SVB Financial Group

Silicon Valley Bancshares Revises Earnings Guidance For Remainder Of 2002

Announces Additional Stock Repurchase Program

SANTA CLARA, CALIF. - September 18, 2002 - Silicon Valley Bancshares (NASDAQ: SIVB), parent company of Silicon Valley Bank, today announced that it is revising earnings guidance for the third quarter and for the 2002 fiscal year. For the third quarter, Silicon Valley Bank management expects earnings to be between $0.27 and $0.31. This compares to $0.32 to $0.36 previously announced. For fiscal 2002, earnings are expected to be between $1.18 and $1.23, down from the $1.39 to $1.44 in prior guidance.

Additionally, management today announced it will repurchase an additional $100 million dollars of stock. It also announced it had completed the $50 million stock repurchase authorized by the Board of Directors on March 21, 2002. These stock repurchases demonstrate management's ability to continue executing against the capital plan announced in Silicon Valley Bancshares' Q1 2002 earnings release.

"Due to the persistent and challenging market conditions, we no longer expect to meet our original earnings targets for 2002. Nevertheless, given the economic conditions, Silicon Valley Bank's performance has been strong," said Ken Wilcox, chief executive officer. "Loan balances are at the highest level in the history of the Bank and continue to grow, credit quality remains excellent, and fee income from our international and letter of credit businesses is expanding. However, the weakening economy continues to take its toll.

"Our fixed-rate portfolio has experienced higher-than-expected churn from clients renewing fixed-rate loans. With interest rates at an all-time low, these renewed loans are negatively impacting our net interest income, reflecting the asset-sensitive nature of our balance sheet." Wilcox continued. "Additionally, the yield curve has flattened compared to the second quarter, which has inhibited our ability to improve investment portfolio yields as much as we previously expected."

The company also mentioned three other factors that influenced the decision to revise guidance. While merger and acquisition activity continues at its expected pace, fees are and will continue to be lower than originally expected, primarily due to lower valuations. It is also taking increasingly longer to close transactions. Finally, securities write-downs continue to run at higher-than-anticipated levels due to write-downs at venture capital funds in which the Company has invested. Bank management had understood that the bulk of the write-downs by the venture capital funds had been completed by the fourth quarter of 2001, which was reflected in the Bank's first quarter financial statements. However, since then the funds took additional write-downs, which will be reflected in the Bank's third quarter results.

"While market factors beyond our control — such as low interest rates, a continuously dropping NASDAQ, and sinking VC investment — continue to challenge us, we remain confident in our long-term outlook," said Wilcox. "Our confidence stems not only from our belief that the markets are slowly stabilizing, but from an unyielding focus on performance metrics well within our control, such as a strong balance sheet and stellar credit quality."

As of August 31, 2002, the company had repurchased 2.26 million shares of common stock totaling $50.2 million in conjunction with the $50.0 million share repurchase program authorized by the Board of Directors on March 21, 2002. The Board approved an additional $100 million of share repurchases on September 16, 2002.

The Bank also announced that it had signed a definitive agreement to purchase Woodside Asset Management (Woodside), a Menlo Park-based investment adviser. The transaction is expected to close on September 30. "Woodside will be a significant enhancement to our private banking initiative because of strong synergies between the two companies," said Ken Wilcox. "Woodside targets the same customer base that the Bank does and has a similar approach to client service and partnership."

In this release, we make forward-looking statements discussing our management's expectations about third quarter results and the earnings target for fiscal 2002. With respect to third quarter results, the factors that could cause actual results to differ from expected include:

- material changes in interest rates or market levels,
- a material change in credit quality
- adjustments required in the close process

Factors that may cause the fiscal 2002 targets to change include:

- material changes in the state of the economy or the markets served by Silicon Valley Bank
- material changes in credit quality

- material changes in interest rates or market levels.

For additional information with respect to factors that could cause actual results to differ from the expectations stated in the forward-looking statements, see the text under the caption "Risk Factors" included in Item 7, page 42, of our annual report on Form 10-K dated March 19, 2002. We urge investors to consider all of these factors carefully in evaluating the forward-looking statements contained in this discussion and analysis. All subsequent written or oral forward-looking statements attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this filing are made only as of the date of this filing. We do not intend, and undertake no obligation, to update these forward-looking statements.

Silicon Valley Bank serves emerging growth and mature companies in the technology and life sciences markets, as well as other targeted industries. Through its focus on specialized markets and extensive knowledge of the people and business issues driving them, Silicon Valley Bank provides a level of service and partnership that measurably impacts its clients' success. Founded in 1983 and headquartered in Santa Clara, Calif., the Bank serves more than 9,500 clients across the country through 27 regional offices. More information on the Bank can be found at www.svb.com.

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