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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 000-15637

SVB FINANCIAL GROUP
(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 **(Address of principal executive offices)**	**95054-1191** **(Zip Code)**

(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 ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 31, 2008, 32,790,469 shares of the registrant's common stock ($0.001 par value) were outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, except par value and share data)	September 30, 2008	December 31, 2007
Assets		
Cash and due from banks	$ 373,510	$ 325,399
Securities purchased under agreements to resell and other short-term investment securities	379,088	358,664
Investment securities	1,779,978	1,602,574
Loans, net of unearned income	5,285,101	4,151,730
Allowance for loan losses	(60,290)	(47,293)
Net loans	5,224,811	4,104,437
Premises and equipment, net of accumulated depreciation and amortization	32,344	38,628
Goodwill	4,092	4,092
Accrued interest receivable and other assets	277,122	258,662
Total assets	$8,070,945	$6,692,456
Liabilities, Minority Interest and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$3,231,281	$3,226,859
Negotiable order of withdrawal (NOW)	57,231	35,909
Money market	1,334,393	941,242
Time	387,236	335,110
Sweep	422,468	72,083
Total deposits	5,432,609	4,611,203
Short-term borrowings	425,000	90,000
Other liabilities	175,740	199,243
Long-term debt	981,946	875,254
Total liabilities	7,015,295	5,775,700
Commitments and contingencies (Note 14)		
Minority interest in capital of consolidated affiliates	324,998	240,102
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; 32,735,732 and 32,670,557 shares outstanding, respectively	33	33
Additional paid-in capital	23,816	—
Retained earnings	725,737	682,911
Accumulated other comprehensive loss	(18,934)	(6,290)
Total stockholders' equity	730,652	676,654
Total liabilities, minority interest and stockholders' equity	$8,070,945	$6,692,456

See accompanying notes to interim consolidated financial statements (unaudited).

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SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands, except per share amounts)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Interest income:				
Loans	$ 94,256	$ 93,243	$ 268,530	$ 267,526
Investment securities:				
Taxable	15,321	14,915	43,677	46,990
Non-taxable	1,106	528	3,121	1,692
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	2,712	4,485	10,513	12,660
Total interest income	113,395	113,171	325,841	328,868
Interest expense:				
Deposits	6,267	3,572	16,908	8,328
Borrowings	11,999	13,891	33,859	36,892
Total interest expense	18,266	17,463	50,767	45,220
Net interest income	95,129	95,708	275,074	283,648
Provision for loan losses	13,682	3,155	29,756	10,865
Net interest income after provision for loan losses	81,447	92,553	245,318	272,783
Noninterest income:				
Client investment fees	13,636	13,127	41,006	37,813
Foreign exchange fees	8,641	6,714	24,446	17,778
Deposit service charges	6,129	3,933	18,076	10,711
Gains on derivative instruments, net	6,472	8,790	13,479	15,514
Letter of credit and standby letter of credit income	3,050	2,671	9,138	8,363
Corporate finance fees	—	5,166	3,640	11,568
(Losses) gains on investment securities, net	(876)	14,719	(4,949)	40,611
Other	4,695	9,914	22,413	25,837
Total noninterest income	41,747	65,034	127,249	168,195
Noninterest expense:				
Compensation and benefits	49,598	56,460	153,438	161,777
Professional services	9,623	7,847	27,556	23,673
Premises and equipment	5,781	4,567	16,424	14,820
Net occupancy	4,135	5,149	12,825	16,238
Business development and travel	3,389	2,429	10,575	8,747
Correspondent bank fees	1,689	1,511	5,011	4,371
Telephone	1,373	1,178	3,870	4,034
Loss from cash settlement of conversion premium of zero-coupon convertible subordinated notes	—	—	3,858	—
Data processing services	1,082	1,054	3,275	2,940
Reduction of the provision for unfunded credit commitments	(990)	(973)	(355)	(2,778)
Impairment of goodwill	—	—	—	17,204
Other	4,751	3,737	14,580	11,966
Total noninterest expense	80,431	82,959	251,057	262,992
Income before minority interest in net loss (income) of consolidated affiliates and income tax expense	42,763	74,628	121,510	177,986
Minority interest in net loss (income) of consolidated affiliates	1,693	(10,458)	7,445	(26,639)
Income before income tax expense	44,456	64,170	128,955	151,347
Income tax expense	17,448	26,054	52,749	61,975
Net income	$ 27,008	$ 38,116	$ 76,206	$ 89,372
Earnings per common share—basic	$ 0.83	$ 1.12	$ 2.36	$ 2.61
Earnings per common share—diluted	$ 0.80	$ 1.03	$ 2.22	$ 2.41

See accompanying notes to interim consolidated financial statements (unaudited).

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SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(Dollars in thousands)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Net income	$ 27,008	$ 38,116	$ 76,206	$ 89,372
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (losses) gains, net of tax	(333)	128	(749)	217
Change in unrealized (losses) gains on available-for-sale investment securities:				
Unrealized holding (losses) gains, net of tax	(5,693)	10,417	(13,409)	3,065
Reclassification adjustment for realized losses (gains) included in net income, net of tax	726	31	1,514	(110)
Other comprehensive (loss) income, net of tax	(5,300)	10,576	(12,644)	3,172
Comprehensive income	$ 21,708	$ 48,692	$ 63,562	$ 92,544

See accompanying notes to interim consolidated financial statements (unaudited).

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SVB FINANCIAL GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)	Nine months ended September 30, 2008	2007
Cash flows from operating activities:		
Net income	$ 76,206	$ 89,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of goodwill	—	17,204
Provision for loan losses	29,756	10,865
Reduction of the provision for unfunded credit commitments	(355)	(2,778)
Changes in fair values of derivatives, net	(6,888)	(10,477)
Losses (gains) on investment securities, net	4,949	(40,611)
Depreciation and amortization	18,603	14,332
Minority interest in net (loss) income of consolidated affiliates	(7,445)	26,639
Tax benefit of original issue discount	3,899	2,522
Tax benefits of share-based compensation and other	1,419	1,420
Amortization of share-based compensation	10,870	12,206
Amortization of deferred warrant-related loan fees	(6,105)	(5,474)
Deferred income tax benefit (expense)	16,357	(9,337)
Loss on valuation adjustments and sale of other real estate owned	236	1,368
Changes in other assets and liabilities:		
Accrued interest, net	1,815	7,553
Accounts receivable	851	(3,469)
Income tax receivable, net	(5,919)	1,959
Accrued compensation	(19,821)	3,201
Foreign exchange spot contracts, net	4,689	8,232
Other, net	(9,790)	5,696
Net cash provided by operating activities	113,327	130,423
Cash flows from investing activities:		
Purchases of available-for-sale securities	(302,346)	(40,269)
Proceeds from sales of available-for-sale securities	4,432	7,127
Proceeds from maturities and pay downs of available-for-sale securities	194,158	242,673
Purchases of nonmarketable securities (cost and equity method accounting)	(43,674)	(21,015)
Proceeds from sales of nonmarketable securities (cost and equity method accounting)	7,422	12,614
Proceeds from nonmarketable securities (cost and equity method accounting)	1,498	10,278
Purchases of nonmarketable securities (investment fair value accounting)	(85,997)	(56,656)
Proceeds from sales of nonmarketable securities (investment fair value accounting)	22,083	19,356
Net (increase) in loans	(1,156,978)	(348,756)
Proceeds from recoveries of charged-off loans	5,547	5,366
Proceeds from sale of other real estate owned	287	4,309
Purchases of premises and equipment	(5,959)	(10,484)
Net cash used for investing activities	(1,359,527)	(175,457)
Cash flows from financing activities:		
Net increase (decrease) in deposits	821,406	(87,917)
Principal payments of other long-term debt	(901)	—
Payments for early conversion of zero-coupon convertible subordinated notes	(7,832)	—
Payments for settlement of zero-coupon convertible subordinated notes upon maturity	(141,900)	—
Proceeds from exercise of call options pursuant to convertible note hedge agreement related to zero coupon convertible subordinated notes	3,857	—
Proceeds from issuance of 3.875% convertible senior notes, net of issuance costs	243,236	—
Proceeds from issuance of senior and subordinated notes, net of issuance costs	—	495,030
Proceeds from issuance of warrants related to 3.875% convertible senior notes	21,200	—
Cost of hedge agreement related to 3.875% convertible senior notes	(41,750)	—
Increase (decrease) in short-term borrowings	335,000	(313,537)
Capital contributions from minority interest participants, net of distributions	92,341	43,477
Stock compensation related tax benefits	5,882	6,280
Proceeds from issuance of common stock and ESPP	29,813	25,567
Repurchases of common stock	(45,617)	(97,332)
Net cash provided by financing activities	1,314,735	71,568
Net increase in cash and cash equivalents	68,535	26,534
Cash and cash equivalents at beginning of year	684,063	632,585
Cash and cash equivalents at end of period	$ 752,598	$ 659,119

See accompanying notes to interim consolidated financial statements (unaudited).

SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

SVB Financial Group ("SVB Financial" or the "Parent") is a diversified financial services company, as well as a bank holding company and financial holding company. SVB Financial was incorporated in the state of Delaware in March 1999. Through our various subsidiaries and divisions, we offer a variety of banking and financial products and services to support our clients throughout their life cycles. In this Quarterly Report on Form 10-Q, when we refer to "SVB Financial Group," the "Company," "we," "our," "us" or use similar words, we mean SVB Financial Group and all of its subsidiaries collectively, including Silicon Valley Bank (the "Bank"), unless the context requires otherwise. When we refer to "SVB Financial" or the "Parent" we are referring only to the parent company, SVB Financial Group, unless the context requires otherwise.

The accompanying interim consolidated financial statements reflect all adjustments of a normal and recurring nature that are, in the opinion of management, necessary to fairly present our financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Such interim consolidated 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 and nine months ended September 30, 2008 are not necessarily indicative of results to be expected for any future periods. These interim consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007 ("2007 Form 10-K").

The accompanying interim consolidated financial statements have been prepared on a consistent basis with the accounting policies described in Consolidated Financial Statements and Supplementary Data—Note 2 (Summary of Significant Accounting Policies) under Part II, Item 8 of our 2007 Form 10-K.

The preparation of interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates may change as new information is obtained. Significant items that are subject to such estimates include the valuation of non-marketable securities, the adequacy of the allowance for loan losses, valuation of equity warrant assets, the recognition and measurement of income tax assets and liabilities, the adequacy of the reserve for unfunded credit commitments, goodwill and share-based compensation.

In July 2007, we reached a decision to cease operations at SVB Alliant, our investment banking subsidiary, which provided advisory services in the areas of mergers and acquisitions, corporate finance, strategic alliances and private placements. After completion of the remaining client transactions, operations at SVB Alliant were ceased as of March 31, 2008. Accordingly, SVB Alliant was no longer reported as an operating segment as of the second quarter of 2008. We have not presented the results of operations of SVB Alliant in discontinued operations for the three and nine months ended September 30, 2008 or for any comparative period presented based on our assessment of the materiality of SVB Alliant's results to our consolidated results of operations.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentations.

2. Recent Accounting Pronouncements

We adopted Statement of Financial Accounting Standard ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157") on January 1, 2008. SFAS No. 157 defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value. SFAS No. 157 does not expand or require any new fair value measures. In February 2008, the Financial Accounting Standards Board ("FASB") decided that an entity need not apply this standard to nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis until 2009. Accordingly, our adoption of this standard in 2008 was limited to financial assets and liabilities. The adoption of SFAS No. 157 did not have a material effect on our financial condition or results of operations. We are still in the process of evaluating this standard with respect to its effect on nonfinancial assets and liabilities and therefore have not yet determined the impact that it may have on our financial statements upon full adoption on January 1, 2009. Nonfinancial assets and liabilities for which we have not applied the provisions of SFAS No. 157 include those measured at fair value in impairment testing and those initially measured at fair value in a business combination. Additionally, in early October 2008, the FASB issued a clarification related to the application of SFAS No. 157 for determining the fair value of a financial asset when a market for that asset is not active. We have applied the guidance from the FASB clarification as it is effective upon issuance and requires retrospective application. There was no material effect on our financial assets as a result of this application.

We adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115* ("SFAS No. 159") on January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. The fair value option may be elected on an instrument-by-instrument basis, with a few exceptions. SFAS No. 159 also establishes presentation and disclosure requirements to facilitate comparisons between companies that choose different measurement attributes for similar assets and liabilities. The adoption of SFAS No. 159 did not have an effect on our financial condition or results of operations as we did not elect this fair value option for any financial instruments.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51* ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. We are currently assessing the impact of SFAS No. 160 on our consolidated financial position and results of operations.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS No. 161"). SFAS No. 161 requires companies with derivative instruments to provide enhanced disclosure information that should enable financial statement users to better understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133") and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The standard expands the disclosure requirements for derivatives and hedged items and has no impact on how we account for these instruments.

In May 2008, the FASB issued FASB Staff Position ("FSP") Accounting Principles Board ("APB") Opinion No. 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* ("FSP APB No. 14"). The FSP requires the proceeds from the issuance of such convertible debt instruments to be allocated between a liability and an equity component in a manner that reflects the entity's non-convertible debt borrowing rate when interest expense is recognized in subsequent periods. The resulting debt discount is amortized over the period the convertible debt is expected to be outstanding as additional non-cash interest expense. FSP APB No. 14-1 is effective in fiscal years beginning after December 15, 2008 and requires retrospective application to all prior periods presented. Our 2009 adoption will require historical financial statements for fiscal year 2003 through fiscal year 2008 to be adjusted to conform to the FSP's new accounting treatment for both our Zero-Coupon Convertible Subordinated Notes due June 15, 2008 and 3.875% Convertible Senior Notes due April 15, 2011 (also refer to Note 9). We are evaluating the impact of this new accounting treatment, which will primarily result in an increase to non-cash interest expense reported in our historical financial statements.

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3. Earnings Per Share ("EPS")

The following is a reconciliation of basic EPS to diluted EPS:

(Dollars and shares in thousands, except per share amounts)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Numerator:				
Net income	$ 27,008	$ 38,116	$ 76,206	$ 89,372
Denominator:				
Weighted average common shares outstanding-basic	32,534	34,029	32,295	34,255
Weighted average effect of dilutive securities:				
Stock options	994	1,233	998	1,310
Restricted stock awards and units	107	63	94	83
2003 Convertible Notes	—	1,540	868	1,484
Warrants associated with 2003 Convertible Notes	—	4	—	—
2008 Convertible Notes	143	—	—	—
Warrants associated with 2008 Convertible Notes	—	—	—	—
Denominator for diluted calculation	33,778	36,869	34,255	37,132
Net income per share:				
Basic	$ 0.83	$ 1.12	$ 2.36	$ 2.61
Diluted	$ 0.80	$ 1.03	$ 2.22	$ 2.41

Stock options with exercise prices greater than the average market price of our common stock were excluded from the diluted EPS calculation as their inclusion would have been anti-dilutive. Any dilutive effect of our $150 million zero-coupon convertible subordinated notes ("2003 Convertible Notes") and $250 million of 3.875% convertible senior notes ("2008 Convertible Notes") are included in the calculation of diluted EPS using the treasury stock method, in accordance with the provisions of Emerging Issues Task Force ("EITF") 04-8, *The Effect of Contingently Convertible Instruments on Diluted EPS,* EITF No. 90-19, *Convertible Bonds With Issuer Option to Settle in Cash Upon Conversion* and SFAS No. 128, *Earnings Per Share.* For the three months ended September 30, 2008, there was no effect of the weighted average 2003 Convertible Notes on our diluted EPS calculation due to their maturity on June 15, 2008. However, we included the weighted average dilutive effect of the 2003 Convertible Notes in our diluted EPS calculation for the nine months ended September 30, 2008. The issuance of the 2008 Convertible Notes in April 2008 impacted our weighted average diluted common shares total for the three months ended September 30, 2008 as the applicable conversion price was lower than the average daily closing price for the three month period. For the nine months ended September 30, 2008, the 2008 Convertible Notes did not impact our weighted average diluted common shares total as the applicable conversion price was higher than the average daily closing price for the nine month period.

The following table summarizes the common shares excluded from the diluted EPS calculation as they were deemed to be anti-dilutive for the three and nine months ended September 30, 2008, and 2007:

(Shares in thousands)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Stock options	827	641	822	715
Restricted stock awards and units	2	—	1	1
Warrants associated with 2003 Convertible Notes	—	—	89	81
2008 Convertible Notes	—	—	205	—
Warrants associated with 2008 Convertible Notes	838	—	903	—
Total	1,667	641	2,020	797

4. Share-Based Compensation

For the three months ended September 30, 2008 and 2007, we recorded share-based compensation expense of $3.5 million and $3.8 million, respectively, resulting in the recognition of $1.0 million and $0.8 million, respectively, in related tax benefits. For the nine months ended September 30, 2008 and 2007, we recorded share-based compensation expense of $10.9 million and $12.0 million, respectively, resulting in the recognition of $2.7 million and $2.4 million, respectively, in related tax benefits.

Unrecognized Compensation Expense

At September 30, 2008, unrecognized share-based compensation expense was as follows:

(Dollars in thousands)	Unrecognized Expense	Average Expected Recognition Period - in Years
Stock options	$ 7,688	1.53
Restricted stock awards and units	14,701	1.63
Total unrecognized share-based compensation expense	$ 22,389	

Share-Based Payment Award Activity

The table below provides stock option information related to the 1997 Equity Incentive Plan and the 2006 Equity Incentive Plan for the nine months ended September 30, 2008:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value of In-The-Money Options
Outstanding at December 31, 2007	3,769,229	$ 33.74		
Granted	417,912	48.74		
Exercised	(935,099)	29.18		
Forfeited	(16,169)	47.59		
Expired	(14,920)	30.07		
Outstanding at September 30, 2008	3,220,953	36.96	3.82	$67,514,674
Vested and expected to vest at September 30, 2008	3,086,011	36.43	3.71	66,319,184
Exercisable at September 30, 2008	2,324,225	32.51	3.08	59,058,857

The aggregate intrinsic value of outstanding options shown in the table above represents the pretax intrinsic value based on our closing stock price of $57.92 at September 30, 2008. The total intrinsic value of options exercised during the three and nine months ended September 30, 2008 was $13.4 million and $22.0 million, respectively, and the total intrinsic value of options exercised during the three and nine months ended September 30, 2007 was $4.3 million and $20.8 million, respectively.

The table below provides information for restricted stock awards and restricted stock units under the 1997 Equity Incentive Plan and the 2006 Equity Incentive Plan for the nine months ended September 30, 2008:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2007	376,181	$ 44.58
Granted	194,042	48.71
Vested	(71,628)	44.03
Forfeited	(9,743)	48.11
Nonvested at September 30, 2008	488,852	46.23

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5. Securities Purchased under Agreements to Resell and Other Short-Term Investment Securities

The following table details the securities purchased under agreements to resell and other short-term investment securities at September 30, 2008 and December 31, 2007, respectively:

(Dollars in thousands)	September 30, 2008	December 31, 2007
Securities purchased under agreements to resell	$ 86,982	$ 62,181
Interest-earning deposits	88,092	81,553
Other short-term investment securities	204,014	214,930
Total securities purchased under agreements to resell and other short-term investment securities	$ 379,088	$ 358,664

6. Investment Securities

The composition of our investment securities at September 30, 2008 and December 31, 2007 is presented below:

(Dollars in thousands)	September 30, 2008	December 31, 2007
Marketable securities:		
Available-for-sale securities, at fair value	$ 1,338,778	$ 1,259,106
Marketable securities (investment company fair value accounting) (1)	2,279	3,591
Non-marketable securities (investment company fair value accounting):		
Private equity fund investments (2)	232,016	194,862
Other private equity investments (3)	79,687	44,872
Other investments (4)	2,237	12,080
Non-marketable securities (equity method accounting):		
Other investments (5)	25,732	21,299
Low income housing tax credit funds	26,414	24,491
Non-marketable securities (cost method accounting):		
Private equity fund investments (6)	59,074	35,006
Other private equity investments	13,761	7,267
Total investment securities	$ 1,779,978	$ 1,602,574

(1) Marketable securities (investment company fair value accounting) represent investments managed by us or our consolidated subsidiaries that were originally made within our non-marketable securities portfolio that have been converted into publicly-traded shares. The following table shows the distributions of these investments by the following funds and our ownership of each fund at September 30, 2008 and December 31, 2007:

	September 30, 2008		December 31, 2007	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
Partners for Growth, LP	$1,387	50.0%	$2,556	50.0%
SVB India Capital Partners I, LP	844	13.9	1,035	13.9
SVB Strategic Investors Fund, LP	48	12.6	—	12.6
Total marketable securities	$2,279		$3,591	

(2) The following table shows the distributions of these investments by the following consolidated fund of funds and our ownership of each fund at September 30, 2008 and December 31, 2007:

	September 30, 2008		December 31, 2007	
(Dollars in thousands)	Amount	Ownership %	Amount	Ownership %
SVB Strategic Investors Fund, LP	$ 67,737	12.6%	$ 68,744	12.6%
SVB Strategic Investors Fund II, LP	92,317	8.6	81,382	8.6
SVB Strategic Investors Fund III, LP	71,522	5.9	44,736	5.9
SVB Strategic Investors Fund IV, LP	440	5.0	—	—
Total private equity fund investments	$232,016		$194,862	

(3) The following table shows the distributions of these investments by the following consolidated co-investment funds and our ownership of each fund at September 30, 2008 and December 31, 2007:

(Dollars in thousands)	September 30, 2008 Amount	September 30, 2008 Ownership %	December 31, 2007 Amount	December 31, 2007 Ownership %
Silicon Valley BancVentures, LP	$25,372	10.7%	$28,068	10.7%
SVB Capital Partners II, LP (i)	37,718	5.1	14,458	5.1
SVB India Capital Partners I, LP	16,597	13.9	2,346	13.9
Total other private equity investments	$79,687		$44,872	

(i) At September 30, 2008, we had a direct ownership interest of 1.3% and an indirect ownership interest of 3.8% in the fund through our ownership interest of SVB Strategic Investors Fund II, LP.

(4) Other investments within non-marketable securities (investment company fair value accounting) include investments made by Partners for Growth, LP, a consolidated sponsored debt fund. At September 30, 2008, we had a majority ownership interest of approximately 50.0% in the fund. Partners for Growth, LP is managed by a third party, and we do not have an ownership interest in the general partner of this fund.

(5) The following table shows the distributions of these investments by the following sponsored debt funds and our ownership of each fund at September 30, 2008 and December 31, 2007:

(Dollars in thousands)	September 30, 2008 Amount	September 30, 2008 Ownership %	December 31, 2007 Amount	December 31, 2007 Ownership %
Gold Hill Venture Lending 03, LP (i)	$16,635	9.3%	$15,915	9.3%
Partners for Growth II, LP	9,054	24.2	5,384	24.2
Other fund investment (ii)	43	—	—	—
Total other investments	$25,732		$21,299	

(i) At September 30, 2008, we had a direct ownership interest of 4.8% in the fund. In addition, we had a 90.7% direct ownership interest in the fund's general partner, Gold Hill Venture Lending Partners 03, LLC ("GHLLC"). GHLLC has a direct ownership interest of 5.0% in Gold Hill Venture Lending 03, LP and its parallel funds. Our indirect interest in the fund through our investment in GHLLC is 4.5%. Our direct and indirect ownership in the fund is 9.3%.

(ii) At September 30, 2008, our ownership interest is less than 5% of the voting stock of the fund.

(6) Represents investments in 356 and 325 private equity funds at September 30, 2008 and December 31, 2007, respectively, where our ownership interest is less than 5% of the voting stock of each such fund.

The following table summarizes our unrealized losses on our available-for-sale investment securities portfolio into categories of less than 12 months, or 12 months or longer, at September 30, 2008:

	September 30, 2008					
	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
U.S. agencies and corporations:						
Collateralized mortgage obligations (1)	$ 227,082	$ (5,613)	$ 135,370	$(11,979)	$ 362,452	$(17,592)
Mortgage-backed securities (1)	359,018	(5,837)	63,858	(2,712)	422,876	(8,549)
Discount notes and bonds	9,997	(5)	—	—	9,997	(5)
Commercial mortgage-backed securities (1)	9,614	(281)	43,252	(2,712)	52,866	(2,993)
Municipal bonds and notes	84,289	(6,815)	—	—	84,289	(6,815)
Marketable equity securities	250	(5)	—	—	250	(5)
Total temporarily impaired securities	$ 690,250	$(18,556)	$ 242,480	$(17,403)	$ 932,730	$(35,959)

(1) As of September 30, 2008, we identified a total of 279 investments that were in unrealized loss positions, of which 44 investments totaling $242.5 million with unrealized losses of $17.4 million had fair values less than their adjusted cost for a period of time greater than 12 months. Securities classified as collateralized mortgage obligations totaling $135.4 million with unrealized losses of $12.0 million were originally purchased between May 2002 and July 2005. Securities classified as mortgage-backed securities totaling $63.9 million with unrealized losses of $2.7 million were originally purchased between June

2003 and March 2005. Securities classified as commercial mortgage-backed securities totaling $43.3 million with unrealized losses of $2.7 million were originally purchased between April 2005 and July 2005. All investments with unrealized losses for a period of time greater than 12 months are either rated AAA by Moody's or S&P or are issued by a government sponsored enterprise. The unrealized losses are primarily due to increases in market spreads to benchmark interest rates relative to rates and spreads at the time of purchase. Based on the underlying credit quality of the investments, we expect these impairments to be temporary, and as such, we expect to recover impairments prior to maturity and we have the intent and ability to hold these investments until recovery or final maturity. Market valuations and impairment analyses on assets in the investment portfolio are reviewed and monitored on an ongoing basis.

The following table summarizes our unrealized losses on our available-for-sale investment securities portfolio into categories of less than 12 months, or 12 months or longer, as of December 31, 2007:

	December 31, 2007					
	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses	Fair Value of Investments	Unrealized Losses
U.S. agencies and corporations:						
Collateralized mortgage obligations	$ —	$ —	$ 408,238	$ (7,828)	$ 408,238	$ (7,828)
Mortgage-backed securities	9,759	(12)	331,300	(5,700)	341,059	(5,712)
U.S. agency debentures	—	—	74,575	(440)	74,575	(440)
Commercial mortgage-backed securities	—	—	51,380	(740)	51,380	(740)
Municipal bonds and notes	24,327	(240)	—	—	24,327	(240)
Marketable equity securities	7,391	(884)	—	—	7,391	(884)
Total temporarily impaired securities	$ 41,477	$ (1,136)	$ 865,493	$(14,708)	$ 906,970	$(15,844)

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The following table presents the components of gains and losses on investment securities for the three and nine months ended September 30, 2008 and 2007:

(Dollars in thousands)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Gross gains on investment securities:				
Available-for-sale securities, at fair value	$ 1	$ 100	$ 206	$ 496
Marketable securities (investment company fair value accounting)	18	4	630	96
Non-marketable securities (investment company fair value accounting):				
Private equity fund investments	1,723	15,766	18,538	35,859
Other private equity investments	4,694	407	10,134	1,838
Other investments	41	5,786	196	18,770
Non-marketable securities (equity method accounting):				
Other investments	148	1,245	1,679	1,530
Non-marketable securities (cost method accounting):				
Private equity fund investments	318	247	728	1,044
Other private equity investments	4	1	85	233
Total gross gains on investment securities	6,947	23,556	32,196	59,866
Gross losses on investment securities:				
Available-for-sale securities, at fair value	(1,234)	(152)	(2,775)	(306)
Marketable securities (investment company fair value accounting)	(1,348)	—	(3,274)	—
Non-marketable securities (investment company fair value accounting):				
Private equity fund investments	(3,585)	(3,013)	(19,334)	(10,569)
Other private equity investments	(393)	(1,591)	(2,926)	(3,426)
Other investments	(132)	(3,835)	(5,646)	(4,176)
Non-marketable securities (equity method accounting):				
Other investments	(1)	—	(1,094)	(214)
Non-marketable securities (cost method accounting):				
Private equity fund investments	(1,130)	(246)	(1,838)	(564)
Other private equity investments	—	—	(258)	—
Total gross losses on investment securities	(7,823)	(8,837)	(37,145)	(19,255)
(Losses) gains on investment securities, net	$ (876)	$ 14,719	$ (4,949)	$ 40,611
Amounts attributable to minority interests, including carried interest	$ 1,220	$ 11,885	$ (227)	$ 31,502

7. Loans and Allowance for Loan Losses

The composition of loans, net of unearned income of $38.2 million and $26.4 million at September 30, 2008 and December 31, 2007, respectively, is presented in the following table:

(Dollars in thousands)	September 30, 2008	December 31, 2007
Commercial loans	$ 4,313,592	$ 3,321,911
Premium wine (1)	402,811	375,169
Community development loans (2)	51,668	52,094
Consumer and other (3)	517,030	402,556
Total loans, net of unearned income	$ 5,285,101	$ 4,151,730

(1) Premium wine consists of loans for vineyard development as well as financial solutions to meet the needs of our clients' premium wineries and vineyards. At September 30, 2008 and December 31, 2007, $267.8 million and $251.1 million, respectively, of such loans were secured by real estate.

(2) Community development loans consist of low income housing loans made to fulfill our responsibilities under the Community Reinvestment Act and are primarily secured by real estate.

(3) Consumer and other loans consist of loans to targeted high-net-worth individuals. These products and services include home equity lines of credit, secured lines of credit, restricted stock purchase loans and capital call lines of credit. This category also includes loans made to eligible employees through our Employee Home Ownership Plan. At September 30, 2008 and December 31, 2007, $219.0 million and $181.8 million, respectively, of such consumer and other loans were secured by real estate. Loans secured by real estate at September 30, 2008 were comprised of $87.0 million of home equity lines of credit, which may have been used to finance real estate investments, $58.5 million of loans used to purchase, renovate or refinance personal residences, and $73.5 million of loans made to eligible employees through our Employee Home Ownership Plan. Loans secured by real estate at December 31, 2007 were comprised of $84.8 million of home equity lines of credit, which may have been used to finance real estate investments, $48.1 million of loans used to purchase, renovate or refinance personal residences, and $48.9 million of loans made to eligible employees through our Employee Home Ownership Plan.

The activity in the allowance for loan losses for the three and nine months ended September 30, 2008 and 2007 was as follows:

(Dollars in thousands)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Allowance for loan losses, beginning balance	$ 52,888	$ 43,352	$ 47,293	$ 42,747
Provision for loan losses	13,682	3,155	29,756	10,865
Loan charge-offs	(7,000)	(4,138)	(22,306)	(14,754)
Loan recoveries	720	1,856	5,547	5,367
Allowance for loan losses, ending balance	$ 60,290	$ 44,225	$ 60,290	$ 44,225

The aggregate investment in loans for which impairment has been determined in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan,* totaled $9.1 million and $7.6 million at September 30, 2008 and December 31, 2007, respectively. The allocation of the allowance for loan losses related to impaired loans was $5.9 million and $1.4 million at September 30, 2008 and December 31, 2007, respectively. Average impaired loans for the three months ended September 30, 2008 and 2007 was $10.5 million and $12.3 million, respectively, and average impaired loans for the nine months ended September 30, 2008 and 2007 was $9.9 million and $11.1 million, respectively. If these loans had not been impaired, $0.1 million in interest income would have been recorded for both the three months ended September 30, 2008 and 2007, respectively, and $0.3 million and $0.7 million in interest income would have been recorded for the nine months ended September 30, 2008 and 2007, respectively.

8. Goodwill

Goodwill at both September 30, 2008 and December 31, 2007 was $4.1 million, which resulted from our acquisition in 2006 of a majority ownership interest in eProsper, an equity ownership data management services company. During the third quarter of 2008, we conducted our annual impairment analysis of eProsper in accordance with SFAS No. 142, based on forecasted discounted net cash flow analysis. The valuation analysis of eProsper indicated no impairment existed.

During the second quarter of 2007, we conducted our annual assessment of goodwill of SVB Alliant in accordance with SFAS No. 142. We concluded at that time that we had an impairment of goodwill based on forecasted discounted net cash flows for that reporting unit. The impairment resulted from changes in our outlook for SVB Alliant's future financial performance and the entire amount of the remaining $17.2 million of goodwill was expensed as a noncash charge to continuing operations during the second quarter of 2007. All operations at SVB Alliant were ceased as of March 31, 2008.

9. Short-Term Borrowings and Long-Term Debt

The following table represents outstanding short-term borrowings and long-term debt at September 30, 2008 and December 31, 2007:

(Dollars in thousands)	Maturity	September 30, 2008	December 31, 2007
Short-term borrowings:			
Federal funds purchased	Less than One Month (1)	$ 125,000	$ —
FHLB advances	Less than One Month (1)	300,000	90,000
Total short-term borrowings		$ 425,000	$ 90,000
Long-term debt:			
FHLB advances	(2)	$ 150,000	$ 150,000
5.70% senior notes	June 1, 2012	262,063	259,706
6.05% subordinated notes	June 1, 2017	265,468	261,099
Zero-coupon convertible subordinated notes	June 15, 2008	—	149,269
3.875% convertible senior notes	April 15, 2011	250,000	—
7.0% junior subordinated debentures	October 15, 2033	52,647	52,511
8.0% long-term notes payable	(3)	1,768	2,669
Total long-term debt		$ 981,946	$ 875,254

(1) Represents remaining maturity as of the date reported.

(2) Represents Federal Home Loan Bank ("FHLB") advances of $50 million maturing in November 2008, $50 million maturing in May 2009 and $50 million maturing in November 2009.

(3) Long-term notes payable was assumed in relation to the acquisition of a 65% interest in eProsper in 2006 and was repayable beginning January 1, 2008 with the last repayment due in November 2009.

Interest expense related to short-term borrowings and long-term debt was $12.0 million and $13.9 million for the three months ended September 30, 2008 and 2007, respectively, and $33.9 million and $36.9 million for the nine months ended September 30, 2008 and 2007, respectively. Interest expense shown is net of the cash flow impact from our interest rate swap agreements related to our senior and subordinated notes and junior subordinated debentures. The weighted average interest rates associated with our short-term borrowings and long-term debt outstanding were 3.14 percent and 5.23 percent for the three months ended September 30, 2008 and 2007, respectively, and 3.43 percent and 4.99 percent for the nine months ended September 30, 2008 and 2007, respectively.

Zero-Coupon Convertible Subordinated Notes ("2003 Convertible Notes")

Our 2003 Convertible Notes, previously issued with an original aggregate total principal amount of $150 million, matured on June 15, 2008. As of the maturity date, convertible notes for the aggregate total principal amount of $141.9 million were outstanding and had not yet been converted. Based on the conversion terms of these notes, on June 23, 2008, we made an aggregate conversion settlement payment in cash and in shares of our common stock. The total value of both cash and shares as calculated based on the terms of the notes and as of the payment date was $212.8 million. Of the $212.8 million, we paid $141.9 million in cash, representing the portion of the conversion payment as the total principal amount of the notes converted. We also issued 1,406,034 shares of our common stock, valued at $70.9 million as calculated based on the terms of the notes, representing the portion of the conversion premium value that exceeded the total principal amount of the notes. In connection with this conversion settlement payment, we exercised call options pursuant to a call-spread arrangement with a certain counterparty, under which the counterparty delivered to us 1,406,043 shares of our common stock, valued at $70.9 million. Accordingly, there was no net impact on our total stockholders' equity with respect to settling the conversion premium value.

In May 2008, prior to the maturity date of our 2003 Convertible Notes, we received a conversion notice to convert notes in the total principal amount of $7.8 million. Consistent with prior early conversions, we elected to settle the conversion fully in cash and paid a total of $11.6 million in cash, which included $3.9 million representing the conversion premium value of the converted notes. Accordingly, we recorded a non-tax deductible loss of $3.9 million as noninterest expense. In connection with this early conversion settlement payment, we exercised call options pursuant to our call-spread arrangement and received a corresponding cash payment of $3.9 million from the counterparty to the call-spread arrangement. As such, we recorded an increase in stockholders' equity of $3.9 million, representing such payment received, which was reflected as additional paid-in capital. Consequently, the $3.9 million in noninterest expense we recorded due to this early conversion settlement had no net impact on our total stockholders' equity.

3.875% Convertible Senior Notes ("2008 Convertible Notes")

In April 2008, we issued our 2008 Convertible Notes, due April 15, 2011 in the aggregate principal amount of $250 million to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The issuance costs related to the 2008 Convertible Notes were $6.8 million, and the net proceeds from the offering were $243.2 million. We used $141.9 million of the net proceeds to settle the conversion of our zero-coupon convertible subordinated notes, which matured in June 2008. All remaining proceeds were used for general corporate purposes. The 2008 Convertible Notes are initially convertible, subject to certain conditions, into cash up to the principal amount of notes and, with respect to any excess conversion value, into shares of our common stock or cash or any combination thereof, at our option. Holders may convert their 2008 Convertible Notes beginning any fiscal quarter commencing after June 30, 2008, if: (i) the price of our common stock issuable upon conversion of the note reaches a specific threshold, (ii) specified corporate transactions occur, or (iii) the trading price for the note falls below certain thresholds. The notes have an initial conversion rate of 18.8525 shares of common stock per $1,000 principal amount of notes, which represents an initial effective conversion price of $53.04 per share. Upon maturity, we intend to settle the outstanding principal amount in cash, and we have the option to settle any amount exceeding the principal value of the 2008 Convertible Notes in either cash or shares of our common stock.

Concurrent with the issuance of our 2008 Convertible Notes, we entered into a convertible note hedge and warrant agreement (See Note 10-Derivative Financial Instruments), which effectively increased the economic conversion price of our 2008 Convertible Notes to $64.43 per share of common stock. The terms of the hedge and warrant agreement are not part of the terms of the notes and will not affect the rights of the holders of the notes.

Available Lines of Credit

At September 30, 2008, we had available $1.40 billion in uncommitted federal funds lines of credit, of which $1.28 billion were unused. We have repurchase agreements with multiple securities dealers, which allow us to access short-term borrowings by using fixed income securities as collateral. At September 30, 2008, we had not borrowed against our repurchase lines. We also pledge securities to the Federal Home Loan Bank of San Francisco and the discount window at the Federal Reserve Bank. The market value of collateral pledged to the Federal Home Loan Bank of San Francisco at September 30, 2008 totaled $664.7 million, of which $214.7 million was unused. The market value of collateral pledged at the discount window of the Federal Reserve Bank in accordance with our risk management practices totaled $80.0 million at September 30, 2008. We have not borrowed against this pledged collateral.

10. Derivative Financial Instruments

Our derivative contracts are carried at fair value with changes in fair value recorded as gains on derivatives, net, as part of our noninterest income, a component of consolidated net income. The total notional or contractual amount, credit risk amount and estimated net fair value for derivatives at September 30, 2008 and December 31, 2007, respectively, were as follows:

	September 30, 2008			December 31, 2007		
(Dollars in thousands)	Notional or contractual amount	Credit risk amount (1)	Estimated net fair value	Notional or contractual amount	Credit risk amount (1)	Estimated net fair value
Fair Value Hedges						
Interest rate swap - senior notes	$250,000	$ 12,240	$ 12,240	$250,000	$ 9,878	$ 9,878
Interest rate swap - subordinated notes	250,000	15,959	15,959	250,000	11,621	11,621
Interest rate swap - junior subordinated debt	50,000	—	(847)	50,000	—	(1,304)
Derivatives - Other						
Foreign exchange forwards	$576,345	$ 14,816	$ 4,294	$580,861	$ 12,290	$ 1,586
Foreign currency options	9,404	276	—	63,906	492	—
Equity warrant assets	119,980	39,054	39,054	101,035	31,317	31,317
Covered call options (2)	476	—	(1)	—	—	—

(1) Credit risk amounts reflect the replacement cost for those contracts in a gain position in the event of nonperformance by all such counterparties. The credit ratings of our institutional counterparties as of September 30, 2008 remain at “A” or higher and there have been no material change in their credit ratings during the third quarter of 2008.

(2) Represents covered call options held by one of our sponsored debt funds.

Fair Value Hedges

The interest rate swap agreement for our 5.70% senior notes provided a cash benefit of $1.5 million and $3.1 million for the three and nine months ended September 30, 2008, respectively, compared to a cash outlay of $0.3 million and $0.4 million, respectively, for the comparable 2007 periods. The interest rate swap agreement for our 6.05% subordinated notes provided a cash benefit of $1.6 million and $3.3 million for the three and nine months ended September 30, 2008, respectively, compared to a cash outlay of $0.2 million and $0.3 million, respectively, for the comparable 2007 periods. The cash benefit was recognized in the consolidated statements of income as a reduction in interest expense, while the cash outlay was recognized as an increase in interest expense. The 5.70% senior notes and the 6.05% subordinated notes were issued by the Bank in May 2007.

The interest rate swap agreement for our 7.0% junior subordinated debentures provided a cash benefit of $0.4 million and $0.9 million for the three and nine months ended September 30, 2008, respectively, compared to $39 thousand and $0.1 million for the comparable 2007 periods. The cash benefit was recognized in the consolidated statements of income as a reduction in interest expense. For the three and nine months ended September 30, 2008, we recorded a net loss resulting from a non-cash decrease in fair value of the hedge agreement of $10 thousand and a net gain resulting from a non-cash increase in the fair value of the hedge agreement of $0.4 million, respectively, which was reflected in gains on derivative instruments, net. For the three and nine months ended September 30, 2007, we recorded net losses resulting from non-cash decreases in the fair value of the hedge agreement of $0.3 million and $0.1 million, respectively, which was reflected in gains on derivative instruments, net. The 7.0% junior subordinated debentures were issued in October 2003.

Derivatives - Other

We obtain equity warrant assets to purchase an equity position in a client company’s stock primarily in consideration for providing credit facilities and, to a lesser extent, for providing other services. The change in fair value of equity warrant assets is recorded as gains on derivative instruments, net, in noninterest income, a component of consolidated net income. Total net gains on equity warrant assets from gains on exercise and changes in fair value were $1.4 million and $9.2 million for the three months ended September 30, 2008 and 2007, respectively, and $8.9 million and $15.2 million for the nine months ended September 30, 2008 and 2007, respectively.

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

2003 Convertible Notes

Concurrent with the issuance of our 2003 Convertible Notes, we entered into a convertible note hedge agreement (purchased call option) at a cost of $39.3 million, and a warrant agreement providing proceeds of $17.4 million with respect to our common stock, with the objective of decreasing our exposure to potential dilution from conversion of the 2003 Convertible Notes.

At issuance, under the terms of the convertible note hedge, upon the occurrence of conversion events, we had the right to purchase up to 4,460,610 shares of our common stock from the counterparty at a price of $33.6277 per common share. The cost of the convertible note hedge was included in stockholders' equity in accordance with the guidance in EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's own Stock* ("EITF 00-19"). Upon maturity of the 2003 Convertible Notes on June 15, 2008, we exercised the right to purchase 1,406,043 shares under the terms of the convertible note hedge agreement. The convertible note hedge agreement expired on June 15, 2008.

At issuance, under the warrant agreement, the counterparty could purchase up to 4,460,608 shares of our common stock at $51.34 per share, upon the occurrence of conversion events. The remaining warrants under the warrant agreement expired unexercised on June 15, 2008.

2008 Convertible Notes

Concurrent with the issuance of our 2008 Convertible Notes, we entered into a convertible note hedge agreement (purchased call option) at a cost of $41.8 million, and a warrant agreement providing proceeds of $21.2 million with respect to our common stock, with the objective of decreasing our exposure to potential dilution from conversion of the 2008 Convertible Notes.

At issuance, under the terms of the convertible note hedge, upon the occurrence of conversion events, we have the right to purchase up to 4,713,125 shares of our common stock from the counterparty at a price of $53.04 per common share. The convertible note hedge agreement will expire on April 15, 2011. We have the option to settle any amounts due under the convertible hedge either in cash or net shares of our common stock. The cost of the convertible note hedge is included in stockholders' equity in accordance with the guidance in EITF 00-19. The call option under the convertible note hedge is exercisable in the event of a note conversion. For the three months ended September 30, 2008, there were no note conversions and, consequently, no exercises under the call option.

At issuance, under the warrant agreement, the counterparty can purchase up to 4,713,125 shares of our common stock at $64.43 per share, upon the occurrence of certain conversion events. The warrant agreement will expire ratably on a series of expiration dates commencing on July 15, 2011. The warrant is exercisable in the event of a note conversion. For the three months ended September 30, 2008, there were no note conversions and, consequently, no exercises under the warrant.

11. Other Noninterest Income

The following table presents the components of other noninterest income for the three and nine months ended September 30, 2008 and 2007, respectively:

(Dollars in thousands)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Service-based fee income (1)	$ 2,072	$ 1,708	$ 6,329	$ 3,646
Fund management fees	2,228	1,901	6,105	6,643
Credit card fees	1,473	1,558	4,675	4,322
(Losses) gains on foreign currency loans revaluation, net	(4,741)	2,133	(2,825)	3,016
Other	3,663	2,614	8,129	8,210
Total other noninterest income	$ 4,695	$ 9,914	$ 22,413	$ 25,837

(1) Includes income from SVB Analytics and eProsper.

12. Common Stock Repurchases

We did not repurchase any shares of our common stock for the three months ended September 30, 2008. We repurchased 1.0 million shares of our common stock for the nine months ended September 30, 2008 totaling $45.6 million, compared to 1.9 million shares for the comparable 2007 period totaling $97.3 million. On July 24, 2008, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to $150.0 million of our common stock, which expires on December 31, 2009. At September 30, 2008, $150.0 million of repurchases remain authorized under our stock repurchase program.

13. Segment Reporting

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information* ("SFAS No. 131"), requires that we report certain financial and descriptive information about our reportable operating segments, as well as related disclosures about products and services, geographic areas and major customers. Our reportable operating segments results are regularly reviewed internally by our chief operating decision maker ("CODM") when evaluating segment performance and deciding how to allocate resources and in assessing performance. Our CODM is our Chief Executive Officer ("CEO").

For management reporting purposes, we offer clients financial products and services through three strategic operating segments: Commercial Banking, SVB Capital and Other Business Services. Our Other Business Services group includes SVB Global, SVB Private Client Services, SVB Analytics and SVB Wine Division. All operations at SVB Alliant were ceased as of March 31, 2008. Accordingly, SVB Alliant was no longer reported as an operating segment as of the second quarter of 2008. The results of operations for SVB Alliant have been included as part of the Reconciling Items column for all prior periods presented.

Unlike financial reporting, which benefits from the comprehensive structure provided by GAAP, the internal profitability reporting process is highly subjective, as there is no comprehensive, authoritative guidance for management reporting. Our management reporting process measures the performance of our operating segments based on our internal operating structure and is not necessarily comparable with similar information for other financial services companies. In addition, changes in an individual client's primary relationship designation have resulted, and may in the future result, in the inclusion of certain clients in different segments in different periods. We have reclassified certain prior period amounts to conform to the current period's presentation.

An operating segment is separately reportable if it exceeds any one of several quantitative thresholds specified in SFAS No. 131. Of our operating segments, only Commercial Banking and SVB Capital were determined to be reportable segments as of September 30, 2008. SVB Global, SVB Private Client Services, SVB Analytics and SVB Wine Division did not separately meet the reporting thresholds and as a result, in the table below, have been aggregated in a column labeled "Other Business Services" for segment reporting purposes.

The Reconciling Items column reflects adjustments necessary to reconcile the results of the operating segments based on our internal profitability reporting process to the consolidated financial statements prepared in conformity with GAAP. Net interest income in the Reconciling Items column primarily consisted of interest income recognized from our fixed income investment portfolio. Noninterest income in the Reconciling Items column primarily consisted of noninterest income attributable to minority interests and gains (losses) on equity warrant assets. Noninterest expense in the Reconciling Items column primarily consisted of expenses associated with corporate support functions such as information technology, finance and legal, as well as certain corporate wide adjustments related to compensation expenses. Additionally, average assets in the Reconciling Items column primarily consisted of our fixed income investment portfolio balances.

Our CODM allocates resources to and assesses the performance of each operating segment based on net interest income, noninterest income and noninterest expense, which are presented as components of segment operating profit or loss before income taxes. Net interest income, our primary source of revenue, is reported net of funds transfer pricing ("FTP"). FTP is an internal measurement framework designed to assess the financial impact of a financial institution's sources and uses of funds. It is the mechanism by which an earnings credit is given for deposits raised and an earnings charge is made for funded loans. In addition, we evaluate assets based on average balances; therefore, period-end asset balances are not presented for segment reporting purposes. We have not reached reportable levels of revenue, net income or assets outside the United States and as such we do not present geographic segment information.

FTP is calculated by applying a transfer rate to pooled, or aggregated, loan and deposit volumes, effective January 1, 2008. Prior to January 1, 2008, FTP was calculated at an instrument level based on account characteristics. Effective January 1, 2008, expenses reported under each operating segment relate only to the direct and allocated direct costs associated with each segment. Prior to January 1, 2008, costs associated with corporate support functions were allocated to the operating segments. Total average assets equals total average assets from the general ledger effective January 1, 2008. Prior to January 1, 2008, total average assets were calculated as the greater of total average assets or total average deposits and total average stockholder's equity combined. We have reclassified all prior period amounts to conform to the current period's presentation.

Our segment information at and for the three and nine months ended September 30, 2008 and 2007 is as follows:

(Dollars in thousands)	Commerical Banking	SVB Capital	Other Business Services	Reconciling Items	Total
Three months ended September 30, 2008					
Net interest income	$ 79,475	$ 4	$ 10,438	$ 5,212	$ 95,129
Provision for loan losses	—	—	—	(13,682)	(13,682)
Noninterest income	35,154	1,417	2,783	2,393	41,747
Noninterest expense (1)	(25,711)	(6,055)	(10,897)	(37,768)	(80,431)
Minority interest in net loss of consolidated affiliates	—	—	—	1,693	1,693
Income (loss) before income tax expense (2)	$ 88,918	$ (4,634)	$ 2,324	$ (42,152)	$ 44,456
Total average loans, net of unearned income	$3,814,736	$ —	$ 1,003,243	$ 45,727	$4,863,706
Total average assets	3,848,441	417,630	1,035,262	2,246,738	7,548,071
Total average deposits	4,415,124	—	400,058	5,074	4,820,256
Goodwill at September 30, 2008	—	—	4,092	—	4,092
Three months ended September 30, 2007					
Net interest income	$ 86,333	$ 166	$ 8,201	$ 1,008	$ 95,708
Provision for loan losses	—	—	—	(3,155)	(3,155)
Noninterest income	29,676	5,542	2,525	27,291	65,034
Noninterest expense (1)	(22,853)	(1,756)	(7,856)	(50,494)	(82,959)
Minority interest in net income of consolidated affiliates	—	—	—	(10,458)	(10,458)
Income (loss) before income tax expense (2)	$ 93,156	$ 3,952	$ 2,870	$ (35,808)	$ 64,170
Total average loans, net of unearned income	$2,798,173	$ —	$ 800,818	$ 31,288	$3,630,279
Total average assets	2,822,026	314,043	822,954	2,128,293	6,087,316
Total average deposits	3,694,164	—	236,710	5,753	3,936,627
Goodwill at September 30, 2007	—	—	4,092	—	4,092
Nine months ended September 30, 2008					
Net interest income	$ 236,932	$ 155	$ 31,052	$ 6,935	$ 275,074
Provision for loan losses	—	—	—	(29,756)	(29,756)
Noninterest income	101,930	4,157	8,231	12,931	127,249
Noninterest expense (1)	(76,039)	(15,610)	(31,744)	(127,664)	(251,057)
Minority interest in net loss of consolidated affiliates	—	—	—	7,445	7,445
Income (loss) before income tax expense (2)	$ 262,823	$ (11,298)	$ 7,539	$ (130,109)	$ 128,955
Total average loans, net of unearned income	$3,421,455	$ —	$ 937,289	$ 74,987	$4,433,731
Total average assets	3,457,107	387,241	966,824	2,342,998	7,154,170
Total average deposits	4,213,261	—	423,794	(1,681)	4,635,374
Goodwill at September 30, 2008	—	—	4,092	—	4,092
Nine months ended September 30, 2007					
Net interest income	$ 251,173	$ 531	$ 24,945	$ 6,999	$ 283,648
Provision for loan losses	—	—	—	(10,865)	(10,865)
Noninterest income	82,861	16,647	5,442	63,245	168,195
Noninterest expense, excluding impairment of goodwill (1)	(71,088)	(8,357)	(23,967)	(142,376)	(245,788)
Impairment of goodwill	—	—	—	(17,204)	(17,204)
Minority interest in net income of consolidated affiliates	—	—	—	(26,639)	(26,639)
Income (loss) before income tax expense (2)	$ 262,946	$ 8,821	$ 6,420	$ (126,840)	$ 151,347
Total average loans, net of unearned income	$2,577,989	$ —	$ 798,907	$ 62,628	$3,439,524
Total average assets	2,593,091	278,598	820,455	2,223,784	5,915,928
Total average deposits	3,626,022	—	248,264	5,579	3,879,865
Goodwill at September 30, 2007	—	—	4,092	—	4,092

(1) The Commercial Banking segment includes direct depreciation and amortization of $0.6 million and $1.0 million for the three months ended September 30, 2008 and 2007, respectively, and $1.7 million and $2.0 million for the nine months ended September 30, 2008 and 2007, respectively.

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

14. Obligations Under Guarantees

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial and standby letters of credit, credit card guarantees and commitments to invest in private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract.

Commitments to Extend Credit

The following table summarizes information related to our commitments to extend credit at September 30, 2008 and December 31, 2007, respectively:

(Dollars in thousands)	September 30, 2008	December 31, 2007
Commitments available for funding: (1)		
Fixed interest rate commitments	$ 674,257	$ 498,103
Variable interest rate commitments	4,944,764	4,440,522
Total	5,619,021	4,938,625
Commitments unavailable for funding (2)	818,461	726,359
Maximum lending limits for accounts receivable factoring arrangements (3)	495,215	443,835
Reserve for unfunded credit commitments	$ 13,091	$ 13,446

(1) Represents commitments which are available for funding, due to clients meeting all collateral, compliance, and financial covenants required under loan commitment agreements.
(2) Represents commitments which are unavailable for funding, due to clients' failure to meet all collateral, compliance, and financial covenants required under loan commitment agreements.
(3) We extend credit under accounts receivable factoring arrangements when our clients' sales invoices are deemed creditworthy under existing underwriting practices.

Commercial and Standby Letters of Credit

The table below summarizes our commercial and standby letters of credit at September 30, 2008. The maximum potential amount of future payments represents the amount that could be remitted under 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)	Expires In One Year or Less	Expires After One Year	Total Amount Outstanding	Maximum Amount Of Future Payments
Financial standby letters of credit	$ 618,641	$ 59,346	$ 677,987	$ 677,987
Performance standby letters of credit	23,679	22,493	46,172	46,172
Commercial letters of credit	7,395	690	8,085	8,085
Total	$ 649,715	$ 82,529	$ 732,244	$ 732,244

At September 30, 2008 and December 31, 2007, deferred fees related to financial and performance standby letters of credit were $4.7 million and $3.8 million, respectively. At September 30, 2008, collateral in the form of cash and investment securities available to us to reimburse losses, if any, under financial and performance standby letters of credit was $293.1 million.

Credit Card Guarantees

The total amount of credit card guarantees were $88.9 million at September 30, 2008 and $81.8 million at December 31, 2007. We do not believe that any losses that may be incurred by the Bank as a result of these guarantees will be material in nature. Credit card fees totaled $1.5 million and $1.6 million for the three months ended September 30, 2008 and 2007, respectively, and $4.7 million and $4.3 million for the nine months ended September 30, 2008 and 2007, respectively.

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Commitments to Invest in Private Equity Funds

The following table details our total unfunded capital commitments as well as our ownership in each fund based on our total capital commitment at September 30, 2008:

Our Ownership in Limited Partnership (Dollars in thousands)	Capital Commitments	Unfunded Commitments	Ownership
Silicon Valley BancVentures, LP	$ 6,000	$ 660	10.7%
SVB Capital Partners II, LP (1)	1,200	630	5.1
SVB Strategic Investors Fund, LP	15,300	1,840	12.6
SVB Strategic Investors Fund II, LP	15,000	5,775	8.6
SVB Strategic Investors Fund III, LP	15,000	9,000	5.9
SVB Strategic Investors Fund IV, LP	7,196	7,052	5.0
Partners for Growth, LP	25,000	9,750	50.0
Partners for Growth II, LP	15,000	6,450	24.2
Gold Hill Venture Lending 03, LP (2)	20,000	1,821	9.3
SVB India Capital Partners I, LP	7,500	4,575	13.9
Other Fund Investments (3)	446,386	113,246	—
Total	$ 573,582	$ 160,799	

(1) Our ownership includes 1.3% direct ownership through SVB Capital Partners II, LLC and SVB Financial Group, and 3.8% indirect ownership through our investment in SVB Strategic Investors Fund II, LP.
(2) Our ownership includes 4.8% direct ownership and 4.5% indirect ownership interest through GHLLC.
(3) Represents commitments to 357 private equity funds where our ownership interest is less than 5% of the voting stock of each such fund.

15. Income Taxes

The following table provides a summary of changes in our unrecognized tax benefits (including interest and penalties) for the nine months ended September 30, 2008:

(Dollars in thousands)	Reconciliation of Unrecognized Tax Benefits	Interest & Penalties	Total
Balance at January 1, 2008	$ 1,114	$ 89	$1,203
Additions based on tax positions related to current year	42	—	42
Additions for tax positions for prior year	—	155	155
Reductions as a result of a lapse of the applicable statute of limitations	(862)	(12)	(874)
Balance at September 30, 2008	$ 294	$ 232	$ 526

At September 30, 2008, the total amount of unrecognized tax benefits was $0.3 million, the recognition of which would reduce our income tax expense by $0.3 million. At January 1, 2008, the total amount of unrecognized tax benefits was $1.1 million, the recognition of which would have reduced our income tax expense by $0.3 million. The decrease in the amount of unrecognized tax benefits was due to the expiration of the applicable statue of limitations for income tax exposures in California and Maryland. Total accrued interest and penalties at September 30, 2008 were $0.2 million. We expect that our unrecognized tax benefit will change in the next 12 months; however, we do not expect the change to have a material impact on our financial position or our results of operations.

We are subject to income tax in the U.S. federal jurisdiction and various state and foreign jurisdictions and have identified our federal tax return and tax returns in California and Massachusetts as “major” tax filings. U.S. federal tax examinations through 1998 have been concluded. The U.S. federal tax return for 2005 and subsequent years remain open to examination by the Internal Revenue Service. Our California and Massachusetts tax returns for the years 2003 and 2005, respectively, and subsequent years remain open to examination.

16. Fair Value Measurements

Our marketable investment securities, non-marketable investment securities and derivatives are financial instruments recorded at fair value on a recurring basis. We make estimates regarding valuation of assets and liabilities measured at fair value in preparing our consolidated financial statements.

Fair Value Measurement – Definition and Hierarchy

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure.

SFAS No. 157 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to instruments utilizing Level 1 inputs. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Assets and liabilities utilizing Level 1 inputs include exchange-traded equity securities.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Assets and liabilities utilizing Level 2 inputs include: U.S. treasury and agency securities; mortgage-backed securities ("MBS"); collateralized mortgage obligations ("CMO"); commercial mortgage backed securities ("CMBS"); municipal securities; Over-the-Counter ("OTC") derivative instruments (foreign exchange forwards and option contracts, interest rate swaps related to our senior notes, subordinated notes and junior subordinated debentures); and equity warrant assets for shares of public company capital stock.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Assets and liabilities utilizing Level 3 inputs include: limited partnership interests in private equity funds, direct equity investments in private companies, and equity warrant assets for shares of private company capital stock.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment that we use to determine fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Determination of Fair Value

Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon our own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values. The following is a description of valuation methodologies used by us for assets and liabilities recorded at fair value.

<u>Marketable Securities</u>

Marketable securities, consisting of our available-for-sale fixed income investment securities portfolio and marketable securities accounted for under investment company fair value accounting, are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using broker or dealer quotations, independent pricing models or other model-based valuation techniques such as the present value of future cash flows, taking into consideration a security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the NASDAQ Stock Market. Level 2 securities include U.S. treasuries, U.S. agency debentures, investment grade mortgage securities and state and municipal obligations.

Non-Marketable Securities

Our non-marketable securities consist of our investments made by the following funds:

- Funds of funds, such as SVB Strategic Investors Fund, LP, SVB Strategic Investors Fund II, LP, SVB Strategic Investors Fund III, LP, and SVB Strategic Investors Fund IV, LP, which make investments in private equity funds;
- Co-investment funds, such as Silicon Valley BancVentures, LP, SVB Capital Partners II, LP, and SVB India Capital Partners I, LP, which make equity investments in privately held companies; and
- A sponsored debt fund, Partners for Growth, LP, which provides financing to companies in the form of structured loans and equity investments.

For GAAP purposes, these funds are investment companies under the American Institute of Certified Public Accountants ("AICPA") Audit and Accounting Guide for Investment Companies. Accordingly, these funds report their investments at estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as investment gains or losses in our consolidated net income. We have retained the specialized accounting of our consolidated funds pursuant to EITF Issue No. 85-12, *Retention of Specialized Accounting for Investments in Consolidation* . We have valued our investments, in the absence of observable market prices, using the valuation methodologies described below applied on a consistent basis.

Investments in private equity funds are stated at fair value, based on the information provided by the investee funds' management, which reflects our share of the fair value of the net assets of the investment fund on the valuation date.

For direct private company investments, valuations are based upon consideration of a range of factors including, but not limited to, the price at which the investment was acquired, the term and nature of the investment, local market conditions, values for comparable securities, and as it relates to the private company issue, the current and projected operating performance, exit strategies and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Estimating the fair value of these investments requires management to make assumptions regarding future performance, financial condition, and relevant market conditions, along with other pertinent information.

Structured loans made by the sponsored debt fund are measured using pricing models that use observable inputs, such as yield curves and publicly-traded equity prices, and unobservable inputs, such as private company equity prices.

Investments in private equity funds and direct private company investments are categorized within Level 3 of the fair value hierarchy since pricing inputs are unobservable and include situations where there is little, if any, market activity for such investments. Investments in structured loans are categorized within Level 2 or Level 3 of the fair value hierarchy based on the observability and significance of the pricing inputs.

Derivative Instruments

Interest Rate Swaps, Foreign Currency Forward and Option Contracts

Our interest rate swaps, foreign currency forward and option contracts are traded in OTC markets where quoted market prices are not readily available. For these derivatives, we measure fair value using pricing models that use primarily market observable inputs, such as yield curves and option volatilities, and, accordingly, classify these as Level 2. When appropriate, valuations are adjusted for various factors such as liquidity and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used. Consistent with market practice, we have individually negotiated agreements with certain counterparties to exchange collateral ("margining") based on the level of fair values of the derivative contracts they have executed. Through this margining process, one party or both parties to a derivative contract provides the other party with information about the fair value of the derivative contract to calculate the amount of collateral required. This sharing of fair value information provides additional support for the recorded fair value.

Equity Warrant Assets

As part of negotiated credit facilities and certain other services, we frequently obtain rights to acquire stock in the form of equity warrant assets in certain client companies. Our warrant agreements contain net share settlement provisions, which permit us to receive upon exercise a share count equal to the intrinsic value of the warrant divided by the share price (otherwise known as a "cashless" exercise). Because we can net settle our warrant agreements, our equity warrant assets qualify as derivative instruments.

Equity warrant assets for shares of private and public company capital stock are recorded at fair value on the grant date and adjusted to fair value on a quarterly basis through consolidated net income. We value our equity warrant assets using a modified Black-Scholes option pricing model, which incorporates assumptions about underlying asset value, volatility, expected remaining life and risk-free interest rate. Valuation adjustments, such as a marketability discount, are made to equity warrant assets for shares of private company capital stock. These valuation adjustments are estimated based on management's judgment about the general industry environment, combined with specific information about the issuing company.

The valuation of equity warrant assets for shares of public company capital stock is based on market observable inputs and these are classified as Level 2. Since the valuation of equity warrant assets for shares of private company capital stock involves significant unobservable inputs they are categorized as Level 3.

The following fair value hierarchy table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2008:

(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2008
Assets				
Marketable securities:				
Available-for-sale securities:				
U.S. Treasury securities	$ —	$ 10,044	$ —	$ 10,044
U.S. agencies and corporations:				
Collateralized mortgage obligations	—	582,814	—	582,814
Mortgage-backed securities	—	465,795	—	465,795
U.S. agency debentures	—	121,380	—	121,380
Commercial mortgage-backed securities	—	52,866	—	52,866
Municipal bonds and notes	—	105,633	—	105,633
Marketable equity securities	245	—	—	245
Venture capital fund investments	1	—	—	1
Total available-for-sale securities	246	1,338,532	—	1,338,778
Marketable securities (investment company fair value accounting)	2,279	—	—	2,279
Total marketable securities	2,525	1,338,532	—	1,341,057
Non-marketable securities (investment company fair value accounting):				
Private equity fund investments	—	—	232,016	232,016
Other private equity investments	—	—	79,687	79,687
Other investments	—	—	2,237	2,237
Total non-marketable securities (investment company fair value accounting)	—	—	313,940	313,940
Other assets:				
Interest rate swaps	—	28,199	—	28,199
Foreign exchange forward contracts	—	15,092	—	15,092
Equity warrant assets		2,079	36,975	39,054
Total assets (1)	$ 2,525	$ 1,383,902	$ 350,915	$ 1,737,342
Liabilities				
Interest rate swaps	$ —	$ 847	$ —	$ 847
Foreign exchange forward contracts	—	10,798	—	10,798
Covered call options (2)	—	1	—	1
Total liabilities	$ —	$ 11,646	$ —	$ 11,646

(1) Included in Level 1 and Level 3 assets are $1.5 million and $285.2 million, respectively, attributable to minority interests calculated based on the ownership percentages of the minority interests.

(2) Represents covered call options held by one of our sponsored debt funds.

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The following table presents additional information about Level 3 assets measured at fair value on a recurring basis for the three and nine months ended September 30, 2008:

		Total Realized and Unrealized Gains (Losses) Included in Income					
(Dollars in thousands)	Beginning Balance	Realized Gains (Losses) Included in Income	Unrealized Gains (Losses) Included in Income	Total Realized and Unrealized Gains (Losses) Included in Income	Purchases, Sales, Other Settlements and Issuances, net	Transfers In and/or (Out) of Level 3	Ending Balance at September 30, 2008
Three months ended September 30, 2008:							
Non-marketable securities (investment company fair value accounting):							
Private equity fund investments	$ 220,963	$ 1,525	$ (3,388)	$ (1,863)	$ 12,916	$ —	$ 232,016
Other private equity investments	60,272	—	4,300	4,300	15,115	—	79,687
Other investments	2,643	—	(123)	(123)	(283)	—	2,237
Total non-marketable securities (investment company fair value accounting) (1)	283,878	1,525	789	2,314	27,748	—	313,940
Other assets:							
Equity warrant assets (2)	34,494	1,130	362	1,492	1,003	(14)	36,975
Total assets	$ 318,372	$ 2,655	$ 1,151	$ 3,806	$ 28,751	$ (14)	$ 350,915
Nine months ended September 30, 2008:							
Non-marketable securities (investment company fair value accounting):							
Private equity fund investments	$ 194,862	$ 6,708	$ (7,505)	$ (797)	$ 37,951	$ —	$ 232,016
Other private equity investments	44,872	4,672	2,534	7,206	27,609	—	79,687
Other investments	3,098	—	(286)	(286)	(575)		2,237
Total non-marketable securities (investment company fair value accounting) (1)	242,832	11,380	(5,257)	6,123	64,985	—	313,940
Other assets:							
Equity warrant assets (2)	26,911	6,493	3,779	10,272	(235)	27	36,975
Total assets	$ 269,743	$ 17,873	$ (1,478)	$ 16,395	$ 64,750	$ 27	$ 350,915

(1) Realized and unrealized gains (losses) of our total non-marketable securities are recorded on the line item "gains on investment securities, net" a component of noninterest income.
(2) Realized and unrealized gains (losses) of our equity warrant assets are recorded on the line item "gains on derivative instruments, net" a component of noninterest income.

The following table presents the cumulative unrealized gains (losses) for Level 3 assets at September 30, 2008:

(Dollars in thousands)	September 30, 2008
Non-marketable securities (investment company fair value accounting):	
Private equity fund investments	$ (11,001)
Other private equity investments	2,497
Other investments	(458)
Total non-marketable securities (investment company fair value accounting)	(8,962)
Other assets:	
Equity warrant assets	5,869
Total unrealized losses at period end	$ (3,093)

17. Related Party Transactions

SVB Financial has a commitment under a revolving line of credit facility to Gold Hill Venture Lending 03, LP, a venture debt fund ("Gold Hill"), and its affiliated funds. SVB Financial has a 9.3% effective ownership interest in Gold Hill, as well as a 90.7% majority interest in its general partner, GHLLC. The line of credit bears an interest rate of prime plus one percent. In January 2007, SVB Financial increased the revolving line of credit facility to Gold Hill from a total commitment amount of $40.0 million to $75.0 million. At the same time, SVB Financial syndicated $35.0 million, or 46.67% of the total facility, to another lender. The highest outstanding balance under the facility for the nine months ended September 30, 2008 was $69.0 million. At September 30, 2008, Gold Hill's outstanding balance totaled $54.0 million.

During the nine months ended September 30, 2008, the Bank made loans to related parties, including companies with which certain of our directors are affiliated. Such loans: (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (c) did not involve more than the normal risk of collectibility or present other unfavorable features.

18. Legal Matters

On October 4, 2007, a consolidated class action was filed in the United States District Court for the Central District of California, purportedly on behalf of a class of investors who purchased the common stock of Vitesse Semiconductor Corporation (“Vitesse”). The complaint asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, against Vitesse, the Bank and other named defendants in connection with alleged fraudulent recognition of revenue by Vitesse, specifically with respect to sales of certain accounts receivable to the Bank. The relief sought under the complaint included rescission of the Vitesse shares held by plaintiffs and other class members or the appropriate measure of damages, as well as prejudgment and post-judgment interest and certain fees, costs and expenses. On January 28, 2008, the court dismissed with prejudice all claims against the Bank under the action.

Additionally, certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us or our affiliates. Based upon information available to us, our review of such claims to date and consultation with our outside legal counsel, management believes the liability relating to these actions, if any, will not have a material adverse effect on our liquidity, consolidated financial position, and/or results of operations. Where appropriate, as we determine, we establish reserves in accordance with SFAS No. 5, *Accounting For Contingencies* . The outcome of litigation and other legal and regulatory matters is inherently uncertain, however, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have a material adverse effect on our liquidity, consolidated financial position, and/or results of operation.

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

Forward-Looking Statements; Reclassifications

This Quarterly Report on Form 10-Q, including in particular “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under Part 1, Item 2 in this report, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, but are not limited to, the following:

- Projections of our revenues, income, earnings per share, noninterest expenses, including professional service, compliance, compensation and other costs, 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 venture capital and private equity funding and investment levels
- Forecasts of future interest rates
- Forecasts of expected levels of provisions for loan losses, loan growth and client funds
- Forecasts of future economic performance
- Forecasts of future income on investments
- Descriptions of assumptions underlying or relating to any of the foregoing

In this Quarterly Report on Form 10-Q, we make forward-looking statements, including, but not limited to, those discussing our management’s expectations about:

- Sensitivity of our interest-earning assets and interest-bearing liabilities to interest rates, and the impact to earnings from a change in interest rates
- Realization, timing, valuation and performance of equity or other investments
- Management of our liquidity position
- Growth in loan balances
- Credit quality of our loan portfolio
- Levels and trends of nonperforming loans
- Capital and liquidity provided by funds generated through retained earnings
- Activities for which capital will be used or required
- Use of excess capital
- Financial impact of continued growth of our funds management business
- Expansion and growth of our noninterest income sources
- Profitability of our products and services
- Venture capital and private equity funding and investment levels

- Strategic initiatives

- Growth of our interest-bearing deposits
- Management of interest rate risk
- Introduction of new products, including deposit products
- Effect of application of certain accounting pronouncements
- Effect of lawsuits and claims
- Changes in our unrecognized tax benefit and any associated impact
- Recovery of unrealized losses from investments
- Stock repurchase levels
- Incurrence of losses relating to credit card guarantees and any associated impact.

These and other forward-looking statements can be identified by our 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. Although we 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 “Risk Factors” under Part II, Item 1A in this report. We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this report. 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 assume no obligation and do not intend to revise or update any forward-looking statements contained in this Quarterly Report on Form 10-Q.

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 accompanying notes as presented in Part I, Item 1 in this report and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007 (“2007 Form 10-K”), 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.

Management’s Overview of Third Quarter 2008 Performance

Our primary or “core” business consists of providing banking products and services to our clients in the technology, life science, private equity (including venture capital) and premium wine industries. Notwithstanding the impact of significant interest rate reductions, we believe that our core banking business performed well during the three months ended September 30, 2008, compared to the comparable 2007 period.

Our net income for the three months ended September 30, 2008 was $27.0 million, or $0.80 per diluted common share, compared to $38.1 million, or $1.03 per diluted common share for the comparable 2007 period. The weighted average diluted shares used to calculate our diluted earnings per share decreased by 3.1 million from September 30, 2007 to September 30, 2008 primarily due to the following:

- The dilutive impact of our $150 million zero-coupon convertible subordinated notes (“2003 Convertible Notes”) for the three months ended September 30, 2007, and
- A reduction in the weighted average shares for the three months ended September 30, 2008 as a result of common stock repurchases subsequent to September 30, 2007

Exceptional loan growth, solid deposit growth and contained expenses contributed to this strong performance, despite the impact of significant interest rate reductions, lower valuations and distributions from our investment fund portfolio, and lower gains from valuations of our equity warrant assets.

Average loans grew by $1.23 billion, or 34.0 percent, to $4.86 billion for the three months ended September 30, 2008, compared to $3.63 billion for the comparable 2007 period driven primarily by loan growth increases from all client industry segments, with strong growth in loans to software, hardware and private equity clients. We also had strong growth in average deposit balances, primarily due to our money market deposit product for early stage clients introduced in May 2007 and our sweep deposit product introduced in October 2007.

We continued to maintain good credit quality with net charge-offs in the third quarter of 2008 of 47 basis points (annualized) of total gross loans, compared to 24 basis points for the comparable 2007 period. Gross charge-offs increased by $2.9 million to $7.0 million (or 52 basis points annualized) compared to $4.1 million (or 43 basis points annualized) for the comparable 2007 period, but remained within our expectations. Gross charge-offs of $7.0 million for the three months ended September 30, 2008 primarily came from our early-stage client loan portfolio. Our total provision for loan losses was $13.7 million for the three months ended September 30, 2008, compared to $3.2 million for the comparable 2007 period. The increase was principally due to our significant loan growth, as well as an increase of $4.0 million in net charge-offs from September 30, 2007 to September 30, 2008.

Our net interest margin was 5.73 percent for the three months ended September 30, 2008, compared to 7.18 percent for the comparable 2007 period. This decline was consistent with our expectations and primarily reflects the impact of interest rate cuts by the Federal Reserve in late 2007 and 2008.

Noninterest income was $41.7 million for the three months ended September 30, 2008, compared to $65.0 million for the comparable 2007 period. This decrease primarily related to lower valuations and lower distributions from our investment securities portfolio, which resulted in net losses of $0.9 million (or $2.1 million in net losses after minority interest) on investment securities for the three months ended September 30, 2008, compared to net gains of $14.7 million (or $2.8 million after minority interest) for the comparable 2007 period. Net gains on equity warrant assets, a component of net gains on derivatives instruments, also decreased from $9.2 million for the three months ended September 30, 2007, to $1.4 million for the three months ended September 30, 2008, mainly attributable to higher net gains recognized in the third quarter of 2007 due to valuation adjustments arising from initial public offerings of stock by certain companies in our warrant portfolio. Although total noninterest income decreased, noninterest income from our core fee-based products, which includes client investment fees, foreign exchange fees, deposit service charges and letter of credit and standby letter of credit income, increased by $5.1 million, or 19.3 percent, to $31.5 million for the three months ended September 30, 2008, compared to $26.4 million for the comparable 2007 period.

Expense growth remained contained, aided by lower incentive compensation expenses in the third quarter of 2008 compared to 2007. Noninterest expense was $80.4 million for the three months ended September 30, 2008, compared to $83.0 million for the comparable 2007 period.

We continued to have strong levels of capital during the third quarter of 2008. Our ratio of tangible common equity to tangible assets was 9.20 percent in the three months ended September 30, 2008, compared to 10.80 percent in the comparable 2007 period. The decrease was due largely to strong loan growth in 2007 and the first nine months of 2008, as well as significant share repurchases in late 2007 and early 2008.

The key highlights of our performance for the three and nine months ended September 30, 2008 and 2007, respectively, are as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2008**	**2007**	**Change**	**2008**	**2007**	**Change**
Average loans, net of unearned income	$4,863,706	$3,630,279	34.0%	$4,433,731	$3,439,524	28.9%
Average noninterest-bearing deposits	2,826,289	2,867,812	(1.4)	2,852,851	2,838,187	0.5
Average interest-bearing deposits	1,993,967	1,068,815	86.6	1,782,523	1,041,678	71.1
Average total deposits	4,820,256	3,936,627	22.4	4,635,374	3,879,865	19.5
Diluted earnings per share	$ 0.80	$ 1.03	(22.3)	$ 2.22	$ 2.41	(7.9)
Net income	27,008	38,116	(29.1)	76,206	89,372	(14.7)
Net interest income	95,129	95,708	(0.6)%	275,074	283,648	(3.0)%
Net interest margin	5.73%	7.18%	(145) bps	5.91%	7.38%	(147) bps
Average SVB prime lending rate	5.00%	8.19%	(319) bps	5.44%	8.23%	(279) bps
Provision for loan losses	$ 13,682	$ 3,155	333.7%	$ 29,756	$ 10,865	173.9%
Gross charge-offs as a percentage of total gross loans (annualized)	0.52%	0.43%	9 bps	0.56%	0.51%	5 bps
Net charge-offs as a percentage of total gross loans (annualized)	0.47	0.24	23 bps	0.42	0.33	9 bps
Noninterest income (1)	$ 41,747	$ 65,034	(35.8)%	$ 127,249	$ 168,195	(24.3)%
Noninterest expense (2)	80,431	82,959	(3.0)	251,057	262,992	(4.5)
Return on average stockholders’ equity (annualized)	15.09%	22.35%	(32.5)	14.70%	17.96%	(18.2)
Return on average assets (annualized)	1.42	2.48	(42.7)	1.42	2.02	(29.7)
Tangible common equity to tangible assets (3)	9.20	10.80	(14.8)	9.20	10.80	(14.8)
Operating efficiency ratio (4)	58.51%	51.52%	13.6	62.14%	58.09%	7.0
Period end full-time equivalent employees	1,237	1,141	8.4%	1,237	1,141	8.4%
Non-GAAP measures:						
Non-GAAP operating efficiency ratio (5)	56.91%	54.29%	4.8%	59.28%	56.85%	4.3%
Non-GAAP noninterest income, net of minority interest	$ 40,705	$ 52,268	(22.1)	$ 127,106	$ 134,412	(5.4)
Non-GAAP noninterest expense, net of minority interest	77,567	80,874	(4.1)	239,119	237,599	0.6

(1) Noninterest income included $1.4 million and $1.9 million attributable to minority interests for the three and nine months ended September 30, 2008, respectively, compared to $12.4 million and $31.0 million for the comparable 2007 periods. See "Results of Operations – Noninterest Income" for a description of noninterest income attributable to minority interests.

(2) Noninterest expense included $2.9 million and $8.1 million attributable to minority interests for the three and nine months ended September 30, 2008, respectively, compared to $2.7 million and $8.2 million for the comparable 2007 periods. See "Results of Operations – Noninterest Income" for a description of noninterest expense attributable to minority interests.

(3) Tangible common equity consists of total stockholders' equity (excluding unrealized gains and losses on investments) less acquired intangibles and goodwill. Tangible assets represent total assets (excluding unrealized gains and losses on investments) less acquired intangibles and goodwill.

(4) The operating efficiency ratio is calculated by dividing noninterest expense by total taxable-equivalent revenue. Noninterest expense included a non-tax deductible loss of $3.9 million related to our cash settlement of the conversion of certain 2003 Convertible Notes for the nine months ended September 30, 2008, as well as a $17.2 million pre-tax goodwill impairment charge for the nine months ended September 30, 2007. Noninterest expense also included $2.9 million and $8.1 million attributable to minority interests for the three and nine months ended September 30, 2008, respectively, compared to $2.7 million and $8.2 million for the comparable 2007 periods.

(5) The non-GAAP operating efficiency ratio is calculated by dividing noninterest expense (excluding (i) the non-tax deductible $3.9 million loss recorded in the second quarter of 2008 related to our cash settlement of the conversion of certain zero-coupon convertible subordinated notes prior to the notes' maturity, (ii) goodwill impairment charges of $17.2 million recorded in the second quarter of 2007 and (iii) the portion of noninterest expense attributable to minority interests of $2.9 and $2.7 million for the three months ended September 30, 2008 and 2007, respectively, and $8.1 million and $8.2 million for the nine months ended September 30, 2008 and 2007, respectively) by total taxable-equivalent income (excluding taxable-equivalent income attributable to minority interests of 1.2 million and $13.1 million for the three months ended September 30, 2008 and 2007 respectively, and $0.6 million and $34.8 million for the nine months ended September 30, 2008 and 2007, respectively).

Critical Accounting Policies and Estimates

The accompanying management's discussion and analysis of results of operations and financial condition are based upon our unaudited interim consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, 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.

Other than the adoption of the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157"), there have been no significant changes during the nine months ended September 30, 2008 to the items that we disclosed as our critical accounting policies and estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II, Item 7 of our 2007 Form 10-K.

Fair Value Measurements

Please refer to the discussion of our fair value measurements in Note 16 (Fair Value Measurements) of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 in this report.

Recent Accounting Pronouncements

Please refer to the discussion of our recent accounting pronouncements in Note 2 (Recent Accounting Pronouncements) of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 in this report.

Results of Operations

Net Interest Income and Margin (Fully Taxable-Equivalent Basis)

Net interest income is defined as the difference between interest earned on loans, investment securities, federal funds sold, securities purchased under agreements to resell and other short-term investment securities, and interest paid on funding sources including deposits and borrowings. 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. Net interest income and net interest margin are presented on a fully taxable-equivalent basis to consistently reflect income from taxable loans and securities and tax-exempt securities based on the federal statutory tax rate of 35.0 percent.

Net Interest Income (Fully Taxable-Equivalent Basis)

Three months ended September 30, 2008 and 2007

Net interest income decreased by $0.3 million to $95.7 million for the three months ended September 30, 2008, compared to $96.0 million for the comparable 2007 period. The decrease in net interest income was the result of a 166 basis point decrease in yields earned on assets, partially offset by a 21 basis point decrease in the cost of our total funding sources.

The main factors affecting interest income and interest expense are discussed below:

- *Interest income* for the three months ended September 30, 2008 increased by $0.5 million primarily due to:
  - A $1.0 million increase in interest income on loans as a result of a 34.0% increase in our average loan balances for the three months ended September 30, 2008 compared to the comparable 2007 period. However, this interest income increase from loans was offset as our loan yields decreased 248 basis points from 10.19% for the three months ended September 30, 2007 to 7.71% for the three months ended September 30, 2008. The decrease in loan yields was a direct result of a reduction in our Prime lending rate in response to decreases in the Federal Funds rates over the 12 month period from September 30, 2007 to September 30, 2008. Our average Prime lending rate decreased 319 basis points from an average of 8.19% for the three months ended September 30, 2007 to an average of 5.00% for the three months ended September 30, 2008. Subsequent to September 30, 2008, Federal Funds rates decreased by 100 basis points, which will reduce our average Prime lending rate subsequent to September 30, 2008.
  - A $1.3 million increase in interest income on investment securities due principally to growth in balances.

  These increases were partially offset by a decrease of $1.8 million in interest income on short term investments primarily due to the decrease in the Federal Funds rates from September 30, 2007 to September 30, 2008.

- *Interest expense* for the three months ended September 30, 2008 increased by $0.8 million primarily due to:
  - An increase in interest expense of $2.7 million from deposits, primarily due to a $925.2 million, or 86.6% increase in average interest bearing deposits as a result of our focus on growing on-balance sheet deposits. This increase was primarily related to growth in our money market deposit product for early stage clients introduced in May 2007 and our sweep deposit product introduced in late October 2007, both of which we introduced to provide funding for our loan growth. For the three months ended September 30, 2008, the average balance of our early stage money market deposit product was $560.5 million and interest expense was $2.1 million, compared to $144.9 million and $1.4 million, respectively, for the comparable 2007 period. The average balance of our sweep deposit product for the three months ended September 30, 2008 was $389.2 million and interest expense was $1.7 million.
  - An increase of $0.3 million due to an increase in average balances of short-term borrowings to support our loan growth, partially offset by declining short-term market interest rates. Average short-term borrowings increased by $338.6 million to $544.3 million for the three months ended September 30, 2008, compared to $205.7 million for the comparable 2007 period.

  These increases were partially offset by a decrease in interest expense of $2.2 million from long-term debt, primarily due to a decrease in average interest rates, partially offset by an increase in average long-term debt balances. Average interest rates on long-term debt decreased due primarily to lower London Interbank Offered Rates ("LIBOR") rates associated with our interest rate swap arrangements. Average long-term debt increased by $129.6 million to $976.8 million for the three months ended September 30, 2008, compared to $847.2 million for the comparable 2007 period, primarily due to the issuance of $250 million in 3.875% convertible senior notes ("2008 Convertible Notes") in April 2008. The proceeds from the issuance of the 2008 Convertible Notes were used primarily to settle the conversion of our 2003 Convertible Notes, which matured in June 2008, and for other general corporate purposes.

Nine months ended September 30, 2008 and 2007

Net interest income decreased by $7.8 million, or 2.7 percent to $276.8 million for the nine months ended September 30, 2008, compared to $284.6 million for the comparable 2007 period. The decrease in net interest income was the result of a 155 basis point decrease in yields earned on assets, partially offset by a 9 basis point decrease in the cost of our total funding sources.

The main factors affecting interest income and interest expense are discussed below:

- *Interest income* for the nine months ended September 30, 2008 decreased by $2.3 million primarily due to:
  - A $2.1 million decrease in interest income on short term investments primarily due to the decrease in the Federal Funds rates, partially offset by growth in average short-term investment portfolio balances.

- ○ A $1.1 million decrease in interest income on our investment securities portfolio due principally to lower levels of taxable investment securities due to principal prepayments of U.S. agency securities, mortgage-backed securities collateralized mortgage obligations, partially offset by growth in average balances of our non-taxable investment securities portfolio. Average interest-earning investment securities decreased by $59.4 million to $1.33 billion for the nine months ended September 30, 2008, compared to $1.39 billion for the comparable 2007 period.

These decreases were partially offset by a $1.0 million increase in interest income on loans as a result of a 28.9% increase in our average loan balances for the nine months ended September 30, 2008, compared to the comparable 2007 period. However, this interest income increase from loans was offset as our loan yields decreased 231 basis points from 10.40% for the nine months ended September 30, 2007 to 8.09% for the nine months ended September 30, 2008. The decrease in loan yields was a direct result of a reduction in our Prime lending rate in response to decreases in the Federal Funds rates over the 12 month period from September 30, 2007 to September 30, 2008. Our average Prime lending rate decreased 279 basis points from an average of 8.23% for the nine months ended September 30, 2007 to an average of 5.44% for the nine months ended September, 30, 2008.

- *Interest expense* for the nine months ended September 30, 2008 increased by $5.5 million primarily due to:

  - ○ An increase in interest expense of $8.6 million from deposits due to a $740.8 million, or 71.1% increase in average interest bearing deposits as a result of our focus on growing on-balance sheet deposits. The increase in deposits was primarily related to growth in our money market deposit product for early stage clients introduced in May 2007 and our sweep deposit product introduced in late October 2007, which we introduced to provide funding for our loan growth. For the nine months ended September 30, 2008, the average balance of our early stage money market deposit product was $464.5 million and interest expense was $5.7 million, compared to $56.9 million and $1.6 million, respectively, for the comparable 2007 period. The average balance of our Eurodollar sweep deposit product for the nine months ended September 30, 2008 was $285.7 million and interest expense was $3.9 million.

  - ○ An increase of $6.5 million from long-term debt, primarily due to an increase in average long-term debt balances, partially offset by a decrease in average interest rates. Average long-term debt increased by $389.0 million to $987.9 million for the nine months ended September 30, 2008, compared to $598.9 million for the comparable 2007 period, primarily due to the issuance of $500 million in senior and subordinated notes in May 2007 and our 2008 Convertible Notes in April 2008, partially offset by the maturity of our 2003 Convertible Notes in June 2008. Average interest rates on long-term debt decreased due primarily to lower LIBOR rates associated with our interest rate swap arrangements.

These increases were partially offset by a decrease of $9.6 million from short-term borrowings, primarily due to declining short-term market interest rates, as well as a decrease in average balances of short-term borrowings.

Analysis of Interest Changes Due to Volume and Rate (Fully Taxable-Equivalent Basis)

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." Changes in our Prime lending rate also impact our loan yields, and to a certain extent our interest-bearing deposits. The following table sets forth changes in interest income for each major category of interest-earning assets and interest expense for each major category of interest-bearing liabilities. The table also reflects the number of simultaneous changes attributable to both volume and rate changes 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.

	2008 Compared to 2007 Three Months Ended September 30, Increase (Decrease) Due to Change in			2008 Compared to 2007 Nine Months Ended September 30, Increase (Decrease) Due to Change in		
(Dollars in thousands)	**Volume**	**Rate**	**Total**	**Volume**	**Rate**	**Total**
Interest income:						
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	$ 377	$ (2,150)	$ (1,773)	$ 4,723	$ (6,870)	$ (2,147)
Investment securities (Taxable)	108	298	406	(3,822)	509	(3,313)
Investment securities (Non-Taxable)	939	(51)	888	2,389	(191)	2,198
Loans	26,965	(25,952)	1,013	67,820	(66,816)	1,004
Increase (decrease) in interest income, net	28,389	(27,855)	534	71,110	(73,368)	(2,258)
Interest expense:						
NOW deposits	14	8	22	26	28	54
Regular money market deposits	(38)	55	17	(177)	250	73
Bonus money market deposits	1,487	(681)	806	3,840	403	4,243
Time deposits	168	(15)	153	386	(61)	325
Sweep deposits	1,697	—	1,697	3,885	—	3,885
Short-term borrowings	2,543	(2,202)	341	(2,093)	(7,506)	(9,599)
Zero-coupon convertible subordinated notes	(232)	—	(232)	(272)	36	(236)
3.875% convertible senior notes	2,972	—	2,972	5,695	—	5,695
Junior subordinated debentures	44	(383)	(339)	105	(889)	(784)
Senior and subordinated notes	404	(4,015)	(3,611)	9,794	(5,522)	4,272
Other long-term debt	(9)	(1,014)	(1,023)	(13)	(2,368)	(2,381)
Increase (decrease) in interest expense, net	9,050	(8,247)	803	21,176	(15,629)	5,547
Increase (decrease) in net interest income	$ 19,339	$ (19,608)	$ (269)	$ 49,934	$ (57,739)	$ (7,805)

Net Interest Margin (Fully Taxable-Equivalent Basis)

Our net interest margin was 5.73 percent and 5.91 percent for the three and nine months ended September 30, 2008, respectively, compared to 7.18 percent and 7.38 percent for the comparable 2007 periods. The decreases in net interest margin were primarily due to decreases in yields on our loan portfolio resulting from reductions in our Prime lending rate and increases in rates paid on our deposits due to our two interest-bearing deposit products introduced in 2007, partially offset by decreases in rates paid on our short-term borrowings and LIBOR rates associated with our interest rate swap agreements. Our net interest margin also decreased due to the impact of our deposit pricing strategies.

Average Balances, Yields and Rates Paid (Fully Taxable-Equivalent Basis)

The average yield earned on interest-earning assets is the amount of annualized fully taxable-equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is the amount of annualized interest expense expressed as a percentage of average funding sources. The following tables set forth average assets, liabilities, minority interest and stockholders' equity, interest income, interest expense, annualized yields and rates, and the composition of our annualized net interest margin for the three and nine months ended September 30, 2008 and 2007, respectively.

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Average Balances, Rates and Yields for the Three Months Ended September 30, 2008 and 2007

	Three months ended September 30,					
	2008			2007		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets :						
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 383,009	$ 2,712	2.82%	$ 350,833	$ 4,485	5.07%
Investment securities:						
Taxable	1,288,039	15,321	4.73	1,277,910	14,915	4.63
Non-taxable (2)	108,115	1,701	6.26	48,486	813	6.65
Total loans, net of unearned income	4,863,706	94,256	7.71	3,630,279	93,243	10.19
Total interest-earning assets	6,642,869	113,990	6.82	5,307,508	113,456	8.48
Cash and due from banks	243,621			283,711		
Allowance for loan losses	(55,998)			(45,174)		
Goodwill	4,092			4,092		
Other assets (3)	713,487			537,179		
Total assets	$ 7,548,071			$ 6,087,316		
Funding sources :						
Interest-bearing liabilities:						
NOW deposits	$ 42,538	$ 53	0.50%	$ 30,647	$ 31	0.40%
Regular money market deposits	139,210	530	1.51	149,580	513	1.36
Bonus money market deposits	1,027,018	3,089	1.20	567,345	2,283	1.60
Time deposits	395,970	898	0.90	321,243	745	0.92
Sweep deposits	389,231	1,697	1.73	—	—	—
Total interest-bearing deposits	1,993,967	6,267	1.25	1,068,815	3,572	1.33
Short-term borrowings	544,301	3,042	2.22	205,715	2,701	5.21
Zero-coupon convertible subordinated notes	—	—	—	149,011	232	0.62
3.875% convertible senior notes	250,000	2,972	4.73	—	—	—
Junior subordinated debentures	52,502	514	3.89	49,798	853	6.80
Senior and subordinated notes	522,302	4,381	3.34	495,771	7,992	6.40
Other long-term debt	151,998	1,090	2.85	152,669	2,113	5.49
Total interest-bearing liabilities	3,515,070	18,266	2.07	2,121,779	17,463	3.27
Portion of noninterest-bearing funding sources	3,127,799			3,185,729		
Total funding sources	6,642,869	18,266	1.09	5,307,508	17,463	1.30
Noninterest-bearing funding sources :						
Demand deposits	2,826,289			2,867,812		
Other liabilities	194,426			193,955		
Minority interest in capital of consolidated affiliates	300,305			227,072		
Stockholders' equity	711,981			676,698		
Portion used to fund interest-earning assets	(3,127,799)			(3,185,729)		
Total liabilities, minority interest, and stockholders' equity	$ 7,548,071			$ 6,087,316		
Net interest income and margin		$ 95,724	5.73%		$ 95,993	7.18%
Total deposits	$ 4,820,256			$ 3,936,627		

(1) Includes average interest-bearing deposits in other financial institutions of $90.0 million and $59.4 million for the three months ended September 30, 2008 and 2007, 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 percent for all periods presented. The tax equivalent adjustments were $0.6 million and $0.3 million for the three months ended September 30, 2008 and 2007, respectively.

(3) Average investment securities of $388.2 million and $250.3 million for the three months ended September 30, 2008 and 2007, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable securities.

Average Balances, Rates and Yields for the Nine Months Ended September 30, 2008 and 2007

	Nine months ended September 30,					
	2008			2007		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets :						
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 484,892	$ 10,513	2.90%	$ 326,761	$ 12,660	5.18%
Investment securities:						
Taxable	1,231,948	43,677	4.74	1,340,953	46,990	4.69
Non-taxable (2)	100,184	4,801	6.40	50,618	2,603	6.88
Total loans, net of unearned income	4,433,731	268,530	8.09	3,439,524	267,526	10.40
Total interest-earning assets	6,250,755	327,521	7.00	5,157,856	329,779	8.55
Cash and due from banks	256,343			276,202		
Allowance for loan losses	(52,363)			(42,979)		
Goodwill	4,092			15,435		
Other assets (3)	695,343			509,414		
Total assets	$ 7,154,170			$ 5,915,928		
Funding sources :						
Interest-bearing liabilities:						
NOW deposits	$ 43,888	$ 161	0.49%	$ 36,114	$ 107	0.40%
Regular money market deposits	142,787	1,487	1.39	161,748	1,414	1.17
Bonus money market deposits	934,253	8,791	1.26	523,636	4,548	1.16
Time deposits	375,914	2,584	0.92	320,180	2,259	0.94
Sweep deposits	285,681	3,885	1.82	—	—	—
Total interest-bearing deposits	1,782,523	16,908	1.27	1,041,678	8,328	1.07
Short-term borrowings	329,198	5,957	2.42	388,622	15,556	5.35
Zero-coupon convertible subordinated notes	94,146	473	0.67	148,789	709	0.64
3.875% convertible senior notes	160,036	5,695	4.75	—	—	—
Junior subordinated debentures	52,853	1,779	4.50	50,704	2,563	6.76
Senior and subordinated notes	528,565	16,109	4.07	246,775	11,837	6.41
Other long-term debt	152,339	3,846	3.37	152,669	6,227	5.45
Total interest-bearing liabilities	3,099,660	50,767	2.19	2,029,237	45,220	2.98
Portion of noninterest-bearing funding sources	3,151,095			3,128,619		
Total funding sources	6,250,755	50,767	1.09	5,157,856	45,220	1.17
Noninterest-bearing funding sources :						
Demand deposits	2,852,851			2,838,187		
Other liabilities	227,628			183,440		
Minority interest in capital of consolidated affiliates	281,487			199,927		
Stockholders' equity	692,544			665,137		
Portion used to fund interest-earning assets	(3,151,095)			(3,128,619)		
Total liabilities, minority interest, and stockholders' equity	$ 7,154,170			$ 5,915,928		
Net interest income and margin		$276,754	5.91%		$284,559	7.38%
Total deposits	$ 4,635,374			$ 3,879,865		

(1) Includes average interest-bearing deposits in other financial institutions of $90.7 million and $50.8 million for the nine months ended September 30, 2008 and 2007, 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 percent for all periods presented. The tax equivalent adjustments were $1.7 million and $0.9 million for the nine months ended September 30, 2008 and 2007, respectively.

(3) Average investment securities of $369.0 million and $233.2 million for the nine months ended September 30, 2008 and 2007, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable securities.

Provision for Loan Losses

Our provision for loan losses is based on our evaluation of the adequacy of the existing allowance for loan losses in relation to total gross loans and on our periodic assessment of the inherent and identified risk dynamics of the loan portfolio resulting from reviews of selected individual loans. The following table summarizes our provision for loan losses for the three and nine months ended September 30, 2008 and 2007, respectively:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in thousands)	2008	2007	2008	2007
Allowance for loan losses, beginning balance	$ 52,888	$ 43,352	$ 47,293	$ 42,747
Provision for loan losses	13,682	3,155	29,756	10,865
Gross loan charge-offs	(7,000)	(4,138)	(22,306)	(14,754)
Loan recoveries	720	1,856	5,547	5,367
Allowance for loan losses, ending balance	$ 60,290	$ 44,225	$ 60,290	$ 44,225
Provision as a percentage of total gross loans (annualized)	1.02%	0.33%	0.75%	0.38%
Gross charge-offs as a percentage of total gross loans (annualized)	0.52	0.43	0.56	0.51
Net charge-offs as a percentage of total gross loans (annualized)	0.47	0.24	0.42	0.33
Allowance for loan losses as a percentage of total gross loans	1.13%	1.15%	1.13%	1.15%
Total gross loans at period end	$ 5,323,323	$ 3,844,185	$ 5,323,323	$ 3,844,185

Our provision for loan losses increased by $10.5 million to $13.7 million for the three months ended September 30, 2008, compared to $3.2 million for the comparable 2007 period. The increase in our provision for loan losses was primarily due to growth in our loan portfolio. Gross loan charge-offs of $7.0 million and loan recoveries of $0.7 million for the three months ended September 30, 2008 came primarily from our early-stage client portfolio. We consider our allowance for loan losses of $60.3 million adequate to cover credit losses inherent in the loan portfolio at September 30, 2008.

Our provision for loan losses increased by $18.9 million to $29.8 million for the nine months ended September 30, 2008, compared to a provision of $10.9 million for the comparable 2007 period. The increase in our provision for loan losses was primarily due to growth in our loan portfolio. For the nine months ended September 30, 2008, we grew total gross loans by $1.15 billion, compared to $334.6 million for the comparable 2007 period.

Noninterest Income

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	2008	2007	% Change	2008	2007	% Change
Client investment fees	$ 13,636	$ 13,127	3.9%	$ 41,006	$ 37,813	8.4%
Foreign exchange fees	8,641	6,714	28.7	24,446	17,778	37.5
Deposit service charges	6,129	3,933	55.8	18,076	10,711	68.8
Gains on derivative instruments, net	6,472	8,790	(26.4)	13,479	15,514	(13.1)
Letter of credit and standby letter of credit income	3,050	2,671	14.2	9,138	8,363	9.3
Corporate finance fees	—	5,166	(100.0)	3,640	11,568	(68.5)
(Losses) gains on investment securities, net	(876)	14,719	(106.0)	(4,949)	40,611	(112.2)
Other	4,695	9,914	(52.6)	22,413	25,837	(13.3)
Total noninterest income	$ 41,747	$ 65,034	(35.8)%	$127,249	$168,195	(24.3)%

Included in net income is income and expense that are attributable to minority interests. As part of our investment funds management business, we recognize the entire income or loss from funds where we own significantly less than 100%. We are required under GAAP to consolidate 100% of the results of the funds that we are deemed to control. Similarly, we are required under GAAP to consolidate the results of eProsper, of which we own 65%. The relevant amounts attributable to investors other than us are reflected under “Minority Interest in Net Loss (Income) of Consolidated Affiliates”. Our net income includes only the portion of income or loss that is attributable to our ownership interest. The non-GAAP tables presented below, for noninterest income, net gains on derivative instruments, net gains (losses) on investment securities and noninterest expense, all exclude minority interest. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that represent income attributable to investors other than us and our subsidiaries. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures prepared in accordance with GAAP.

The following table provides a summary of non-GAAP noninterest income, net of minority interest:

Non-GAAP noninterest income, net of minority interest (Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
GAAP noninterest income	$41,747	$ 65,034	(35.8)%	$127,249	$168,195	(24.3)%
Less: income attributable to minority interests, including carried interest	(1,042)	(12,766)	(91.8)	(143)	(33,783)	(99.6)
Non-GAAP noninterest income, net of minority interest	$40,705	$ 52,268	(22.1)%	$127,106	$134,412	(5.4)%

Client Investment Fees

Client investment fees were $13.6 million and $41.0 million for the three and nine months ended September 30, 2008, respectively, compared to $13.1 million and $37.8 million for the comparable 2007 periods. The increases in client investment fees were primarily attributable to the growth in average client investment funds, particularly from an increase in deposits from our later-stage technology clients, as well as an increase in deposits from our venture capital and other private equity clients. These increases were partially offset by lower margins earned on repurchase agreements. In addition, we continue to face challenges in growing off-balance sheet funds due to the success of our new on-balance sheet deposit products, as well as the significant decline of initial public offerings ("IPO"). The following table summarizes average client investment funds for the three and nine months ended September 30, 2008 and 2007, respectively.

(Dollars in millions)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
Client directed investment assets (1)	$ 12,948	$ 12,557	3.1%	$ 12,819	$ 12,226	4.9%
Client investment assets under management	6,406	5,734	11.7	6,262	5,467	14.5
Sweep money market funds	2,682	2,414	11.1	2,692	2,379	13.2
Total average client investment funds (2)	$ 22,036	$ 20,705	6.4%	$ 21,773	$ 20,072	8.5%

(1) Mutual funds and Repurchase Agreement Program assets.
(2) Client funds invested through SVB Financial Group are maintained at third-party financial institutions.

Foreign Exchange Fees

Foreign exchange fees were $8.6 million for the three months ended September 30, 2008, compared to $6.7 million for the comparable 2007 period. The increase was primarily due to increased client awareness of these products through our continued marketing efforts, as well as the positive impact of recent market volatility.

Foreign exchange fees were $24.4 million for the nine months ended September 30, 2008, compared to $17.8 million for the comparable 2007 period. The increase was primarily due to higher volumes of transactions. Commissioned notional volumes were $4.9 billion and $4.4 billion for the nine months ended September 30, 2008 and 2007, respectively. Because our clients' demand for foreign currency is driven by the purchase or sale of goods and services, and because more than 80% of our trades occur in only four currencies (Euro, Pound Sterling, Canadian Dollar and Japanese Yen), the higher notional volumes reflect the impact of business conditions in those countries or regions of our clients.

Deposit Service Charges

Deposit service charges were $6.1 million and $18.1 million for the three and nine months ended September 30, 2008, respectively, compared to $3.9 million and $10.7 million for the comparable 2007 periods. The increases in deposit service charges were primarily attributable to a decrease in the earnings credit rate obtained by clients to offset deposit service changes, which was primarily related to decreases in short-term market interest rates.

Gains on Derivative Instruments, Net

A summary of gains on derivative instruments, net, for the three and nine months ended September 30, 2008 and 2007, respectively, is as follows:

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
Gains (losses) on foreign exchange forward contracts, net:						
Gains on client foreign exchange forward contracts, net (1)	$ 561	$ 360	55.8%	$ 1,767	$ 1,265	39.7%
Gains (losses) on internal foreign exchange forward contracts, net (2)	4,452	(450)	—	1,985	(884)	(324.5)
Total gains (losses) on foreign exchange forward contracts, net	5,013	(90)	—	3,752	381	884.8
Change in fair value of interest rate swap (3)	(10)	(338)	(97.0)	376	(81)	(564.2)
Gains on covered call options, net (4)	24	—	—	402	—	—
Equity warrant assets:						
Gains on exercise, net	1,130	7,689	(85.3)	6,321	11,555	(45.3)
Change in fair value (5):						
Cancellations and expirations	(950)	(514)	84.8	(1,895)	(1,981)	(4.3)
Other changes in fair value	1,265	2,043	(38.1)	4,523	5,640	(19.8)
Total net gains on equity warrant assets (6)	1,445	9,218	(84.3)	8,949	15,214	(41.2)
Total gains on derivative instruments, net	$ 6,472	$ 8,790	(26.4)%	$13,479	$15,514	(13.1)%

(1) Represents the net gains for foreign exchange forward contracts executed on behalf of clients.
(2) Represents the change in the fair value of foreign exchange forward contracts to economically reduce our foreign exchange exposure risk related to certain foreign currency denominated loans. Revaluations of foreign currency denominated loans are recorded on the line item “Other” as part of noninterest income, a component of consolidated net income.
(3) Represents the change in the fair value hedge of the hedging relationship from the interest rate swap agreement related to our junior subordinated debentures. Please refer to the discussion of our interest rate swap agreement related to our junior subordinated debentures in Note 10 (Derivative Financial Instruments) of the “Notes to Interim Consolidated Financial Statements (unaudited)” in Part I, Item 1 in this report.
(4) Represents net gains on covered call options held by one of our sponsored debt funds.
(5) As of September 30, 2008, we held warrants to purchase shares of capital stock of 1,258 companies, compared to 1,206 companies as of September 30, 2007.
(6) Includes net gains on equity warrant assets held by consolidated investment affiliates. Relevant amounts attributable to minority interests are reflected in the interim consolidated statements of income under the caption “Minority Interest in Net Loss (Income) of Consolidated Affiliates”.

Gains on derivative instruments, net, were $6.5 million for the three months ended September 30, 2008, compared to $8.8 million for the comparable 2007 period. The decrease of $2.3 million was primarily due to lower gains on exercises of equity warrant assets and lower gains from valuations of our equity warrant assets, partially offset by net gains from changes in the fair value of foreign exchange forward contracts. Net gains from foreign exchange forward contracts included $4.5 million in net gains from changes in the fair value of foreign exchange forward contracts, used to offset net losses of $4.7 million from revaluation of our foreign currency denominated loans, which are included in other noninterest income.

Gains on derivative instruments, net, were $13.5 million for the nine months ended September 30, 2008, compared to $15.5 million for the comparable 2007 period. The decrease of $2.0 million was primarily due to lower gains on exercises of equity warrant assets and lower gains from valuations of our equity warrant assets, partially offset by higher net gains from changes in the fair value of foreign exchange forward contracts. Net gains from foreign exchange forward contracts included $2.0 million in net gains from changes in the fair value of foreign exchange forward contracts, used to offset net losses of $2.8 million from revaluation of our foreign currency denominated loans, which are included in other noninterest income.

The lower gains on exercise of equity warrant assets for the three and nine months ended September 30, 2008, compared to the comparable 2007 periods reflect the impact of slowing mergers and acquisitions (“M&A”) and IPO markets. Changes in the fair value of equity warrant assets were primarily attributable to changes in the value of the underlying client companies’ stock, changes in the value of the underlying assumptions used to value the equity warrant assets including changes in the risk-free interest rate, changes in the volatility of market-comparable public companies and changes in the expected life of the equity warrant assets. The methodology used to calculate the fair value of equity warrant assets has been applied consistently.

The following table provides a summary of non-GAAP net gains on derivative instruments, net of minority interest:

Non-GAAP net gains on derivative instruments, net of minority interest (Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
GAAP net gains on derivative instruments	$ 6,472	$ 8,790	(26.4)%	$13,479	$15,514	(13.1)%
Less: income attributable to minority interests (1)	(121)	(760)	(84.1)	(246)	(1,027)	(76.0)
Non-GAAP net gains on derivative instruments, net of minority interest	$ 6,351	$ 8,030	(20.9)%	$13,233	$14,487	(8.7)%

(1) Represents gains recognized from the exercise of warrants held by one of our sponsored debt funds.

(Losses) Gains on Investment Securities, Net

We experience variability in the performance of our consolidated funds from quarter to quarter due to a number of factors, including changes in the values of our funds' investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains (losses) from investment securities and cause our results for a particular period not to be indicative of our performance in a future period. The valuation of our consolidated investment funds continues to be affected by a more discerning venture capital environment, a further softening of M&A activity among our portfolio companies in the third quarter of 2008, and a significant decline in IPO's in 2008.

Net losses on investment securities were $0.9 million for the three months ended September 30, 2008, compared to net gains of $14.7 million for the comparable 2007 period. The following table provides a summary of net (losses) gains on investment securities for the three months ended September 30, 2008 and 2007:

	Three months ended					
	September 30, 2008					September 30, 2007
(Dollars in thousands)	Managed Co-Investment Funds	Managed Funds Of Funds	Sponsored Debt Funds	Other	Total	Total
Unrealized gains (losses)	$ 4,669	$(3,386)	$ (2,004)	$ —	$(721)	$ 8,206
Realized gains (losses)	—	1,525	364	(2,044)	(155)	6,513
Total gains (losses) on investment securities, net	$ 4,669	$(1,861)	$ (1,640)	$(2,044)	$(876)	$ 14,719

Net losses on investment securities of $0.9 million for the three months ended September 30, 2008 were comprised primarily of the following:

- Net unrealized losses of $5.4 million from lower valuations within our managed funds of funds and sponsored debt funds.
- Realized losses of $2.0 million, primarily from the sale of our marketable equity securities, which are publicly traded shares acquired upon exercise of equity warrant assets.
- Net unrealized gains of $4.7 million from higher valuations within our managed co-investment funds.
- Realized gains of $1.5 million within our managed funds of funds due to net gains from distributions.

Net losses on investment securities were $4.9 million for the nine months ended September 30, 2008, compared to net gains of $40.6 million for the comparable 2007 period. The following table provides a summary of net (losses) gains on investment securities for the nine months ended September 30, 2008 and 2007:

	Nine months ended					
	September 30, 2008					September 30, 2007
(Dollars in thousands)	Managed Co-Investment Funds	Managed Funds Of Funds	Sponsored Debt Funds	Other	Total	Total
Unrealized gains (losses)	$ 2,377	$(7,505)	$ (8,279)	$ —	$(13,407)	$ 28,133
Realized gains (losses)	4,672	6,707	924	(3,845)	8,458	12,478
Total gains (losses) on investment securities, net	$ 7,049	$ (798)	$ (7,355)	$(3,845)	$ (4,949)	$ 40,611

Net losses on investment securities of $4.9 million for the nine months ended September 30, 2008 were comprised primarily of the following:

- Net unrealized losses of $15.8 million from lower valuations within our managed funds of funds and sponsored debt funds.
- Realized losses of $3.8 million, primarily from the sale of our marketable equity securities, which are publicly traded shares acquired upon exercise of equity warrant assets.

- Realized gains of $11.4 million from our managed funds of funds and managed co-investment funds due to net gains from distributions and liquidity events.
- Net unrealized gains of $2.4 million from higher valuations within our managed co-investment funds.

As of September 30, 2008, we held investments, either directly or through seven of our managed investment funds, in 433 private equity funds, 73 companies and four sponsored debt funds.

The following table provides a summary of non-GAAP net gains (losses) on investment securities, net of minority interest:

Non-GAAP net (losses) gains on investment securities, net of minority interest (Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
GAAP net (losses) gains on investment securities	$ (876)	$ 14,719	(106.0)%	$(4,949)	$ 40,611	(112.2)%
Less: (income) losses attributable to minority interests, including carried interest	(1,220)	(11,885)	(89.7)	227	(31,502)	(100.7)
Non-GAAP net (losses) gains on investment securities, net of minority interest	$(2,096)	$ 2,834	(174.0)%	$(4,722)	$ 9,109	(151.8)%

Other Noninterest Income

A summary of other noninterest income for the three and nine months ended September 30, 2008 and 2007, respectively, is as follows:

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
Service-based fee income (1)	$ 2,072	$ 1,708	21.3%	$ 6,329	$ 3,646	73.6%
Fund management fees	2,228	1,901	17.2	6,105	6,643	(8.1)
Credit card fees	1,473	1,558	(5.5)	4,675	4,322	8.2
(Losses) gains on foreign currency loans revaluation, net	(4,741)	2,133	(322.3)	(2,825)	3,016	(193.7)
Other	3,663	2,614	40.1	8,129	8,210	(1.0)
Total other noninterest income	$ 4,695	$ 9,914	(52.6)%	$22,413	$25,837	(13.3)%

(1) Includes income from SVB Analytics and eProsper.

Other noninterest income was $4.7 million for the three months ended September 30, 2008, compared to $9.9 million for the comparable 2007 period. The decrease of $5.2 million was primarily due to a decrease of $6.9 million from revaluations of foreign currency (primarily Euro and Pounds Sterling) denominated loans, due primarily to the strengthening of the U.S. dollar in the third quarter of 2008, partially offset by a $1.4 million increase from revaluations of non-loan foreign currency instruments and a $0.4 million increase in service-based fee income, primarily due to increased activities from SVB Analytics. SVB Analytics' revenues increased by $0.4 million to $1.5 million for the three months ended September 30, 2008, compared to $1.1 million for the comparable 2007 period, primarily as a result of an increase in the number of clients. The number of clients increased to 210 for the three months ended September 30, 2008, compared to 148 for the comparable 2007 period.

Other noninterest income was $22.4 million for the nine months ended September 30, 2008, compared to $25.8 million for the comparable 2007 period. The decrease of $3.4 million was primarily due to a decrease of $5.8 million from revaluations of foreign currency denominated loans, partially offset by a $2.7 million increase in service-based fee income, primarily due to increased activities from SVB Analytics. SVB Analytics' revenues increased by $2.5 million to $4.5 million for the nine months ended September 30, 2008, compared to $2.0 million for the comparable 2007 period, primarily as a result of an increase in the number of clients. The number of clients increased to 604 for the nine months ended September 30, 2008, compared to 260 for the comparable 2007 period.

Noninterest Expense

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
Compensation and benefits	$49,598	$56,460	(12.2)%	$153,438	$161,777	(5.2)%
Professional services	9,623	7,847	22.6	27,556	23,673	16.4
Premises and equipment	5,781	4,567	26.6	16,424	14,820	10.8
Net occupancy	4,135	5,149	(19.7)	12,825	16,238	(21.0)
Business development and travel	3,389	2,429	39.5	10,575	8,747	20.9
Correspondent bank fees	1,689	1,511	11.8	5,011	4,371	14.6
Telephone	1,373	1,178	16.6	3,870	4,034	(4.1)
Loss from cash settlement of conversion premium of zero-coupon convertible subordinated notes	—	—	—	3,858	—	—
Data processing services	1,082	1,054	2.7	3,275	2,940	11.4
Reduction of the provision for unfunded credit commitments	(990)	(973)	1.7	(355)	(2,778)	(87.2)
Impairment of goodwill	—	—	—	—	17,204	(100.0)
Other	4,751	3,737	27.1	14,580	11,966	21.8
Total noninterest expense	$80,431	$82,959	(3.0)%	$251,057	$262,992	(4.5)%

The table below provides a summary of non-GAAP noninterest expense, net of minority interest:

Non-GAAP noninterest expense, net of minority interest (Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
GAAP noninterest expense	$80,431	$82,959	(3.0)%	$251,057	$262,992	(4.5)%
Less: amounts attributable to minority interests	(2,864)	(2,665)	7.5	(8,080)	(8,189)	(1.3)
Less: loss from conversion of convertible subordinated notes	—	—	—	(3,858)	—	—
Less: impact of impairment of goodwill	—	—	—	—	(17,204)	—
Non-GAAP noninterest expense, net of minority interest	$77,567	$80,294	(3.4)%	$239,119	$237,599	0.6%

Compensation and Benefits

Compensation and benefits expense was $49.6 million for the three months ended September 30, 2008, compared to $56.5 million for the comparable 2007 period. The decrease was primarily due to a decline in expense related to our incentive compensation plan and Employee Stock Ownership Plan ("ESOP"), partially offset by an increase in salaries and wages expense, primarily related to an increase in the average number of FTE personnel. The average number of FTE personnel increased to 1,227 for the three months ended September 30, 2008, compared to 1,151 for the comparable 2007 period.

Compensation and benefits expense was $153.4 million for the nine months ended September 30, 2008, compared to $161.8 million for the comparable 2007 period. The decrease was primarily due to decreases in our incentive compensation plan expense and a decrease in salaries and wages expense paid to temporary employees, primarily related to additional expenses incurred in the beginning of 2007 associated with certain information technology ("IT") projects. These decreases were partially offset by an increase in salaries and wages expense, primarily related to an increase in the average number of FTE personnel. The average number of FTE personnel increased to 1,200 for the nine months ended September 30, 2008, compared to 1,165 for the comparable 2007 period.

Our compensation plans primarily consist of the Incentive Compensation Plan, Direct Drive Incentive Compensation Plan, SVB Financial Group 401(k), ESOP, Retention Program and Warrant Incentive Plan. Total costs incurred under the above plans were $12.7 million and $43.8 million for the three and nine months ended September 30, 2008, respectively, compared to $20.9 million and $49.5 million for the comparable 2007 periods. The decrease of $8.2 million for the three months ended September 30, 2008 was primarily related to a $7.7 million decrease in our Incentive Compensation Plan expense, a $1.4 million decrease in our ESOP expense and a $0.5 million decrease in our Warrant Incentive Plan, partially offset by a $1.8 million increase in our Direct Drive expense. The decrease of $5.7 million for the nine months ended September 30, 2008 was primarily related to a $5.5 million decrease in our Incentive Compensation Plan expense and a $1.2 million decrease in our ESOP expense, partially offset by a $1.4 million increase in our Direct Drive expense.

Professional Services

Professional services expense was $9.6 million and $27.6 million for the three and nine months ended September 30, 2008, respectively, compared to $7.8 million and $23.7 million for the comparable 2007 periods. The increases were primarily attributable to an increase in expenses associated with certain infrastructure projects.

Net Occupancy

Net occupancy expense was $4.1 million for the three months ended September 30, 2008, compared to $5.1 million for the comparable 2007 period. The decrease was primarily attributable to increased amortization of leasehold improvements in the third quarter of 2007 due to a change in the remaining lease terms of certain domestic leases.

Net occupancy expense was $12.8 million for the nine months ended September 30, 2008, compared to $16.2 million for the comparable 2007 period. The decrease was primarily attributable to $1.7 million of lease exit costs recognized in the second quarter of 2007, as we exited three domestic offices in a move to improve synergy and efficiency across business units, as well as increased amortization of leasehold improvements in the third quarter of 2007 due to a change in the remaining lease term of certain domestic leases.

Loss from Cash Settlement of Conversion Premium of Zero-Coupon Convertible Subordinated Notes

During the three months ended June 30, 2008, but prior to the maturity date of our 2003 Convertible Notes, we received a conversion notice to convert notes in the total principal amount of $7.8 million. Consistent with prior early conversions, we elected to settle the conversion fully in cash and paid a total of $11.6 million in cash, which included $3.9 million representing the conversion premium value of the converted notes. Accordingly, we recorded a non-tax deductible loss of $3.9 million as noninterest expense. In connection with this early conversion settlement payment, we exercised call options pursuant to our call-spread arrangement and received a corresponding cash payment of $3.9 million from the counterparty. Accordingly, we recorded an increase in stockholders’ equity of $3.9 million, representing such payment received, which was reflected as additional paid-in capital. As a result, the $3.9 million in noninterest expense we recorded due to this early conversion settlement had no net impact on our total stockholders’ equity.

Reduction of the Provision for Unfunded Credit Commitments

We calculate the provision for unfunded credit commitments based on the credit commitments outstanding, as well as the credit quality of our loan commitments. We recorded a reduction of $1.0 million and $0.4 million to the reserve for unfunded credit commitments for the three and nine months ended September 30, 2008, respectively, compared to $1.0 million and $2.8 million for the comparable 2007 periods. Our reserve for unfunded credit commitments was $13.1 million at September 30, 2008 compared to $11.9 million at September 30, 2007.

The reduction of the provision of $1.0 million and $0.4 million for the three and nine months ended September 30, 2008, respectively, was primarily due to lower utilization of unfunded credit commitments, as well as a reduction in our historical loss experience.

The reduction of the provision of $1.0 million for the three months ended September 30, 2007 reflects our historical credit quality experience. The reduction of the provision of $2.8 million for the nine months ended September 30, 2007 was primarily due to a decrease in our allowance for loan losses as a percentage of total gross loans from 1.22 percent at December 31, 2006 to 1.15 percent at June 30, 2007.

Impairment of Goodwill

In connection with our annual assessment of goodwill of SVB Alliant we recognized impairment charges of $17.2 million during the second quarter of 2007. The impairment resulted from changes in our outlook for SVB Alliant’s future financial performance. After completion of remaining client transactions, all operations at SVB Alliant were ceased as of March 31, 2008.

Other Noninterest Expense

Other noninterest expense largely consisted of tax credit fund amortization, postage and supplies, Federal Deposit Insurance Corporation (“FDIC”) assessments, dues and publications expense and insurance expense. Other noninterest expense was $4.8 million for the three months ended September 30, 2008, compared to $3.7 million for the comparable 2007 period. The increase of $1.1 million was primarily related to increased FDIC assessments of $0.6 million due to a one-time credit received in 2007.

Other noninterest expense was $14.6 million for the nine months ended September 30, 2008, compared to $12.0 million for the comparable 2007 period. The increase of $2.6 million was primarily related to increased FDIC assessments of $1.5 million.

Minority Interest in Net Loss (Income) of Consolidated Affiliates

Minority interest in net loss (income) of consolidated affiliates is primarily related to the minority interest holders' portion of investment gains or losses and management fees in our managed funds. A summary of minority interest in net loss (income) of consolidated affiliates, for the three and nine months ended September 30, 2008 and 2007, respectively, is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
Net interest income (1)	$ (129)	$ (357)	(63.9)%	$ (492)	$ (1,045)	(52.9)%
Noninterest income (1)	(1,393)	(12,429)	(88.8)	(1,946)	(30,995)	(93.7)
Noninterest expense (1)	2,864	2,665	7.5	8,080	8,189	(1.3)
Carried interest (2)	351	(337)	(204.2)	1,803	(2,788)	(164.7)
Minority interest in net loss (income) of consolidated affiliates	$ 1,693	$(10,458)	(116.2)%	$ 7,445	$(26,639)	(127.9)%

(1) Represents minority interest share in net interest income, noninterest income, and noninterest expense of consolidated affiliates.
(2) Represents the preferred allocation of income earned by the general partners managing one of our sponsored debt funds and two of our managed funds of funds.

Minority interest in net loss of consolidated affiliates was $1.7 million for the three months ended September 30, 2008, compared to minority interest in net income of $10.5 million for the comparable 2007 period. Minority interest in net loss of consolidated affiliates of $1.7 million for the three months ended September 30, 2008 was primarily attributable to the following:

- Noninterest expense of $2.9 million, primarily related to management fees paid by our managed funds to the general partner entities at SVB Capital for funds management.
- Net investment losses and carried interest of $1.9 million from our funds of funds and $1.1 million in net investment losses and carried interest from our sponsored debt funds.
- Net investment gains of $4.1 million from two of our managed co-investment funds.

Minority interest in net income of consolidated affiliates of $10.5 million for the three months ended September 30, 2007 was primarily attributable to the following:

- Noninterest income of $12.4 million, primarily related to investment gains from our consolidated funds, particularly related to investment gains from two of our managed funds of funds of $11.2 million.
- Noninterest expense of $2.7 million primarily related to management fees paid by our managed funds to the general partners at SVB Capital for funds management.

Minority interest in net loss of consolidated affiliates was $7.4 million for the nine months ended September 30, 2008, compared to minority interest in net income of $26.6 million for the comparable 2007 period. Minority interest in net loss of consolidated affiliates of $7.4 million for the nine months ended September 30, 2008 was primarily attributable to noninterest expense of $8.1 million, primarily related to management fees paid by our managed funds. Minority interest in net income of consolidated affiliates of $26.6 million for the nine months ended September 30, 2007 was primarily attributable to the following:

- Noninterest income of $31.0 million, largely related to investment gains from our consolidated funds, particularly related to investment gains from three of our managed funds of funds and two of our sponsored debt funds, partially offset by net losses from one of our managed co-investment funds.
- Noninterest expense of $8.2 million primarily related to management fees paid by our managed funds.

Income Taxes

Our effective tax rate was 39.25 percent for the three months ended September 30, 2008, compared to 40.60 percent for the comparable 2007 period. The decrease in the tax rate was primarily attributable to the effect of more tax-advantaged investments on our overall pre-tax income.

Our effective tax rate was 40.90 percent for the nine months ended September 30, 2008, compared to 40.95 percent for the comparable 2007 period. The decrease in the tax rate was primarily attributable to the tax impact of lower non-deductible share-based compensation expense and the effect of more tax-advantaged investments on our overall pre-tax income, partially offset by an increase in the tax rate from the $3.9 million non-tax deductible loss related to our cash settlement of the early conversion of certain of our 2003 Convertible Notes.

At September 30, 2008, the total amount of unrecognized tax benefits was $0.3 million, the recognition of which would reduce our income tax expense by $0.3 million. At January 1, 2008, the total amount of unrecognized tax benefits was $1.1 million, the recognition of which would have reduced our income tax expense by $0.3 million. The decrease in the amount of unrecognized tax benefits was due to the expiration of the applicable statue of limitations for income tax exposures in California and Maryland. Total accrued interest and penalties at September 30, 2008 were $0.2 million.

Operating Segment Results

We have three operating segments in which we report our financial information: Commercial Banking, SVB Capital and Other Business Services.

In July 2007, we reached a decision to cease operations at SVB Alliant, our investment banking subsidiary, which provided advisory services in the areas of mergers and acquisitions, corporate finance, strategic alliances and private placements. We elected to have SVB Alliant complete a limited number of client transactions before finalizing its shut-down. As of March 31, 2008, all such client transactions had been completed, and all operations at SVB Alliant were ceased. Accordingly, SVB Alliant was no longer reported as an operating segment as of the second quarter of 2008. The results of operations for SVB Alliant have been included as part of the Reconciling Items column for the current as well as all prior periods presented.

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 Note 13 (Segment Reporting) of the “Notes to Interim Consolidated Financial Statements (unaudited)” under Part I, Item 1 in this report.

Our primary source of revenue is from net interest income, which is primarily the difference between interest earned on loans, net of funds transfer pricing, and interest paid on deposits, net of funds transfer pricing. Accordingly, our segments are reported using net interest income, net of funds transfer pricing (“FTP”). FTP is an internal measurement framework designed to assess the financial impact of a financial institution’s sources and uses of funds. It is the mechanism by which an earnings credit is given for deposits raised, and an earnings charge is made for funded loans. FTP is calculated by applying a transfer rate to pooled, or aggregated, loan and deposit volumes, effective January 1, 2008. Prior to January 1, 2008, FTP was calculated at an instrument level based on account characteristics.

We also evaluate performance based on noninterest income and noninterest expense, which are presented as components of segment operating profit or loss.

In calculating each operating segment’s noninterest expense, we consider the direct costs incurred by the operating segment as well as certain allocated direct costs. We are in the process of reviewing our allocation methodology and we may make changes to it in future periods. As part of this review, effective January 1, 2008, we began allocating certain corporate overhead costs to a corporate account. Prior to January 1, 2008, all overhead and support costs were allocated to the operating segments. Additionally, also effective January 1, 2008 we include our actual accrued incentive compensation expense at the segment level. Prior to January 1, 2008 we recorded the budgeted incentive compensation expense for each segment as its actual and any differences between segment budget and actual for incentive compensation was recorded in the Reconciling Items column. See additional discussion below under “Reconciliation of Segment and Consolidated Non Interest Expense.”

We do not allocate income taxes to our segments. Additionally, our management reporting model is predicated on average asset balances; therefore, period-end asset balances are not presented for segment reporting purposes. Total average assets equals total average assets from the general ledger effective January 1, 2008. Prior to January 1, 2008, total average assets were calculated as the greater of total average assets or total average deposits and total average stockholder’s equity combined.

The following is our segment information for the three and nine months ended September 30, 2008 and 2007, respectively. We have reclassified all prior period amounts to conform to the current period’s presentation.

Commercial Banking

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
Net interest income	$ 79,475	$ 86,333	(7.9)%	$ 236,932	$ 251,173	(5.7)%
Noninterest income	35,154	29,676	18.5	101,930	82,861	23.0
Noninterest expense	(25,711)	(22,853)	12.5	(76,039)	(71,088)	7.0
Income before income tax expense	$ 88,918	$ 93,156	(4.5)	$ 262,823	$ 262,946	(0.0)
Total average loans	$3,814,736	$2,798,173	36.3	$3,421,455	$2,577,989	32.7
Total average assets	3,848,441	2,822,026	36.4	3,457,107	2,593,091	33.3
Total average deposits	$4,415,124	$3,694,164	19.5%	$4,213,261	$3,626,022	16.2%

Three months ended September 30, 2008 and 2007

Net interest income from the Commercial Bank (“CB”) decreased by $6.8 million to $79.5 million for the three months ended September 30, 2008, compared to $86.3 million for the comparable 2007 period, primarily related to a decrease in earnings credit received on deposit products, partially offset by an increase in interest income from the CB’s loan portfolio. The decrease in interest income from earnings credit received on deposits was primarily related to decreases in short-term market interest rates, partially offset by increased volumes of deposits, primarily from our money market deposit product for early stage clients introduced in May 2007 and our sweep deposit product introduced in late October 2007. The increase in interest income from the CB's loan portfolio was primarily due to decreases in the earnings charge incurred by the CB for funded loans and growth in the CB's loan portfolio, partially offset by a decrease in our average base Prime lending rate to 5.00 percent for the three months ended September 30, 2008, compared to 8.19 percent the comparable 2007 period.

Noninterest income increased by $5.5 million to $35.2 million for the three months ended September 30, 2008, compared to $29.7 million for the comparable 2007 period, primarily related to fee income growth, largely driven by a $2.1 million increase in deposit service charges and a $1.9 million increase in foreign exchange fees. The increase in deposit service charges was primarily attributable to a decrease in the earnings credit rate obtained by clients to offset deposit service changes, which was primarily related to decreases in short-term market interest rates. The increase in foreign exchange fees was primarily due to increased client awareness of these products through our continued marketing efforts, as well as the positive impact of recent market volatility.

Noninterest expense increased by $2.8 million to $25.7 million for the three months ended September 30, 2008, compared to $22.9 million for the comparable 2007 period. The increase in noninterest expense was primarily related to an increase in compensation and benefits expense of $3.2 million, partially offset by a decrease in net occupancy expense of $0.6 million. The increase in compensation and benefits expense was primarily a result of a $1.1 million increase in our incentive compensation plan expense and a $2.0 million increase in salaries and wages expense related to an increase in the average number of FTE employees within the CB, which increased to 498 for the three months ended September 30, 2008, compared to 475 for the comparable 2007 period. The decrease in net occupancy expenses was primarily attributable to increased amortization of leasehold improvements in the third quarter of 2007 due to a change in the remaining lease term of certain domestic leases.

Nine months ended September 30, 2008 and 2007

The CB's net interest income decreased by $14.3 million to $236.9 million for the nine months ended September 30, 2008, compared to $251.2 million for the comparable 2007 period, primarily related to a decrease in interest income from earnings credit received on deposit products, partially offset by an increase in interest income from the CB's loan portfolio. The decrease in interest income from earnings credit received on deposits was primarily related to decreases in short-term market interest rates, partially offset by increased volumes of deposits, primarily from our money market deposit product for early stage clients introduced in May 2007 and our sweep deposit product introduced in late October 2007. The increase in interest income from the CB's loan portfolio was primarily due to decreases in the earnings charge incurred by the CB for funded loans and growth in the CB's loan portfolio, partially offset by a decrease in our average base Prime lending rate to 5.44 percent for the nine months ended September 30, 2008, compared to 8.23 percent for the comparable 2007 period.

Noninterest income increased by $19.0 million to $101.9 million for the nine months ended September 30, 2008, compared to $82.9 million for the comparable 2007 period, primarily related to fee income growth, largely driven by a $7.1 million increase in deposit service charges, a $6.7 million increase in foreign exchange fees and a $3.2 million increase in client investment fees. The increase in deposit service charges was primarily attributable to a decrease in the earnings credit rate obtained by clients to offset deposit service changes, which was primarily related to decreases in short-term market interest rates. The increase in foreign exchange fees was primarily due to higher volumes of transactions. The increase in client investment fees was primarily attributable to the growth in average client investment funds, particularly from an increase in funds from our later-stage technology clients, as well as an increase in funds from our private equity clients. This increase was partially offset by lower margins earned on repurchase agreements. In addition, we continue to face challenges in growing off-balance sheet funds due to the success of our new on-balance sheet deposit products, as well as the significant decline of IPO's.

Noninterest expense increased by $4.9 million to $76.0 million for the nine months ended September 30, 2008, compared to $71.1 million for the comparable 2007 period, primarily related to an increase in compensation and benefits expense of $7.5 million, partially offset by a decrease in net occupancy expense of $1.9 million primarily due to lease exit costs recognized in the second quarter of 2007. The increase in compensation and benefits expense was primarily a result of a $4.7 million increase in salaries and wages expense related to an increase in the average number of FTE employees at CB, which increased to 490 for the nine months ended September 30, 2008, compared to 467 for the comparable 2007 period, and a $2.9 million increase in our incentive compensation plan expense.

SVB Capital

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
Net interest income	$ 4	$ 166	(97.6)%	$ 155	$ 531	(70.8)%
Noninterest income	1,417	5,542	(74.4)	4,157	16,647	(75.0)
Noninterest expense	(6,055)	(1,756)	244.8	(15,610)	(8,357)	86.8
(Loss) income before income tax expense	$ (4,634)	$ 3,952	(217.3)	$ (11,298)	$ 8,821	(228.1)
Total average assets	$417,630	$314,043	33.0%	$387,241	$278,598	39.0%

SVB Capital's components of noninterest income primarily include net gains (losses) on investment securities, net gains (losses) on derivative instruments, and fund management fees, all net of minority interests and carried interest. When we refer to net gains (losses) on investment securities in the discussion below, we are referring to net gains (losses) from investment securities, net of minority interest and including carried interest. When we refer to net gains (losses) on derivative instruments in the discussion below, we are referring to net gains (losses) from derivative instruments, net of minority interest.

We experience variability in the performance of SVB Capital from quarter to quarter due to a number of factors, including changes in the values of our funds' investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains (losses) from investment securities and gains (losses) from derivative instruments and cause our results for a particular period not to be indicative of future performance. The valuation of our consolidated investment funds continues to be affected by a more discerning venture capital environment, a further softening of M&A activity among our portfolio companies in the third quarter of 2008, and a significant decline in IPO's in 2008.

Three months ended September 30, 2008 and 2007

Noninterest income decreased by $4.1 million to $1.4 million for the three months ended September 30, 2008, compared to $5.5 million for the comparable 2007 period, primarily related to net losses on investment securities for the three months ended September 30, 2008, compared to net gains on investment securities for the comparable 2007 period.

Net losses on investment securities totaled $0.9 million for the three months ended September 30, 2008, compared to net gains of $3.4 million for the comparable 2007 period. The net losses on investment securities of $0.9 million for the three months ended September 30, 2008 were primarily related to net losses of $0.6 million from our sponsored debt funds mainly attributable to decreases in the share prices of certain investments within one of our sponsored debt funds and net losses of $0.8 million from our SVB Financial private equity fund investments primarily from impairments. The net losses were partially offset by unrealized gains from our managed direct co-investment funds of $0.5 million primarily related to higher valuations in the funds' portfolio companies. The net gains of $3.4 million for the three months ended September 30, 2007 were primarily related to $1.8 million of net increases in the fair value of investments from two of our sponsored debt funds and net gains of $1.2 million from two of our managed funds of funds primarily related to net increases in fair values of fund investments and realized gains from distributions. Net gains on derivative instruments were $0.1 million for the three months ended September 30, 2008, compared to net gains of $0.8 million for the comparable 2007 period.

We received fund management fees of $2.2 million and $1.9 million for the three months ended September 30, 2008 and 2007, respectively. The increase in fund management fees was primarily from the closing of an additional managed fund of funds in the SVB Strategic Investors Fund family towards the end of the second quarter of 2008.

Noninterest expense increased by $4.3 million to $6.1 million for the three months ended September 30, 2008, compared to $1.8 million for the comparable 2007 period, primarily related to an increase in compensation and benefits expense and an increase in expenses related to professional services. The increase in compensation and benefits expense was primarily a result of growth in the number of average FTE employees at SVB Capital, which increased to 43 for the three months ended September 30, 2008, compared to 24 for the comparable 2007 period.

Nine months ended September 30, 2008 and 2007

Noninterest income decreased by $12.4 million to $4.2 million for the nine months ended September 30, 2008, compared to $16.6 million for the comparable 2007 period, primarily related to net losses on investment securities for the nine months ended September 30, 2008, compared to net gains on investment securities for the comparable 2007 period.

Net losses on investment securities totaled $2.2 million for the nine months ended September 30, 2008, compared to net gains of $8.9 million for the comparable 2007 period. The net losses on investment securities of $2.2 million for the nine months ended September 30, 2008 were primarily related to net losses of $3.2 million primarily from valuations at one of our sponsored debt funds mainly attributable to decreases in the share price of certain investments and net losses of $1.1 million from our SVB Financial private equity fund investments primarily from impairments. The net losses were partially offset by net gains of $1.7 million from our managed funds, primarily due to realized gains from distributions.

The net gains of $8.9 million for the nine months ended September 30, 2007 were primarily related to $5.7 million of gains from our sponsored debt funds and $2.6 million of net gains from two of our managed funds of funds, primarily related to net increases in the fair value of fund investments and realized gains from distributions. Net gains on derivative instruments were $0.2 million for the nine months ended September 30, 2008, compared to $1.0 million for the comparable 2007 period.

We received fund management fees of $6.1 million and $6.6 million for the nine months ended September 30, 2008 and 2007, respectively. The decrease in 2008 compared to 2007 was primarily due to closes of three of our managed funds during the second quarter of 2007 which resulted in additional management fees from the new limited partners for the nine months ended September 30, 2007.

Noninterest expense increased by $7.2 million to $15.6 million for the nine months ended September 30, 2008, compared to $8.4 million for the comparable 2007 period, primarily related to an increase in compensation and benefits expense. The increase in compensation and benefits expense was primarily a result of growth in the number of average FTE employees at SVB Capital, which increased to 39 for the nine months ended September 30, 2008, compared to 22 for the comparable 2007 period.

Other Business Services

Our Other Business Services group includes SVB Private Client Services, SVB Global, SVB Analytics, and SVB Wine Division.

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
Net interest income	$ 10,438	$ 8,201	27.3%	$ 31,052	$ 24,945	24.5%
Noninterest income	2,783	2,525	10.2	8,231	5,442	51.2
Noninterest expense	(10,897)	(7,856)	38.7	(31,744)	(23,967)	32.4
Income before income tax expense	$ 2,324	$ 2,870	(19.0)	$ 7,539	$ 6,420	17.4
Total average loans	$1,003,243	$800,818	25.3	$937,289	$798,907	17.3
Total average assets	1,035,262	822,954	25.8	966,824	820,455	17.8
Total average deposits	400,058	236,710	69.0	423,794	248,264	70.7
Goodwill	$ 4,092	$ 4,092	— %	$ 4,092	$ 4,092	— %

Net Interest Income – Other Business Services

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
SVB Private Client Services	$ 3,681	$ 3,603	2.2%	$11,185	$10,735	4.2%
SVB Global	3,298	1,728	90.9	9,143	5,598	63.3
SVB Analytics	(30)	(36)	(16.7)	(108)	(107)	0.9
SVB Wine Division	3,489	2,906	20.1	10,832	8,719	24.2
Total Other Business Services	$ 10,438	$ 8,201	27.3%	$31,052	$24,945	24.5%

Three and nine months ended September 30, 2008 and 2007

The increases in net interest income of $2.2 million and $6.2 million to $10.4 million and $31.1 million for the three and nine months ended September 30, 2008, respectively, compared to $8.2 million and $24.9 million for the comparable 2007 periods, were primarily due to increases from SVB Global and SVB Wine Division. The increases in net interest income for SVB Global were primarily due to our increased focus on serving our international venture fund clients, which resulted in an increase in average deposit balances. The increase in net interest income for SVB Wine Division was primarily due to decreases in the earnings charge incurred by SVB Wine Division for funded loans, primarily related to decreases in short-term market interest rates.

Noninterest Income – Other Business Services

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
SVB Private Client Services	$ 176	$ 272	(35.3)%	$ 642	$ 741	(13.4)%
SVB Global	531	564	(5.9)	1,369	1,054	29.9
SVB Analytics	1,874	1,500	24.9	5,646	3,056	84.8
SVB Wine Division	202	189	6.9	574	591	(2.9)
Total Other Business Services	$ 2,783	$ 2,525	10.2%	$ 8,231	$ 5,442	51.2%

Three and nine months ended September 30, 2008 and 2007

The increases in noninterest income of $0.3 million and $2.8 million to $2.8 million and $8.2 million for the three and nine months ended September 30, 2008, respectively, compared to $2.5 million and $5.4 million for the comparable 2007 periods, were primarily due to increases from SVB Analytics. SVB Analytics' revenues increased by $0.4 million and $2.5 million to $1.9 million and $5.6 million for the three and nine months ended September 30, 2008, respectively, compared to $1.5 million and $3.1 million for the comparable 2007 periods, primarily as a result of an increase in the number of clients. The number of clients (for SVB Analytics only) increased to 210 and 604 for the three and nine months ended September 30, 2008, compared to 148 and 260 for the comparable 2007 periods.

Noninterest Expense – Other Business Services

(Dollars in thousands)	Three months ended September 30, 2008	2007	% Change	Nine months ended September 30, 2008	2007	% Change
SVB Private Client Services	$ 2,440	$ 1,363	79.0%	$ 7,691	$ 5,958	29.1%
SVB Global	4,371	2,754	58.7	12,723	8,110	56.9
SVB Analytics	2,807	2,635	6.5	7,465	6,076	22.9
SVB Wine Division	1,279	1,104	15.9	3,865	3,823	1.1
Total Other Business Services	$ 10,897	$ 7,856	38.7%	$ 31,744	$ 23,967	32.4%

Three and nine months ended September 30, 2008 and 2007

The increases in noninterest expense of $3.0 million and $7.7 million to $10.9 million and $31.7 million for the three and nine months ended September 30, 2008, respectively, compared to $7.9 million and $24.0 million for the comparable 2007 periods were primarily due to increases for SVB Private Client Services, SVB Global and SVB Analytics. The increase in SVB Private Client Services expense was primarily related to the establishment of the SVB Private Equity Relationship group. The increase in SVB Global's expense was primarily related to an increase in allocated compensation and benefits expense as a result of our focus on global initiatives, as well as an increase the average number of FTE employees, which increased to 29 and 26 for the three and nine months ended September 30, 2008, compared to 24 and 23 for the comparable 2007 periods. The increase in SVB Analytics's expense was a result of continued growth in this business.

Reconciliation of Segment and Consolidated Company Noninterest Expense

At the consolidated company level, for the three and nine months ended September 30, 2008 compared to the same periods in 2007, the Company's reported compensation and benefits costs decreased (see discussion above under " Noninterest Expense – Compensation and Benefits". However, within our business segments, as discussed above, we noted that noninterest expense increased for the three and nine months ended September 30, 2008 when compared to the comparable periods in 2007 due principally to increases in compensation and benefits expense.

The primary drivers for the overall, Company level decrease in compensation and benefits expense from 2007 to 2008 was the result of the following factors which under our management reporting do not get recorded at the business segment level but instead are recorded at the administrative / corporate level and are included in the "Reconciling Items" column above.

- Results for the three and nine months ended September 30, 2007 included the compensation and benefits expense related to Alliant, our former investment banking unit that we shut down in March 2008. Total noninterest expense related to Alliant for the three and nine months ended September 30, 2007 was $5.6 million and $33.3 million respectively.
- Incentive compensation in 2007 was significantly higher relative to the 2007 budget as the Company's performance substantially exceeded expected targets for incentive compensation plans. However, the 2008 incentive compensation and benefits expense is lower relative to 2007 due to the 2008 Company performance not exceeding targets for incentive compensation plans at the same levels as in 2007.
- Additionally, for 2007, we recorded the difference between budget and actual amounts of incentive compensation for all segments in the "Reconciling Items" column. These amounts were $6.1 million and $9.1 million for the three and nine months ended September 30, 2007 respectively.
- The above decreases were partially offset by increases in the number of employees to support our growth and annual salary increases in 2008 compared to 2007.

Consolidated Financial Condition – SVB Financial Group and Subsidiaries

Our total assets were $8.07 billion at September 30, 2008, an increase of $1.38 billion, or 20.6 percent, compared to $6.69 billion at December 31, 2007.

Securities Purchased Under Agreements to Resell and Other Short-Term Investments

Interest earning deposits, securities purchased under agreements to resell and other short-term investments totaled $379.1 million at September 30, 2008, an increase of $20.4 million, or 5.7 percent, compared to $358.7 million at December 31, 2007. The increase was primarily due to increased levels of money market mutual funds of $64.5 million, securities purchased under agreements to resell of $24.8 million and interest bearing deposits of $6.5 million, partially offset by lower levels of short-term agency discount notes of $75.4 million.

Investment Securities

Investment securities totaled $1.78 billion at September 30, 2008, an increase of $177.4 million, or 11.1 percent, compared to $1.60 billion at December 31, 2007. The increase in investment securities was primarily related to increases in our non-marketable securities, mainly due to continued investments by SVB Capital and increases in the balances of our marketable securities, particularly our mortgage-backed securities and collateralized mortgage obligations.

Marketable Securities

Marketable securities consist of our available-for-sale fixed income investment portfolio and marketable securities accounted for under investment company fair value accounting.

Our fixed income investment portfolio is managed to maximize portfolio yield over the long-term in a manner consistent with our liquidity, credit diversification and asset/liability strategies. All securities in our fixed income investment portfolio are currently held as available-for-sale. Available-for-sale securities were $1.34 billion at September 30, 2008, an increase of $79.7 million, or 6.3 percent, compared to $1.26 billion at December 31, 2007. The increase was primarily related to a $74.8 million increase in our mortgage-backed securities, a $46.4 million increase in our collateralized mortgage obligations and a $23.8 million increase in our non-taxable investment securities, partially offset by a $39.7 million decrease in our U.S. agency securities and a $10.1 million decrease in our U.S. treasury securities, primarily due to scheduled maturities and paydowns. The duration of our fixed income investment portfolio increased to 2.5 years at September 30, 2008, compared to 2.3 years at December 31, 2007. Changes in portfolio duration are impacted by the effect of changing interest rates on mortgage-backed securities and collateralized mortgage obligations as well as changes in the mix of longer versus shorter term to maturity securities. A relative increase in mortgage-backed securities and collateralized mortgage obligations versus other portfolio securities and an increase in longer-term municipal bonds relative to holdings in shorter-term US Treasury and Agency bonds contributed to the increase in portfolio duration.

Marketable securities accounted for under investment company accounting represents investments managed by SVB Capital that were originally made within our non-marketable securities portfolio and have been converted into publicly-traded shares. Marketable securities were $2.3 million at September 30, 2008, a decrease of $1.3 million, or 36.1 percent, compared to $3.6 million at December 31, 2007.

Non-Marketable Securities

Non-marketable securities primarily represent investments managed by SVB Capital as part of our investment funds management business and include funds of funds, co-investment funds and sponsored debt funds, as well as direct equity and fund investments. Non-marketable securities were $438.9 million ($152.9 million net of minority interests) at September 30, 2008, an increase of $99.0 million, or 29.1 percent, compared to $339.9 million ($115.7 million net of minority interests) at December 31, 2007. The increase of $99.0 million was primarily related to a $37.2 million increase in private equity fund investments accounted for using investment company fair value accounting, a $34.8 million increase in other private equity investments accounted for using investment company fair value accounting, and a $26.2 million increase in private equity fund investments accounted for using cost method accounting. The increase of $37.2 million in private equity fund investments was due to additional investments made by each of our managed funds, with particular growth in SVB Strategic Investors Fund III, LP. The increase of $34.8 million in other private equity investments related primarily to additional investments from SVB Capital Partners II, LP. The increase of $26.2 million in private equity fund investments related primarily to additional contributions to SVB Financial's direct investment in private equity funds. These increases were partially offset by a decrease of $9.8 million in other investments accounted for using investment company fair value accounting related primarily to lower valuations and from the conversion of certain loan investments into marketable securities from one of our sponsored debt funds.

Loans

Loans, net of unearned income were $5.29 billion at September 30, 2008, an increase of $1.14 billion, or 27.5 percent, compared to $4.15 billion at December 31, 2007. Unearned income was $38.2 million at September 30, 2008, an increase of $11.8 million, or 44.7 percent, compared to $26.4 million at December 31, 2007. The majority of our loans are commercial in nature. Total gross loans were $5.32 billion at September 30, 2008, an increase of $1.14 billion, or 27.3 percent, compared to $4.18 billion at December 31, 2007. The breakdown of total gross loans by industry sector is as follows:

Industry Sector (Dollars in thousands)	September 30, 2008 Amount	 Percentage	December 31, 2007 Amount	 Percentage
Technology (1)	$2,477,221	46.5%	$1,948,925	46.6%
Private Equity	1,111,047	20.9	773,932	18.5
Life Sciences (1)	539,190	10.1	407,856	9.8
Private Client Services	516,950	9.7	402,563	9.6
Premium Wine	403,208	7.6	375,562	9.0
All Other Sectors	275,707	5.2	269,260	6.5
Total Gross Loans	$5,323,323	100.0%	$4,178,098	100.0%

(1) Included in the technology and life science niches are loans provided to emerging growth clients, which represent approximately 11 percent of total gross loans at September 30, 2008, compared to 14 percent at December 31, 2007.

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Credit Quality, Allowance for Loan Losses and Reserve for Unfunded Credit Commitments

Nonperforming assets consist of loans past due 90 days or more, loans on nonaccrual status and foreclosed property classified as Other Real Estate Owned (“OREO”). All nonperforming loans represent impaired loans. The table below sets forth certain data and ratios between nonperforming loans, nonperforming assets and the allowance for loan losses:

(Dollars in thousands)	September 30, 2008	December 31, 2007
Nonperforming loans:		
Loans past due 90 days or more	$ 247	$ —
Nonaccrual loans	9,140	7,634
Total nonperforming loans	9,387	7,634
OREO	1,385	1,908
Total nonperforming assets	$ 10,772	$ 9,542
Nonperforming loans as a percentage of total gross loans	0.18%	0.18%
Nonperforming assets as a percentage of total assets	0.13%	0.14%
Allowance for loan losses	$ 60,290	$ 47,293
As a percentage of total gross loans	1.13%	1.13%
As a percentage of nonperforming loans	642.27%	619.50%
Reserve for unfunded credit commitments (1)	$ 13,091	$ 13,446

(1) The “Reserve for unfunded credit commitments” is included as a component of “Other Liabilities”. See “Reduction of the Provision for Unfunded Credit Commitments” above for a discussion of the changes to the reserve.

Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets at September 30, 2008 and December 31, 2007 is as follows:

(Dollars in thousands)	September 30, 2008	December 31, 2007	% Change
Derivative assets, gross (1)	$ 82,344	$ 65,598	25.5%
Deferred tax assets and income tax receivable, net	67,142	69,026	(2.7)
Accrued interest receivable	36,354	30,624	18.7
FHLB and FRB stock	33,379	27,210	22.7
OREO	1,385	1,908	(27.4)
Other	56,518	64,296	(12.1)
Total accrued interest receivable and other assets	$ 277,122	$ 258,662	7.1%

(1) See “Derivatives, Net” section below.

Accrued Interest Receivable

Accrued interest receivable consists of interest on investment securities and loans. The increase of $5.8 million from December 31, 2007 was primarily due to an increase in interest receivable on loans due to growth in our loan portfolio.

Federal Home Loan Bank (“FHLB”) and Federal Reserve Bank (“FRB”) Stock

Our FHLB and FRB stock are restricted, as we are required to hold shares of FHLB and FRB stock under the Bank’s borrowing agreements. We had $23.5 million and $17.9 million in FHLB stock at September 30, 2008 and December 31, 2007, respectively, and $9.9 million and $9.3 million in FRB stock at September 30, 2008 and December 31, 2007, respectively. The increase in FHLB stock was due to higher capital stock requirements at the Federal Home Loan Bank.

Derivatives, Net

Derivative instruments are recorded as a component of other assets and other liabilities on the balance sheet. The following table provides a summary of derivative assets (liabilities), net at September 30, 2008 and December 31, 2007:

(Dollars in thousands)	September 30, 2008	December 31, 2007	% Change
Assets (liabilities):			
Equity warrant assets	$ 39,054	$ 31,317	24.7%
Interest rate swaps—assets	28,199	21,499	31.2
Interest rate swaps—liabilities	(847)	(1,304)	(35.0)
Foreign exchange forward and option contracts—assets	15,091	12,782	18.1
Foreign exchange forward and option contracts—liabilities	(10,797)	(11,196)	(3.6)
Covered call options—liabilities (1)	(1)	—	—
Total derivatives, net	$ 70,699	$ 53,098	33.1%

(1) Represents covered call options held by one of our sponsored debt funds.

Equity Warrant Assets

As part of negotiated credit facilities and certain other services, we frequently obtain rights to acquire stock in the form of equity warrant assets in certain client companies. The change in fair value of equity warrant assets is recorded in gains on derivatives instruments, net, in noninterest income, a component of consolidated net income. The following table provides a summary of transactions and valuation changes for equity warrant assets for the three and nine months ended September 30, 2008 and 2007, respectively:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in thousands)	2008	2007	2008	2007
Balance, beginning of period	$ 36,463	$ 35,536	$ 31,317	$ 37,725
New equity warrant assets	2,646	1,932	7,409	5,291
Non-cash increases in fair value	1,265	2,043	4,523	5,640
Exercised equity warrant assets	(370)	(3,109)	(2,300)	(10,787)
Terminated equity warrant assets	(950)	(514)	(1,895)	(1,981)
Balance, end of period	$ 39,054	$ 35,888	$ 39,054	$ 35,888

Interest Rate Swaps

Concurrent with the issuance of $250.0 million in 5.70% senior notes and $250.0 million in 6.05% subordinated notes in May 2007, we entered into interest rate swap agreements, whereby we swapped the fixed interest rate of the notes with a variable interest rate based on LIBOR to hedge against the risk of changes in fair values due to changes in interest rates. The interest rate swap agreement for the senior notes provided a cash benefit of $1.5 million and $3.1 million for the three and nine months ended September 30, 2008, respectively, compared to interest expense of $0.3 million and $0.4 million for the comparable 2007 periods. The interest rate swap agreement for the subordinated notes provided a cash benefit of $1.6 million and $3.3 million for the three and nine months ended September 30, 2008, respectively, compared to interest expense of $0.2 million and $0.3 million for the comparable 2007 periods. The cash benefits for the senior and subordinated notes were recognized in the consolidated statements of income as a reduction in interest expense.

The interest rate swap agreement related to our 7.0% junior subordinated debentures provided a cash benefit of $0.4 million and $0.9 million for the three and nine months ended September 30, 2008, respectively, compared to $39 thousand and $0.1 million for the comparable 2007 periods. The cash benefit was recognized in the consolidated statements of income as a reduction in interest expense. For the three and nine months ended September 30, 2008, we recorded a net loss resulting from a non-cash decrease in fair value of the hedge agreement of $10 thousand and a net gain resulting from a non-cash increase in fair value of the hedge agreement of $0.4 million, respectively, which was reflected in gains on derivative instruments, net. For the three and nine months ended September 30, 2007, we recorded net losses resulting from non-cash decreases in fair value of the hedge agreement of $0.3 million and $0.1 million, respectively, which were reflected in gains on derivative instruments, net.

Foreign Exchange Forward and Foreign Currency Option Contracts

At September 30, 2008 and December 31, 2007, the aggregate notional amounts of our foreign exchange forward contracts were $576.3 million and $580.9 million, respectively. Our maximum credit risk for counterparty nonperformance for foreign exchange forward contracts with both clients and correspondent banks at September 30, 2008 and December 31, 2007 amounted to $14.8 million and $12.3 million, respectively.

At September 30, 2008 and December 31, 2007, the aggregate notional amounts of our foreign currency option contracts totaled $9.4 million and $63.9 million, respectively. Our maximum credit risk to nonperformance of counterparties at September 30, 2008 and December 31, 2007 was $0.3 million and $0.5 million, respectively.

Convertible Note Hedges

2003 Convertible Notes

Concurrent with the issuance of our 2003 Convertible Notes, we entered into a convertible note hedge agreement (purchased call option) at a cost of $39.3 million, and a warrant agreement providing proceeds of $17.4 million with respect to our common stock, with the objective of decreasing our exposure to potential dilution from conversion of the 2003 Convertible Notes.

At issuance, under the terms of the convertible note hedge, upon the occurrence of conversion events, we had the right to purchase up to 4,460,610 shares of our common stock from the counterparty at a price of $33.6277 per common share. The cost of the convertible note hedge was included in stockholders' equity in accordance with the guidance in Emerging Issues Task Force ("EITF") 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's own Stock* ("EITF 00-19"). Upon maturity of the 2003 Convertible Notes on June 15, 2008, we exercised the right to purchase 1,406,043 shares under the terms of the convertible note hedge agreement. The convertible note hedge agreement expired on June 15, 2008.

At issuance, under the warrant agreement, the counterparty could purchase up to 4,460,608 shares of our common stock at $51.34 per share, upon the occurrence of conversion events. The remaining warrants under the warrant agreement expired unexercised on June 15, 2008.

2008 Convertible Notes

Concurrent with the issuance of the 2008 Convertible Notes, we entered into a convertible note hedge agreement (purchased call option) at a cost of $41.8 million, and a warrant agreement providing proceeds of $21.2 million with respect to our common stock, with the objective of decreasing our exposure to potential dilution from conversion of the 2008 Convertible Notes.

At issuance, under the terms of the convertible note hedge, upon the occurrence of conversion events, we have the right to purchase up to 4,713,125 shares of our common stock from the counterparty at a price of $53.04 per common share. The convertible note hedge agreement will expire on April 15, 2011. We have the option to settle any amounts due under the convertible note hedge either in cash or net shares of our common stock. The cost of the convertible note hedge is included in stockholders' equity in accordance with the guidance in EITF 00-19. The call option under the convertible note hedge is exercisable in the event of a note conversion. For the three months ended September 30, 2008, there were no note conversions and, consequently, no exercises under the call option.

At issuance, under the warrant agreement, the counterparty can purchase up to 4,713,125 shares of our common stock at $64.43 per share, upon the occurrence of the conversion events referenced above. The warrant transaction will expire ratably on a series of expiration dates commencing on July 15, 2011. The warrant is exercisable in the event of a note conversion. For the three months ended September 30, 2008, there were no note conversions and, consequently, no exercises under the warrant.

Deposits

Deposits were $5.43 billion at September 30, 2008, an increase of $821.4 million, or 17.8 percent, compared to $4.61 billion at December 31, 2007. The increase in our deposit balance was primarily due to increases in balances of all our interest-bearing deposits, with particular growth in our sweep deposit product introduced in October 2007 and our money market deposit product for early stage clients introduced in May 2007, partially offset by a decrease in our noninterest-bearing demand deposits. Our sweep deposit product increased by $350.4 million to $422.5 million at September 30, 2008, compared to $72.1 million at December 31, 2007. Our money market deposit product for early stage clients increased by $217.7 million to $607.0 million at September 30, 2008, compared to $389.3 million at December 31, 2007. At September 30, 2008, 40.5 percent of our total deposits were interest-bearing deposits, compared to 30.0 percent at December 31, 2007. We expect this percentage to increase as we continue to grow our interest-bearing deposits.

At September 30, 2008, the aggregate balance of time deposit accounts individually exceeding $100,000, totaled $336.0 million, compared to $286.0 million at December 31, 2007. At September 30, 2008, substantially all time deposit accounts exceeding $100,000 in balances were scheduled to mature within one year. No material portion of our deposits has been obtained from a single depositor and the loss of any one depositor would not materially affect our business.

Short-Term Borrowings and Long-Term Debt

Short-Term Borrowings

At September 30, 2008 and December 31, 2007, we had short-term borrowings of $425.0 million and $90.0 million, respectively. Short-term borrowings include federal funds purchased and FHLB advances and have a remaining maturity of one year or less. The increase in short-term borrowings of $335.0 million at September 30, 2008, compared to December 31, 2007 was primarily used to fund our loan growth.

Long-Term Debt

At September 30, 2008 and December 31, 2007, we had long-term debt of $981.9 million and $875.3 million, respectively. At September 30, 2008, long-term debt included FHLB advances, 5.70% senior and 6.05% subordinated notes, 2008 Convertible Notes, junior subordinated debentures, and other long-term debt. The increase in long-term debt of $106.6 million at September 30, 2008, compared to December 31, 2007, was primarily attributable to the issuance of $250 million of 2008 Convertible Notes in April 2008, partially offset by the maturity of our 2003 Convertible Notes on June 15, 2008. Please refer to the discussion of the issuance of our 2008 Convertible Notes and the settlement of our 2003 Convertible Notes in Note 9 (Short-Term Borrowings and Long-Term Debt) of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 in this report.

Other Liabilities

A summary of other liabilities at September 30, 2008 and December 31, 2007, respectively, is as follows:

(Dollars in thousands)	September 30, 2008	December 31, 2007	% Change
Accrued compensation	$ 47,664	$ 67,484	(29.4)%
Reserve for unfunded credit commitments	13,091	13,446	(2.6)
Derivative liabilities, gross (1)	11,645	12,500	(6.8)
Other	103,340	105,813	(2.3)
Total other liabilities	$ 175,740	$ 199,243	(11.8)%

(1) See "Derivatives, Net" section above.

Accrued Compensation

Accrued compensation primarily consists of accrued vacation, the Incentive Compensation Plan, Retention Program, ESOP, Direct Drive Incentive Compensation Plan, and the Warrant Incentive Plan. The decrease of $19.8 million was primarily due to 2007 annual incentive compensation payouts received by employees in February 2008, partially offset by additional compensation accruals made in 2008. Additionally, our incentive compensation accruals as of September 30, 2008 are at lower levels compared to September 30, 2007.

Minority Interest In Capital of Consolidated Affiliates

Minority interest in capital of consolidated affiliates totaled $325.0 million and $240.1 million at September 30, 2008 and December 31, 2007, respectively. The increase of $84.9 million was primarily due to equity transactions, which included $97.4 million of contributed capital, primarily from investors in four of our managed funds for the purpose of investing in limited partnerships and portfolio companies, partially offset by $5.0 million in distributions to the minority interest holders and $7.4 million of net losses and carried interest from consolidated affiliates, primarily from our managed funds of funds and one of our sponsored debt funds.

Capital Resources

Our management seeks to maintain adequate capital to support anticipated asset growth, operating needs and credit risks, and to ensure that SVB Financial and the Bank are in compliance with all regulatory capital guidelines. Our primary sources of new capital include retained earnings and proceeds from the sale and issuance of common stock or other securities.

Common Stock

We repurchased 1.0 million shares totaling $45.6 million for the nine months ended September 30, 2008, compared to 1.9 million shares totaling $97.3 million for the comparable 2007 period. On July 24, 2008, our Board of Directors approved a stock repurchase program authorizing us to purchase up to $150 million of our common stock, which expires on December 31, 2009.

From time to time, we may implement a non-discretionary trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, under which we automatically repurchase shares of our common stock pursuant to a predetermined formula for a specified period of time.

As of close of business on November 1, 2008, $150.0 million of our common stock remain authorized for repurchase under our common stock repurchase program. Given the challenges of the current capital markets environment and our plans for continued investment in our business to support future growth, we are inclined to retain our capital and maintain sufficient liquidity, and as a result, do not currently expect to repurchase shares at a level that is comparable to recent past quarters. We will continue to evaluate this position on an ongoing basis.

Stockholders' Equity

Stockholders' equity totaled $730.7 million at September 30, 2008, an increase of $54.0 million, or 8.0 percent, compared to $676.7 million at December 31, 2007. This increase was primarily the result of net income and the issuance of stock options during the nine months ended September 30, 2008, partially offset by common stock repurchases and the net cost of the convertible note hedge and warrant agreement entered into concurrently with the issuance of our 2008 Convertible Notes. SVB Financial has not paid a cash dividend on our common stock since 1992 and, as of September 30, 2008, there were no plans for any 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 regular 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 and future business activities. Expected future activities for which capital may be set aside for include funding for loan growth, potential product and business expansions and strategic or infrastructure investments.

Capital Ratios

Both SVB Financial and the 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, for a well-capitalized depository institution. Under the same capital adequacy guidelines, a well-capitalized depository institution must maintain a minimum Tier 1 leverage ratio (Tier 1 Capital divided by quarterly average assets) of 5.0%.

Both SVB Financial and the Bank's capital ratios were in excess of regulatory guidelines for a well-capitalized depository institution at September 30, 2008 and December 31, 2007. Capital ratios for SVB Financial and the Bank are set forth below:

	September 30, 2008	December 31, 2007
SVB Financial:		
Total risk-based capital ratio	14.25%	16.02%
Tier 1 risk-based capital ratio	9.94	11.07
Tier 1 leverage ratio	10.80%	11.91%
Bank:		
Total risk-based capital ratio	13.44%	14.51%
Tier 1 risk-based capital ratio	9.03	9.41
Tier 1 leverage ratio	10.04%	10.19%

The decrease in the total risk-based and Tier 1 capital ratios for SVB Financial at September 30, 2008, compared to December 31, 2007, was primarily due to favorable growth in loans relative to growth in lower risk-weighted assets in conjunction with accumulated share repurchase activity during the period. For the same period, relatively smaller decreases in the total risk-based and Tier 1 capital ratios for the Bank were affected by the same relative increases in risk-weighted assets but were beneficially offset by increases in retained earnings at the Bank. For both SVB Financial and the Bank, decreases in the Tier 1 leverage ratio were reflective of net changes in total and Tier 1 capital (inclusive of share repurchase activity and dividends paid from the Bank to the holding company) and higher average period end assets (driven by favorable loan growth) at September 30, 2008 compared to December 31, 2007.

Off-Balance Sheet Arrangements

In the normal course of business, we use financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial and standby letters of credit, credit card guarantees and commitments to invest in private equity fund investments. These instruments involve, to varying degrees, elements of credit risk. Credit risk is defined as the possibility of sustaining a loss because other parties to the financial instrument fail to perform in accordance with the terms of the contract. Please refer to the discussion of our off-balance sheet arrangements in Note 14 (Obligations under Guarantees) of the “Notes to Interim Consolidated Financial Statements (unaudited)” under Part I, Item 1 in this report.

Liquidity

The objective of liquidity management is to ensure that funds are available in a timely manner to meet our financial needs, including paying creditors, meeting depositors’ needs, accommodating loan demand and growth, fund investments, repurchasing shares and other capital needs, without incurring undue cost or risk, or 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 (“ALCO”), which is a management 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.

Historically, we have attracted a stable, low-cost deposit base, which has been our primary source of liquidity. From time to time, depending on market conditions, prevailing interest rates or our introduction of additional interest-bearing deposit products, our deposit levels and cost of deposits may fluctuate. We introduced an interest-bearing money market deposit product for early stage clients in the second quarter of 2007 and an interest-bearing sweep deposit product in late October 2007. We continue to expand on opportunities to increase our liquidity and take steps to carefully manage our liquidity.

We have increased our use of other sources of liquidity available to us, primarily our long-term indebtedness. Our long-term debt outstanding increased by $126.5 million to $981.9 million at September 30, 2008, compared to $875.3 million at December 31, 2007, primarily due to the issuance of $250.0 million in 3.875% convertible senior notes in April 2008. We used $141.9 million of the net proceeds to settle the conversion of our zero-coupon convertible subordinated notes, which matured in June 2008. All of the remaining proceeds were used for general corporate purposes.

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, 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.

On a stand-alone basis, SVB Financial’s primary liquidity channels include dividends from the Bank, its investment portfolio assets, cash and cash equivalents, and its ability to raise debt and capital. The ability of the Bank to pay dividends is subject to certain regulations described in “Business–Supervision and Regulation–Restriction on Dividends” under Part I, Item 1 of our 2007 Form 10-K.

Consolidated Summary of Cash Flows

Below is a summary of our average cash position and statement of cash flows for the nine months ended September 30, 2008 and 2007, respectively. Please refer to our Interim Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2008, and 2007 under Part I, Item 1 in this report.

	Nine months ended September 30,	
(Dollars in thousands)	**2008**	**2007**
Average cash and due from banks	$ 256,343	$ 276,202
Average federal funds sold, securities purchased under agreements to resell and other short-term investment securities	484,892	326,761
Average cash and cash equivalents	$ 741,235	$ 602,963
Percentage of total average assets	10.4%	10.2%
Net cash provided by operating activities	$ 113,327	$ 130,423
Net cash used for investing activities	(1,359,527)	(175,457)
Net cash provided by financing activities	1,314,735	71,568
Net increase in cash and cash equivalents	$ 68,535	$ 26,534

Average cash and cash equivalents increased by $138.2 million to $741.2 million for the nine months ended September 30, 2008, compared to $603.0 million for the comparable 2007 period, primarily to due to net proceeds of $243.2 million from the issuance of our 2008 Convertible Notes in April 2008. We used $141.9 million of the net proceeds to settle the conversion of our 2003 Convertible Notes, which matured on June 15, 2008.

Cash provided by operating activities was $113.3 million for the nine months ended September 30, 2008, which included net income of $76.2 million. Significant adjustments for noncash items that increased cash provided by operating activities included $29.8 million related to the provision for loan losses, $18.6 million of depreciation and amortization, $16.4 million related to deferred income tax benefits and $10.9 million of share-based compensation amortization. Significant adjustments for noncash items that decreased cash provided by operating activities included $7.4 million of minority interest in net losses of consolidated affiliates, $6.9 million of net changes in the fair value of derivatives and $6.1 million of amortization of deferred warrant-related loan fees. Additionally, cash provided by operating activities decreased by $19.8 million primarily due to a decrease in accrued compensation related to annual incentive compensation payouts received by employees during the three months ended March 31, 2008.

Cash used for investing activities was $1.36 billion for the nine months ended September 30, 2008. Net cash outflow was driven primarily by a net increase in loans of $1.16 billion, purchases of available-for-sale securities of $302.3 million, purchases of non-marketable securities of $129.7 million and purchases of premises and equipment of $6.0 million. Net cash inflows related primarily to proceeds from the sales, maturities and pay downs of available-for-sale securities of $198.6 million, and non-marketable securities of $31.0 million.

Cash provided by financing activities was $1.31 billion for the nine months ended September 30, 2008. Net cash inflow was driven primarily by increases in deposits of $821.4 million, increases in short-term borrowings of $335.0 million, net proceeds of $243.2 million from the issuance of our 2008 Convertible Notes, capital contributions, net of distributions, from minority interests of $92.3 million and proceeds from the issuance of our common stock and Employee Stock Purchase Plan ("ESPP") of $29.8 million. Net cash outflows related primarily to the early conversion and final settlement of our 2003 Convertible Notes of $149.7 million, common stock repurchases of $45.6 million and the net cost of the convertible note hedge and warrant agreement related to our 2008 Convertible Notes of $20.6 million.

Other Considerations

In October 2008, the U.S. Department of Treasury ("Treasury") announced its Troubled Asset Relief Program ("TARP") Capital Purchase Program (the "CPP") to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. Under the CPP, Treasury intends to purchase up to $250 billion of senior preferred shares and warrants to purchase common stock pursuant to certain standardized terms. The CPP is available to qualifying U.S. controlled banks, savings associations and certain bank and savings and loan holding companies that meet certain eligibility requirements.

The maximum subscription amount available to a participating institution is the lesser of $25 billion or 3 percent of total risk-weighted assets based on information contained in the latest quarterly supervisory report filed by the institution with its appropriate Federal banking agency. Treasury has announced that it intends to fund the share purchase transaction by the end of 2008.

Based on the Treasury's form agreements and published term sheet, which are publicly available on the Treasury's website, the senior preferred shares will, among other things:

- Qualify as Tier 1 capital;
- Rank senior to common stock;
- Pay a cumulative dividend rate of 5 percent per annum for the first five years, and will reset to a rate of 9 percent per annum after the fifth year;
- Be non-voting, other than class voting rights on matters that could adversely affect the shares, including certain mergers or consolidations of the Company;
- Be callable at par after three years subject to the approval of the appropriate Federal banking agency with respect to the Company;
- Prior to the end of three years, be redeemable with proceeds from certain qualifying equity offering of any Tier 1 perpetual preferred stock or common stock subject to the approval of the appropriate Federal banking agency with respect to the Company; and
- Be transferable by Treasury to a third party at any time.

Treasury will also receive warrants to purchase common stock with an aggregate market price equal to 15 percent of the senior preferred investment. The exercise price on the warrants will be the market price of the participating institution's common stock at the time of issuance, based on a 20-trading day trailing average.

Companies participating in the CPP must agree to certain registration obligations, including the filing of a shelf registration statement, with respect to the senior preferred stock and warrants and any securities issued or issuable with respect to such securities. In addition, companies participating in the CPP must also adopt the Treasury's standards for corporate governance and executive compensation for the period during which Treasury holds equity issued under the CPP. Corporate governance standards include certain restrictions on companies from repurchasing its shares and declaring or paying dividends. Executive compensation standards, which generally apply to the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the next three most highly compensated executive officers, include the following:

- Ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the company;
- Required clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
- Prohibition on the financial institution from making any golden parachute payment to a senior executive based on the Internal

Revenue Code provision;

- Agreement not to deduct for tax purposes executive compensation in excess of $500,000.

If we were to participate in CPP, we would be subject to these additional standards as well.

Fair Value

Beginning in the first quarter of 2008, the assessment of fair value for our financial instruments is based on the provisions of SFAS No. 157.

At September 30, 2008, approximately 21.5 percent of our total assets, or $1.74 billion, consisted of financial assets recorded at fair value on a recurring basis. Of these assets, 79.8 percent used valuation methodologies involving market-based or market-derived information, collectively Level 1 and 2 measurements, to measure fair value, and 20.2 percent of these financial assets were measured using model-based techniques, or Level 3 measurements. Almost all of our financial assets valued using Level 3 measurements at September 30, 2008 represented non-marketable securities. At September 30, 2008, 0.2 percent of total liabilities, or $11.6 million, consisted of financial liabilities recorded at fair value on a recurring basis, which were valued using market-observable inputs. There were no material transfers in/out of Level 3 for the nine months ended September 30, 2008. Our valuation processes include a number of key controls that are designed to ensure that fair value is calculated appropriately. Such controls include a model validation policy requiring that models that provide values used in financial statements be validated by qualified personnel and escalation procedures to ensure that valuations using unverifiable inputs are identified and monitored on a regular basis by senior management.

As of September 30, 2008, our available for sale investment portfolio, consisting primarily of U.S. treasuries, U.S. agency debentures, investment grade mortgage securities and municipal bonds and notes, represented $1.34 billion, or 77.0 percent of our portfolio of assets measured at fair value on a recurring basis. These instruments were classified as Level 2 because their valuations were based on indicator prices corroborated by observable market quotes or pricing models with all significant inputs derived from or corroborated by observable market data. Since our available-for-sale debt securities portfolio consisted primarily of fixed rate securities, the fair value of the portfolio is sensitive to changes in level of market interest rates and market perceptions of credit quality of the underlying securities. Market valuations and impairment analyses on assets in the investment portfolio are reviewed and monitored on an ongoing basis.

To the extent available-for-sale investment securities are used to secure borrowings, changes in the fair value of those securities could have an impact on the total amount of secured financing availability. We pledge securities to the Federal Home Loan Bank of

San Francisco and the discount window at the Federal Reserve Bank. The market value of collateral pledged to the Federal Home Loan Bank of San Francisco at September 30, 2008 totaled $664.7 million, of which $214.7 million was unused. The market value of collateral pledged at the discount window of the Federal Reserve Bank in accordance with our risk management practices at September 30, 2008 totaled $80.0 million. We have not borrowed against this pledged collateral. We have repurchase agreements with multiple securities dealers, which allow us to access short-term borrowings by using fixed income securities as collateral. At September 30, 2008, we had not borrowed against our repurchase lines.

Financial assets valued using Level 3 measurements consist primarily of our investments in private equity funds, direct equity investments in privately held companies and certain investments made by our sponsored debt fund. These funds are investment companies under the AICPA Audit and Accounting Guide for Investment Companies and accordingly, these funds report their investments at estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected as investment gains or losses in our condensed consolidated net income. Assets valued using Level 3 measurements also include equity warrant assets in shares of private company capital stock.

During the nine months ended September 30, 2008, the Level 3 assets that are measured at fair value on a recurring basis experienced net unrealized fair value decreases totaling $1.5 million primarily due to lower valuations in underlying companies in our private equity funds. Realized gains (losses) related to the Level 3 assets for the nine months ended September 30, 2008 of $17.9 million related primarily to gains from distributions from private equity funds as well as gains on sale and exercises of equity warrant assets.

The valuation of nonmarketable securities and equity warrant assets in shares of private company capital stock is subject to management judgment. The inherent uncertainty in the process of valuing securities for which a ready market does not exist may cause our estimated values of these securities to differ significantly from the values that would have been derived had a ready market for the securities existed, and those differences could be material. The timing and amount of changes in fair value, if any, of these financial instruments depend upon factors beyond our control, including the performance of the underlying companies, fluctuations in the market prices of the preferred or common stock of the underlying companies, general volatility and interest rate market factors, and legal and contractual restrictions. The timing and amount of actual net proceeds, if any, from the disposition of these financial instruments depend upon factors beyond our control, including investor demand for initial public offerings, levels of merger and acquisition activity, legal and contractual restrictions on our ability to sell, and the perceived and actual performance of portfolio companies. All of these factors are difficult to predict.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

Market risk is defined as the risk of adverse fluctuations in the market value of financial instruments due to changes in market interest rates. Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our rate-sensitive assets and liabilities and changes in the shape and level of the yield curve. Other market risks include foreign currency exchange risk and equity price risk. These risks are not considered significant and no separate quantitative information concerning them is presented herein.

Interest rate risk is managed by ALCO. ALCO reviews sensitivities of assets and liabilities to changes in interest rates, changes in investment and funding portfolios, loan and deposit activity and current market conditions. Adherence to relevant policies, which are approved by the Finance Committee of our Board of Directors, is monitored on an ongoing basis and decisions related to the management of interest rate exposure are made, as appropriate.

Management of interest rate risk is carried out primarily through strategies involving our investment securities and funding portfolios. In addition, our policies permit off-balance sheet derivative instruments to manage interest rate risk.

We utilize a simulation model to perform sensitivity analysis on the market value of portfolio equity and net interest income under a variety of interest rate scenarios, balance sheet forecasts and proposed strategies. The simulation model provides a dynamic assessment of interest rate sensitivity embedded in our balance sheet. We also use traditional gap analysis to provide a simple indicator of interest rate risk. Gap analysis provides only a static view of interest rate sensitivity at a point in time, while the simulation model measures the potential volatility in forecasted results relating to changes in market interest rates over time. Management reviews our interest rate risk position at a minimum, on a quarterly basis.

For further information, see “Quantitative and Qualitative Disclosures About Market Risk” under Part II, Item 7A of our 2007 Form 10-K for disclosure of the quantitative and qualitative information regarding the interest rate risk inherent in interest rate risk sensitive instruments at December 31, 2007. At September 30, 2008, there have been no significant changes to the interest rate risk information contained in our 2007 Form 10-K or to our policies for managing interest rate risk.

Market Value of Portfolio Equity and Net Interest Income

One application of the aforementioned simulation model involves measurement of the impact of market interest rate changes on our market value of portfolio equity ("MVPE"). MVPE is defined as the market value of assets, less the market value of liabilities, adjusted for any off-balance sheet items. A second application of the simulation model measures the impact of market interest rate changes on our net interest income ("NII").

The following table presents our MVPE and NII sensitivity exposure at September 30, 2008 and December 31, 2007, related to an instantaneous and sustained parallel shift in market interest rates of 100 and 200 basis points, respectively.

Change in interest rates (basis points)	Estimated MVPE	Estimated Increase/ (Decrease) In MVPE		Estimated NII	Estimated Increase/ (Decrease) In NII	
		Amount	Percent		Amount	Percent
	(Dollars in thousands)					
September 30, 2008:						
+200	$1,287,037	$ 46,075	3.7%	$452,766	$ 54,671	13.7%
+100	1,267,710	26,748	2.2	425,210	27,115	6.8
-	1,240,962	—	—	398,095	—	—
-100	1,206,186	(34,776)	(2.8)	364,667	(33,428)	(8.4)
-200	1,177,781	(63,181)	(5.1)	360,207	(37,888)	(9.5)
December 31, 2007:						
+200	$1,151,955	$ 33,654	3.0%	$461,965	$ 45,942	11.0%
+100	1,138,790	20,489	1.8	439,489	23,466	5.6
-	1,118,301	—	—	416,023	—	—
-100	1,081,469	(36,832)	(3.3)	393,817	(22,206)	(5.3)
-200	1,045,298	(73,003)	(6.5)	367,161	(48,862)	(11.7)

The estimated MVPE in the preceding table is based on a discounted cash flow analysis using market interest rates provided by independent broker/dealers and other publicly available sources that we deem reliable. These estimates are highly assumption-dependent and will change regularly as our asset/liability structure changes, as interest rate environments evolve, and as and when we change our assumptions in response to relevant considerations. These calculations do not reflect changes we may make to reduce our MVPE exposure in response to a change in market interest rates. We expect to continue to manage our interest rate risk utilizing on and off-balance sheet strategies, as appropriate.

As with any method of measuring interest rate risk, certain limitations are inherent in the method of analysis presented in the preceding table. We are exposed to basis risk, yield curve risk, and prepayment risk, which cannot be fully modeled and expressed using the above methodology. Accordingly, the results in the preceding table should not be relied upon as a precise indicator of actual results in the event of changing market interest rates. Additionally, the resulting MVPE and NII estimates are not intended to represent, and should not be construed to represent the underlying value.

Our base case MVPE at September 30, 2008 increased from December 31, 2007 by $122.7 million primarily due to growth in our loan and investment securities portfolios and lower short-term interest rates. MVPE sensitivity declined in simulated downward interest rate movements due to an increase in the investment portfolio in mortgage-backed securities, collateralized mortgage obligations, and municipal securities, the increase in our short-term funding levels, and the increase in our interest-bearing deposits. Our simulation model embeds floors in our interest rate change scenarios, which prevent model benchmark rates from resulting in negative rates. Given the low level of interest rates these floors contributed to the lower sensitivity in both the down 100 and 200 basis point scenarios. MVPE increased in simulated upward interest rate movements primarily due to the seasoning of the mortgage-backed securities and collateralized mortgage obligation investment portfolios, whose cash flows are stable and less sensitive to changes in interest rates due to their mature structures.

Conversely, our expected 12-month NII at September 30, 2008 decreased from December 31, 2007 by $17.9 million due to declining interest rates, the variable rate nature of a significant portion of our loan portfolio, and the increased cost of our deposit and funding base. Similar to MVPE, NII sensitivity decreased in simulated downward interest rate movements and increased in simulated up rate scenarios. The change in sensitivity is due to the factors mentioned above as well as the changes in our balance sheet mix, our deposit repricing assumptions, and the current low interest rate environment. Actual changes in our deposit pricing strategies may differ from our current model assumptions and may have an impact on our overall sensitivity.

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 we file or submit under the Securities Exchange Act of 1934 (the "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, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit 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.

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of our most recently completed fiscal quarter, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to the discussion of our legal proceedings in Note 18 (Legal Matters) of the "Notes to Interim Consolidated Financial Statements (unaudited)" under Part I, Item 1 in this report.

ITEM 1A. RISK FACTORS

Our business faces significant risks, including credit, market/liquidity, operational, legal/regulatory and strategic/reputation risks. The factors described below may not be the only risks we face and are not intended to serve as a comprehensive listing or be applicable only to the category of risk under which they are disclosed. The risks described below are generally applicable to more than one of the following categories of risks. 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.

In light of the current market environment, particularly within the financial sector, we have added certain risk factors under the section entitled "Risks Relating to Current Market Environment" below. Other than these new risk factors, there are no material changes from the risk factors set forth in our 2007 Form 10-K.

Risks Relating to Current Market Environment

Current market developments may adversely affect our industry, business and results of operations.

Dramatic declines in the housing market during the prior year, with falling home prices and increasing foreclosures and unemployment, have resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative securities, have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Many lenders and institutional investors, concerned about the stability of the financial markets generally and the strength of counterparties, have reduced or ceased to provide funding to borrowers, including other financial institutions. Additionally, over the past several quarters, there has been a significant decline in mergers, acquisitions or initial public offerings of companies — events upon which the venture capital and private equity community relies to "exit" their investments. If this persists over the longer term, there may be an adverse impact on investment returns, valuations of companies and overall levels of venture capital and private equity investments. In sum, the resulting lack of available credit, lack of confidence in the financial sector, increased volatility in the financial markets and/or reduced business activity and "exit" events could materially and adversely affect our business, financial condition and results of operations.

Current levels of market volatility are unprecedented.

The capital and credit markets have been experiencing volatility and disruption for more than 12 months. Recently, the volatility and disruption has reached unprecedented levels. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, and other institutional clients. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be increased when the collateral we hold cannot be realized or is liquidated at prices not sufficient to recover the full amount of the secured obligation. There is no assurance that any such losses would not materially and adversely affect our results of operations or earnings.

There can be no assurance that the recently enacted Emergency Economic Stabilization Act of 2008 (the "EESA") will help stabilize the U.S. financial system.

On October 3, 2008, President Bush signed into law the Emergency Economic Stabilization Act of 2008 (the "EESA"), which evolved from the U.S. Treasury's ("Treasury") initial proposal in response to the financial crises affecting the banking system and financial markets and going concern threats to investment banks and other financial institutions. Treasury and banking regulators are implementing a number of programs under this legislation to address capital and liquidity issues in the banking system, including a Troubled Asset Relief Program ("TARP"), which gives Treasury the authority to deploy into the U.S. financial system up to $700 billion. $250 billion of this authority is available to eligible financial institutions through the Treasury's TARP Capital Purchase Program ("CPP") as a capital infusion through the Treasury's purchase of preferred stock and warrants of these financial institutions. There can be no assurance, however, as to the actual impact that the EESA, TARP or CPP will have on the financial markets, including the extreme levels of volatility and limited credit availability currently being experienced. The failure of the EESA to help stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect our business, financial condition, results of operations, access to credit or the trading price of our common stock.

Additional requirements under our regulatory scheme could adversely affect us.

Recent government efforts to strengthen the U.S. financial system, including the implementation of EESA, TARP, CPP and the Federal Deposit Insurance Corporation's ("FDIC") Temporary Liquidity Guaranty Program ("TLGP"), would subject participants to additional regulatory requirements. Participants in the CPP must adopt Treasury's standards for corporate governance and executive compensation, such as, among other things, restrictions on declaring or paying dividends, restrictions on share repurchases, limits on executive compensation tax deductions or prohibitions against golden parachute payments. Participants in the TLGP, which provides unlimited deposit insurance until December 31, 2009 on funds in noninterest-bearing deposit accounts, will be assessed additional fees. If we participated in any of these programs, we would be subject to additional requirements that may have a material and adverse affect on our business, financial condition or results of operations. Other regulatory changes resulting from recent market events may have an adverse impact on us. Due to recent bank failures, the FDIC has announced an increase in deposit insurance premiums to aid in rebuilding its Deposit Insurance Fund. Depending on the frequency and severity of bank failures, future increases in premiums could have an adverse affect on our earnings. Additionally, increased legislative focus on the overall financial industry may result in the imposition of additional regulatory requirements, which may have a material and adverse affect on our business, financial condition, results of operations.

Credit Risks

If our clients fail to perform under their loans, our business, profitability and financial condition could be adversely affected.

As a lender, we face the risk that our client borrowers will fail to pay their loans when due. If borrower defaults cause large aggregate losses, it could have a material adverse effect on our business, profitability and financial condition. We reserve for such losses by establishing an allowance for loan losses, which results in a charge to our earnings. We have established an evaluation process designed to determine the adequacy of our allowance for loan losses. While this evaluation process uses historical and other objective information, the classification of loans and the forecasts and establishment of loan losses are dependent to a great extent on our subjective assessment based upon our experience and judgment. There can be no assurance that our allowance for loan losses will be sufficient to absorb future loan losses or prevent a material adverse effect on our business, profitability and financial condition.

Because of the credit profile of our loan portfolio, our levels of nonperforming assets and charge-offs can be volatile. 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 flows and no established record of profitable operations. Repayment of many of our loans is dependent upon receipt by borrowers of additional equity financing from venture capitalists or others. Collateral for many of our 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 sciences industry sectors, a borrower's financial position can deteriorate rapidly. Additionally, we are increasing our lending to larger private equity firms and corporate technology clients, including some companies with greater levels of debt relative to their equity, and have increased the average size of our loans over time. These changes could affect the risk of borrower default and increase the impact on us of any single borrower default.

For all of these reasons, our level of nonperforming loans, loan charge-offs and additional allowance for loan losses can be volatile and can vary materially from period to period. Increases in our level of nonperforming loans may require us to increase our provision for loan losses in any period, which could reduce our net income or cause net losses in that period. Additionally, such increases in our level of nonperforming loans may also have an adverse effect on our credit ratings and market perceptions of us.

Market/Liquidity Risks

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

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 amounts used to fund assets and the interest rates and fees we receive on our interest-earning assets. We fund assets using deposits and other borrowings. While we offer some interest-bearing deposit products, most of our deposit products are non-interest bearing. Our interest-earning assets include loans extended to our clients and securities held in our investment portfolio.

Changes in interest rates impact our interest rate spread. Increases in market interest rates will likely cause our interest rate spread to increase. Conversely, if interest rates decline, our interest rate spread will likely decline. Recent decreases in market interest rates have caused our interest rate spread to decline, which reduces our net income. Unexpected interest rate declines may also adversely affect our business forecasts and expectations. Interest rates are highly sensitive to many factors beyond our control, such as inflation, recession, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies.

In addition to changes in the level of interest rates, changes in the composition of our funding sources could affect our interest rate spread. For example, since 2006 we have funded our loan growth primarily through short- and long-term borrowings. These funds carry meaningfully higher interest rate costs than our current deposit base. If we significantly increase the amount of our assets that we fund through borrowings rather than deposits, our interest rate spread will likely decline. Similarly, if we significantly increase the amount of our assets that we fund through interest-bearing deposits, or increase the rates we pay on those deposits, our interest rate spread likely would decline. Interest rates paid by us could be affected by competitive, legislative or other developments. For example, in 2007 we introduced two new interest-bearing deposit products, intended to enhance our deposit levels to support our loan growth, and in the future, we may introduce additional interest-bearing deposit products. In addition, Congress has for many years debated repealing a law that prohibits banks from paying interest 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.

The interest rates we receive on our interest-earning assets could be affected by a variety of factors, including market interest rates, competition, a change over time in the mix of loans comprising our loan portfolio and the mix of loans and investment securities on our balance sheet. Any material reduction in our interest rate spread could have a material adverse effect on our business, profitability and financial condition.

Our business is dependent upon access to funds on attractive terms. Consequently, a reduction in our credit ratings could adversely affect our business, profitability and financial condition.

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 increase the interest rates we pay on deposits. 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.

Equity warrant asset, private equity and venture capital funds 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 are uncertain and may vary materially by period.

We obtain rights to acquire stock in the form of equity warrant assets in certain clients for negotiated credit facilities and other services. We also make investments in private equity funds and direct investments in companies. The fair value of these warrants and investments are reflected in our financial statements and adjusted on a quarterly basis, as necessary. Fair value changes are generally recorded as unrealized gains or losses through consolidated net income. The timing and amount of changes in fair value, if any, of these financial instruments depend upon factors beyond our control, including the performance of the underlying companies, fluctuations in the market prices of the preferred or common stock of the underlying companies, general volatility and interest rate market factors, and legal and contractual restrictions. The timing and amount of actual net proceeds, if any, from the disposition of these financial instruments depend upon factors beyond our control, including investor demand for initial public offerings, levels of merger and acquisition activity, legal and contractual restrictions on our ability to sell, and the perceived and actual performance of portfolio companies. Because of the inherent variability of these financial instruments and the markets in which they are made, the fair market value of these financial instruments might increase or decrease materially, and the net proceeds realized on disposition might be less than the then-current recorded fair market value.

We cannot predict future gains or losses, and any gains or losses are likely to vary materially from period to period. Additionally, the value of our equity warrant asset portfolio depends on the number of warrants we obtain, and in future periods, we may not be able to continue to obtain such equity warrant assets to the same extent we historically have achieved.

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

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, are acquired by or merge with another entity or otherwise receive a significant equity investment. Any significant reduction in our outstanding loans could have a material adverse effect on our business, profitability and financial condition.

Operational Risks

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

We rely on key personnel, including a substantial number of employees who have technical expertise in their subject matter area and a strong network of relationships with individuals and institutions in the markets we serve. If we were to have less success in recruiting and retaining these employees than our competitors, our growth and profitability could be adversely affected. We believe that our employees frequently have opportunities for alternative employment with other organizations, including competing financial institutions and our clients.

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

In May 2006, in an effort to align our option grant rate to that of other financial institutions similar to us, we committed to restrict the total number of shares of our common stock issued under stock options, restricted stock awards, restricted stock unit awards, stock bonus awards and any other equity awards granted during a fiscal year as a percentage of the total number of shares outstanding 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.

The occurrence of breaches of security in our online banking services could have a material adverse effect on our business, financial condition and results of operations.

We offer various internet-based services to our clients, including online banking services. The secure transmission of confidential information and execution of transactions over the Internet is essential to protect us and our clients against fraud and to maintain our clients' confidence in our online services. Increases in criminal activity levels, advances in computer capabilities, new discoveries or other developments could result in a compromise or breach of the technology, processes and controls we use to prevent fraudulent transactions and to protect client transaction data, as well as the technology used by our clients to access our systems. 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 result in losses to us or our clients, result in a loss of business and/or clients, cause us to incur additional expenses, affect our ability to grow our online services business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition and results of operations. More generally, 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 business, financial condition and results of operations could be adversely affected.

Business disruptions and interruptions due to natural disasters and other external events beyond our control can adversely affect our business, financial condition and results of operations.

Our operations can be subject to natural disasters and other external events beyond our control, such as earthquakes, fires, severe weather, public health issues, power failures, telecommunication loss, major accidents, terrorist attacks, acts of war, and other natural and man-made events. 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 attributable to human beings, could cause severe destruction, disruption or interruption to our operations or property. Financial institutions, such as us, generally must resume operations promptly following any interruption. If we were to suffer a disruption or interruption and were not able to resume normal operations within a period consistent with industry standards, our business could suffer serious harm. In addition, depending on the nature and duration of the disruption or interruption, we might be vulnerable to fraud, additional expense or other losses, or to a loss of business and/or clients. We are in the process of implementing our business continuity program, which is a multi-year effort. We began implementing during 2005, but it has not yet been completed. There is no assurance that our business continuity program can adequately mitigate the risks of such business disruptions and interruptions.

Additionally, natural disasters and external events could affect the business and operations of our clients, which could impair their ability to pay their loans or fees when due, impair the value of collateral securing their loans, cause our clients to reduce their deposits with us, or otherwise adversely affect their business dealings with us, any of which could have a material adverse effect on our business, financial condition and results of operations.

We face reputation and business risks due to our interactions with business partners, service providers and other third parties.

We rely on third parties in a variety of ways, including to provide key components of our business infrastructure or to further our business objectives. These third parties may provide services to us and our clients or serve as partners in business activities. We rely on these third parties to fulfill their obligations to us, to accurately inform us of relevant information and to conduct their activities professionally and in a manner that reflects positively on us. Any failure of our business partners, service providers or other third parties to meet their commitments to us or to perform in accordance with our expectations could harm our business and operations, financial performance, strategic growth or reputation.

We face risks associated with the ability of our information technology systems and our processes to support our operations and future growth effectively.

In order to serve our target clients effectively, we have developed a comprehensive array of banking and other products and services. In order to support these products and services, we have developed and purchased or licensed information technology and other systems and processes. As our business continues to grow, we will continue to invest in these systems and processes. These investments may affect our future profitability. In addition, there can be no assurance that we will be able to effectively and timely improve our systems and processes to meet our business needs efficiently, whether by improving existing systems and processes or adding or transitioning to new systems and processes. Any interruption, failure or security breach in our information technology systems or processes, or any failure to effectively and timely improve these systems and processes to meet our business needs, could adversely affect our operations, financial condition, results of operations, future growth and reputation.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We also may rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, under our accounts receivable financing arrangements, we rely on information, such as invoices, contracts and other supporting documentation, provided by our clients and their account debtors to determine the amount of credit to extend. Similarly, in deciding whether to extend credit, we may assume that when we receive a customer’s audited financial statements that they conform to U.S. generally accepted accounting principles (“GAAP”) and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We also may rely on the audit report covering those financial statements. Our financial condition and results of operations could be negatively affected if we rely on financial statements or other information that do not comply with GAAP or that are materially misleading or inaccurate.

Our accounting policies and methods are key to how we report our financial condition and results of operations. They may require management to make estimates about matters that are uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management’s judgment of the most appropriate manner to report our financial condition and results. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in our reporting materially different amounts than would have been reported under a different alternative.

Changes in accounting standards could materially impact our financial statements.

From time to time, FASB or the SEC may change the financial accounting and reporting standards that govern the preparation of our financial statements. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, or apply an existing standard differently, also retroactively, in each case resulting in our restating prior period financial statements.

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.

If we identify material weaknesses in our internal control over financial reporting or are otherwise required to restate our financial statements, we could be required to implement expensive and time-consuming remedial measures and could lose investor confidence in the accuracy and completeness of our financial reports. This could have an adverse effect on our business, financial condition and results of operations, including our stock price, and could potentially subject us to litigation.

Legal/Regulatory Risks

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 Group, including the Bank, is extensively regulated under federal and state laws governing financial institutions. Federal and state laws and regulations govern, limit or otherwise affect the activities in which we may engage and may affect our ability to expand our business over time. In addition, a change in the applicable statutes, regulations or regulatory policy could have a material effect on our business, including limiting the types of financial services and products we may offer or increasing the ability of nonbanks to offer competing financial services and products. These laws and regulations also require financial institutions, including SVB Financial and the Bank, to maintain certain minimum levels of capital, which may affect our ability to use our capital for other business purposes. In addition, increased regulatory requirements, whether due to the adoption of new laws and regulations, changes in existing laws and regulations, or more expansive or aggressive interpretations of existing laws and regulations, may have a material adverse effect on our business, financial condition and profitability.

If we were to violate federal or state laws or regulations governing financial institutions, we could be subject to disciplinary action that could have a material adverse effect on our business, financial condition, profitability and reputation.

Federal and state banking regulators possess broad powers to take supervisory or enforcement action with respect to financial institutions. Other regulatory bodies, including the SEC, the Financial Industry Regulatory Authority ("FINRA") and state securities regulators, regulate broker-dealers, including our subsidiary, SVB Securities. If SVB Financial Group were to violate, even if unintentionally or inadvertently, the laws governing financial institutions and broker-dealers, the regulatory authorities could take various actions against us, depending on the severity of the violation, such as revoking necessary licenses or authorizations, imposing censures, civil money penalties or fines, issuing cease and desist or other supervisory orders, and suspending or expelling from the securities business a firm, its officers or employees. Supervisory actions could result in higher capital requirements, higher insurance premiums and limitations on the activities of SVB Financial Group. These remedies and supervisory actions could have a material adverse effect on our business, financial condition, profitability and reputation.

SVB Financial relies on dividends from its subsidiaries for most of its cash revenues.

SVB Financial is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its cash revenues from dividends from its subsidiaries, primarily the Bank. These dividends are the principal source of funds to pay operating costs, borrowings, if any, and dividends, should SVB Financial elect to pay any. Various federal and state laws and regulations limit the amount of dividends that our bank and certain of our nonbank subsidiaries may pay to SVB Financial. Also, SVB Financial's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

Strategic/Reputation Risks

Adverse changes in domestic or global economic conditions, especially in our industry niches, could have a material adverse effect on our business, growth and profitability.

If conditions deteriorate in the domestic or global economy, especially in the technology, life science, private equity (including venture capital) and premium wine industry niches or overall financial capital markets, our business, growth and profitability may be materially adversely affected. A global, U.S. or significant regional economic slowdown or recession could harm us by adversely affecting our clients' and prospective clients' access to capital to fund their businesses, their ability to sustain and grow their businesses, the level of funds they have available to maintain deposits, their demand for loans, their ability to repay loans and otherwise.

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

Historically, our strategy has focused on providing banking products and services to emerging-growth companies receiving financial support from sophisticated investors, including venture capitalists, "angels," and corporate investors. We derive a meaningful share of our deposits from these emerging growth companies and provide them with loans as well as other banking products and services. 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 subsequent round of equity capital 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 could have an adverse effect on our business, profitability and growth prospects.

Among the factors that have affected and could in the future affect the amount of capital available to startup and emerging-growth companies are the receptivity of the capital markets, IPO's 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, life science and private equity (including venture capital) 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. Additionally, such reduced valuations may decrease the value of our investment portfolio, in which we hold direct equity investments and warrants in these companies, as well as investments in funds that invest in these companies, which could have an adverse effect on our financial condition and results of operations.

We face competitive pressures that could adversely affect our business, profitability, financial condition and future growth.

Other banks and specialty and diversified financial services companies and debt funds, many of which are larger than we are, offer lending, leasing, other financial products and advisory services to our client base. In addition, we compete with hedge funds and private equity funds, which currently have very significant amounts of capital available to invest and lend. 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 credit terms prevalent in that market, which could adversely affect our market share or ability to exploit new market opportunities. Our pricing and credit terms could deteriorate if we act to meet these competitive challenges, which could adversely affect our business, profitability, financial condition and future growth. Similarly, competitive pressures could adversely affect the business, profitability, financial condition and future growth of our non-banking services, including our access to capital and attractive investment opportunities for our funds business and our ability to secure attractive engagements in our investment banking business.

Our ability to maintain or increase our market share depends on our ability to meet the needs of existing and future clients.

Our success depends, in part, upon our ability to adapt our products and services to evolving industry standards and to meet the needs of existing and potential future clients. A failure to achieve market acceptance of any new products we introduce, a failure to introduce products that the market may demand, or the costs associated with developing, introducing and providing new products and services could have an adverse effect on our business, profitability and growth prospects.

We face risks in connection with our strategic undertakings.

If appropriate opportunities present themselves, we may engage in strategic activities, which could include acquisitions, joint ventures, partnerships, investments or other business growth initiatives or undertakings. There can be no assurance that we will successfully identify appropriate opportunities, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful.

In order to finance future strategic undertakings, we might obtain additional equity or debt financing. Such financing might not be available on terms favorable to us, or at all. If obtained, equity financing could be dilutive and the incurrence of debt and contingent liabilities could have a material adverse effect on our business, results of operations and financial condition.

Our ability to execute strategic activities successfully will depend on a variety of factors. These factors likely will vary based on the nature of the activity but may include our success in integrating the operations, services, products, personnel and systems of an acquired company into our business, operating effectively with any partner with whom we elect to do business, retaining key employees, achieving anticipated synergies, meeting management's expectations and otherwise realizing the undertaking's anticipated benefits. Our ability to address these matters successfully cannot be assured. In addition, our strategic efforts may divert resources or management's attention from ongoing business operations and may subject us to additional regulatory scrutiny. If we do not successfully execute a strategic undertaking, it could adversely affect our business, financial condition, results of operations, reputation and growth prospects. In addition, if we were to conclude that the value of an acquired business had decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations.

We face risks associated with international operations.

One component of our strategy is to expand internationally. To date, we have opened offices in China, India, Israel and the United Kingdom. We plan to expand our operations in those locations and may expand beyond these countries. Our efforts to expand our business internationally carry with it certain risks, including risks arising from the uncertainty regarding our ability to generate revenues from foreign operations. In addition, there are certain risks inherent in doing business on an international basis, including, among others, legal, regulatory and tax requirements and restrictions, uncertainties regarding liability, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, differing technology standards or customer requirements, political and economic risks and financial risks, including currency and payment risks. These risks could adversely affect the success of our international operations and could have a material adverse effect on our overall business, results of operation and financial condition. In addition, we face risks that our employees may fail to comply with applicable laws and regulations governing our international operations, including the U.S. Foreign Corrupt Practices Act and foreign laws and regulations, which could have a material adverse effect on us.

Our business reputation is important and any damage to it could have a material adverse effect on our business.

Our reputation is very important to sustain our business, as we rely on our relationships with our current, former and potential clients and stockholders, the private equity and venture capital communities and the industries that we serve. Any damage to our reputation, whether arising from regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with SEC and exchange listing requirements, negative publicity, or our conduct of our business or otherwise could have a material adverse effect on our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See Index to Exhibits at end of report.

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SIGNATURE

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: November 10, 2008	/s/ MICHAEL DESCHENEAUX
	Michael Descheneaux Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Asset Purchase Agreement between the Company 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	8-K	000-15637	3.2	January 29, 2007	
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock	8-A12G/A	000-15637	3.4	February 27, 2004	
4.1	Indenture for Zero-Coupon Subordinated Notes Due June 15, 2008, dated as of May 20, 2003, between the Company and Wells Fargo Bank Minnesota, National Association, as trustee	S-3	333-107994	4.1	August 14, 2003	
4.2	Form of Note (included in Exhibit 4.1)	S-3	333-107994	4.1	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 the Company and Wilmington Trust Company, as trustee	8-K	000-15637	4.12	November 19, 2003	
4.5	7.0% Junior Subordinated Deferrable Interest Debenture due October 15, 2033 of the Company	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, dated October 30, 2003	8-K	000-15637	4.15	November 19, 2003	
4.8	Guarantee Agreement, dated October 30, 2003, between the Company, as guarantor, and Wilmington Trust Company, as trustee	8-K	000-15637	4.16	November 19, 2003	
4.9	Agreement as to Expenses and Liabilities, dated as of October 30, 2003, between the Company and SVB Capital II	8-K	000-15637	4.17	November 19, 2003	
4.10	Certificate Evidencing 7% Common Securities of SVB Capital II, dated October 30, 2003	8-K	000-15637	4.18	November 19, 2003	
4.11	Officers' Certificate and Company Order, dated October 30, 2003, relating to the 7.0% Junior Subordinated Deferrable Interest Debentures due October 15, 2033	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 the Company and Wells Fargo Bank Minnesota, N.A.	8-A12G/A	000-15637	4.20	February 27, 2004	
4.13	Amendment No. 1 to Amended & Restated Preferred Stock Rights Agreement, dated as of August 2, 2004, by and between the Company and Wells Fargo Bank, N.A.	8-A12G/A	000-15637	4.13	August 3, 2004	
4.14	Amendment No. 2 to Amended & Restated Preferred Stock Rights Agreement, dated as of January 29, 2008, by and between the Company and Wells Fargo Bank, N.A.	8-A/A	000-15637	4.14	January 29, 2008	
4.15	Indenture for 3.875% Convertible Senior Notes Due 2011, dated as of April 7, 2008, by and between Wells Fargo Bank, N.A., as Trustee, and the Company	8-K	000-15637	4.1	April 7, 2008	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.16	Letter Agreement re Call Option Transaction, dated as of April 1, 2008, by and between the Company and JPMorgan Chase Bank, National Association.	8-K	000-15637	4.2	April 7, 2008	
4.17	Letter Agreement re Call Option Transaction, dated as of April 1, 2008, by and between the Company and Bank of America, N.A.	8-K	000-15637	4.3	April 7, 2008	
4.18	Letter Agreement re Warrants, dated as of April 1, 2008, by and between the Company and JPMorgan Chase Bank, National Association.	8-K	000-15637	4.4	April 7, 2008	
4.19	Letter Agreement re Warrants, dated as of April 1, 2008, by and between the Company and Bank of America, N.A.	8-K	000-15637	4.5	April 7, 2008	
4.20	Amendment No. 3 to Amended and Restated Preferred Stock Rights Agreement, dated as of April 30, 2008 by and between the Company and Wells Fargo Bank, N.A.	8-A12G/A	000-15637	4.20	April 30, 2008	
10.7 +	Form of Indemnification Agreement					X
10.15 +	2006 Equity Incentive Plan					X
10.18 +	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (for Executives)					
10.23 +	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan (for Directors)					X
10.24 +	Form of Restricted Stock Unit Election to Defer Settlement under 2006 Equity Incentive Plan (for Directors)					X
10.27 +	Form of Restricted Stock Unit Election to Defer Settlement under 2006 Equity Incentive Plan (for Executives)					X
31.1	Rule 13a-14(a)/15(d)-14(a) Certification of Principal Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Rule 13a-14(a)/15(d)-14(a) Certification of Principal Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	18 U.S.C. Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					*

* Furnished herewith

\+ Denotes management contract or any compensatory plan, contract or arrangement

EXHIBIT 10.7

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made and entered into as of this ___day of _________, (the " Agreement "), by and between **SVB Financial Group** , a Delaware corporation (the " Company "), and ___________(the " Indemnitee ").

WHEREAS, Indemnitee is either a member of the board of directors of the Company (the " Board of Directors ") or an officer of the Company, or both, and in such capacity or capacities, or otherwise as an Agent (as defined below) of the Company, is performing a valuable service for the Company;

WHEREAS, the Company desires the benefits of having Indemnitee serve as a member of the Board of Directors or an officer, or both, or an Agent, secure in the knowledge that any expenses, liability and/or losses incurred by him or her in his or her good faith service to the Company will be borne by the Company or its successors and assigns;

WHEREAS, Indemnitee is willing to serve or continue to serve in his or her position with the Company, or to take on additional service for or on behalf of the Company, only on the condition that he or she be indemnified as herein provided;

WHEREAS, the Company is aware that because of the increased exposure to litigation costs and risks resulting from service to corporations, talented and experienced persons are increasingly reluctant to serve or continue to serve as directors or executive officers of corporations unless they are protected by comprehensive liability insurance and indemnification;

WHEREAS, the Company and Indemnitee recognize the increasing difficulty in obtaining liability insurance for directors, officers and agents of a corporation at reasonable cost; and

WHEREAS, the Company's Restated Certificate of Incorporation (the " Certificate ") allows and requires the Company to indemnify its directors, officers and agents to the maximum extent permitted under Delaware law.

NOW, THEREFORE, in consideration of the premises and the covenants in this Agreement, and of Indemnitee continuing to serve the Company as an Agent and intending to be legally bound hereby, the Company and Indemnitee hereby agree as follows:

1. Definitions . For purposes of this Agreement:

1.1 " Agent " shall mean any person who is or was, or who has consented to serve as a, director, officer, employee or agent of the Company or a subsidiary of the Company whether serving in such capacity or as a director, officer, employee, agent, fiduciary, joint venturer, partner, member, manager or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise (including, without limitation, an employee benefit plan) either at the request of, for the convenience of, or otherwise to benefit the Company or a subsidiary of the Company.

1.2 " Change of Control " shall mean the occurrence of any of the following events after the date of this Agreement:

(a) A change in the composition of the Board of Directors, as a result of which fewer than two-thirds of the incumbent directors are directors who either (i) had been directors of the Company 24 months prior to such change (the " Original Directors ") or (ii) were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority in the aggregate of the Original Directors who were still in office at the time of the election or nomination and directors whose election or nomination was previously so approved (the " continuing directors ");

(b) Both (i) any "person" (as such term is used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the " Exchange Act ")) through the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors; and (ii) the beneficial ownership by such person of securities representing such percentage has not been approved by a majority of the "continuing directors" (as defined above);

(c) Any "person" is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 50% of the total voting power represented by the Company's then outstanding voting securities;

(d) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation, if such merger or consolidation would result in the voting securities of the Company outstanding immediately prior thereto representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or less of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(e) The stockholders of the Company approve (i) a plan of complete liquidation of the Company or (ii) an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Any other provision of this Section 1.2 notwithstanding, the term " Change of Control " shall not include a transaction, if undertaken at the election of the Company, the result of which is to sell all or substantially all of the assets of the Company to another corporation (the " surviving corporation "); *provided* that the surviving corporation is owned directly or indirectly by the stockholders of the Company immediately following such transaction in substantially the same proportions as their ownership of the Company's common stock immediately preceding such transaction; and *provided* , *further* , that the surviving corporation expressly assumes this Agreement.

1.3 " Delaware Law " means the Delaware General Corporation Law, as amended and in effect from time to time or any successor or other statutes of Delaware having similar import and effect.

1.4 " Disinterested Director " shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

1.5 " Expenses " shall mean, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) for purposes of Section 7.6, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

1.6 " Independent Legal Counsel " shall mean a law firm or a member of a law firm selected by the Company and approved by Indemnitee (which approval shall not be unreasonably withheld) or, if there has been a Change of Control, selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), that neither is presently nor in the past five years has been retained to represent: (a) the Company or any of its subsidiaries or affiliates, or Indemnitee or any corporation of which Indemnitee was or is a director, officer, employee or agent, or any subsidiary or affiliate of such a corporation, in any matter material to either party, or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term " Independent Legal Counsel " shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

1.7 " Liabilities " shall mean liabilities of any type whatsoever, including, but not limited to, judgments (including punitive and exemplary damages), fines, ERISA or other excise taxes and penalties, and amounts paid in settlement (including all interest, assessments or other charges paid or payable in connection with or in respect of any of the foregoing).

1.8 " Proceeding " shall mean any pending, threatened or completed action, claim, hearing, suit, arbitration, or any other proceeding, whether civil, criminal, arbitrative, administrative, investigative, or any alternative dispute resolution mechanism, whether formal or informal, including without limitation any such Proceeding brought by or in the right of the Company in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of the fact that Indemnitee is or was an Agent of the Company.

2. Employment Rights and Duties . Subject to any other obligations imposed on either of the parties by contract or by law, and with the understanding that this Agreement is not intended to confer employment rights on either party which they did not possess on the date of its execution, Indemnitee agrees to serve as a director or officer so long as he or she is duly appointed or elected and qualified in accordance with the applicable provisions of the Certificate and Bylaws (the " Bylaws ") of the Company or any subsidiary of the Company and until such time as he or she resigns or fails to stand for election or until his or her employment terminates. Indemnitee may from time to time also perform other services at the request, or for the convenience of, or otherwise benefiting the Company. Indemnitee may at any time and for any reason resign or be removed from such position (subject to any other contractual obligation or other obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in any such position.

3. Indemnification . Subject to the limitations set forth herein and in Section 9 hereof, the Company hereby agrees to indemnify Indemnitee as follows:

3.1 Indemnity in Third-Party Proceedings . The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3.1 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3.1, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3.2 Indemnity in Proceedings by or in the Right of the Company . The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3.2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3.2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3.2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

In addition to, and not as a limitation of, the foregoing, the rights of indemnification of Indemnitee provided under this Agreement shall include those rights set forth in Sections 4, 5 and 7 below. Notwithstanding the foregoing, the Company shall be required to indemnify Indemnitee in connection with a Proceeding commenced by Indemnitee (other than a Proceeding commenced by Indemnitee to enforce Indemnitee's rights under this Agreement) only if the commencement of such Proceeding was authorized by the Board of Directors. Further, notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her role as an Agent, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

4. Payment of Expenses .

4.1 All Expenses incurred by or on behalf of Indemnitee shall be advanced by the Company to Indemnitee within 20 days after the receipt by the Company of a written request for such advance which may be made from time to time, whether prior to or after final disposition of a Proceeding (unless there has been a final determination by a court of competent jurisdiction or decision of an arbitrator that Indemnitee is not entitled to be indemnified for such Expenses). Indemnitee's entitlement to advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking a determination, an adjudication or an award in arbitration pursuant to this Agreement. The written requests shall reasonably evidence the Expenses incurred by Indemnitee in connection therewith. In the event that such written request shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such expenses and that such expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary. Indemnitee hereby undertakes to repay to the Company the amounts advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified pursuant to the terms of this Agreement.

4.2 Notwithstanding any other provision in this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee in connection therewith.

5. Procedure for Determination of Entitlement to Indemnification .

5.1 Whenever Indemnitee believes that Indemnitee is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification (the " Indemnification Request ") to the Company to the attention of the President. This request shall include documentation or information which is necessary for the determination of entitlement to indemnification and which is reasonably available to Indemnitee. In any event, Indemnitee shall submit Indemnitee's claim for indemnification within a reasonable time, not to exceed five (5) years after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* or its equivalent, or final termination, whichever is the later date for which Indemnitee requests indemnification. The President shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board of Directors in writing that Indemnitee has made such request for indemnification. Determination of Indemnitee's entitlement to indemnification shall be made no later than 60 days after receipt of the Indemnification Request, provided that any request for indemnification for Liabilities, other than amounts paid in settlement, shall have been made after a determination thereof in a Proceeding.

5.2 The Company shall be entitled to select the forum in which Indemnitee's entitlement to indemnification will be heard; *provided, however*, that if there is a Change of Control of the Company, Independent Legal Counsel shall determine whether Indemnitee is entitled to indemnification. The Company shall notify Indemnitee in writing as to the forum selected, which selection shall be any one of the following:

(a) A majority vote of Disinterested Directors even though less than a quorum.

(b) A written opinion of Independent Legal Counsel, a copy of which shall be furnished to the Company, the Indemnitee and each member of the Board of Directors.

(c) A majority vote of the stockholders of the Company at a meeting at which a quorum is present, with the shares owned by the person to be indemnified not being entitled to vote thereon.

(d) The court in which the Proceeding is or was pending upon application by Indemnitee.

The Company agrees to bear any and all Expenses incurred by Indemnitee or the Company in connection with the determination of Indemnitee's entitlement to indemnification in any of the above forums.

6. Presumptions and Effect of Certain Proceedings. No initial finding by the Board of Directors, its counsel, Independent Legal Counsel, arbitrators or the stockholders shall be effective to deprive Indemnitee of the protection of this indemnity, nor shall a court or other forum to which Indemnitee may apply for enforcement of this indemnity give any weight to any such adverse finding in deciding any issue before it. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination. No initial determination, in whole or in part, that Indemnitee is not entitled to indemnification shall create a presumption in any judicial proceeding or arbitration that Indemnitee has not met the applicable standard of conduct for, or is otherwise not entitled to, indemnification. If the person or persons empowered to make the determination shall have failed to make the requested determination within 60 days after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* or its equivalent, or other disposition or partial disposition of any Proceeding, or any other event which could enable the Company to determine the Indemnitee's entitlement to indemnification, the required determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be absolutely entitled to indemnification under this Agreement, absent (a) misrepresentation or omission of a material fact by the Indemnitee in the request for indemnification or (b) a specific finding that all or any part of such indemnification is expressly prohibited by law or this Agreement. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, (i) adversely affect the rights of Indemnitee to indemnification except as indemnification may be expressly prohibited under this Agreement, or (ii) establish a presumption with regard to any factual matter relevant to determining Indemnitee's rights to indemnification hereunder.

7. Remedies of Indemnitee in Cases of Determination Not to Indemnify or to Advance Expenses.

7.1 In the event that (a) an initial determination is made that Indemnitee is not entitled to indemnification, (b) advances for Expenses are not made when and as required by this Agreement, (c) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement, or (d) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in an appropriate court of the State of Delaware of his or her entitlement to such indemnification or advance.

Alternatively, unless court approval is required by law for the indemnification sought by Indemnitee, Indemnitee at Indemnitee's option may seek an award in arbitration to be conducted by a single arbitrator pursuant to the commercial arbitration rules of the American Arbitration Association now in effect, which award is to be made within 90 days following the filing of the demand for arbitration. Except as set forth herein, the provisions of Delaware law shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. In any such proceeding or arbitration, Indemnitee shall be presumed to be entitled to indemnification and advancement of Expenses under this Agreement and the Company shall have the burden of proof to overcome that presumption.

7.2 In the event that a determination that Indemnitee is not entitled to indemnification, in whole or in part, has been made pursuant to Section 5 hereof, the decision in the judicial proceeding or arbitration provided in Section 7.1 shall be made *de novo* and Indemnitee shall not be prejudiced by reason of an initial determination that Indemnitee is not entitled to indemnification.

7.3 If an initial determination is made or deemed to have been made pursuant to the terms of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in the absence of (a) a misrepresentation or omission of a material fact by Indemnitee in the request for indemnification or (b) a specific finding (which has become final) by a court of competent jurisdiction that all or any part of such indemnification is expressly prohibited by law.

7.4 The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, will be inadequate, impracticable and difficult of proof, and further agree that such breach would cause Indemnitee irreparable harm. Accordingly, the Company and Indemnitee agree that Indemnitee shall be entitled to temporary and permanent injunctive relief to enforce this Agreement without the necessity of proving actual damages or irreparable harm. The Company and Indemnitee further agree that Indemnitee shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bond or other undertaking in connection therewith. Any such requirement of bond or undertaking is hereby waived by the Company, and the Company acknowledges that in the absence of such a waiver, a bond or undertaking may be required by the court.

7.5 The Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

7.6 All Expenses incurred by Indemnitee in connection with his or her request for indemnification under, seeking enforcement of, or recovery of damages for breach of, this Agreement shall be borne and advanced by the Company, to the extent not prohibited by law.

8. Other Rights to Indemnification . Indemnitee's rights of indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under applicable law, the Certificate, the Bylaws, agreement, vote of stockholders or Disinterested Directors, insurance or other financial arrangements, or otherwise.

9. Limitations on Indemnification . No indemnification pursuant to Section 3 shall be paid by the Company nor shall Expenses be advanced pursuant to Section 4:

9.1 Insurance . To the extent to which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount so paid. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Company pursuant to this Agreement by assigning to the Company any claims under such insurance to the extent Indemnitee is paid by the Company. Indemnitee shall reimburse the Company for any sums he or she receives as indemnification from other sources to the extent of any amount paid to him or her for that purpose by the Company;

9.2 Section 16(b) . On account and to the extent of any wholly or partially successful claim against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company in violation of the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state or local statutory law;

9.3 Section 304 Forfeiture . On account and to the extent of any wholly or partially successful claim against Indemnitee that such amounts include amounts paid in bonus or other incentive-based or equity-based compensation, or profits from the sale of securities, that the Indemnitee is required to reimburse to the Company under Section 304 of the Sarbanes-Oxley Act of 2002;

9.4 Unauthorized Settlements . Provided there has been no Change of Control, for Liabilities in connection with Proceedings settled without the Company's consent, which consent, however, shall not be unreasonably withheld;

9.5 Unlawful Indemnification . To the extent it would be otherwise prohibited by law, if so established by a judgment or other final adjudication adverse to Indemnitee;

9.6 Indemnitee's Proceedings . Except as otherwise expressly provided in this Agreement, in connection with all or any part of a Proceeding which is initiated or maintained by or on behalf of Indemnitee, or any Proceeding by Indemnitee against the Company or its directors, officers, employees or other

Agents, unless (a) such indemnification is expressly required to be made by Delaware Law, (b) the Proceeding was authorized by a majority of the Disinterested Directors, (c) there has been a Change of Control, or (d) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under Delaware Law;

9.7 Actions Initiated by Federal Banking Agency . If and to the extent it is sustained in connection with an administrative or civil enforcement action which is initiated by a federal banking agency and results in a final adjudication or finding against Indemnitee; or

9.8 Indemnification Prohibited by FDIC or Federal Banking Law . If and to the extent that, on the date thereof, it is a prohibited indemnification payment under the regulations and the general policy of the Federal Deposit Insurance Corporation (including, without limitation, 12 C.F.R. Part 359.0 et seq.) or federal banking law (including, without limitation, 12 U.S.C. Section 1828(k)), as both are amended and in effect on the date of such payment.

10. Duration and Scope of Agreement; Binding Effect . This Agreement shall continue so long as Indemnitee shall be subject to any possible Proceeding subject to indemnification by reason of the fact that he or she is or was an Agent and shall be applicable to Proceedings commenced or continued after execution of this Agreement, whether arising from acts or omissions occurring before or after such execution. This Agreement shall be binding upon the Company and its successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company) and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors, administrators and other legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the Company's business or assets by written agreement in form and substance reasonably satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

11. Notice by Indemnitee and Defense of Claims . Indemnitee agrees promptly to notify the Company in writing upon being notified of any matter which may be subject to indemnification hereunder or upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to indemnification hereunder, whether civil, criminal, arbitrative, administrative or investigative; but the omission so to notify the Company will not relieve the Company from any liability which it may have to Indemnitee if such omission does not actually prejudice the Company's rights and, if such omission does prejudice the Company's rights, it will relieve the Company from liability only to the extent of such prejudice; nor will such omission relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any Proceeding:

(a) The Company will be entitled to participate therein at its own expense;

(b) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; *provided*, *however* , that the Company shall not be entitled to assume the defense of any Proceeding if there has been a Change of Control. After notice from the Company to Indemnitee of its election so to assume the defense thereof and the assumption of such defense, the Company will not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with Indemnitee's defense except as otherwise provided below. Indemnitee shall have the right to employ his or her counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof and the assumption of such defense shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such action or that the Company's counsel may not be adequately representing Indemnitee or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Indemnitee's counsel shall be at the expense of the Company; and

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without the Company's written consent. The Company shall not settle any action or claim in any manner which would impose any limitation or penalty on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold its or his or her consent to any proposed settlement.

12. Contribution . To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (a) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (b) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

13. Maintenance of Insurance . The Company represents that it presently has in place certain directors' and officers' liability insurance policies covering its directors and officers. Subject only to the provisions within this Section 13, the Company agrees that so long as Indemnitee shall have consented to serve or shall continue to serve as a director or officer of the Company, or both, or as an Agent of the Company, and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company will use all reasonable efforts to maintain in effect for the benefit of Indemnitee one or more valid, binding and enforceable policies of

directors' and officers' liability insurance from established and reputable insurers, providing, in all respects, coverage both in scope and amount which is no less favorable than that provided by such preexisting policies. Notwithstanding the foregoing, the Company shall not be required to maintain said policies of directors' and officers' liability insurance during any time period if during such period such insurance is not reasonably available or if it is determined in good faith by the then directors of the Company either that:

(a) The premium cost of maintaining such insurance is substantially disproportionate to the amount of coverage provided thereunder; or

(b) The protection provided by such insurance is so limited by exclusions, deductions or otherwise that there is insufficient benefit to warrant the cost of maintaining such insurance.

Anything in this Agreement to the contrary notwithstanding, to the extent that and for so long as the Company shall choose to continue to maintain any policies of directors' and officers' liability insurance during the period described in this Section 13, the Company shall maintain similar and equivalent insurance for the benefit of Indemnitee during such period (unless such insurance shall be less favorable to Indemnitee than the Company's existing policies).

14. Subrogation . In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

15. Miscellaneous Provisions .

15.1 Severability; Partial Indemnity . If any provision or provisions of this Agreement (or any portion thereof) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Liabilities of any type whatsoever incurred by him or her in the investigation, defense, settlement or appeal of a Proceeding but not entitled to all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which it has been determined pursuant to Section 5 hereof that Indemnitee is not entitled.

15.2 Identical Counterparts . This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

15.3 Interpretation of Agreement . It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

15.4 Headings . The headings of the Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

15.5 Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties to this Agreement. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. No waiver of any provision of this Agreement shall be effective unless executed in writing.

15.6 Mutual Acknowledgement . The Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying or advancing Expenses to Indemnitee under this Agreement or otherwise.

15.7 Notices . All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) one business day after being deposited with a nationally recognized overnight courier service, (iii) three business days after being deposited in the U.S. Mail, certified or registered mail, return receipt requested, or (iv) one business day after being sent by facsimile (with receipt acknowledged):

(a) If to Indemnitee, to the address set forth on the signature page hereof;

(b) If to the Company, to:

SVB Financial Group
3003 Tasman Drive
Santa Clara, California 95054-1191
Attention: President
Facsimile: (408) 496-2420

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

15.8 Governing Law . The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

15.9 Consent to Jurisdiction . The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

15.10 Entire Agreement . This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understanding between the parties hereto with respect to the subject matter of this Agreement, except as specifically referred to herein or as provided in Sections 2 and 8 hereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer and Indemnitee has executed this Agreement as of the date first above written.

SVB FINANCIAL GROUP

By: ______________________________
Name:
Title:

[INDEMNITEE]

____
Address: [__________]
[__________]
[__________]

EXHIBIT 10.15

SVB FINANCIAL GROUP

2006 EQUITY INCENTIVE PLAN

Adopted February 21, 2006
Approved by Shareholders May 11, 2006
Amended as of June 29, 2006
Amended as of April 26, 2007
Amended as of October 22, 2008

1. Purposes of the Plan . The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide incentives to individuals who perform services to the Company, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

2. Definitions . As used herein, the following definitions will apply:

(a) " Administrator " means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) " Affiliate " means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) " Applicable Laws " means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) " Award " means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

(e) " Award Agreement " means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) “ Board ” means the Board of Directors of the Company.

(g) “ Cause ” means:

(i) An act of embezzlement, fraud, dishonesty, or breach of fiduciary duty to the Company; or

(ii) A deliberate disregard of the rules of the Company which results in loss, damage or injury to the Company, or

(iii) Any unauthorized disclosure of any of the secrets or confidential information of the Company, or

(iv) Inducing any client or customer of the Company to break any contract with the Company or inducing any principal for whom the Company acts as agent to terminate such agency relations; or

(v) Engaging in any conduct which constitutes unfair competition with the Company; or

(vi) Any act which results in the Participant being removed from any office of the Company by any bank regulatory agency.

(h) “ Change in Control ” means the consummation of any of the following transactions:

(i) A merger or consolidation of Silicon Valley Bank (the “Bank”) or the Company with any other corporation, other than a merger or consolidation which would result in beneficial owners of the total voting power in the election of directors represented by the voting securities (“Voting Securities”) of the Bank or the Company (as the case may be) outstanding immediately prior thereto continuing to beneficially own securities representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total Voting Securities of the Bank or the Company, or of such surviving entity, outstanding immediately after such merger or consolidation;

(ii) The filing of a plan of liquidation or dissolution of the Bank or the closing of the sale, lease, exchange or other transfer or disposition by the Bank or the Company of all or substantially all of the Bank’s assets;

(iii) Any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Bank or the Company, (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their beneficial ownership of stock in the Company, or (C) the Company (with respect to the Company’s ownership of the stock of the Bank), is or becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of the securities of the Bank or the Company representing fifty percent (50%) or more of the Voting Securities; or

(iv) Any person (as such term is used in Sections 13(d) or 14(d) of the Exchange Act), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Bank or the Company, (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock in the Bank, or (C) the Company (with respect to the Company's ownership of the stock of the Bank) is or becomes the beneficial owner (within the meaning or Rule 13d-3 under the Exchange Act), directly or indirectly, of the securities of the Bank or the Company representing twenty-five percent (25%) or more of the Voting Securities of such corporation, and within twelve (12) months of the occurrence of such event, a change in the composition of the Board occurs as a result of which sixty percent (60%) or fewer of the Directors are Incumbent Directors. For purposes of this definition, Incumbent Directors will mean Directors who either (A) are Directors as of the date hereof, (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who are Incumbent Directors described in (A) above at the time of such election or nomination, or (C) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who are Incumbent Directors described in (A) or (B) above at the time of such election or nomination. Notwithstanding the foregoing, "Incumbent Directors" will not include an individual whose election or nomination to the Board occurs in order to provide representation for a person or group of related persons who have initiated or encouraged an actual or threatened proxy contest relating to the election of Directors.

(i) " Code " means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(j) " Committee " means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(k) " Common Stock " means the common stock of the Company.

(l) " Company " means SVB Financial Group, a Delaware corporation, or any successor thereto.

(m) " Consultant " means any person, including an advisor, engaged by the Company or its Affiliates to render services to such entity.

(n) " Determination Date " means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as "performance-based compensation" under Section 162(m) of the Code.

(o) " Director " means a member of the Board.

(p) " Disability " means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(q) " Employee " means any person, including Officers and Directors, employed by the Company or its Affiliates. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(r) " Exchange Act " means the Securities Exchange Act of 1934, as amended.

(s) " Fair Market Value " means, as of any date, the value of Common Stock as the Administrator may determine in good faith by reference to the price of such stock on any established stock exchange or a national market system on the day of determination if the Common Stock is so listed on any established stock exchange or a national market system. If the Common Stock is not listed on any established stock exchange or a national market system, the value of the Common Stock will be determined by the Administrator in good faith.

(t) " Fiscal Year " means the fiscal year of the Company.

(u) " Incentive Stock Option " means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) " Nonstatutory Stock Option " means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(w) " Officer " means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(x) " Option " means a stock option granted pursuant to the Plan.

(y) " Parent " means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) " Participant " means the holder of an outstanding Award.

(aa) " Performance Goals " will have the meaning set forth in Section 11 of the Plan.

(bb) " Performance Period " means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

(cc) " Performance Share " means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(dd) " Performance Unit " means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(ee) " Period of Restriction " means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ff) " Plan " means this 2006 Equity Incentive Plan.

(gg) " Restricted Stock " means Shares issued pursuant to an Award of Restricted Stock under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(hh) " Restricted Stock Unit " means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ii) " Rule 16b-3 " means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(jj) " Section 16(b) " means Section 16(b) of the Exchange Act.

(kk) " Service Provider " means an Employee, Director or Consultant.

(ll) " Share " means a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

(mm) " Stock Appreciation Right " means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(nn) " Subsidiary " means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(oo) " Successor Corporation " has the meaning given to such term in Section 15(c) of the Plan.

3. Stock Subject to the Plan .

(a) Stock Subject to the Plan . Subject to the provisions of Section 15 of the Plan, the maximum aggregate number of Shares that may be awarded and sold under the Plan is 3,000,000 Shares plus (i) any Shares which have been reserved but not issued under the Company's 1997 Equity Incentive Plan (the "1997 Plan") as of the date of stockholder approval of this Plan and (ii) any Shares subject to stock options or similar awards granted under the 1997 Plan that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the 1997 Plan that are forfeited to or repurchased by the Company. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Full Value Awards . Any Shares subject to Awards granted with an exercise price less than the Fair Market Value on the date of grant of such Awards will be counted against the numerical limits of this Section 3 as two Shares for every one Share subject thereto. Further, if Shares acquired pursuant to any such Award are forfeited or repurchased by the Company and would otherwise return to the Plan pursuant to Section 3(c), two times the number of Shares so forfeited or repurchased will return to the Plan and will again become available for issuance.

(c) Lapsed Awards . If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, all of the Shares covered by the Award (that is, Shares actually issued pursuant to a Stock Appreciation Right, as well as the Shares that represent payment of the exercise price) will cease to be available under the Plan. However, Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the tax and exercise price of an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(c).

4. Administration of the Plan .

(a) Procedure .

(i) Multiple Administrative Bodies . Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m) . To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3 . To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration . Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator . Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder;

(iv) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(v) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(vi) to modify or amend each Award (subject to Section 20(c) of the Plan). Notwithstanding the previous sentence, the Administrator may not: (A) modify or amend an Option or Stock Appreciation Right to reduce the exercise price of such Option or Stock Appreciation Right after it has been granted (except for adjustments made pursuant to Section 15), (B) cancel any outstanding Option or Stock Appreciation Right and immediately replace it with a new Option or Stock Appreciation Right with a lower exercise price, or (C) accelerate the vesting provisions contained in Sections 8(e), 9(b), or 10(c) other than upon or in connection with a Change in Control or upon or in connection with a Participant's termination of service due to death, Disability or retirement;

(vii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(viii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

(ix) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and such other cash or stock awards as the Administrator determines may be granted to Service Providers. Incentive Stock Options may be granted only to employees of the Company or any Parent or Subsidiary of the Company.

6. Stock Options.

(a) Limitations.

(i) Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(ii) The following limitations will apply to grants of Options:

(1) No Service Provider will be granted, in any Fiscal Year, Options to purchase more than 250,000 Shares.

(2) In connection with his or her initial service, a Service Provider may be granted Options to purchase up to an additional 500,000 Shares, which will not count against the limit set forth in Section 6(a)(2)(ii)(1) above.

(3) The foregoing limitations will be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 15.

(4) If an Option is cancelled in the same Fiscal Year in which it was granted (other than in connection with a transaction described in Section 15), the cancelled Option, as applicable, will be counted against the limits set forth in subsections (1) and (2) above.

(5) The exercise price for an Option may not be reduced. This will include, without limitation, a repricing of the Option as well as an Option exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, Stock Appreciation Right or other Award.

(b) Term of Option. The Administrator will determine the term of each Option in its sole discretion. Any Option granted under the Plan will not be exercisable after the expiration of seven (7) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an

Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(c), Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates . At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration . The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment, to the extent permitted by Applicable Laws.

(d) Exercise of Option .

(i) Procedure for Exercise; Rights as a Stockholder . Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with an applicable withholding taxes). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan.

(ii) Termination of Relationship as a Service Provider . If a Participant ceases to be a Service Provider, other than upon the Participant's termination for Cause or as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant . If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant . If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Termination for Cause . If a Participant's status as a Service Provider is terminated for Cause, then the Option will immediately terminate, and the Shares covered by such Option will revert to and again become available for issuance under the Plan.

(vi) Other Termination . A Participant's Award Agreement may also provide that if the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the 10th day after the last date on which such exercise would result in such liability under Section 16(b). Finally, a Participant's Award Agreement may also provide that if the exercise of the Option following the termination of the Participant's status as a Service Provider (other than upon the Participant's death or disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option, or (B) the expiration of a period of three (3) months after the termination of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Stock Appreciation Rights .

(a) Grant of Stock Appreciation Rights . Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Participant, provided that during any Fiscal Year, no Participant will be granted Stock Appreciation Rights covering more than 250,000 Shares. Notwithstanding the foregoing limitation, in connection with a Participant's initial service as an Employee, an Employee may be granted Stock Appreciation Rights covering up to an additional 500,000 Shares.

(c) Exercise Price and Other Terms. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan, provided, however, that the exercise price will be not less than 100% of the Fair Market Value of a Share on the date of grant.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(d) also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Notwithstanding the foregoing sentence, during any Fiscal Year no Participant will receive more than an aggregate of 125,000 Shares of Restricted Stock; provided, however, that in connection with a Participant's initial service as an Employee, an Employee may be granted an aggregate of up to an additional 250,000 Shares of Restricted Stock. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) Transferability . Except as provided in this Section 8, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions . The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions . Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The restrictions will lapse at a rate determined by the Administrator; provided, however, that, with respect to Restricted Stock granted to Employees, and except as otherwise provided in Section 15(c), Shares of Restricted Stock will not vest more rapidly than one-third (1/3rd) of the total number of Shares of Restricted Stock subject to an Award each year from the date of grant (or, if applicable, the date an Employee begins his or her employment with the Company or any Parent or Subsidiary of the Company), unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Restricted Stock upon or in connection with a Change in Control or upon or in connection with a Participant’s termination of service due to death, Disability or retirement.

(f) Voting Rights . During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions . During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company . On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

9. Restricted Stock Units .

(a) Grant . Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 9(d), may be left to the discretion of the Administrator. Notwithstanding the anything to the contrary in this subsection (a), during any Fiscal Year of the Company, no Participant will receive more than an aggregate of 125,000 Restricted Stock Units; provided, however, that in connection with a Participant's initial service as an Employee, an Employee may be granted an aggregate of up to an additional 250,000 Restricted Stock Units.

(b) Vesting Criteria and Other Terms . The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion, will determine; provided, however, that, with respect to Restricted Stock Units granted to Employees, and except as otherwise provided in Section 15(c), an Award of Restricted Stock Units will not vest more rapidly than one-third (1/3rd) of the total number of Restricted Stock Units subject to an Award each year from the date of grant (or, if applicable, the date an Employee begins his or her employment with the Company or any Parent or Subsidiary of the Company), unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Restricted Stock Units upon or in connection with a Change in Control or upon or in connection with a Participant's termination of service due to death, Disability or retirement.

(c) Earning Restricted Stock Units . Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) Form and Timing of Payment . Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) Cancellation . On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

10. Performance Units and Performance Shares .

(a) Grant of Performance Units/Shares . Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units/Shares granted to each Participant provided that during any Fiscal Year, (a) no Participant will receive Performance Units having an initial value greater than $1,000,000, and (b) no Participant will receive more than 125,000 Performance Shares. Notwithstanding the foregoing limitation, in connection with a Participant's initial service as an Employee, an Employee may be granted up to an additional 250,000 Performance Shares.

(b) Value of Performance Units/Shares . Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each

Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms . The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Participant. The Administrator may set performance objectives based upon the achievement of Company wide, divisional, or individual goals, or any other basis determined by the Administrator in its discretion. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine; provided, however, that, with respect to Performance Units/Shares granted to Employees, and except as otherwise provided in Section 15(c), Performance Units/Shares will not vest more rapidly than one-third (1/3rd) of the total number of Performance Units/Shares subject to an Award each year from the date of grant (or, if applicable, the date an Employee begins his or her employment with the Company or any Parent or Subsidiary of the Company), unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Performance Units/Shares upon or in connection with a Change in Control or upon or in connection with a Participant’s termination of service due to death, Disability, or retirement.

(d) Earning of Performance Units/Shares . After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved.

(e) Form and Timing of Payment of Performance Units/Shares . Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares . On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Performance Goals . Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement (“Performance Goals”) including assets; bond rating; cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per Share; economic profit; economic value added; equity or stockholder’s equity; growth in earnings; growth

in revenue; market share; net income; net profit; net sales; noninterest income as percent of total income; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; results of regulatory reviews and examinations; return on equity; return on net assets; return on sales; revenue; sales growth; or total return to stockholders. Any Performance Goals may be used to measure the performance of the Company as a whole or a business unit of the Company and may be measured relative to a peer group or index. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Compensation Committee of the Board (the "Committee") will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Committee prior to the issuance of an Award, which is consistently applied and identified in the financial statements, including footnotes, or the management discussion and analysis section of the Company's annual report.

In determining the amounts earned by a Participant pursuant to an Award intended to qualified as "performance-based compensation" under Section 162(m) of the Code, the Committee will have the right to (a) reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period, (b) determine what actual Award, if any, will be paid in the event of a termination of employment as the result of a Participant's death or disability or upon a Change in Control or in the event of a termination of employment following a Change in Control prior to the end of the Performance Period, and (c) determine what actual Award, if any, will be paid in the event of a termination of employment other than as the result of a Participant's death or disability prior to a Change of Control and prior to the end of the Performance Period to the extent an actual Award would have otherwise been achieved had the Participant remained employed through the end of the Performance Period. A Participant will be eligible to receive payment pursuant to an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code for a Performance Period only if the Performance Goals for such period are achieved.

12. Compliance With Code Section 409A . Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A of the Code and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code.

13. Leaves of Absence . Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Service Provider will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii)

transfers between locations of the Company or between the Company and its Affiliates. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months and one day following the commencement of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

14. Transferability of Awards . Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

15. Adjustments; Dissolution or Liquidation; Merger or Change in Control .

(a) Adjustments . In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in Sections 3, 6, 7, 8, 9 and 10.

(b) Dissolution or Liquidation . In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control . In the event of a Change in Control, each outstanding Award will be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation (the “Successor Corporation”). In the event that the Successor Corporation refuses to assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the Successor Corporation, the Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 15(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

16. Tax Withholding

(d) Withholding Requirements . Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(e) Withholding Arrangements . The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the amount required to be withheld, (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

17. No Effect on Employment or Service . Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

18. Date of Grant . The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

19. Term of Plan . Subject to Section 23 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years unless terminated earlier under Section 20 of the Plan.

20. Amendment and Termination of the Plan .

(f) Amendment and Termination . The Administrator may at any time amend, alter, suspend or terminate the Plan.

(g) Stockholder Approval . The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(h) Effect of Amendment or Termination . No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

21. Conditions Upon Issuance of Shares .

(i) Legal Compliance . Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(j) Investment Representations . As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

22. Inability to Obtain Authority . The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

23. Stockholder Approval . The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

EXHIBIT 10.18

SVB FINANCIAL GROUP

2006 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

(Executive Officers)

Grant Number: ______«RSU_Number»______

SVB Financial Group (the "Company") hereby grants you, «First» «Middle» «Last» (the "Participant"), an award of restricted stock units ("RSUs") under the SVB Financial Group 2006 Equity Incentive Plan (the "Plan"). The date of this Agreement is _________, 200 ___. Subject to the provisions of Appendix A (attached) and of the Plan, the principal features of this award are as follows:

Number of RSUs : «RSU_Shares»

Vesting of RSUs : The RSUs will vest according to the following schedule:

[Insert vesting schedule.]

Settlement Date : The vesting date, unless otherwise specified in the Restricted Stock Unit Election Form (the "Election").

Unless otherwise defined herein or in Appendix A, capitalized terms herein or in Appendix A will have the defined meanings ascribed to them in the Plan.

Your signature below indicates your agreement and understanding that this Award is subject to all of the terms and conditions contained in Appendix A, the Plan, and, if applicable, the Election. For example, important additional information on vesting and forfeiture of the RSUs is contained in Sections 3 and 4 of Appendix A. PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS AGREEMENT.

SVB FINANCIAL GROUP	PARTICIPANT
______________________________	______________________________
[NAME] [TITLE]	«First» «Middle» «Last»
	Date: ___________, 200 __

APPENDIX A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

Grant # «RSU_Number»

1. Grant . The Company hereby grants to the Participant under the Plan an award of the number of RSUs set forth on the first page, subject to all of the terms and conditions in this Agreement and the Plan.

2. Company's Obligation to Pay . Each RSU represents the right to receive a share of Common Stock ("Share"). Unless and until the RSUs will have vested in the manner set forth in Sections 3 and 4, the Participant will have no right to payment of any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule . Subject to Section 4, the RSUs awarded by this Agreement will vest in the Participant according to the vesting schedule set forth on the attached Restricted Stock Unit Agreement, subject to the Participant continuing to be a Service Provider through each such date.

4. Forfeiture upon Termination of Status as a Service Provider . Notwithstanding any contrary provision of this Agreement, if the Participant ceases to be a Service Provider for any or no reason, the then-unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company and the Participant will have no further rights thereunder.

5. Payment after Vesting .

(a) Any RSUs that vest in accordance with Section 3 will be paid to the Participant (or in the event of the Participant's death, pursuant to Section 6 hereof) in whole Shares, provided that to the extent determined appropriate by the Company, any federal, state and local withholding taxes with respect to such RSUs will be paid by reducing the number of Shares actually paid to the Participant. The Company shall issue to the Participant, on a date within thirty (30) days following the Settlement Date, a number of whole Shares equal to the vested RSUs. Such Shares shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 7.

(b) Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with the Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) the Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to the Participant on or within the six (6) month period following the Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of the Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares in accordance with Section 6 as soon as practicable following his or her death. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

6. Payments after Death. Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the Participant's designated beneficiary, or if no beneficiary survives the Participant, administrator or executor of the Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Deferral Election . If permitted, the Participant may elect to defer delivery of the payment of any Shares, which election will be subject to such documentation as the Company may promptly and reasonably request, and any terms under the Silicon Valley Bank Deferred Compensation Plan as the Committee deems appropriate. Unless otherwise determined by the Committee, any such deferral election by the Participant will be void and not given effect unless the Participant's deferral election is made at least twelve (12) months prior to the date the Shares otherwise are scheduled to be paid. The Committee may require that the Participant make an election earlier than twelve (12) months prior to the date the Shares are scheduled to be paid. Upon the date the Shares vest to which a deferral election applies, the Company will create a bookkeeping entry initially representing an amount equivalent to the Fair Market Value of the number of Shares that would have otherwise been payable hereunder had a deferral election not been made. Any such obligation will represent an unfunded and unsecured obligation of the Company.

8. Withholding of Taxes . Notwithstanding any contrary provision of this Agreement, no certificate representing the Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares so issuable. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit the Participant to satisfy such tax withholding obligation, in whole or in part by one or more of the following: (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. If the Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable RSUs

otherwise are scheduled to vest pursuant to Section 3, the Participant will permanently forfeit such RSUs and the RSUs will be returned to the Company at no cost to the Company and the Participant will have no rights to acquire any Shares with respect thereto.

9. Rights as Stockholder . Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant.

10. No Effect on Service . The Participant's service with the Company and its Subsidiaries is on an at-will basis only. Accordingly, the terms of the Participant's service with the Company and its Affiliates will be determined from time to time by the Company or the Affiliate employing or retaining the Participant (as the case may be), and the Company or the Subsidiary will have the right, which is hereby expressly reserved, to terminate or change the terms of the service of the Participant at any time for any reason whatsoever, with or without Cause.

11. Address for Notices . Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company at 3003 Tasman Drive, Mail Sort HA 200, Santa Clara, CA 95054, Attn: Investor Relations and Stock Plan Administration Manager, or at such other address as the Company may hereafter designate in writing.

12. Grant is Not Transferable . Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

13. Binding Agreement . Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

14. Additional Conditions to Issuance of Stock . If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

15. Plan Governs . This Agreement is subject to all terms and provisions of the Plan.

In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

16. Administrator Authority . The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

17. Captions . Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

18. Agreement Severable . In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

19. Modifications to the Agreement . This Agreement constitutes the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of RSUs.

20. Electronic Delivery . The Company may, in its sole discretion, decide to deliver any documents related to RSUs awarded under the Plan or future RSUs that may be awarded under the Plan by electronic means or request Participant’s consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

21. Governing Law . This Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of RSUs or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California **,** and agree that such litigation shall be conducted in the courts of Santa Clara County, California **,** or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of RSUs is made and/or to be performed.

EXHIBIT 10.23

SVB FINANCIAL GROUP

2006 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

(Directors)

Grant Number: «RSU_Number»

SVB Financial Group (the "Company") hereby grants you, «First» «Middle» «Last» (the "Participant"), an award of restricted stock units ("RSUs") under the SVB Financial Group 2006 Equity Incentive Plan (the "Plan"). The date of this Agreement is _______, 200 __. Subject to the provisions of Appendix A (attached) and of the Plan, the principal features of this award are as follows:

Number of RSUs : «RSU_Shares»

Vesting of RSUs : The RSUs will vest according to the following schedule:

[Insert vesting schedule.]

Settlement Date : The vesting date, unless otherwise specified in the Restricted Stock Unit Election Form (the "Election").

Unless otherwise defined herein or in Appendix A, capitalized terms herein or in Appendix A will have the defined meanings ascribed to them in the Plan.

Your signature below indicates your agreement and understanding that this Award is subject to all of the terms and conditions contained in Appendix A, the Plan, and, if applicable, the Election. For example, important additional information on vesting and forfeiture of the RSUs is contained in Sections 3 and 4 of Appendix A. PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS AGREEMENT.

SVB FINANCIAL GROUP	PARTICIPANT
______________________________	______________________________
[NAME] [TITLE]	«First» «Middle» «Last»
	Date: _________, 200 _

APPENDIX A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

Grant # «RSU_Number»

1. Grant . The Company hereby grants to the Participant under the Plan an award of the number of RSUs set forth on the first page, subject to all of the terms and conditions in this Agreement and the Plan.

2. Company’s Obligation to Pay . Each RSU represents the right to receive a share of Common Stock (“Share”). Unless and until the RSUs will have vested in the manner set forth in Sections 3 and 4, the Participant will have no right to payment of any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule . Subject to Section 4, the RSUs awarded by this Agreement will vest in the Participant according to the vesting schedule set forth on the attached Restricted Stock Unit Agreement, subject to the Participant continuing to be a Service Provider through each such date.

4. Forfeiture upon Termination of Status as a Service Provider . Notwithstanding any contrary provision of this Agreement, if the Participant ceases to be a Service Provider for any or no reason, the then-unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company and the Participant will have no further rights thereunder.

5. Payment after Vesting .

(a) Any RSUs that vest in accordance with Section 3 will be paid to the Participant (or in the event of the Participant’s death, pursuant to Section 6 hereof) in whole Shares, provided that to the extent determined appropriate by the Company, any federal, state and local withholding taxes with respect to such RSUs will be paid by reducing the number of Shares actually paid to the Participant. The Company shall issue to the Participant, on a date within thirty (30) days following the Settlement Date, a number of whole Shares equal to the vested RSUs. Such Shares shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 7.

(b) Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with the Participant’s termination as a Service Provider (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) the Participant is a “specified employee” within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to the Participant on or within the six (6) month period following the Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of the Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares in accordance with Section 6 as soon as practicable following his or her death. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

6. Payments after Death . Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the Participant's designated beneficiary, or if no beneficiary survives the Participant, administrator or executor of the Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes . Notwithstanding any contrary provision of this Agreement, no certificate representing the Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares so issuable. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit the Participant to satisfy such tax withholding obligation, in whole or in part by one or more of the following: (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. If the Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable RSUs otherwise are scheduled to vest pursuant to Section 3, the Participant will permanently forfeit such RSUs and the RSUs will be returned to the Company at no cost to the Company and the Participant will have no rights to acquire any Shares with respect thereto.

8. Rights as Stockholder . Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant.

9. No Effect on Service . The Participant's service with the Company and its Subsidiaries is on an at-will basis only. Accordingly, the terms of the Participant's service with

the Company and its Affiliates will be determined from time to time by the Company or the Affiliate employing or retaining the Participant (as the case may be), and the Company or the Subsidiary will have the right, which is hereby expressly reserved, to terminate or change the terms of the service of the Participant at any time for any reason whatsoever, with or without Cause.

10. Address for Notices . Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company at 3003 Tasman Drive, Mail Sort HA 200, Santa Clara, CA 95054, Attn: Investor Relations and Stock Plan Administration Manager, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable . Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement . Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock . If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

14. Plan Governs . This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

15. Administrator Authority . The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

16. Captions . Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

17. Agreement Severable . In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

18. Modifications to the Agreement . This Agreement constitutes the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of RSUs.

19. Electronic Delivery . The Company may, in its sole discretion, decide to deliver any documents related to RSUs awarded under the Plan or future RSUs that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

20. Governing Law . This Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of RSUs or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California **,** and agree that such litigation shall be conducted in the courts of Santa Clara County, California **,** or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of RSUs is made and/or to be performed.

EXHIBIT 10.24

SVB FINANCIAL GROUP

RESTRICTED STOCK UNIT ELECTION

(Directors)

TO: [________________], SVB Financial Group (the *"Company"*)

FROM: ________________________________

I hereby elect to defer the settlement date of my Restricted Stock Units that I receive from the Company, subject to the terms and conditions of the Company's 2006 Equity Incentive Plan (the *"Plan"*) and this election (the *"Election"*). I understand that my Election is irrevocable. The terms of my Election are as follows:

1. **Restricted Stock Units to which Election applies .** I elect to defer settlement of 100% of all Restricted Stock Unit awards made to me during the calendar year commencing January 1, 2009 (the *"Election Period"*). This Election will terminate at the end of the Election Period.

2. **Restricted Stock Units Deferral Elections .** I understand that any Restricted Stock Unit awards deferred under this Election will be settled in shares of Company common stock (*"Shares"*) payable in a single lump sum. I understand that if I fail to make an election with respect to my Restricted Stock Unit awards that I will be deemed to have elected settlement of my Restricted Stock Units when such units vest as provided in the agreement relating to my Restricted Stock Unit awards (any such agreement, an *"Agreement"*).

Settlement Date:

Subject to the terms of the Plan and my Agreement, I will receive Shares in settlement of my Restricted Stock Unit awards (to the extent vested) within 30 days, or such later date as may be required by applicable law, of the earlier of the events I have elected below (as applicable, the " *Settlement Date* "):

☐ I elect a Settlement Date for 100% of my Restricted Stock Unit awards on ___________. (please select a date no earlier than January 1, 2010, but note that if you elect a Settlement Date prior to the date the Restricted Stock Unit award vests, the Restricted Stock Unit award will be settled on the vesting date).

☐ The date of my "separation from service" (as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and Internal Revenue Service guidance promulgated thereunder (*"Section 409A"*)).

☐ The date of a Change of Control (as defined in Appendix A hereto).

☐ The date of my death.

☐ The date I become Disabled (as defined in Appendix A hereto).

☐ I do not elect a Settlement Date (and I understand this means that the Settlement Date will be the date upon which my Restricted Stock Units vest in accordance with the vesting schedule(s) set forth in an applicable Agreement.

Notwithstanding the foregoing, if the Settlement Date is as a result of my separation from service, as determined by the Company, other than due to my death **,** and I am a "specified employee" within the meaning of Section 409A at the time of such separation from service, then my Restricted Stock Unit awards will not be settled until the date six (6) months and one (1) day following the date of separation from service, unless I die following my separation from service, in which case, my Restricted Stock Unit awards will be settled as soon as practicable following my death.

Change of Settlement Date:

I understand that I may make, with the consent of the Company, a subsequent election to further defer settlement of my Restricted Stock Unit awards, and that such an election must be made at least one (1) year prior to my originally selected Settlement Date and I further understand that my newly elected Settlement Date must be at least five (5) years after the date of the originally selected Settlement Date. I further understand that the ability to make such a subsequent deferral election may not be available to me in the future if the Company changes its administration policies to reflect any changes to the applicable law governing deferred compensation.

4. **Filing of Election .** This Restricted Stock Unit Election must be filed with the Company no later than December 31, 2008.

5. **Irrevocability of Election .** This Restricted Stock Unit Election will become irrevocable as of the commencement of the Election Period.

6. **Award is Unfunded .** I understand that the Company has not formally funded my Award and that I am considered a general unsecured creditor of the Company with respect to my rights under the Award.

7. **Taxes** . I understand and acknowledge that amounts deferred will be taxable as ordinary income in the year paid. I, however, agree and acknowledge that I may be subject to employment taxes on the original vesting date(s). If the Administrator (as defined in the Plan) determines that the Company is required to withhold for any taxes, including, but not limited to, income or employment taxes, prior to the date of deferred payout, I agree that, if I do not make other arrangements that are satisfactory to the Administrator, in its sole discretion, the Company may withhold from other compensation due to me, including, but not limited to, salary. I understand that, upon receipt of deferred payouts, I may owe taxes both (1) to the state where I resided at the time of making this election and, if different, (2) to the state where I reside when I receive a deferred payout.

8. **Section 409A** . It is the intent of this Election to comply with the requirements of Section 409A so that none of the Restricted Stock Units or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

9. **Subject to Plan .** This Election is in all respects subject to the terms and conditions of the Plan. Should any inconsistency exist between this Restricted Stock Unit Election, the Plan, the Agreement, and/or any applicable law, then the provisions of either the applicable law or the Plan will control, with the Plan subordinated to the applicable law and the Agreement subordinated to this Election.

Dated: __________

____
Signature

APPENDIX A

Definitions for Restricted Stock Unit Election

For purposes of the Restricted Stock Unit Election, *"Change of Control"* means a change in the ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company as determined in accordance with section 409A(a)(2)(A)(v) of the Code and Treasury regulation section 1.409A-3(i)(5), and as set forth below:

(a) A change in the ownership of the Company occurs on the date that any one person or more than one person acting as a group (a *"Person"*), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, that for purposes of this subsection (a), the acquisition of additional stock by any one Person who is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company will not be considered to cause a change in the ownership of the Company (or to cause a change in the effective control of the Company within the meaning of subsection (b) below). An increase in the percentage of stock owned by any one Person as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection (a). This subsection (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and the Company's stock remains outstanding after the transaction;

(b) A change in the effective control of the Company occurs on the date that either: (1) any one Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) ownership of the stock of the Company possessing fifty percent (50%) or more of the total voting power of the stock of the Company; or (2) a majority of the members of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election. A change in effective control also may occur in a transaction in which either of the two corporations involved in the transaction has a Change in Control Event under subsection (a) above or (c) below. For purposes of this subsection (b), if any one Person is considered to effectively control the Company within the meaning of this subsection (b), the acquisition of additional control of the Company by such Person will not be considered to cause a change in the effective control of the Company (or to cause a change in the ownership of the Company within the meaning of subsection (a) above); or

(c) A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, "gross fair market value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. However, there is no Change in Control Event under this subsection (c) when there is a transfer of assets of the Company to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided below. A transfer of assets by the Company will not be treated as a change in the ownership of such assets if the assets are transferred to: (1) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock; (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in clause (3) above. For purposes of this subsection (c) and except as otherwise provided, a person's status is determined immediately after the transfer of the assets.

For these purposes, persons will not be considered to be acting as a group solely because they purchase or own stock of the Company at the same time. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company, and if a person, including an entity, owns stock in both the Company and another corporation and the Company and the other corporation enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders only with respect to the ownership in the Company before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Section 318 (a) of the Code also applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option); provided, however, that if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury regulation sections 1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

For purposes of the Restricted Stock Unit Election, " *Disabled* " means I am unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and is evidenced by a certificate of a physician satisfactory to the Administrator (as defined under the Plan) stating that such Disability exists and is likely to result in death or last for at least twelve (12) months. The Administrator will determine whether or not I am Disabled based on such evidence as the Administrator deems necessary or advisable. Notwithstanding the foregoing, I will be considered to be Disabled if I am determined to be totally disabled by the Social Security Administration.

EXHIBIT 10.27

SVB FINANCIAL GROUP

RESTRICTED STOCK UNIT ELECTION

(Executive Officers)

TO: [_______________], SVB Financial Group (the *"Company"*)

FROM: ______________________________

I hereby elect to defer the settlement date of my Restricted Stock Units that I receive from the Company, subject to the terms and conditions of the Company's 2006 Equity Incentive Plan (the *"Plan"*) and this election (the *"Election"*). I understand that my Election is irrevocable. The terms of my Election are as follows:

1. **Restricted Stock Units to which Election applies .** I elect to defer settlement of one hundred percent (100%) of all Restricted Stock Unit awards made to me during the calendar year commencing January 1, 2009 (the *"Election Period"*). This Election will terminate at the end of the Election Period.

2. **Restricted Stock Units Deferral Elections .** I understand that any Restricted Stock Unit awards deferred under this Election will be settled in shares of Company common stock (*"Shares"*) payable in a single lump sum. I understand that if I fail to make an election with respect to my Restricted Stock Unit awards that I will be deemed to have elected settlement of my Restricted Stock Units when such units vest as provided in the agreement relating to my Restricted Stock Unit awards (any such agreement, an *"Agreement"*).

Settlement Date:

Subject to the terms of the Plan and my Agreement, I will receive Shares in settlement of my Restricted Stock Unit awards (to the extent vested) within thirty (30) days, or such later date as may be required by applicable law, of the earlier of the events I have elected below (as applicable, the " *Settlement Date* "):

☐ I elect a Settlement Date for one hundred percent (100%) of my Restricted Stock Unit awards on ___________(please select a date no earlier than January 1, 2010, but note that if you elect a Settlement Date prior to the date the Restricted Stock Unit award vests, the Restricted Stock Unit award will be settled on the vesting date).

☐ The date of my "separation from service" (as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and Internal Revenue Service guidance promulgated thereunder (*"Section 409A"*)).

☐ The date of a Change of Control (as defined in Appendix A hereto).

☐ The date of my death.

☐ The date I become Disabled (as defined in Appendix A hereto).

☐ I do not elect a Settlement Date (and I understand this means that the Settlement Date will be the date upon which my Restricted Stock Units vest in accordance with the vesting schedule(s) set forth in an applicable Agreement.

Notwithstanding the foregoing, if the Settlement Date is as a result of my separation from service, as determined by the Company, other than due to my death **,** and I am a "specified employee" within the meaning of Section 409A at the time of such separation from service, then my Restricted Stock Unit awards will not be settled until the date six (6) months and one (1) day following the date of separation from service, unless I die following my separation from service, in which case, my Restricted Stock Unit awards will be settled as soon as practicable following my death.

Change of Settlement Date:

I understand that I may make, with the consent of the Company, a subsequent election to further defer settlement of my Restricted Stock Unit awards, and that such an election must be made at least one (1) year prior to my originally selected Settlement Date and I further understand that my newly elected Settlement Date must be at least five (5) years after the date of the originally selected Settlement Date. I further understand that the ability to make such a subsequent deferral election may not be available to me in the future if the Company changes its administration policies to reflect any changes to the applicable law governing deferred compensation.

4. **Filing of Election .** This Restricted Stock Unit Election must be filed with the Company no later than December 31, 2008.

5. **Irrevocability of Election .** This Restricted Stock Unit Election will become irrevocable as of the commencement of the Election Period.

6. **Award is Unfunded .** I understand that the Company has not formally funded my award and that I am considered a general unsecured creditor of the Company with respect to my rights under the award.

7. **Taxes .** I understand and acknowledge that amounts deferred will be taxable as ordinary income in the year paid. I, however, agree and acknowledge that I may be subject to employment taxes on the original vesting date(s). If the Administrator (as defined in the Plan) determines that the Company is required to withhold for any taxes, including, but not limited to, income or employment taxes, prior to the date of deferred payout, I agree that, if I do not make other arrangements that are satisfactory to the Administrator, in its sole discretion, the Company may withhold from other compensation due to me, including, but not limited to, salary. I understand that, upon receipt of deferred payouts, I may owe taxes both (a) to the state where I resided at the time of making this election and, if different, (b) to the state where I reside when I receive a deferred payout.

8. **Section 409A** . It is the intent of this Election to comply with the requirements of Section 409A so that none of the Restricted Stock Units or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

9. **Subject to Plan .** This Election is in all respects subject to the terms and conditions of the Plan. Should any inconsistency exist between this Election, the Plan, the Agreement, and/or any applicable law, then the provisions of either the applicable law or the Plan will control, with the Plan subordinated to the applicable law and the Agreement subordinated to this Election.

Dated: __________

Signature

APPENDIX A

Definitions for Restricted Stock Unit Election

For purposes of the Restricted Stock Unit Election, *"Change of Control"* means a change in the ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company as determined in accordance with section 409A(a)(2)(A)(v) of the Code and Treasury regulation section 1.409A-3(i)(5), and as set forth below:

(a) A change in the ownership of the Company occurs on the date that any one person or more than one person acting as a group (a *"Person"*), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, that for purposes of this subsection (a), the acquisition of additional stock by any one Person who is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company will not be considered to cause a change in the ownership of the Company (or to cause a change in the effective control of the Company within the meaning of subsection (b) below). An increase in the percentage of stock owned by any one Person as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection (a). This subsection (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and the Company's stock remains outstanding after the transaction;

(b) A change in the effective control of the Company occurs on the date that either: (1) any one Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such Person) ownership of the stock of the Company possessing fifty percent (50%) or more of the total voting power of the stock of the Company; or (2) a majority of the members of the Board of Directors is replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election. A change in effective control also may occur in a transaction in which either of the two (2) corporations involved in the transaction has a Change in Control event under subsection (a) above or (c) below. For purposes of this subsection (b), if any one Person is considered to effectively control the Company within the meaning of this subsection (b), the acquisition of additional control of the Company by such Person will not be considered to cause a change in the effective control of the Company (or to cause a change in the ownership of the Company within the meaning of subsection (a) above); or

(c) A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, "gross fair market value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. However, there is no Change in Control event under this subsection (c) when there is a transfer of assets of the Company to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided below. A transfer of assets by the Company will not be treated as a change in the ownership of such assets if the assets are transferred to: (1) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock; (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in clause (3) above. For purposes of this subsection (c) and except as otherwise provided, a person's status is determined immediately after the transfer of the assets.

For these purposes, Persons will not be considered to be acting as a group solely because they purchase or own stock of the Company at the same time. However, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company, and if a person, including an entity, owns stock in both the Company and another corporation and the Company and the other corporation enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders only with respect to the ownership in the Company before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Section 318 (a) of the Code also applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option); provided, however, that if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury regulation sections 1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

For purposes of the Restricted Stock Unit Election, " *Disabled* " means I am unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and is evidenced by a certificate of a physician satisfactory to the Administrator (as defined under the Plan) stating that such Disability exists and is likely to result in death or last for at least twelve (12) months. The Administrator will determine whether or not I am Disabled based on such evidence as the Administrator deems necessary or advisable. Notwithstanding the foregoing, I will be considered to be Disabled if I am determined to be totally disabled by the Social Security Administration.

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Kenneth P. Wilcox, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SVB Financial Group;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2008

/s/ KENNETH P. WILCOX
Kenneth P. Wilcox
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Michael Descheneaux, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SVB Financial Group;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 10, 2008

/s/ MICHAEL DESCHENEAUX
Michael Descheneaux
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

I, Kenneth P. Wilcox, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Quarterly Report of SVB Financial Group on Form 10-Q for the quarterly period ended September 30, 2008, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: November 10, 2008

/s/ KENNETH P. WILCOX
Kenneth P. Wilcox
President and Chief Executive Officer
(Principal Executive Officer)

I, Michael Descheneaux, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Quarterly Report of SVB Financial Group on Form 10-Q for the quarterly period ended September 30, 2008, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SVB Financial Group.

Date: November 10, 2008

/s/ MICHAEL DESCHENEAUX
Michael Descheneaux
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)