4.9 million represented an increase of $5.6 million, or 720.5%, from $(0.8) million for the same period a year ago. This increase was the net result of higher revenues of $7.4 million, offset by higher noninterest expenses of $1.8 million. The higher revenues were comprised of higher net interest income of $4.0 million and higher noninterest income of $3.4 million.

Net interest income of $9.0 million for the six months ended June 30, 2005 increased $4.0 million, or 78.8%, from $5.1 million for the same period a year ago. Higher loans and deposit volumes along with higher interest rates drove this increase.

Noninterest income of $5.3 million for six months ended June 30, 2005 increased $3.4 million, or 187.0%, from $1.8 million for the same period a year ago. The increase was primarily a result of gains on securities net of minority interest, and increased fund management fees. The gains were related to SVB Financial distributions from venture fund investments, compared to a loss for the same period a year ago. Investment gains or losses related to our managed funds, (see Note 5. Investment Securities), are included in our consolidated noninterest income. Minority interest in the net gains or losses of these consolidated managed funds primarily represent net investment gains or losses and management fees expense attributable to the minority interest holders in these managed funds.

Noninterest expense of $9.4 million for the six months ended June 30, 2005 increased $1.8 million, or 22.9%, from $7.7 million for the same period a year ago. The increase in direct noninterest expense was primarily driven by expense related to compensation and benefits. Specifically, stock-based compensation increased $0.9 million, and incentive compensation increased $0.3 million. Noninterest expenses related to units supporting SVB Capital activities were also allocated to SVB Capital. Increases in base compensation, stock-based compensation, and professional services related to the support units also contributed to the expense increase.

42

Financial Condition

SVB Capital had an increase in average deposits of $121.2 million, or 24.5%, and an increase in average loans of $8.2 million, or 11.3%, during the six months ended June 30, 2005 compared to the same period a year ago. The increase in average deposits and average loans reflect an improved funding environment for our venture capital-backed commercial clients and other market factors. Additionally, we are engaged in various marketing initiatives to attract and retain commercial clients at all stages of growth.

Private Client Services, SVB Alliant, Global Financial Services, and Other

The Other Business Services segment is principally comprised of Private Client Services, SVB Alliant and Global Financial Services and other business service units that are not part of the Commercial Banking or SVB Capital segments. These segments do not meet the separate reporting thresholds as defined by SFAS No. 131 and as such have been combined with other business service units for segment reporting purposes. The Other Business Services segment also reflects those adjustments necessary to reconcile the results of operating segments based on the Company s internal profitability reporting process to the interim unaudited consolidated financial statements prepared in conformity with GAAP. The Private Client Services group provides a wide range of credit services to high-net-worth individuals using loans and long-term secured and short-term unsecured lines of credit. Those products and services include home equity lines of credit, secured lines of credit, restricted stock purchase loans, airplane loans, and capital call lines of credit. SVB Alliant provides investment banking products and services including, merger and acquisition services, strategic alliances services, and specialized financial studies such as valuations and fairness opinions. Global Financial Services serves the needs of our domestic clients with global banking products, including foreign exchange and global finance and access to our international banking network for in-country services abroad. Global Financial Services also supports venture capital and commercial banking clients with business services through subsidiaries in India and the United Kingdom.

Net interest income of $12.1 million for the second quarter ended June 30, 2005 increased $1.0 million, or 8.8%, from $11.1 million for the same period a year ago. Higher loan and deposit volumes for Private Client Services and Global Financial Services along with higher interest rates drove this increase.

Net interest income of $26.4 million for the six months ended June 30, 2005 increased $6.1 million, or 29.9%, from $20.3 million for the same period a year ago. The increase in net interest income is partly attributed to an increase of $5.1 million related to an increased gap between the funds transfer rates utilized for profitability reporting and the realized earnings on the investment portfolio. Higher loans and deposit volumes for Private Client Services and Global Financial Services along with higher interest rates also drove this increase.

Consolidated Financial Condition

Our total assets were $5.3 billion at June 30, 2005, an increase of $162.1 million, or 3.2%, compared to $5.1 billion at December 31, 2004. The increase in our total assets was primarily concentrated in loans, largely funded by deposit growth.

Federal Funds Sold, Securities Purchased Under Agreement to Resell and Other Short-Term Investments

Federal funds sold, securities purchased under agreement to resell and other short-term investment securities totaled $278.4 million at June 30, 2005, a decrease of $64.6 million, or 18.8%, compared to the $343.0 million outstanding at December 31, 2004. The decrease was caused by a shift of funds to our investment and loan portfolios.

Investment Securities

Investment securities totaled $2.2 billion at June 30, 2005, an increase of $126.0 million, or 6.1% from December 31, 2004. The increase was concentrated in mortgage-backed securities.

A short-term decline in interest rates between March 31 and June 30, 2005 resulted in a net pre-tax unrealized loss position on our available-for-sale fixed income securities investment portfolio of $3.8 million during the quarter ended June 30, 2005.

Refer to our 2004 Form 10-K/A under Part II. Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Part II. Item 8. Consolidated Financial Statements and Supplementary Data Note 2. Significant Accounting Policies Investment Securities for our accounting policies related to investment securities.

Loans

Loans, net of unearned income, at June 30, 2005, totaled $2.4 billion, an increase of $115.4 million from the balance at December 31, 2004. Our gross loans by industry niche at June 30, 2005 and December 31, 2004 are as follows:

(Dollars in thousands)		Gross Loans June 30, 2005		Gross Loans December 31, 2004
Technology	$	1,186,086	$	1,044,906
Life science		228,978		232,654
Venture capital		259,664		306,939
Winery		340,340		329,812
Other (1)		429,235		412,647
Total gross loans	$	2,444,303	$	2,326,958

(1) At June 30, 2005, this balance is predominantly Private Client Services loans. The balance also includes real estate, media and religious niche loans, areas that we exited in 2002 but will continue to service until the loans are paid off.

(1) At June 30, 2005, this balance is predominantly Private Client Services loans. The balance also includes real e

Credit Quality and the Allowance for Loan and Lease Losses

For a description of the accounting policies related to the allowance for loan and lease losses, see Part 1. Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies in our 2004 Form 10-K/A.

We realized $2.0 million and $1.9 million in gross loan charge-offs and recoveries, respectively, during the three months ended June 30, 2005. The gross charge-offs and recoveries for the second quarter ended June 30, 2005 represented a diverse portfolio of relatively small loans.

Nonperforming assets consist of well-secured loans that are past due 90 days or more but are still accruing interest, and loans on nonaccrual status. The rise of nonperforming loans was primarily related to loans secured by real estate. Due to the quality of the related collateral, this rise in nonperforming loans did not result in a significant impact on the allowance for loan and lease losses at June 30, 2005. The table below sets forth certain relationships between nonperforming assets and the allowance for loan and lease losses:

(Dollars in thousands)		**June 30, 2005**		**December 31, 2004**
Nonperforming assets:				
Loans past due 90 days or more	$		$	616
Nonaccrual loans		15,777		14,322
Total nonperforming assets	$	15,777	$	14,938
Nonperforming loans as a percentage of total gross loans		0.65%		0.64%
Nonperforming assets as a percentage of total assets		0.30%		0.29%
Allowance for loan and lease losses	$	36,372	$	37,613
As a percentage of total gross loans		1.50%		1.62%
As a percentage of nonperforming assets		230.54%		251.79%

Derivatives

Period end gross positive fair values are recorded in other assets and gross negative fair values are recorded in other liabilities. Derivatives are recorded as a component of other assets and liabilities and are comprised of the following:

(Dollars in thousands)		**As of June 30, 2005**		**As of December 31, 2004**	**% change**
Assets (liabilities):					
Foreign exchange forward and option contracts	$	2,750	$	(431)	(738.1)%
Equity warrant assets	$	27,291	$	28,928	(5.7)
Total	$	30,041	$	28,497	5.4%

The fair value of equity warrant assets decreased by $1.6 million. During the first six months of 2005, the fair value related to the exercise of equity warrant assets into equity securities decreased by $1.2 million as of the dates of exercise, while $4.4 million in aggregate grant date fair value of new equity warrant assets was added to the portfolio. Additionally, the decrease in fair value of our equity warrant assets attributable to cancellations and expirations was $0.8 million. The remaining $4.0 million decrease was related to changes in the fair value of equity warrant assets attributable to changes in the underlying assumptions used to value the equity warrants including changes in the risk-free interest rate, changes in the underlying value of our clients company stock changes in the volatility of share prices for comparable public companies, and changes in the expected life.

We enter into foreign exchange forward contracts with clients involved in international trade finance activities, either as the purchaser or seller of foreign currency at a future date, depending upon clients needs. We enter into an opposite way foreign exchange forward contract with a correspondent bank to hedge these contracts, which mitigates the risk of fluctuations in foreign currency exchange rates, for each of the foreign exchange forward contracts entered into with our clients. These contracts are short-term in nature, typically expiring within one year. We also enter into foreign exchange forward contracts with correspondent banks to economically hedge foreign exchange risk related to certain foreign currency denominated loans. At June 30, 2005 and December 31, 2004, the aggregate notional amounts of these contracts totaled $496.6 million and $525.4 million, respectively. The maximum credit exposure for counter-party nonperformance for foreign exchange forward contracts with both clients and correspondent banks amounted to $6.3 million at June 30, 2005 and $10.0 million at December 31, 2004. We have not experienced nonperformance by a counterparty and therefore have not incurred related losses. Further, we anticipate performance by all counterparties to such foreign exchange forward contracts.

We enter into foreign currency option contracts with clients involved in international trade finance activities, either as the purchaser or seller of foreign currency options, depending upon clients needs. We enter into an opposite way foreign currency option contract with a correspondent bank, which completely mitigates the risk of fluctuations in foreign currency exchange rates, for each of the currency option contracts entered into with our clients. These contracts typically expire in less than one year. At June 30, 2005 and December 31, 2004, the aggregate notional amounts of these contracts totaled $19.5 million and $13.5 million, respectively. We have not experienced nonperformance by a counterparty and therefore have not incurred related losses. Further, we anticipate performance by all counterparties.

Deposits

Deposits increased by $153.6 million to $4.4 billion at June 30, 2005, compared to the balance at December 31, 2004, with increases occurring in all categories except time deposits where there was a small decline. Noninterest-bearing demand deposits remained relatively stable as a percentage of total deposits, at 62.4%.

Liabilities

Other liabilities at June 30, 2005 decreased from December 31, 2004, primarily due to decreases in income taxes payable and accrued incentive compensation.

Capital Resources

Our management seeks to maintain adequate capital to support anticipated asset growth and credit risks, and to ensure that SVB Financial and Silicon Valley Bank are in compliance with all regulatory capital guidelines. Our primary sources of new capital include the issuance of common stock, as well as retained earnings.

Common Stock

On January 27, 2005, we announced that our Board of Directors authorized the repurchase of up to an additional $75.0 million of common stock under our stock repurchase program, in conjunction with the $160.0 million originally approved in May 2003. The additional $75.0 million of shares may be repurchased at any time, at our discretion, before June 30, 2006, in the open market, through block trades or otherwise, pursuant to applicable securities laws. Depending on market conditions, availability of funds, and other relevant factors, the repurchase of the additional shares may be commenced or suspended at any time prior to June 30, 2006, without any prior notice. Since May 2003 when the program was approved by the Board of Directors, we have repurchased 6.4 million shares totaling $199.0 million as of June 30, 2005. The approximate dollar value of shares that may still be repurchased under this program is $31.5 million.

We repurchased 831,300 shares of our common stock for $39.2 million in the second quarter of 2005 under the May 2003 stock repurchase program.

From time to time, we may implement a Rule 10b5-1 trading plan, under which the Company will automatically repurchase shares of its common stock pursuant to a predetermined formula for a specified period of time.

Stockholders Equity

Stockholders equity totaled $532.9 million at June 30, 2005, a decrease of $9.0 million, or 1.7%, from the $541.9 million balance at December 31, 2004. This decrease was primarily a result of our initiative to repurchase our common stock in the first six months of 2005. We have not paid a cash dividend on our common stock since 1992, and we did not have any material commitments for capital expenditures as of June 30, 2005. As of June 30, 2005, there were no plans for payment of dividends.

Funds generated through retained earnings are a significant source of capital and liquidity, and are expected to continue to be so in the future. Our management engages in a periodic capital planning process in an effort to make effective use of the capital available to us. The capital plan considers capital needs for the foreseeable future and allocates capital to both existing business activities and expected future business activities. Expected future activities for which capital is set aside include potential product expansions and acquisitions of new business lines.

Both SVB Financial and Silicon Valley Bank are subject to capital adequacy guidelines issued by the Federal Reserve Board. Under these capital guidelines, the minimum total risk-based capital ratio and Tier 1 risk-based capital ratio requirements are 10.0% and 6.0%, respectively.

The Federal Reserve Board has also established minimum capital leverage ratio guidelines for state member banks. The ratio is determined using Tier 1 capital divided by quarterly average total assets. The guidelines require a minimum of 5.0% for a well-capitalized depository institution. For further information on risk-based capital and leverage ratios as defined by the Federal Reserve Board, see our 2004 Form 10-K/A, under Part I. Item 1. Business Supervision and Regulation Regulatory Capital.

Both SVB Financial s and Silicon Valley Bank s capital ratios were in excess of regulatory guidelines for a well-capitalized depository institution as of June 30, 2005, and December 31, 2004. Capital ratios for SVB Financial are set forth below:

	June 30, 2005	**December 31, 2004**
SVB Financial:		
Total risk-based capital ratio	14.87%	16.09%
Tier 1 risk-based capital ratio	12.35%	12.75%
Tier 1 leverage ratio	11.15%	11.17%

The decline in total risk-based capital and Tier 1 risk-based capital was due to the declining eligibility of the convertible bond as an element of Tier 2 capital based on its remaining maturity, year-to-date repurchases of our common shares, and growth in risk weighted assets, particularly loans, partially offset by year-to-date earnings.

A part of the dividends paid by Silicon Valley Bank to SVB Financial in 2003 and the dividend paid in 2004 was in excess of the amount permitted under the California State Department of Financial Institutions (DFI) guidelines. Therefore, SVB Financial was required by the DFI to return to Silicon Valley Bank a portion the 2003 dividend and the 2004 dividend the total amount returned was $28.4 million. Silicon Valley Bank must obtain prior approval from the DFI before paying any further dividends to SVB Financial.

Liquidity

An important objective of asset/liability management is to manage liquidity. The objective of liquidity management is to ensure that funds are available in a timely manner to meet loan demand, to meet depositors needs, and to service other liabilities as they become due without causing an undue amount of cost or risk and without causing a disruption to normal operating conditions.

We regularly assess the amount and likelihood of projected funding requirements through a review of factors such as historical deposit volatility and funding patterns, present and forecasted market and economic conditions, individual client funding needs, and existing and planned business activities. Our asset/liability committee provides oversight to the liquidity management process and recommends policy guidelines, subject to the approval of the Finance Committee of our Board of Directors, and courses of action to address our actual and projected liquidity needs.

The ability to attract a stable, low-cost deposit base is our primary source of liquidity. We continue to expand on opportunities to increase our liquidity and take steps to carefully manage our liquidity. In 2002, we became a member of the Federal Home Loan Bank of San Francisco, thereby adding to our liquidity channels. Other sources of liquidity available to us include federal funds purchased, reverse repurchase agreements, and other short-term borrowing arrangements. Our liquidity requirements can also be met through the use of our portfolio of liquid assets. Our definition of liquid assets includes cash and cash equivalents in excess of the minimum levels necessary to carry out normal business operations, federal funds sold, securities purchased under resale agreements, investment securities maturing within six months, investment securities eligible and available for financing or pledging purposes with a maturity in excess of six months, and anticipated near-term cash flows from investments.

Our policy guidelines provide that liquid assets as a percentage of total deposits should not fall below 20%. Silicon Valley Bank s ratio of liquid assets to total deposits was 46.5% and 47.6% at June 30, 2005 and December 31, 2004, respectively, both well in excess of our minimum policy guidelines. In addition to monitoring the level of liquid assets relative to total deposits, we also utilize other policy measures in liquidity management activities. As of June 30, 2005 and December 31, 2004, we were in compliance with all of these policy measures.

In analyzing our liquidity during the six months ended June 30, 2005 and 2004, reference is made to our interim unaudited consolidated statement of cash flows for the six months ended June 30, 2005 and 2004; see Item 1. Interim Unaudited Consolidated Financial Statements. The statement of cash flows includes separate categories for operating, investing, and financing activities.

Cash provided by operating activities was $42.9 million, which included net income of $43.8 million for the six months ended June 30, 2005. Adjustments for noncash items included tax benefits primarily attributable to stock compensation of $7.2 million, depreciation and amortization of $4.2 million and changes in fair value of derivatives of $1.6 million offset primarily by recoveries of loan and lease losses of $3.0 million, and accretion of deferred warrant related loan fees of $3.5 million. Uses of cash from changes in other assets and liabilities included an increase in accrued interest receivable of $4.6 million and a net increase in income tax receivable of $6.4 million. In addition, sources of cash were offset by decreases in accrued retention, incentive plans, and other compensation benefits payable of $14.0 million.

Cash used for investing activities was $255.0 million for the six months ended June 30, 2005. Net cash inflow was primarily driven by proceeds from maturities and pay-downs of investment securities of $7.9 million and proceeds from the sale of investment securities of $210.1 million, offset by $349.2 million in purchases of investment securities and a $123.4 million increase in loans.

Cash provided by financing activities was $123.2 million for the six months ended June 30, 2005, and was largely driven by net increases in deposits of $153.6 million. Capital contributions from minority interest participants and proceeds from the issuance of common stock contributed $28.2 million and $12.9 million, respectively, offset by share repurchases of $73.1 million.

Cash and cash equivalents were $538.2 million at June 30, 2005.

Cash provided by operating activities was $27.2 million, which included net income of $27.7 million for the six months ended June 30, 2004. Adjustments for noncash items included depreciation and amortization of $4.3 million, changes in fair value of derivatives of $3.5 million and tax benefits primarily attributable to stock compensation of $3.5 million offset primarily by recoveries of loan and lease losses of $5.5 million, net gains on investment securities of $2.2 million, and amortization of deferred warrant related loan fees of $2.6 million. Sources of cash from changes in other assets and liabilities included increases in accrued retention, incentive plans, other compensation benefits payable of $2.3 million offset by an increase in accounts receivable of $7.6 million.

Cash used for investing activities was $620.6 million for the six months ended June 30, 2004. Net cash outflow was primarily driven by purchases of investment securities of $1.0 billion and increases in loans of $133.4 million, partially offset by $141.1 million in proceeds from the sale of investment securities and $391.0 million in proceeds from maturities and pay-downs of investment securities.

Cash provided by financing activities was $392.7 million for the six months ended June 30, 2004, was largely driven by net increases in deposits of $338.5 million. Increases in other borrowings, proceeds from the issuance of common stock and capital contributions from minority interest participants also contributed $25.0 million, $11.8 million and $17.4 million, respectively.

Cash and cash equivalents were $634.6 million at June 30, 2004.

On a stand-alone basis, SVB Financial s primary liquidity channels include dividends from Silicon Valley Bank, its investment portfolio assets, and its ability to raise debt and equity capital. The ability of Silicon Valley Bank to pay dividends is subject to certain regulations described in Part I. Item 1. Business Supervision and Regulation Restriction on Dividends of our 2004 Form 10-K/A.

Forward-Looking Statements

The foregoing discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our management has in the past and might in the future make forward-looking statements orally to analysts, investors, the media, and others. Forward-looking statements are statements that are not historical facts. Broadly speaking, forward-looking statements include, without limitation:

Projections of our revenues, income, earnings per share, cash flows, balance sheet, capital expenditures, capital structure or other financial items;

Descriptions of strategic initiatives, plans or objectives of our management for future operations, including pending acquisitions;

Forecasts of future economic performance; or

Descriptions of assumptions underlying or relating to any of the foregoing.

In this Quarterly Report on Form 10-Q, we make forward-looking statements discussing our management s expectations about:

Sensitivity of our interest-earning assets to interest rates, and impact to earnings from an increase in interest rates;

Realization, timing and performance of investments in equity securities;

Management of federal funds sold and overnight repurchase agreements at appropriate levels;

Development of our later-stage corporate technology lending efforts;

Growth in loan balances;

Credit quality of our loan portfolio;

Levels of nonperforming loans;

Liquidity provided by funds generated through retained earnings;

Activities for which capital will be required;

Ability to meet our liquidity requirements through our portfolio of liquid assets;

Ability to expand on opportunities to increase our liquidity;

Use of excess capital; and/or

Volatility of performance of our equity portfolio.

You can identify these and other forward-looking statements by the use of words such as becoming , may , will , should , predicts , potential continue , anticipates , believes , estimates , seeks , expects , plans , intends , the negative of such words, or comparable terminology. Al believe that the expectations reflected in these forward-looking statements are reasonable, we have based these expectations on our beliefs as well as our assumptions, and such expectations may prove to be incorrect. Our actual results of operations and financial performance could differ significantly from those expressed in or implied by our management s forward-looking statements.

For information with respect to factors that could cause actual results to differ from the expectations stated in the forward-looking statements, see Item 1A of Part II, Risk Factors. We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this discussion and analysis. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this filing are made only as of the date of this filing. We do not intend, and undertake no obligation, to update these forward-looking statements.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

A key objective of asset/liability management is to manage interest rate risk associated with changing asset and liability cash flows and market interest rate movements. Interest rate risk occurs when interest rate sensitive assets and liabilities do not re-price simultaneously both in timing and volume. Our asset/liability committee provides oversight to our interest rate risk management process and recommends policy guidelines regarding exposure to interest rates for approval by our Board of Directors. Adherence to these policies is monitored on an ongoing basis, and decisions related to the management of interest rate exposure are made when appropriate.

We manage interest rate risk principally through strategies involving our investment securities portfolio. Our policies permit the use of off-balance-sheet derivative instruments in managing interest rate risk.

Our monitoring activities related to managing interest rate risk include both interest rate sensitivity gap analysis and the use of a simulation model. While traditional gap analysis provides a simple picture of the interest rate risk embedded in the balance sheet, it provides only a static view of interest rate sensitivity at a specific point in time and does not measure the potential volatility in forecasted results relating to changes in market interest rates over time. Accordingly, we combine the use of gap analysis with use of a simulation model that provides a dynamic assessment of interest rate sensitivity.

For further information see Part II. Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2004 Form 10-K/A for disclosure of the quantitative and qualitative information regarding the interest rate risk inherent in interest rate risk sensitive instruments as of December 31, 2004. As of June 30, 2005, there have been no significant changes to the interest rate risk information contained in our 2004 Form 10-K/A and our policies in managing interest rate risk.

Market Value of Portfolio Equity (MVPE)

One application of the aforementioned simulation model involves measurement of the impact of market interest rate changes on the net present value of estimated cash flows from our assets, liabilities, and off-balance sheet items, defined as our market value of portfolio equity (MVPE).

The following table presents our MVPE exposure at June 30, 2005 and December 31, 2004, related to an instantaneous and sustained increase or decrease in market interest rates of 100 and 200 basis points, respectively.

Change in interest rates (basis points)	Estimated MVPE	Estimated Increase/ (Decrease) in MVPE Amount	Percent	Estimated Net Interest Income	Estimated Increase/ (Decrease) in Net Interest Income Amount	Percent
			(Dollars in thousands)			

June 30, 2005:						
+200	$ 1,104,010	$ 18,143	1.7%	$ 375,206	$ 44,833	13.6%
+100	1,100,765	14,898	1.4	353,043	22,670	6.9
-	1,085,867			330,373		
-100	1,024,147	(61,720)	(5.7)	301,772	(28,601)	(8.7)
-200	952,047	(133,820)	(12.3)	268,432	(61,941)	(18.7)
December 31, 2004:						
+200	$ 1,019,622	$ 20,290	2.0%	$ 326,744	$ 41,285	14.5%
+100	1,014,190	14,858	1.5	306,492	21,033	7.4
-	999,332			285,459		
-100	936,599	(62,733)	(6.3)	257,295	(28,164)	(9.9)
-200	876,445	(122,887)	(12.3)	230,514	(54,945)	(19.2)

The preceding table indicates that at June 30, 2005, in the event of an instantaneous and sustained increase or decrease in market interest rates, our MVPE would be expected to increase or decrease accordingly.

The market value calculations supporting the results in the preceding table are based on the present value of estimated cash flows using both market interest rates provided by independent broker/dealers and other publicly available sources that we deem reliable. These calculations do not contemplate any changes that we could make to reduce our MVPE exposure in response to a change in market interest rates.

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the preceding table. For example, although certain of our assets and liabilities may have similar maturity or re-pricing profiles, they may react to changes in market interest rates with different magnitudes. Also, actual prepayment rates on loans and investments could vary substantially from the assumptions utilized in the model to derive the results as presented in the preceding table. Further, a change in the shape of the forward yield curve could result in different MVPE estimations from those presented herein. Accordingly, the results in the preceding table should not be relied upon as indicative of actual results in the event of changing market interest rates. Additionally, the resulting MVPE estimates are not intended to represent, and should not be construed to represent the underlying value.

Our MVPE sensitivity at June 30, 2005 increased slightly from December 31, 2004, primarily due to changes in the investment portfolio while staying within our policy guidelines. In addition, our net interest income at risk remains within policy limits. These estimates are highly assumption dependent and will change regularly as the company s asset-liability structure changes and as different interest rate environments evolve. We expect to continue to manage our interest rate risk actively utilizing on and off balance sheet strategies as appropriate.

The simulation model also gives us the ability to simulate our net interest income using an interest rate forecast (simple simulation). In order to measure the sensitivity of our forecasted net interest income to changing interest rates utilizing the simple simulation methodology, both a rising and falling interest rate scenario are projected and compared to a base market interest rate forecast derived from the current yield curve. For the rising and falling interest rate scenarios, the base market interest rate forecast is increased or decreased, as applicable, by 200 basis points in 12 equal increments over a one-year period.

We perform net interest income and net income simulations in an interest rate environment whereby we shock the base rate immediately both up and down 300 basis points in 100 basis point increments. The shock scenarios provides us with additional information with respect to our sensitivity to interest rates and the impact on our net income under varied interest rate scenarios.

Our policy guidelines provide that the difference between a base market interest rate forecast scenario over the succeeding one-year period compared with the aforementioned rising and falling interest rate scenarios over the same time period should not result in net interest income degradation exceeding 25.0%. Simulations as of June 30, 2005, indicated that we were within these policy guidelines.

Interest rate risk is the most significant market risk impacting us. Other types of market risk affecting us in the normal course of our business activities include foreign currency exchange risk, equity price risk, and basis risk. The impact resulting from these market risks is not considered significant, and no separate quantitative information concerning market rate and price exposure is presented herein.

ITEM 4 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission s (SEC) rules and forms. Disclosure controls and procedures include, among other processes, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2005 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation and as a result of the material weaknesses described below that existed as of December 31, 2004 that were identified in the Company s amended Annual Report on Form 10-K/A on December 28, 2005 filed with the SEC on December 29, 2005 (the Form 10-K/A) still being present at June 30, 2005, the Chief Executive Officer and Chief Financial Officer have concluded that the Company s disclosure controls and procedures were not effective as of June 30, 2005.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting at the Company. Our internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles (GAAP). A company s internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, transactions and dispositions of the company s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the company s financial statements.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2004, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company s internal control over financial reporting pursuant to Rule 13a-15(c), as adopted by the SEC under the Exchange Act. In evaluating the effectiveness of the Company s internal control over financial reporting, management used the framework established in Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In the Company s Annual Report on Form 10-K for the year-ended December 31, 2004 filed with the SEC on March 16, 2005, management concluded that the Company s internal control over financial reporting as of December 31, 2004, was effective.

However, on July 18, 2005, the Company determined that it needed to restate certain of its previously issued consolidated financial statements and accordingly filed the Form 10-K/A. As a result of such restatement, management reassessed the Company s internal control over financial reporting using the COSO criteria and identified material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management identified the following material weaknesses as of December 31, 2004:

The Company did not have adequately designed internal controls in its financial reporting process related to the selection and application of U.S. generally accepted accounting principles (GAAP). Specifically, accounting policies, procedures and practices were not consistently developed, maintained or updated in a manner ensuring that financial statements were prepared in accordance with GAAP. Also, policies and procedures were not designed to consistently ensure the preparation and retention of adequate documentation to support key judgments made in connection with the selection and application of significant accounting policies within the Company s financial reporting process. Finally, the Company s policies and procedures did not consistently provide for effective analysis, implementation, and documentation of new accounting pronouncements.

The Company did not maintain sufficient levels of appropriately qualified and trained personnel in its financial reporting processes. As a result, the Company did not establish internal control over financial reporting policies and procedures related to (a) the timely preparation of comprehensive documentation supporting management s analysis of the appropriate accounting treatment for equity warrant assets or other non-routine or complex transactions, and (b) the review of such documentation by qualified internal staff, assisted by external advisors as deemed necessary, to determine its completeness and the propriety of the Company s conclusions.

These material weaknesses resulted in the restatement of the Company s previously issued consolidated financial statements as of and for the three-month period ended March 31, 2005, consolidated financial statements as of December 31, 2004 and 2003, and for each of the years in the three-year period ended December 31, 2004, and the interim consolidated financial information for each of the quarterly periods in 2004 and

2003. Specifically, the aforementioned material weaknesses in internal control over financial reporting resulted in the following accounting errors:

1) Derivative equity warrant assets with net share settlement provisions were not reported as derivatives in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended. Specifically, the Company failed to properly reflect the fair value of equity warrant assets with net settlement terms received during lending activity in its consolidated balance sheet, the change in fair value of the equity warrant assets in the income statement and the accretion of the grant date fair value of equity warrant assets to interest income as a yield adjustment. This misapplication of GAAP resulted in a change to the Company s interest income, provision for loan and lease losses, noninterest income and net income for the years ended December 31, 2004, 2003 and 2002, for the first quarter of 2005 and for all quarterly periods during the years ended December 31, 2004 and 2003.

2) Initial non-refundable corporate finance fees were not reported in accordance with the provisions of Staff Accounting Bulletin No. 104, *Revenue Recognition*. Specifically, the Company failed to defer recognition of initial upfront

non-refundable retainers received upon execution of engagement letters to provide mergers and acquisitions advisory services until the completion of all contractual obligations pursuant to the terms of the engagement letters or upon receipt or notification of an engagement termination letter. This misapplication of GAAP resulted in a change to the Company s noninterest income and net income for the years ended December 31, 2004, 2003, and 2002, for the first quarter of 2005 and for all quarterly periods during the years ended December 31, 2004 and 2003.

3) Non-refundable loan fees and costs associated with the Company s lending products and fees associated with letters of credit were not reported in accordance with the provisions of SFAS No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.* Specifically, the Company failed to recognize net fee revenue in accordance with the appropriate straight-line or interest method, as prescribed by SFAS No. 91, for net loan fee income obtained in connection with the extension of lending products. In addition, the Company inappropriately recognized non-refundable loan fees it receives for factoring loans immediately rather than deferring and amortizing fees over the term of the facility granted. The Company had not properly deferred direct loan origination costs associated with originating certain loan products. In addition, the Company misclassified fees on certain letters of credit as interest income rather than noninterest income on commitments where the probability of exercise was deemed remote. These misapplications of GAAP resulted in a change to the Company s interest income, noninterest income and net income for the years ended December 31, 2004, 2003, and 2002 and for all quarterly periods during the years ended December 31, 2004 and 2003.

4) Certain investment securities that were readily convertible to known amounts of cash and present insignificant risk of changes in value with original or purchased maturity dates of 90 days or less, were not reported as cash equivalents in accordance with the provisions of SFAS No. 95, *Statement of Cash Flows*. This misapplication of GAAP resulted in a reclassification in the Company s consolidated balance sheets of money market mutual fund investments and commercial paper investments from Investment Securities line item to the Federal funds sold and securities purchased under agreement to resell and other short-term investments. This reclassification did not result in any change to the Company s revenue or net income for the years ended December 31, 2004, 2003 and 2002, for the first quarter of 2005 or for any quarterly period during the years ended December 31, 2004 and 2003.

(5) Current federal income taxes receivable and current federal income taxes payable were not reflected net on the Company s balance sheet. This misapplication of GAAP resulted in a change to the Company s other assets and other liabilities as of December 31, 2004 and 2003. Current federal income taxes receivable and current federal income taxes payable should be netted as the Company has the legal right of offset, as defined by FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*. Therefore, other assets and other liabilities have been restated to reflect the net current federal income taxes receivable or net current federal income taxes payable at each of these period ends. This correction of accounting resulted in a decrease to both the Company s other assets and other liabilities as of December 31, 2004 and 2003.

Also, as a result of the aforementioned material weaknesses, there were other errors in previously issued financial statements that were corrected as part of the restatement.

Remediation of Material Weaknesses

The Company s management has identified the steps necessary to address the aforementioned material weaknesses, including:

Documenting of processes and procedures, along with appropriate training, to ensure that the Company s accounting policies, which have been corrected to conform with U.S. GAAP, are consistently applied going forward;

Hiring additional accounting personnel to ensure that accounting personnel with adequate experience, skills and knowledge particularly in relation to complex or non-routine transactions are directly involved in the review and accounting evaluation of such transactions;

Involving internal personnel assisted by external advisors, as deemed necessary, early in the process, particularly in complex or non-routine transactions, to obtain additional guidance as to the application of generally accepted accounting principles to any such proposed transaction;

Ensuring comprehensive documentation supporting management s analysis of the appropriate accounting treatment for warrant derivatives or other non-routine or complex transactions and the related review thereof are completed to standards established by senior accounting personnel and the principal accounting officer.

Requiring senior accounting personnel and the principal accounting officer to review all complex or non-routine transactions to evaluate and approve the accounting treatment for such transactions; and

Requiring regular periodic review of all significant accounting policies and their adoptions, application, and impact by senior accounting personnel and the principal accounting officer together with the Audit Committee of the Board of Directors.

The Company began to execute the remediation plans identified above in the third quarter of 2005, and we believe our controls and procedures will continue to improve as a result of the further implementation of these actions.

We cannot assure you that these remediation efforts will be successful or that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. See Part I. Item 3. Quantitative and Qualitative Disclosures about Market Risk Factors That May Affect Future Results.

Changes in Internal Control

No changes in our internal control over financial reporting occurred during the period covered by this Quarterly Report on 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

The following information supplements and amends our discussion set forth under Part II. Item 1 Legal Proceedings in our amended Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2005.

With regard to the litigation matter regarding Gateway Communications, Inc., the trial date has been postponed from December 2005 to April 2006.

Additionally, from time to time, the Company is subject to other legal claims and proceedings that are in the normal course of the Company s business. While the outcome of these matters is currently not determinable, based on information available to the Company, its review of such claims to date and consultation with outside counsel, the Company does not currently expect that the ultimate costs to resolve these matters, if any, will have a material adverse effect on the Company s liquidity, consolidated financial position or results of operations.

ITEM 1A RISK FACTORS

Our business faces significant risks. The factors described below may not be the only risks we face, and are not intended to serve as a comprehensive listing. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following factors actually occurs, our business, financial condition and/or results of operations could suffer.

The risk factors set forth below are also set forth in our 2004 Form 10-K/A. No changes have been made.

If a significant number of clients fail to perform under their loans, our business, profitability, and financial condition would be adversely affected.

As a lender, the largest risk we face is the possibility that a significant number of our client borrowers will fail to pay their loans when due. If borrower defaults cause losses in excess of our allowance for loan and lease losses, it could have an adverse effect on our business, profitability, and financial condition. We have established an evaluation process designed to determine the adequacy of the allowance for loan and lease losses. While this evaluation process uses historical and other objective information, the classification of loans and the establishment of loan losses are dependent to a great extent on our experience and judgment. We cannot assure you that our allowance for loan and lease losses will be sufficient to absorb future loan losses or prevent a material adverse effect on our business, profitability, or financial condition.

Because of the credit profile of our loan portfolio, our levels of nonperforming assets and charge-offs can be volatile, and we may need to make material provisions for loan losses in any period, which could reduce net income or increase net losses in that period.

Our loan portfolio has a credit profile different from that of most other banking companies. Many of our loans are made to companies in the early stages of development with negative cash flow and no established record of profitable operations. In many cases, repayment of the loan is dependent upon receipt of additional equity financing from venture capitalists or others. Collateral for many of the loans often includes intellectual property, which is difficult to value and may not be readily salable in the case of default. Because of the intense competition and rapid technological change that characterizes the companies in our technology and life science industry sectors, a borrower s financial position can deteriorate rapidly. We also make loans that are larger, relative to the revenues of the borrower, than those made by traditional small business lenders, so the impact of any single borrower default may be more significant to us. Because of these characteristics, our level of nonperforming loans and loan charge-offs can be volatile and can vary materially from period to period. Changes in our level of nonperforming loans may require us to make material provisions for loan losses in any period, which could reduce our net income or cause net losses in that period.

Our current level of interest rate spread may decline in the future. Any material reduction in our interest spread could have a material impact on our business and profitability.

A major portion of our net income comes from our interest rate spread, which is the difference between the interest rates paid by us on interest-bearing liabilities, such as deposits and other borrowings, and the interest rates and fees we receive on interest-earning assets, such as loans extended to our clients and interest rates we receive on securities held in our investment portfolio. Interest rates are highly sensitive to many factors beyond our control, such as inflation, recession, global economic disruptions, and unemployment. In addition, legislative changes could affect the manner in which we pay interest on deposits or other liabilities. For example, Congress has for many years debated repealing a law that prohibits banks from paying interest rates on checking accounts. If this law were to be repealed, we would be subject to competitive pressure to pay interest on our clients checking accounts, which would negatively affect our interest rate spread. Any material decline in our interest rate spread would have a material adverse effect on our business and profitability. Additionally, a portion of our loan fee income, a component of loan interest income, is predicated on the receipt of warrant securities. If we fail to continue to receive warrant securities our future interest margin may decline.

Decreases in the amount of equity capital available to start-up and emerging-growth companies could adversely affect our business, profitability, and growth prospects.

Our strategy has focused on providing banking products and services to emerging-growth and corporate technology companies receiving financial support from sophisticated investors, including venture capitalists, angels, and corporate investors. In some cases, our lending credit decision is based on our analysis of the likelihood that our venture capital or angel-backed client will receive a second or third round of equity infusion from investors. If the amount of capital available to such companies decreases, it is likely that the number of new clients and investor financial support to our existing borrowers could decrease, which would have an adverse effect on our business, profitability and growth prospects.

Among the factors that have and could in the future affect the amount of capital available to startup and emerging-growth companies are the receptivity of the capital markets to initial public offerings or mergers and acquisitions of companies within our technology and life science industry sectors, the availability and return on alternative investments, and general economic conditions in the technology and life science industries. Reduced capital markets valuations could reduce the amount of capital available to startup and emerging-growth companies, including companies within our technology and life science industry sectors.

Our business is dependent upon access to funds on attractive terms.

We derive our net interest income through lending or investing capital on terms that provide returns in excess of our costs for obtaining that capital. As a result, our credit ratings are important to our business. A reduction in our credit ratings could adversely affect our liquidity and competitive position, increase our borrowing costs (or trigger obligations under certain existing borrowings and other contracts), or increase the interest rates we pay our depositors. Further, our credit ratings and the terms upon which we have access to capital may be influenced by circumstances beyond our control, such as overall trends in the general market environment, perceptions about our creditworthiness or market conditions in the industries in which we focus.

Changes to our employee compensation structure could adversely affect our results of operations and cash flows, as well as out ability to attract, recruit, and retain certain key employees.

We account for our employee stock options in accordance with Accounting Principles Board Opinion No. 25 and related interpretations, which provide that any compensation expense relative to employee stock options be measured based on the intrinsic value of the stock options. As a result, when options are priced at the fair market value of the underlying stock on the date of grant, as is our practice, we incur no compensation expense. In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment, which is a revision of SFAS No. 123 and supersedes APB No. 25. SFAS No. 123(R) requires us to record compensation expense for all employee stock grants. Such expense will have a material impact on our results of operations. In October 2004, in an effort to align our option grant rate to that of other financial institutions similar to us, we significantly decreased the number of shares subject to options granted to our employees on a prospective basis. We may in the future consider taking other actions to modify employee compensation structures, such as granting cash compensation or other forms of equity compensation. Our decision to reduce the number of option shares to be granted on a prospective basis, and any other future changes we may adopt in our employee compensation structures, could adversely affect our results of operations and cash flows, as well as our ability to attract, recruit, and retain certain key employees.

We are subject to extensive regulation that could limit or restrict our activities and impose financial requirements or limitations on the conduct of our business.

SVB Financial, Silicon Valley Bank, and their subsidiaries are extensively regulated under federal and state law. These regulations are intended primarily for the protection of depositors, other clients, and the deposit insurance fund not for the benefit of stockholders or security holders. Federal and state laws and regulations limit or otherwise affect the activities in which SVB Financial, Silicon Valley Bank, and their subsidiaries may engage. A change in the applicable statutes, regulations, or regulatory policy may have a material effect on our business and that of our subsidiaries. In addition, SVB Financial, Silicon Valley Bank, and their subsidiaries are required to maintain certain minimum levels of capital. Federal and state banking regulators possess broad powers to take supervisory action, as they deem appropriate, with respect to SVB Financial and Silicon Valley Bank. SVB Alliant and SVB Securities, both broker-dealer subsidiaries, are regulated by the SEC and the National Association of Securities Dealers, Inc. (NASD). Violations of the stringent regulations governing the actions of a broker-dealer can result in the revocation of broker-dealer licenses, the imposition of censures or fines, the issuance of cease and desist orders, and the suspension or expulsion from the securities business of a firm, its officers or employees. Supervisory actions can result in higher capital requirements, higher insurance premiums, and limitations on the activities of SVB Financial, Silicon Valley Bank or their subsidiaries. These supervisory actions could have a material adverse effect on our business and profitability.

Warrant, venture capital fund, and direct equity investment portfolio gains or losses depend upon the performance of the portfolio investments and the general condition of the public equity markets, which is uncertain.

We have historically obtained rights to acquire stock, in the form of equity warrants, in certain clients as part of negotiated credit facilities and for other services. In future periods we may not be able to ultimately realize gains from the sale of securities to third parties related to the exercise of warrants, or our realized gains may be materially less than the current level of fair value of derivative warrants and unrealized gains disclosed in this filing. We also have made investments in venture capital funds as well as direct equity investments in companies. The timing and amount of income, if any, from the disposition of client warrants, venture capital funds, and direct equity investments typically depend upon factors beyond our control, including the performance of the underlying portfolio companies, investor demand for initial public offerings, fluctuations in the market prices of the underlying common stock of these companies, levels of mergers and acquisitions activity, and legal and contractual restrictions on our ability to sell the underlying securities. In addition, our investments in venture capital funds and direct equity investments have lost value and could continue to lose value or become worthless, which would reduce our net income or could cause a net loss in any period. All of these factors are difficult to predict, particularly in the current economic environment. Additionally, due to the nature of investing in private equity venture-backed technology and life science companies, it is likely that additional investments within our existing portfolio will become impaired. However, we are not in a position to know at the present time which specific investments, if any, are likely to be impaired or the extent or timing of individual impairments. Therefore, we cannot predict future investment gains or losses with any degree of accuracy, and any gains or losses are likely to vary materially from period to period.

Public equity offerings and mergers and acquisitions involving our clients can cause loans to be paid off early, which could adversely affect our business and profitability.

While an active market for public equity offerings and mergers and acquisitions generally has positive implications for our business, one negative consequence is that our clients may pay off or reduce their loans with us if they complete a public equity offering or are acquired or merge with another company. Any significant reduction in our outstanding loans could have a material adverse effect on our business and profitability.

Adverse changes in domestic or global economic conditions, especially in the technology sector and particularly in California, could have a material adverse effect on our business, growth, and profitability.

If conditions worsen in the domestic or global economy, especially in the technology, life science, private equity, and premium wine industry niches, our business, growth, and profitability are likely to be materially adversely affected. A worsening of the global or U.S. economic slowdown would harm many of our clients. Our clients may be particularly sensitive to disruptions in the growth of the technology sector of the U.S. economy. In addition, a substantial number of our clients are geographically concentrated in California, and adverse economic conditions in California could harm the businesses of a disproportionate number of our clients. To the extent that our clients underlying businesses are harmed, they are more likely to default on their loans.

If we fail to retain our key employees, our growth and profitability could be adversely affected.

We rely on experienced client relationship managers and on officers and employees with strong relationships with the venture capital community to generate new business. If a significant number of these employees were to leave us, our growth and profitability could be adversely affected. We believe that our employees frequently have opportunities for alternative employment with competing financial institutions and with our clients.

We cannot assure that we will be able to maintain our historical levels of profitability in the face of sustained competitive pressures.

Other banks and specialty and diversified financial services companies, many of which are larger and have more capital than we do, offer lending, leasing, other financial products and advisory services to our client base. In some cases, our competitors focus their marketing on our industry sectors and seek to increase their lending and other financial relationships with technology companies, early stage growth companies or special industries such as wineries. In other cases, our competitors may offer a broader range of financial products to our clients. When new competitors seek to enter one of our markets, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market. Our pricing and credit terms could deteriorate if we act to meet these competitive challenges.

We face risks in connection with completed or potential acquisitions.

We completed one acquisition in each of 2002 and 2001 and, if appropriate opportunities present themselves, we intend to acquire businesses, technologies, services or products that we believe are strategic. There can be no assurance that we will be able to identify, negotiate or finance future acquisitions successfully or integrate such acquisitions with our current business.

Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, and/or contingent liabilities, which could have a material adverse effect on our business, results of operations, and/or financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require us to obtain additional equity or debt financing, which might not be available on terms favorable to us, or at all; and such financing, if available, might be dilutive.

Upon completion of an acquisition, we are faced with the challenges of integrating the operations, services, products, personnel, and systems of acquired companies into our business, which may divert management s attention from ongoing business operations. In addition, acquisitions of new businesses may subject us to regulatory scrutiny. We cannot assure that we will be successful in integrating any acquired business effectively into the operations of our business. Moreover, there can be no assurance that the anticipated benefits of any acquisition will be realized.

The success of our acquisitions is dependent on the continued employment of several key employees. If acquired businesses do not meet projected revenue targets, or if certain key employees were to leave the businesses, we could conclude that the value of the businesses has decreased and that the related goodwill has been impaired. If we were to conclude that goodwill has been impaired that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations.

We could be liable for breaches of security in our online banking services. Fear of security breaches could limit the growth of our online services.

We offer various Internet-based services to our clients, including online banking services. The secure transmission of confidential information over the Internet is essential to maintain our clients confidence in our online services. Advances in computer capabilities, new discoveries, or other developments could result in a compromise or breach of the technology we use to protect client transaction data. Although we have developed systems and processes that are designed to prevent security breaches and periodically test our security, failure to mitigate breaches of security could adversely affect our ability to offer and grow our online services and could harm our business.

People generally are concerned with security and privacy on the Internet and any publicized security problems could inhibit the growth of the Internet as a means of conducting commercial transactions. Our ability to provide financial services over the Internet would be severely impeded if clients became unwilling to transmit confidential information online. As a result, our operations and financial condition could be adversely affected.

We face risks associated with international operations.

A component of our strategy is to expand internationally on a limited basis. Expansion into international markets, albeit on a limited basis, requires management s attention and resources. We have limited experience in internationalizing our service, and we believe that many of our competitors are also undertaking expansion into foreign markets. There can be no assurance that we will be successful in expanding into international markets. In addition to the uncertainty regarding our ability to generate revenues from foreign operations and to expand our international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting loan or other types of payments, political instability, seasonal reductions in business activity, and potentially adverse tax consequences, any of which could adversely affect the success of our international operations. To the extent we continue to expand our international operations and have additional portions of our international revenues denominated in foreign currencies, we could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on our business, results of operations, and/or financial condition.

Maintaining or increasing our market share depends on market acceptance and regulatory approval of new products and services.

Our success depends, in part, upon our ability to adapt our products and services to evolving industry standards and client demands. There is increasing pressure on financial services companies to provide products and services at lower prices. In addition, the widespread adoption of new technologies, including Internet-based services, could require us to make substantial expenditures to modify or adapt our existing products or services. A failure to achieve market acceptance of any new products we introduce, or a failure to introduce products that the market may demand, could have an adverse effect on our business, profitability, or growth prospects.

Business interruptions due to natural disasters and other events beyond our control can adversely affect our business.

Our operations can be subject to natural disasters and other events beyond our control, such as earthquakes, fires, power failures, telecommunication loss, terrorist attacks, and acts of war. Our corporate headquarters and a portion of our critical business offices are located in California near major earthquake faults. Such events of disaster, whether natural or manmade, could cause severe destruction or interruption to our operations and as a result, our business could suffer serious harm. To mitigate these risks we have begun a phased business continuity program, with initial capabilities scheduled to become available during 2005 and additional work continuing throughout 2006.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Our management has determined that as of December 31, 2004, the Company did not maintain effective internal controls over financial reporting based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework as a result of identified material weaknesses in the Company s internal control over financial reporting. Specifically, the Company did not have adequately designed internal controls in its financial reporting process related to the selection and application of generally accepted accounting principles in that (a) accounting policies, procedures and practices were not consistently developed, maintained or updated in a manner ensuring that financial statements were prepared in accordance with U.S. generally accepted accounting principles, (b) these policies and procedures were not designed to consistently ensure the preparation and retention of adequate documentation to support key judgments made in connection with the selection and application of significant accounting policies within the Company s financial reporting process and (c) the Company s policies and procedures did not consistently provide for effective analysis, implementation, and documentation of new accounting pronouncements. In addition, the Company did not maintain sufficient levels of appropriately qualified and trained personnel in its financial reporting processes resulting in management s inability to consistently follow its internal control over financial reporting related to (x) the timely preparation of comprehensive documentation supporting management s analysis of the appropriate accounting treatment for warrant derivatives or other non-routine or complex transactions, and (y) the review of such documentation by qualified internal staff, assisted by external advisors as deemed necessary, to determine its completeness and the propriety of our conclusions. For a detailed description of these material weaknesses and the Company s remediation efforts and plans, see Part I, Item 4. These control deficiencies resulted in material errors in the Company s financial reporting which resulted in a restatement of the Company s financial statements for the years 2002, 2003 and 2004 and for the quarter ended March 31, 2005, as discussed elsewhere in this Quarterly Report on Form 10-Q/A. We have not yet fully remediated these material weaknesses.

In response to these material weaknesses in our internal control over financial reporting, we are implementing additional controls and procedures and are incurring additional related expenses. We cannot be certain that the measures we have taken and are planning to take will sufficiently and satisfactorily remediate the identified material weaknesses in full. Furthermore, we intend to continue improving our internal control over financial reporting and the implementation and testing of these efforts could result in increased cost and could divert management attention away from operating our business.

If we are unable to remediate the identified material weaknesses discussed above, or if additional material weaknesses are identified in our internal control over financial reporting, our management will be unable to report favorably as to the effectiveness of our internal control over financial reporting and/or our disclosure controls and procedures, and we could be required to further implement expensive and time-consuming remedial measures and potentially lose investor confidence in the accuracy and completeness of our financial reports which could have an adverse effect on our stock price and potentially subject us to litigation.

We have received two delisting notices from Nasdaq. Our common stock and 7% cumulative trust preferred securities may become delisted from the Nasdaq National Market, which may have a material adverse effect on us, including an adverse impact on the liquidity of our common stock and on our ability to attract, recruit or retain key employees.

On August 16, 2005 and November 15, 2005, we received notices from the staff of the Nasdaq Stock Market stating that the Company s securities are subject to delisting because it was not in compliance with Nasdaq s Marketplace Rule 4310(c)(14) due to the delayed filing of its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005. Currently, both the Company s common stock and 7% cumulative trust preferred securities are traded on the

Nasdaq National Market, under the symbols SIVBE and SIVOE, respectively.

At an appeal hearing before a Nasdaq Listing Qualifications Panel on September 29, 2005, we submitted a plan to Nasdaq that would bring us back in compliance with Marketplace Rule 4310(c)(14). The plan, which was subsequently approved by the Nasdaq panel in November 2005, requires us to file our restated financials and our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005 on or before December 28, 2005. We did not file either of these Quarterly Reports by the SEC filing deadline on that date. Once these reports have been filed, the Company expects that it will be back in compliance with Nasdaq marketplace rules, so long as it has not actually been delisted by Nasdaq.

While the Company intends to continue its plan to achieve and sustain compliance as requested by Nasdaq, there can be no guarantee that we will be successful in implementing our plan as intended, or that our common stock will not be delisted by Nasdaq. If our common stock is delisted, the only public market for our common stock is likely to be the pink sheets or the OTC Bulletin Board. Being delisted will likely significantly and adversely impact the liquidity of our common stock and significantly depress its value.

Additionally, if we are delisted, the reduced marketability of our common stock may have a material adverse affect on our ability to attract, recruit and retain key employees, especially since our employee compensation structure includes equity compensation.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	**(a) Total Number of Shares Purchased**		**(b) Average Price Paid per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)**		**(d) Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(1)**
April 1, 2005 April 30, 2005	185,000	$	46.06	185,000	$	66,700,000
May 1, 2005 - May 31, 2005	431,300		47.44	431,300		46,300,000
June 1, 2005 - June 30, 2005	215,000		47.68	215,000		36,000,000
Total	831,300	$	47.20	831,300	$	36,000,000

(1) On May 7, 2003, the Company announced that its Board of Directors authorized a stock repurchase program of up to $160.0 million, with no specified expiration date. This program became effective immediately and replaced previously announced stock repurchase programs. Stock repurchases under this program may be made from time to time. On January 27, 2005, the Company announced that its Board of Directors authorized the repurchase of up to an additional $75.0 million of common stock under the stock repurchase program, in conjunction with the $160.0 million originally approved in May 2003. This $75.0 million of shares under this program may be repurchased at any time, at our discretion, before June 30, 2006, in the open market, through block trades or otherwise, pursuant to applicable securities laws. Under this program, the Company repurchased in aggregate 6.4 million shares of common stock totaling $199.0 million as of June 30, 2005. The approximate dollar value of shares that may still be repurchased under this program totaled $36.0 million as of June 30, 2005.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

On October 12, 2005 and December 16, 2005, the trustee under the note indenture relating to the Company s $150.0 million zero-coupon convertible subordinated notes due June 15, 2008, provided notice in accordance with the terms of the indenture that the Company was in breach of its convenant to remain current in its SEC fillings because of its failure to file its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005, respectively. The Company s failure to cure this breach within 60 days of the October 12, 2005 notice constituted an event of default under the indenture as of December 11, 2005. As the indenture does not provide for any right of acceleration of the payment of the principal of the notes upon a default in the performance of any covenant or agreement in the notes or in the indenture, the trustee and the holders are not entitled to accelerate the maturity of the notes upon the occurrence of the aforementioned event of default. As a result, this event of default did not constitute a material default with respect to the Company s indebtedness. Upon the occurrence of this event of default, the trustee was entitled, subject to certain limitations and conditions, to seek to enforce the performance of such covenant. In addition, during the period that the event of default was continuing, the Company could not pay cash upon conversion of any note or portion of the note (other than cash for fractional shares). Upon the filing by the Company of its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2005 and September 30, 2005, any default or event of default under these notices will be cured.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The 2005 Annual Meeting of Stockholders was held on April 21, 2005. The Company s directors are elected on an annual basis. Each of the eleven persons named in the Proxy Statement as a nominee for director was elected and each of the other items of business that were presented at the meeting for approval or ratification was approved or ratified, as applicable. The voting results were as follows:

Election of Directors	In Favor	Withheld
Eric A. Benhamou	32,604,782	750,421

David M. Clapper	32,796,867	558,336
Roger F. Dunbar	32,187,938	1,167,265
Joel P. Friedman	32,798,445	556,758
G. Felda Hardymon	24,606,930	8,748,273
Alex W. Pete Hart	31,908,758	1,446,445
C. Richard Kramlich	32,074,147	1,281,056
James R. Porter	31,272,953	2,082,250
Michaela K. Rodeno	31,208,487	2,146,716
Larry W. Sonsini	22,967,314	10,387,889
Kenneth P. Wilcox	32,746,364	608,839

Other Matters	**In Favor**	**Opposed**	**Abstain**	**Broker Non-Vote**
Approval of the Company s Restated Certificate of Incorporation to change its name to SVB Financial Group.	33,229,740	101,145	24,318	
Approval of an amendment to the Company s Amended and Restated 1997 Equity Incentive Plan to (i) reserve an additional 750,000 shares of common stock for issuance thereunder, and (ii) delete a provision limiting certain awards.	14,197,309	12,729,738	72,734	6,355,422
Approval of a bonus arrangement with David Ketsdever, Chief Executive Officer of SVB Alliant, a wholly-owned subsidiary of the Company.	24,436,549	2,233,370	329,862	6,355,422
Ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm of its fiscal year ending December 31, 2005.	32,511,707	813,489	30,007	

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 EXHIBITS

See Index of Exhibits at the end of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SVB Financial Group

Date: December 28, 2005

/s/ DONAL D. DELANEY
Donal D. Delaney
Corporate Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Form	Incorporated by Reference File No.	Exhibit	Filing Date	Filed Herewith
2.1	Asset Purchase Agreement between the registrant and SVB Alliant	8-K	000-15637	2.1	October 2, 2001	
3.1	Restated Certificate of Incorporation	8-K	000-15637	3.1	May 31, 2005	
3.2	Amended and Restated Bylaws	10-K	000-15637	3.3	March 11, 2004	
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock	8-A/A	000-15637	3.4	February 27, 2004	
4.1	Indenture dated as of May 20, 2003 between the Company and Wells Fargo Bank Minnesota, National Association	S-3	333-107994	4.1	August 14, 2003	
4.2	Form of Note (included in Exhibit 4.9)	S-3	333-107994	4.2	August 14, 2003	
4.3	Registration Rights Agreement dated as of May 20, 2003, between the Company and the initial purchasers named therein	S-3	333-107994	4.3	August 14, 2003	
4.4	Junior Subordinated Indenture, dated as of October 30, 2003 between Silicon Valley Bancshares and Wilmington Trust Company, as trustee	8-K	000-15637	4.12	November 19, 2003	
4.5	Junior Subordinated Deferrable Debenture due October 15, 2033 of Silicon Valley Bancshares	8-K	000-15637	4.13	November 19, 2003	
4.6	Amended and Restated Trust Agreement, dated as of October 30, 2003, by and among Silicon Valley Bancshares as depositor, Wilmington Trust Company as property trustee, Wilmington Trust Company as Delaware trustee, and the Administrative Trustees named therein.	8-K	000-15637	4.14	November 19, 2003	
4.7	Certificate Evidencing 7% Cumulative Trust Preferred Securities of SVB Capital II	8-K	000-15637	4.15	November 19, 2003	
4.8	Guarantee Agreement, dated October 30, 2003 between Silicon Valley Bancshares and Wilmington Trust Company, as trustee	8-K	000-15637	4.17	November 19, 2003	
4.9	Agreement as to Expenses and Liabilities, dated as of October 30, 2003, between Silicon Valley Bancshares and SVB Capital II	8-K	000-15637	4.17	November 19, 2003	
4.10	Certificate Evidencing 7% Common Securities of SVB Capital II	8-K	000-15637	4.18	November 19, 2003	
4.11	Silicon Valley Bancshares Officers Certificate and Company Order, dated October 30, 2003	8-K	000-15637	4.19	November 19, 2003	
4.12	Amended and Restated Preferred Stock Rights Agreement dated as of January 29, 2004, between Silicon Valley Bancshares and Wells Fargo Bank Minnesota, N.A.	8-A/A	000-15637	4.20	February 27, 2004	
4.13	Amendment No. 1 to Amended & Restated Preferred Stock Rights	8-A/A	000-15637	4.13	August 3, 2004	

	Agreement, dated as of August 2, 2004, by and between Silicon Valley Bancshares and Wells Fargo Bank, N.A.				
10.1	Office Lease Agreement, dated as of September 15, 2004, between CA-Lake Marriott Business Park Limited Partnership and Silicon Valley Bank: 3003 Tasman Drive, Santa Clara, CA 95054	8-K	000-15637	10.28	September 20, 2004
10.2	Amended and Restated Lease Termination Agreement, dated as of October 20, 2004, by and between CA-Lake Marriott Business Park Limited Partnership and Silicon Valley Bank	8-KA	000-15637	99.1	October 22, 2004
*10.3	Amended and Restated Silicon Valley Bancshares 1989 Stock Option Plan	10-Q	000-15637	10.28	August 13, 1996
*10.4	Silicon Valley Bank Money Purchase Pension Plan	10-Q	000-15637	10.29	August 13, 1996

*10.5	Amendment and Restatement of the Silicon Valley Bank Money Purchase Pension Plan	10-Q	000-15637	10.30	August 13, 1996
*10.6	Silicon Valley Bank 401(k) and Employee Stock Ownership Plan, as amended and restated	10-K	000-15637	10.6	March 16, 2005
*10.7	Form of Change in Control Severance Benefits Policy for Non-Executives	10-Q	000-15637	10.33	November 13, 1996
*10.8	Amended and Restated Silicon Valley Bancshares Retention Program Plan	10-Q	000-15637	10.8	August 9, 2004
*10.9	Severance Agreement between the Company and John C. Dean related to Garage.com as of August 12, 1998	10-Q	000-15637	10.40	November 13, 1998
*10.10	Severance Agreement between the Company and Harry W. Kellogg related to Garage.com as of August 12, 1998	10-Q	000-15637	10.41	November 13, 1998
*10.11	1999 Employee Stock Purchase Plan	10-K	000-15637	10.44	March 17, 2000
*10.12	Silicon Valley Bancshares 1998 Equity Incentive Plan, amended as of July 20, 2000	10-Q	000-15637	10.45	November 14, 2000
*10.13	Change in Control Severance Benefits Policy of Silicon Valley Bank	10-Q	000-15637	10.46	November 14, 2000
*10.14	Consulting Agreement between Silicon Valley Bancshares and John C. Dean, effective as of May 1, 2001	10-Q	000-15637	10.47	May 15, 2001
*10.15	Silicon Valley Bancshares 1997 Equity Incentive Plan, as amended	DEF 14A	000-15637	B-1	March 16, 2005
*10.16	Form of Indemnity Agreement between the Company and its directors and officers	10-Q	000-15637	10.50	November 14, 2003
*10.17	Severance Agreement between the Company and Lauren Friedman	10-Q	000-15637	10.51	November 14, 2003
*10.18	Promissory Note Between Silicon Valley Bancshares and Marc Verissimo dated August 4, 2000	10-K	000-15637	10.52	March 11, 2004
*10.19	Bonus Agreement Between Silicon Valley Bank and Marc Verissimo dated September 20, 2000	10-K	000-15637	10.53	March 11, 2004
*10.20	Promissory Note Between Silicon Valley Bancshares and Ken Wilcox dated April 4, 2002	10-K	000-15637	10.54	March 11, 2004
*10.21	Promissory Note Between Silicon Valley Bancshares and Marc Verissimo dated April 2, 2002	10-K	000-15637	10.55	March 11, 2004
*10.22	Promissory Note Between Silicon Valley Bancshares and Greg Becker dated May 6, 2002	10-K	000-15637	10.56	March 11, 2004
*10.23	Promissory Note Between Silicon Valley Bancshares and Greg Becker dated January 16, 2003	10-K	000-15637	10.57	March 11, 2004
*10.24	Silicon Valley Bancshares Senior Management Incentive Compensation Plan	10-K	000-15637	10.58	March 11, 2004
*10.25	Separation Agreement Between Silicon Valley Bank and Leilani Gayles dated July 16, 2003	10-K	000-15637	10.59	March 11, 2004
*10.26	Offer Letter to Jack Jenkins-Stark dated February 20, 2004	10-Q	000-15637	10.26	May 7, 2004
*10.27	Offer Letter to David C. Webb dated May 25, 2004	10-Q	000-15637	10.27	August 9, 2004
*10.28	Silicon Valley Bank Deferred Compensation Plan, as amended and restated	8-K	000-15637	10.29	November 3, 2004

*10.29	Form of Restricted Stock Unit Agreement under 1997 Equity Incentive	8-K	000-15637	10.30	November 5, 2004	
*10.30	Form of Incentive Stock Option Agreement under 1997 Equity Incentive Plan	10-Q	000-15637	10.31	November 9, 2004	
*10.31	Form of Nonqualified Stock Option Agreement under 1997 Equity Incentive Plan	10-Q	000-15637	10.32	November 9, 2004	
*10.32	Form of Restricted Stock Award under 1997 Equity Incentive Plan	10-Q	000-15637	10.33	November 9, 2004	
*10.33	Offer Letter to David Ketsdever dated November 13, 2004	8-K	000-15637	10.34	November 30, 2004	
14.1	Code of Ethics	10-K	000-15637	14.1	March 16, 2005	
21.1	Subsidiaries of Silicon Valley Bancshares	10-K	000-15637	21.1	March 16, 2005	
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of Principal Executive Officer					ý
31.2	Rule 13a-14(a)/ 15d-14(a) Certification of Principal Financial Officer					ý
32.1	Section 1350 Certifications					ý

* Denotes management contract or any compensatory plan, contract or arrangement.