SVB FINANCIAL GROUP
Form 10-Q
November 04, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2011

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	**91-1962278**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3003 Tasman Drive, Santa Clara, California	**95054-1191**
(Address of principal executive offices)	**(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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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. (Check one):

Large accelerated filer x 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 x

At October 28, 2011, 43,342,749 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, 2011	December 31, 2010
Assets		
Cash and due from banks	$ 1,742,144	$ 2,672,725
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	299,828	403,707
Cash and cash equivalents	2,041,972	3,076,432
Available-for-sale securities	9,639,386	7,917,967
Non-marketable securities	951,963	721,520
Investment securities	10,591,349	8,639,487
Loans, net of unearned income	6,328,588	5,521,737
Allowance for loan losses	(85,246)	(82,627)
Net loans	6,243,342	5,439,110
Premises and equipment, net of accumulated depreciation and amortization	53,458	44,545
Accrued interest receivable and other assets	265,242	328,187
Total assets	$ 19,195,363	$ 17,527,761
Liabilities and total equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$ 11,162,776	$ 9,011,538
Interest-bearing deposits	4,976,446	5,325,403
Total deposits	16,139,222	14,336,941
Short-term borrowings		37,245
Other liabilities	254,256	196,037
Long-term debt	609,557	1,209,260
Total liabilities	17,003,035	15,779,483
Commitments and contingencies (Note 11)		
SVBFG stockholders equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; no shares issued and outstanding		
	43	42

Common stock, $0.001 par value, 150,000,000 shares authorized; 43,268,880 shares and 42,268,201 shares outstanding, respectively		
Additional paid-in capital	472,443	422,334
Retained earnings	964,159	827,831
Accumulated other comprehensive income	99,453	24,143
Total SVBFG stockholders equity	1,536,098	1,274,350
Noncontrolling interests	656,230	473,928
Total equity	2,192,328	1,748,278
Total liabilities and total equity	$ 19,195,363	$ 17,527,761

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, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Interest income:				
Loans	$ 101,693	$ 80,716	$ 284,935	$ 230,216
Available-for-sale securities:				
Taxable	39,357	32,375	124,956	101,493
Non-taxable	899	948	2,723	2,869
Federal funds sold, securities purchased under agreements to resell and other short-term investment securities	1,375	2,719	4,972	8,444
Total interest income	143,324	116,758	417,586	343,022
Interest expense:				
Deposits	1,715	3,783	7,379	11,315
Borrowings	6,154	6,634	24,000	18,090
Total interest expense	7,869	10,417	31,379	29,405
Net interest income	135,455	106,341	386,207	313,617
Provision for (reduction of) loan losses	769	10,971	(2,144)	29,124
Net interest income after provision for loan losses	134,686	95,370	388,351	284,493
Noninterest income:				
Gains on investment securities, net	52,262	46,611	175,279	67,420
Foreign exchange fees	11,546	9,091	32,397	26,207
Gains on derivative instruments, net	9,951	1,257	24,153	4,565
Deposit service charges	8,259	7,324	23,214	22,283
Credit card fees	4,506	3,139	12,687	8,853
Client investment fees	2,939	4,681	9,707	13,562
Letters of credit and standby letters of credit income	3,040	2,752	8,452	7,869
Other	3,108	11,381	23,384	24,907
Total noninterest income	95,611	86,236	309,273	175,666
Noninterest expense:				
Compensation and benefits	77,009	62,170	232,529	181,993
Professional services	16,122	12,618	43,000	37,358
Premises and equipment	7,220	5,548	19,572	16,651
Business development and travel	5,886	5,153	17,429	14,542
Net occupancy	4,967	5,131	14,163	14,468
FDIC assessments	2,302	2,637	7,940	13,273
Correspondent bank fees	2,336	2,228	6,701	6,132
Provision for unfunded credit commitments	2,055	1,692	2,131	2,561
Other	9,554	6,994	22,453	19,949
Total noninterest expense	127,451	104,171	365,918	306,927

Income before income tax expense	102,846	77,435	331,706	153,232
Income tax expense	26,770	24,996	92,803	50,397
Net income before noncontrolling interests	76,076	52,439	238,903	102,835
Net income attributable to noncontrolling interests	(38,505)	(14,652)	(102,575)	(25,371)
Net income available to common stockholders	$ 37,571	$ 37,787	$ 136,328	$ 77,464
Earnings per common share basic	$ 0.87	$ 0.90	$ 3.18	$ 1.86
Earnings per common share diluted	0.86	0.89	3.12	1.83

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, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Net income before noncontrolling interests	$ 76,076	$ 52,439	$ 238,903	$ 102,835
Other comprehensive income, net of tax:				
Change in cumulative translation gains:				
Foreign currency translation (losses) gains	(5,573)	2,113	(3,682)	1,961
Related tax benefit (expense)	2,280	(862)	1,506	(800)
Change in unrealized gains on available-for-sale securities:				
Unrealized holding gains	93,701	634	168,378	92,923
Related tax expense	(38,329)	(259)	(68,858)	(37,901)
Reclassification adjustment for gains included in net income	(5)	(23,605)	(37,288)	(24,473)
Related tax benefit	2	9,631	15,254	9,985
Other comprehensive income, net of tax	52,076	(12,348)	75,310	41,695
Comprehensive income	128,152	40,091	314,213	144,530
Comprehensive income attributable to noncontrolling interests	(38,505)	(14,652)	(102,575)	(25,371)
Comprehensive income available to common stockholders	$ 89,647	$ 25,439	$ 211,638	$ 119,159

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

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SVB FINANCIAL GROUP AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)

(Dollars in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total SVBFG Stockholders Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2009	**41,338,389**	**$ 41**	**$ 389,490**	**$ 732,907**	**$ 5,905**	**$ 1,128,343**	**$ 345,767**	**$ 1,474,110**
Common stock issued under employee benefit plans, net of restricted stock cancellations	626,375	1	15,209			15,210		15,210
Income tax benefit from stock options exercised, vesting of restricted stock and other			2,891			2,891		2,891
Net income				77,464		77,464	25,371	102,835
Capital calls and distributions, net							56,547	56,547
Net change in unrealized gains on available-for-sale investment securities, net of tax					40,534	40,534		40,534
Foreign currency translation adjustments, net of tax					1,161	1,161		1,161
Stock-based compensation expense			9,865			9,865		9,865
Repurchase of warrant under Capital Purchase Program			(6,820)			(6,820)		(6,820)
Other-net			(45)	8		(37)		(37)
Balance at September 30, 2010	**41,964,764**	**$ 42**	**$ 410,590**	**$ 810,379**	**$ 47,600**	**$ 1,268,611**	**$ 427,685**	**$ 1,696,296**
Balance at December 31, 2010	**42,268,201**	**$ 42**	**$ 422,334**	**$ 827,831**	**$ 24,143**	**$ 1,274,350**	**$ 473,928**	**$ 1,748,278**
Common stock issued under employee benefit plans, net of restricted stock cancellations	999,655	1	30,271			30,272		30,272
Common stock issued upon settlement of 3.875% Convertible Notes, net of shares received from associated convertible note hedge	1,024							
Income tax benefit from stock options exercised, vesting of restricted stock and other			6,548			6,548		6,548
Net income				136,328		136,328	102,575	238,903
Capital calls and distributions, net							79,727	79,727
Net change in unrealized gains on available-for-sale investment securities, net of tax					77,486	77,486		77,486
Foreign currency translation adjustments, net of tax					(2,176)	(2,176)		(2,176)
Stock-based compensation expense			13,290			13,290		13,290
Balance at September 30, 2011	**43,268,880**	**$ 43**	**$ 472,443**	**$ 964,159**	**$ 99,453**	**$ 1,536,098**	**$ 656,230**	**$ 2,192,328**

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, 2011	2010
Cash flows from operating activities:		
Net income before noncontrolling interests	$ 238,903	$ 102,835
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain from note repurchases and termination of corresponding interest rate swaps	(3,123)	
(Reduction of) provision for loan losses	(2,144)	29,124
Provision for unfunded credit commitments	2,131	2,561
Changes in fair values of derivatives, net	(20,334)	1,556
Gains on investment securities, net	(175,279)	(67,420)
Depreciation and amortization	19,999	17,554
Amortization of premiums on available-for-sale securities, net	18,170	15,593
Tax benefit (expense) from stock exercises	854	(306)
Amortization of share-based compensation	13,501	9,904
Amortization of deferred loan fees	(43,806)	(36,652)
Deferred income tax expense	3,135	1,794
Losses on sale of and valuation adjustments to other real estate owned property		24
Changes in other assets and liabilities:		
Accrued interest receivable and payable, net	(13,919)	5,817
Accounts receivable	(2,724)	(10,768)
Income tax receivable, net	8,174	23,933
Prepaid FDIC assessments and amortization	6,468	7,704
Accrued compensation	9,968	22,567
Foreign exchange spot contracts, net	10,587	4,849
Other, net	19,627	14,193
Net cash provided by operating activities	90,188	144,862
Cash flows from investing activities:		
Purchases of available-for-sale securities	(5,034,425)	(4,167,462)
Proceeds from sales of available-for-sale securities	1,414,794	653,122
Proceeds from maturities and pay downs of available-for-sale securities	2,048,439	1,526,562
Purchases of nonmarketable securities (cost and equity method accounting)	(43,260)	(36,847)
Proceeds from sales of nonmarketable securities (cost and equity method accounting)	21,524	12,185
Purchases of nonmarketable securities (investment fair value accounting)	(127,362)	(78,667)
Proceeds from sales and distributions of nonmarketable securities (investment fair value accounting)	66,541	25,866
Net increase in loans	(792,169)	(322,723)
Proceeds from recoveries of charged-off loans	21,626	13,397
Proceeds from sale of other real estate owned		196
Payment for acquisition of intangibles, net of cash acquired		(360)
Purchases of premises and equipment	(21,600)	(21,031)
Net cash used for investing activities	(2,445,892)	(2,395,762)
Cash flows from financing activities:		
Net increase in deposits	1,802,281	2,083,008
(Decrease) increase in short-term borrowings	(37,245)	20,980
Payments for repurchases of 5.70% Senior Notes and 6.05% Subordinated Notes, including repurchase premiums and associated fees	(346,443)	

Proceeds from termination of portions of interest rate swaps associated with 5.70% Senior Notes and 6.05% Subordinated Notes	36,959	
Payments for settlement of 3.875% Convertible Notes	(250,000)	
Proceeds from issuance of 5.375% Senior Notes, net of discount and issuance cost		344,294
Capital contributions from noncontrolling interests, net of distributions	79,727	56,547
Tax benefit from stock exercises	5,694	3,197
Proceeds from issuance of common stock and Employee Stock Purchase Plan	30,271	15,210
Repurchase of warrant under Capital Purchase Program		(6,820)
Net cash provided by financing activities	1,321,244	2,516,416
Net (decrease) increase in cash and cash equivalents	(1,034,460)	265,516
Cash and cash equivalents at beginning of period	3,076,432	3,512,853
Cash and cash equivalents at end of period	**$ 2,041,972**	**$ 3,778,369**
Supplemental disclosures:		
Cash paid during the period for:		
Interest	$ 37,776	$ 22,903
Income taxes	74,313	21,360
Noncash items during the period:		
Unrealized gains on available-for-sale securities, net of tax	$ 77,486	$ 40,534
Net change in fair value of interest rate swaps	(1,753)	20,362

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

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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 through all stages of their life cycles. In these notes to our unaudited interim consolidated financial statements, when we use or refer to SVB Financial Group, SVBFG, the Company, we, o us or other 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 use or 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, 2011 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, 2010 (2010 Form 10-K).

The accompanying unaudited 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 2010 Form 10-K.

The preparation of unaudited 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 allowance for loan losses, the valuation of equity warrant assets, the recognition and measurement of income tax assets and liabilities, the adequacy of the reserve for unfunded credit commitments, and share-based compensation.

Principles of Consolidation and Presentation

Our consolidated financial statements include the accounts of SVB Financial Group and entities in which we have a controlling financial interest. We determine whether we have a controlling financial interest in an entity by evaluating whether the entity is a voting interest entity or a variable interest entity. All significant intercompany accounts and transactions have been eliminated.

Voting interest entities are entities that have sufficient equity and provide the equity investors voting rights that enable them to make significant decisions relating to the entity s operations. For these types of entities, the Company s determination of whether it has a controlling interest is based on ownership of the majority of the entities voting equity interest or through control of management of the entities.

Variable interest entities (VIEs) are entities that, by design, either (1) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) have equity investors that do not have the ability to make significant decisions relating to the entity s operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity. We determine whether we have a controlling financial interest in a VIE by considering whether our involvement with the VIE is significant and designates us as the primary beneficiary based on the following:

1. We have the power to direct the activities of the VIE that most significantly impact the entity s economic performance; and

2. The aggregate indirect and direct variable interests held by the Company have the obligation to absorb losses or the right to receive benefits from the entity that could be significant to the VIE.

Voting interest entities in which the Company has a controlling financial interest or VIEs in which the Company is the primary beneficiary are consolidated into our financial statements.

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We have not provided financial or other support during the periods presented to any VIE that we were not previously contractually required to provide. We are variable interest holders in certain partnerships for which we are the primary beneficiary. We perform on-going reassessments of whether facts or circumstances have changed in relation to previously evaluated voting interest entities and our involvement in VIEs which could cause the Company s consolidation conclusion to change.

Impact of Adopting ASU No. 2011-02

In April 2011, the Financial Accounting Standards Board (FASB) issued a new accounting standard (ASU No. 2011-02), which requires new disclosures and provides additional guidance to creditors for determining whether a modification or restructuring of a receivable is a troubled debt restructuring (TDR). The new guidance requires creditors to evaluate modifications and restructurings of receivables using a more principles-based approach, which may result in more modifications and restructurings being considered TDRs. The new disclosures and guidance are effective for interim and annual reporting periods beginning on or after June 15, 2011 and was therefore adopted on July 1, 2011, with retrospective disclosures required for all TDR activities that have occurred from the beginning of the annual period of adoption. This standard clarified how TDRs are determined and increased the disclosure requirements for TDRs, however it did not have a material impact on our financial position, results of operations or stockholders equity. See Note 6 Loans and Allowance for Loan Losses for further details.

Recent Accounting Pronouncements

In May 2011, the FASB issued a new accounting standard (ASU No. 2011-04), which requires new disclosures and clarifies existing guidance surrounding fair value measurement. This standard was issued concurrent with the International Accounting Standards Board s (IASB) issuance of a fair value measurement standard with the objective of a converged definition of fair value measurement and disclosure guidance. The new guidance clarifies that the principal market for a financial instrument should be determined based on the market with the greatest volume and level of activity. This new guidance is effective on a prospective basis for interim and annual reporting periods beginning after December 15, 2011. This standard clarifies how fair value is measured and increases the disclosure requirements for fair value measurements. We are currently assessing the impact of this guidance, however we do not expect it to have a material impact on our financial position, results of operations or stockholders equity.

In June 2011, the FASB issued a new accounting standard (ASU No. 2011-05), which requires presentation of the components of total comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Regardless of which option is chosen, reclassification adjustments for items that are reclassified from other comprehensive income (OCI) to net income are required to be shown on the face of the financial statements. This new guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance is effective on a retrospective basis for the interim and annual reporting periods beginning after December 15, 2011. We have assessed the new guidance and determined that it only clarifies the presentation of comprehensive income and it will not affect our financial position, results of operations or stockholders equity.

Reclassifications

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

2. Stockholders Equity and Earnings Per Share (EPS)

Earnings Per Share

Basic EPS is the amount of earnings available to each share of common stock outstanding during the reporting period. Diluted EPS is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options and restricted stock units outstanding under our equity incentive plans, our Employee Stock Purchase Plan (ESPP), and for certain periods, our 3.875% convertible senior notes (3.875% Convertible Notes) and the associated convertible note hedge and warrant agreement. Potentially dilutive common shares are excluded from the computation of dilutive EPS in periods in which the effect would be anti-dilutive. The following is a reconciliation of basic EPS to diluted EPS for the three and nine months ended September 30, 2011 and 2010, respectively:

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(Dollars and shares in thousands, except per share amounts)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Numerator:				
Net income available to common stockholders	$ 37,571	$ 37,787	$ 136,328	$ 77,464
Denominator:				
Weighted average common shares outstanding-basic	43,233	41,930	42,882	41,679
Weighted average effect of dilutive securities:				
Stock options and ESPP	452	511	610	652
Restricted stock units	106	72	122	70
3.875% Convertible Notes			27	
Denominator for diluted calculation	43,791	42,513	43,641	42,401
Earnings per common share:				
Basic	$ 0.87	$ 0.90	$ 3.18	$ 1.86
Diluted	$ 0.86	$ 0.89	$ 3.12	$ 1.83

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, 2011 and 2010, respectively:

(Shares in thousands)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Stock options	337	6	239	8
Restricted stock units	10	5	134	4
Total	347	11	373	12

Concurrent with the issuance of our 3.875% Convertible Notes, we entered into a convertible note hedge and warrant agreement. The warrants expired ratably over 60 business days beginning on July 15, 2011. The common shares under these warrants were excluded from the diluted EPS calculation for all periods presented as they were deemed to be anti-dilutive based on the conversion price of $64.43 per common share. For more information on our 3.875% Convertible Notes and the associated convertible note hedge and warrant agreement, see Note 7 Short-Term Borrowings and Long-Term Debt and Note 8 Derivative Financial Instruments .

Our $250 million 3.875% Convertible Notes matured on April 15, 2011. All of the notes were converted prior to maturity and we made an aggregate $260.4 million conversion settlement payment. We paid $250.0 million in cash (representing total principal) and $10.4 million through the issuance of 187,760 shares of our common stock (representing total conversion premium value). In addition, in connection with the conversion settlement, we received 186,736 shares of our common stock, valued at $10.3 million, from the associated convertible note hedge. Accordingly, there was no significant net impact on our total stockholders equity with respect to settling the conversion premium value.

3. Share-Based Compensation

For the three and nine months ended September 30, 2011 and 2010, we recorded share-based compensation and related tax benefits as follows:

(Dollars in thousands)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010

Share-based compensation expense	$ 4,552	$ 3,609	$ 13,501	$ 9,904
Income tax benefit related to share-based compensation expense	(1,256)	(925)	(3,532)	(2,370)

Unrecognized Compensation Expense

At September 30, 2011, unrecognized share-based compensation expense was as follows:

(Dollars in thousands)	Unrecognized Expense	Average Expected Recognition Period - in Years
Stock options	$ 14,436	2.85
Restricted stock units	21,037	2.80
Total unrecognized share-based compensation expense	$ 35,473	

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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, 2011:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value of In-The-Money Options
Outstanding at December 31, 2010	3,112,253	$ 37.88		
Granted	373,493	59.71		
Exercised	(837,448)	33.93		
Forfeited	(43,770)	42.56		
Expired	(1,426)	35.53		
Outstanding at September 30, 2011	2,603,102	42.20	3.54	$ 10,788,138
Vested and expected to vest at September 30, 2011	2,478,035	41.84	3.42	10,504,466
Exercisable at September 30, 2011	1,545,346	39.72	2.17	7,085,746

The aggregate intrinsic value of outstanding options shown in the table above represents the pretax intrinsic value based on our closing stock price of $37.00 as of September 30, 2011. The total intrinsic value of options exercised during the three and nine months ended September 30, 2011 was $3.2 million and $19.0 million, respectively, compared to $1.3 million and $8.5 million for the comparable 2010 periods.

The table below provides information for restricted stock units under the 1997 Equity Incentive Plan and the 2006 Equity Incentive Plan for the nine months ended September 30, 2011:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2010	395,950	$ 43.49
Granted	320,160	59.97
Vested	(116,749)	43.83
Forfeited	(16,463)	48.54
Nonvested at September 30, 2011	582,898	52.33

4. Federal Funds Sold, 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, 2011 and December 31, 2010:

(Dollars in thousands)	September 30, 2011	December 31, 2010
Securities purchased under agreements to resell	$ 191,655	$ 60,345
Short-term agency discount notes		330,370
Other short-term investment securities	108,173	12,992

Total federal funds sold, securities purchased under agreements to resell and other short-term investment securities	$ 299,828	$ 403,707

In addition, as of September 30, 2011 and December 31, 2010, $992.5 million and $2.2 billion, respectively, of our cash and due from banks was deposited with the Federal Reserve Bank and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $461.3 million and $246.3 million, respectively.

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5. Investment Securities

Our investment securities portfolio consists of both an available-for-sale securities portfolio, which represents interest-earning investment securities, and a non-marketable securities portfolio, which primarily represents investments managed as part of our funds management business.

The major components of our investment securities portfolio at September 30, 2011 and December 31, 2010 are as follows:

	September 30, 2011				December 31, 2010			
(Dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value
Available-for-sale securities, at fair value:								
U.S. treasury securities	$ 25,277	$ 853	$	$ 26,130	$ 25,408	$ 1,002	$	$ 26,410
U.S. agency debentures	2,896,079	49,460	(2)	2,945,537	2,844,973	7,077	(16,957)	2,835,093
Residential mortgage-backed securities:								
Agency-issued mortgage-backed securities	1,461,806	42,205	(160)	1,503,851	1,234,120	15,487	(1,097)	1,248,510
Agency-issued collateralized mortgage obligations-fixed rate	2,332,140	70,092		2,402,232	806,032	24,435	(1)	830,466
Agency-issued collateralized mortgage obligations-variable rate	2,558,348	2,905	(2,092)	2,559,161	2,870,570	10,394	(1,439)	2,879,525
Agency-issued commercial mortgage-backed securities	101,553	1,628		103,181				
Municipal bonds and notes	92,258	6,523	(5)	98,776	96,381	2,164	(965)	97,580
Equity securities	633	13	(128)	518	358	34	(9)	383
Total available-for-sale securities	$ 9,468,094	$ 173,679	$ (2,387)	$ 9,639,386	$ 7,877,842	$ 60,593	$ (20,468)	$ 7,917,967
Non-marketable securities:								
Non-marketable securities (investment company fair value accounting):								
Venture capital and private equity fund investments (1)				578,126				391,247
Other venture capital investments (2)				120,160				111,843
Other investments (3)				973				981
Non-marketable securities (equity method accounting):								
Other investments (4)				65,934				67,031
Low income housing tax credit funds				34,446				27,832
Non-marketable securities (cost method accounting):								
Venture capital and private equity fund investments (5)				138,960				110,466
Other venture capital investments				13,364				12,120
Total non-marketable securities				951,963				721,520
Total investment securities				$ 10,591,349				$ 8,639,487

(1) The following table shows the amount of venture capital and private equity fund investments by the following consolidated funds and our ownership of each fund at September 30, 2011 and December 31, 2010:

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	**Amount**	**Ownership %**	**Amount**	**Ownership %**
SVB Strategic Investors Fund, LP	$ 44,205	12.6%	$ 44,722	12.6%
SVB Strategic Investors Fund II, LP	122,264	8.6	94,694	8.6
SVB Strategic Investors Fund III, LP	205,505	5.9	146,613	5.9
SVB Strategic Investors Fund IV, LP	104,114	5.0	40,639	5.0
Strategic Investors Fund V, LP	1,965	0.3		
SVB Capital Preferred Return Fund, LP	41,432	20.0	23,071	20.0
SVB Capital NT Growth Partners, LP	44,837	33.0	28,624	33.0
SVB Capital Partners II, LP (i)	2,324	5.1	4,506	5.1
Other private equity fund (ii)	11,480	58.2	8,378	60.6
Total venture capital and private equity fund investments	$ 578,126		$ 391,247	

(i) At September 30, 2011, 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.

(ii) At September 30, 2011, we had a direct ownership interest of 41.5% and indirect ownership interests of 12.6% and 4.1% in the fund through our ownership interests of SVB Capital NT Growth Partners, LP and SVB Capital Preferred Return Fund, LP, respectively.

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(2) The following table shows the amount of other venture capital investments by the following consolidated funds and our ownership of each fund at September 30, 2011 and December 31, 2010:

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	**Amount**	**Ownership %**	**Amount**	**Ownership %**
Silicon Valley BancVentures, LP	$ 16,606	10.7%	$ 21,371	10.7%
SVB Capital Partners II, LP (i)	60,129	5.1	51,545	5.1
SVB India Capital Partners I, LP	41,927	14.4	38,927	14.4
SVB Capital Shanghai Yangpu Venture Capital Fund	1,498	6.8		
Total other venture capital investments	$ 120,160		$ 111,843	

(i) At September 30, 2011, we had a direct ownership interest of 1.3% and an indirect ownership interest of 3.8% in the fund through our ownership of SVB Strategic Investors Fund II, LP.

(3) Other investments within non-marketable securities (investment company fair value accounting) include our ownership in Partners for Growth, LP, a consolidated debt fund. At both September 30, 2011 and December 31, 2010, we had a majority ownership interest of slightly more than 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.

(4) The following table shows the carrying value and our ownership percentage of each investment at September 30, 2011 and December 31, 2010:

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	**Amount**	**Ownership %**	**Amount**	**Ownership %**
Gold Hill Venture Lending 03, LP (i)	$ 16,781	9.3%	$ 17,826	9.3%
Gold Hill Capital 2008, LP (ii)	16,414	15.5	12,101	15.5
Partners for Growth II, LP	3,564	24.2	10,465	24.2
Other investments	29,175	N/A	26,639	N/A
Total other investments	$ 65,934		$ 67,031	

(i) At September 30, 2011, we had a direct ownership interest of 4.8% in the fund and an indirect interest in the fund through our investment in Gold Hill Venture Lending Partners 03, LLC (GHLLC) of 4.5%. Our aggregate direct and indirect ownership in the fund is 9.3%.

(ii) At September 30, 2011, we had a direct ownership interest of 11.5% in the fund and an indirect interest in the fund through our investment in Gold Hill Capital 2008, LLC of 4.0%. Our aggregate direct and indirect ownership in the fund is 15.5%.

(5) Represents investments in 329 and 343 funds (primarily venture capital funds) at September 30, 2011 and December 31, 2010, respectively, where our ownership interest is less than 5% of the voting interests of each such fund and in which we do not have the ability to exercise significant influence over the partnerships operating and financial policies. For the three months ended September 30, 2011, we recognized other-than-temporary impairment (OTTI) losses of $0.3 million resulting from other-than-temporary declines in value for 21 of the 329 investments. For the nine months ended September 30, 2011, we recognized OTTI losses of $0.8 million resulting from other-than-temporary declines in value for 39 of the 329 investments. The OTTI losses are included in net gains on investment securities, a component of noninterest income. For the remaining 290 investments at September 30, 2011, we concluded that declines in value, if any, were temporary and as such, no OTTI was required to be recognized. At September 30, 2011, the carrying value of these venture capital

and private equity fund investments (cost method accounting) was $139.0 million, and the estimated fair value was $155.8 million.

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The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months, or 12 months or longer as of September 30, 2011:

	September 30, 2011					
	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. agency debentures	$ 25,000	$ (2)	$	$	$ 25,000	$ (2)
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	51,756	(160)			51,756	(160)
Agency-issued collateralized mortgage obligations variable rate	1,304,198	(2,059)	44,606	(33)	1,348,804	(2,092)
Municipal bonds and notes	1,195	(5)			1,195	(5)
Equity securities	320	(128)			320	(128)
Total temporarily impaired securities (1)	$ 1,382,469	$ (2,354)	$ 44,606	$ (33)	$ 1,427,075	$ (2,387)

(1) As of September 30, 2011, we identified a total of 85 investments that were in unrealized loss positions, of which one investment totaling $44.6 million with unrealized losses of $33 thousand has been in an impaired position for a period of time greater than 12 months. Based on the underlying credit quality of the investments, we do not intend to sell any of our securities prior to recovery of our adjusted cost basis and as of September 30, 2011, it is more likely than not that we will not be required to sell any of our debt securities prior to recovery of our adjusted cost basis. Based on our analysis as of September 30, 2011, we deem all impairments to be temporary and changes in value for our temporarily impaired securities as of the same date are included in other comprehensive income. Market valuations and impairment analyses on assets in the investment securities portfolio are reviewed and monitored on a quarterly basis.

The following table summarizes our unrealized losses on our available-for-sale securities portfolio into categories of less than 12 months, or 12 months or longer as of December 31, 2010:

	December 31, 2010					
	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. agency debentures	$ 1,731,639	$ (16,957)	$	$	$ 1,731,639	$ (16,957)
Residential mortgage-backed securities:						
Agency-issued mortgage-backed securities	32,595	(1,097)			32,595	(1,097)
Agency-issued collateralized mortgage obligations fixed rate	322	(1)			322	(1)
Agency-issued collateralized mortgage obligations variable rate	506,104	(1,439)			506,104	(1,439)
Municipal bonds and notes	25,699	(893)	3,451	(72)	29,150	(965)
Equity securities	148	(9)			148	(9)
Total temporarily impaired securities	$ 2,296,507	$ (20,396)	$ 3,451	$ (72)	$ 2,299,958	$ (20,468)

The following table summarizes the remaining contractual principal maturities and fully taxable equivalent yields on debt securities classified as available-for-sale as of September 30, 2011. Interest income on certain municipal bonds and notes (non-taxable investments) are presented on a fully taxable equivalent basis using the federal statutory tax rate of 35.0 percent. The weighted average yield is computed using the amortized cost of debt securities, which are reported at fair value. For U.S. treasury securities, the expected maturity is the actual contractual maturity of the notes. Expected remaining maturities for most U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual maturity. Expected maturities for mortgage-backed securities may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. Mortgage-backed securities classified as available-for-sale typically have original contractual maturities from 10 to 30 years

whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure.

	September 30, 2011									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in thousands)	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield	Carrying Value	Weighted-Average Yield
U.S. treasury securities	$ 26,130	2.39%	$	%	$ 26,130	2.39%	$	%	$	%
U.S. agency debentures	2,945,537	1.55	63,421	2.51	2,804,770	1.49	77,346	3.28		
Residential mortgage-backed securities:										
Agency-issued mortgage-backed securities	1,503,851	2.66					1,369,093	2.57	134,758	3.58
Agency-issued collateralized mortgage obligations-fixed rate	2,402,232	2.72							2,402,232	2.72
Agency-issued collateralized mortgage obligations-variable rate	2,559,161	0.70							2,559,161	0.70
Agency-issued commercial mortgage-backed securities	103,181	2.22							103,181	2.22
Municipal bonds and notes	98,776	6.00	564	5.38	12,091	5.48	44,864	5.97	41,257	6.20
Total	$ 9,638,868	1.84	$ 63,985	2.54	$ 2,842,991	1.52	$ 1,491,303	2.71	$ 5,240,589	1.77

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The following table presents the components of gains and losses (realized and unrealized) on investment securities for the three and nine months ended September 30, 2011 and 2010:

(Dollars in thousands)	Three months ended September 30, 2011	2010	Nine months ended September 30, 2011	2010
Gross gains on investment securities:				
Available-for-sale securities, at fair value (1)	$ 5	$ 23,605	$ 37,382	$ 26,737
Marketable securities (investment company fair value accounting)	470	8,109	912	8,160
Non-marketable securities (investment company fair value accounting):				
Venture capital and private equity fund investments	34,640	19,014	117,344	47,659
Other venture capital investments	22,058	2,321	29,077	7,258
Other investments		9	20	36
Non-marketable securities (equity method accounting):				
Other investments	2,192	2,663	8,708	4,804
Non-marketable securities (cost method accounting):				
Venture capital and private equity fund investments	735	222	1,791	780
Other venture capital investments	8		2,437	
Other investments		242		344
Total gross gains on investment securities	60,108	56,185	197,671	95,778
Gross losses on investment securities:				
Available-for-sale securities, at fair value (1)			(94)	(2,264)
Marketable securities (investment company fair value accounting)	(1,691)		(5,806)	(57)
Non-marketable securities (investment company fair value accounting):				
Venture capital and private equity fund investments	(2,373)	(6,171)	(9,274)	(15,291)
Other venture capital investments	(3,351)	(2,877)	(5,015)	(8,589)
Other investments	(16)		(16)	(79)
Non-marketable securities (equity method accounting):				
Other investments	(50)	(1)	(1,359)	(614)
Non-marketable securities (cost method accounting):				
Venture capital and private equity fund investments	(365)	(516)	(797)	(1,455)
Other venture capital investments		(9)	(31)	(9)
Total gross losses on investment securities	(7,846)	(9,574)	(22,392)	(28,358)
Gains on investment securities, net	$ 52,262	$ 46,611	$ 175,279	$ 67,420
Gains attributable to noncontrolling interests, including carried interest	$ 42,961	$ 16,817	$ 112,783	$ 33,159

(1) The cost basis of available-for-sale securities sold is determined on a specific identification basis.

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6. Loans and Allowance for Loan Losses

We serve a variety of commercial clients in the technology, life science, venture capital/private equity and premium wine industries. Our technology clients generally tend to be in the industries of hardware (semiconductors, communications and electronics), software and related services, and clean technology. Our life science clients are concentrated in the medical devices and biotechnology sectors. Loans made to venture capital/private equity firm clients typically enable them to fund investments prior to their receipt of funds from capital calls. Loans to the premium wine industry focus on vineyards and wineries that produce grapes and wines of high quality.

In addition to commercial loans, we make loans to targeted high-net-worth individuals through SVB Private Bank. These products and services include real estate secured home equity lines of credit, which may be used to finance real estate investments and loans used to purchase, renovate or refinance personal residences. These products and services also include restricted stock purchase loans and capital call lines of credit. We also provide secured real estate loans to eligible employees through our Employee Home Ownership Program (EHOP).

We also provide community development loans made as part of our responsibilities under the Community Reinvestment Act. These loans are included within Construction loans below and are primarily secured by real estate.

The composition of loans, net of unearned income of $53.6 million and $45.5 million at September 30, 2011 and December 31, 2010, respectively, is presented in the following table:

(Dollars in thousands)	September 30, 2011	December 31, 2010
Commercial loans:		
Software	$ 2,272,443	$ 1,820,385
Hardware	577,443	561,610
Clean technology	270,582	159,502
Venture capital/private equity	1,079,215	1,036,077
Life science	686,722	568,739
Premium wine (1)	130,983	144,972
Other	251,412	303,492
Commercial loans (2)	5,268,800	4,594,777
Real estate secured loans:		
Premium wine (1)	344,714	312,255
Consumer loans (3)	497,480	361,704
Real estate secured loans	842,194	673,959
Construction loans	35,529	60,178
Consumer loans	182,065	192,823
Total loans, net of unearned income	$ 6,328,588	$ 5,521,737

(1) Included in our premium wine portfolio are gross construction loans of $113.7 million and $119.0 million at September 30, 2011 and December 31, 2010, respectively.

(2) Included within our commercial loans portfolio are business credit card loans to commercial clients. At September 30, 2011 and December 31, 2010, our business credit card loans portfolio totaled $47.4 million and $32.5 million, respectively.

(3) Consumer loans secured by real estate at September 30, 2011 and December 31, 2010 were comprised of the following:

(Dollars in thousands)	September 30, 2011	December 31, 2010
Loans for personal residence	$ 326,111	$ 189,039

Loans to eligible employees	93,966	88,510
Home equity lines of credit	77,403	84,155
Consumer loans secured by real estate	$ 497,480	$ 361,704

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The activity in the allowance for loan losses for the three and nine months ended September 30, 2011 and 2010 was as follows:

(Dollars in thousands)	Three months ended September 30, 2011	2010	Nine months ended September 30, 2011	2010
Allowance for loan losses, beginning balance	$ 82,155	$ 71,789	$ 82,627	$ 72,450
Provision for (reduction of) loan losses	769	10,971	(2,144)	29,124
Gross loan charge-offs	(8,248)	(12,289)	(16,863)	(40,602)
Loan recoveries	10,570	3,898	21,626	13,397
Allowance for loan losses, ending balance	$ 85,246	$ 74,369	$ 85,246	$ 74,369

Credit Quality

The composition of loans, net of unearned income, broken out by portfolio segment (which we have identified as our commercial and consumer loan categories) and class of financing receivable (which we have identified as our client industry segments of software, hardware, etc.) as of September 30, 2011 and December 31, 2010, is as follows:

(Dollars in thousands)	September 30, 2011	December 31, 2010
Commercial loans:		
Software	$ 2,299,022	$ 1,820,680
Hardware	735,044	641,052
Venture capital/private equity	1,079,255	1,036,201
Life science	708,798	575,944
Premium wine	475,697	457,227
Other	351,227	436,106
Total commercial loans	5,649,043	4,967,210
Consumer loans:		
Real estate secured loans	497,480	361,704
Other consumer loans	182,065	192,823
Total consumer loans	679,545	554,527
Total loans, net of unearned income	$ 6,328,588	$ 5,521,737

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The following table summarizes the aging of our gross loans, broken out by portfolio segment and class of financing receivable as of September 30, 2011 and December 31, 2010:

(Dollars in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Loans Past Due 90 Days or More Still Accruing Interest
September 30, 2011:						
Commercial loans:						
Software	$ 496	$ 38	$	$ 534	$ 2,319,994	$
Hardware	7,793	5		7,798	729,541	
Venture capital/private equity	500			500	1,090,052	
Life science	125	213		338	715,246	
Premium wine	21			21	472,123	
Other		48		48	348,262	
Total commercial loans	8,935	304		9,239	5,675,218	
Consumer loans:						
Real estate secured loans	1,745			1,745	476,840	
Other consumer loans	9,768			9,768	168,919	
Total consumer loans	11,513			11,513	645,759	
Total gross loans excluding impaired loans	20,448	304		20,752	6,320,977	
Impaired loans			2,783	2,783	37,723	
Total gross loans	$ 20,448	$ 304	$ 2,783	$ 23,535	$ 6,358,700	$
December 31, 2010:						
Commercial loans:						
Software	$ 674	$ 239	$ 17	$ 930	$ 1,834,897	$ 17
Hardware	89	819	27	935	642,786	27
Venture capital/private equity					1,046,696	
Life science	157			157	578,208	
Premium wine					451,006	
Other					438,345	
Total commercial loans	920	1,058	44	2,022	4,991,938	44
Consumer loans:						
Real estate secured loans					341,048	
Other consumer loans					192,771	
Total consumer loans					533,819	
Total gross loans excluding impaired loans	920	1,058	44	2,022	5,525,757	44
Impaired loans	323	913	7,805	9,041	30,385	

Total gross loans	$ 1,243	$ 1,971	$ 7,849	$ 11,063	$ 5,556,142	$ 44

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The following table summarizes our impaired loans as they relate to our allowance for loan losses, broken out by portfolio segment and class of financing receivable as of September 30, 2011 and December 31, 2010:

(Dollars in thousands)	Impaired loans for which there is a related allowance for loan losses	Impaired loans for which there is no related allowance for loan losses	Total carrying value of impaired loans	Total unpaid principal of impaired loans
September 30, 2011:				
Commercial loans:				
Software	$ 2,322	$ 237	$ 2,559	$ 3,585
Hardware	5,398		5,398	8,579
Life science	633		633	825
Premium wine	1,993	1,264	3,257	3,350
Other	5,435	1,158	6,593	9,828
Total commercial loans	15,781	2,659	18,440	26,167
Consumer loans:				
Real estate secured loans	18,382	362	18,744	22,535
Other consumer loans	3,322		3,322	3,322
Total consumer loans	21,704	362	22,066	25,857
Total	$ 37,485	$ 3,021	$ 40,506	$ 52,024
December 31, 2010:				
Commercial loans:				
Software	$ 2,958	$ 334	$ 3,292	$ 5,237
Hardware	3,517	307	3,824	3,931
Life science	2,050	1,362	3,412	4,433
Premium wine	2,995	3,167	6,162	7,129
Other	1,158	1,019	2,177	2,790
Total commercial loans	12,678	6,189	18,867	23,520
Consumer loans:				
Real estate secured loans	20,559		20,559	23,430
Total consumer loans	20,559		20,559	23,430
Total	$ 33,237	$ 6,189	$ 39,426	$ 46,950

The following table summarizes our average impaired loans, broken out by portfolio segment and class of financing receivable during the three and nine months ended September 30, 2011 and 2010, respectively:

(Dollars in thousands)	Three months ended September 30, 2011	2010	Nine months ended September 30, 2011	2010
Average impaired loans:				
Commercial loans:				

Software	$ 2,562	$ 5,583	$ 2,652	$ 6,521
Hardware	7,071	10,801	6,086	11,592
Life science	827	4,745	1,498	6,648
Premium wine	1,954	1,190	2,345	485
Other	7,604	2,212	4,453	2,312
Total commercial loans	20,018	24,531	17,034	27,558
Consumer loans:				
Real estate secured loans	18,746	20,978	19,476	21,219
Other consumer loans	1,107	14	369	157
Total consumer loans	19,853	20,992	19,845	21,376
Total average impaired loans	$ 39,871	$ 45,523	$ 36,879	$ 48,934

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The following tables summarize the activity relating to our allowance for loan losses for the three and nine months ended September 30, 2011, broken out by portfolio segment:

Three months ended September 30, 2011 (dollars in thousands)	Beginning Balance June 30, 2011	Charge-offs	Recoveries	Provision for (Reduction of)	Ending Balance September 30, 2011
Commercial loans:					
Software	$ 31,873	$ (3,125)	$ 2,718	$ 4,899	$ 36,365
Hardware	16,042	(4,813)	44	2,304	13,577
Venture capital/private equity	8,307			(497)	7,810
Life science	7,225	(310)	3,359	(2,110)	8,164
Premium wine	4,009		360	(354)	4,015
Other	5,869		64	(359)	5,574
Total commercial loans	73,325	(8,248)	6,545	3,883	75,505
Consumer loans	8,830		4,025	(3,114)	9,741
Total allowance for loan losses	$ 82,155	$ (8,248)	$ 10,570	$ 769	$ 85,246

Nine months ended September 30, 2011 (dollars in thousands)	Beginning Balance December 31, 2010	Charge-offs	Recoveries	(Reduction of) Provision for	Ending Balance September 30, 2011
Commercial loans:					
Software	$ 29,288	$ (4,747)	$ 10,638	$ 1,186	$ 36,365
Hardware	14,688	(4,828)	356	3,361	13,577
Venture capital/private equity	8,241			(431)	7,810
Life science	9,077	(3,972)	4,487	(1,428)	8,164
Premium wine	5,492	(449)	1,090	(2,118)	4,015
Other	5,318	(2,867)	471	2,652	5,574
Total commercial loans	72,104	(16,863)	17,042	3,222	75,505
Consumer loans	10,523		4,584	(5,366)	9,741
Total allowance for loan losses	$ 82,627	$ (16,863)	$ 21,626	$ (2,144)	$ 85,246

The following table summarizes the allowance for loan losses individually and collectively evaluated for impairment as of September 30, 2011 and December 31, 2010, broken out by portfolio segment:

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Commercial loans:				
Software	$ 595	$ 35,770	$ 986	$ 28,302
Hardware	1,750	11,827	1,348	13,340
Venture capital/private equity		7,810		8,241

Life science	52	8,112	346	8,731
Premium wine	3	4,012	438	5,054
Other	1,011	4,563	122	5,196
Total commercial loans	3,411	72,094	3,240	68,864
Consumer loans	2,568	7,173	3,696	6,827
Total allowance for loan losses	$ 5,979	$ 79,267	$ 6,936	$ 75,691

Credit Quality Indicators

For each individual client we establish an internal credit risk rating for that loan, which is used for assessing and monitoring credit risk as well as performance of the loan and the overall portfolio. Our internal credit risk ratings are also used to summarize the risk of loss due to failure by an individual borrower to repay the loan. For our internal credit risk ratings, each individual loan is given a risk rating of 1 through 10. Loans risk-rated 1 through 4 are performing loans and translate to an internal rating of Pass , with loans risk-rated 1 being cash secured. Loans risk-rated 5 through 7 are loans that are performing loans, however, we consider them as demonstrating higher risk which requires more frequent review of the individual exposures. These loans translate to an internal rating

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of Performing (Criticized) . A majority of our performing (criticized) loans are from our SVB Accelerator practice, serving our emerging or early stage clients. Loans risk-rated 8 and 9 are loans that are considered to be impaired and are on nonaccrual status. Loans are placed on nonaccrual status when they become 90 days past due as to principal or interest payments (unless the principal and interest are well secured and in the process of collection), or when we have determined, based upon most recent available information, that the timely collection of principal or interest is not probable; these loans are deemed Impaired . For further description of nonaccrual loans, refer to Note 2 Summary of Significant Accounting Policies under Part II, Item 8 of our 2010 Form 10-K. Loans risk-rated 10 are charged-off and are not included as part of our loan portfolio balance. We review our credit quality indicators for performance and appropriateness of risk ratings as part of our ongoing evaluation process for our allowance for loan losses. The following table summarizes the credit quality indicators, broken out by portfolio segment and class of financing receivables as of September 30, 2011 and December 31, 2010:

(Dollars in thousands)	Pass	Performing (Criticized)	Impaired	Total
September 30, 2011:				
Commercial loans:				
Software	$ 2,139,282	$ 181,246	$ 2,559	$ 2,323,087
Hardware	677,590	59,749	5,398	742,737
Venture capital/private equity	1,084,298	6,254		1,090,552
Life science	609,348	106,236	633	716,217
Premium wine	432,698	39,446	3,257	475,401
Other	335,031	13,279	6,593	354,903
Total commercial loans	5,278,247	406,210	18,440	5,702,897
Consumer loans:				
Real estate secured loans	471,426	7,159	18,744	497,329
Other consumer loans	170,172	8,515	3,322	182,009
Total consumer loans	641,598	15,674	22,066	679,338
Total gross loans	$ 5,919,845	$ 421,884	$ 40,506	$ 6,382,235
December 31, 2010:				
Commercial loans:				
Software	$ 1,717,309	$ 118,518	$ 3,292	$ 1,839,119
Hardware	575,401	68,320	3,824	647,545
Venture capital/private equity	1,031,373	15,323		1,046,696
Life science	520,596	57,769	3,412	581,777
Premium wine	400,519	50,487	6,162	457,168
Other	415,381	22,964	2,177	440,522
Total commercial loans	4,660,579	333,381	18,867	5,012,827
Consumer loans:				
Real estate secured loans	337,087	3,961	20,559	361,607
Other consumer loans	181,561	11,210		192,771
Total consumer loans	518,648	15,171	20,559	554,378
Total gross loans	$ 5,179,227	$ 348,552	$ 39,426	$ 5,567,205

Troubled Debt Restructurings

During the third quarter of 2011 we adopted ASU No. 2011-02, *A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring* (ASU 2011-02), which updated guidance for determining whether a loan is designated as a troubled debt restructuring (TDR) (see Note 1 Basis of Presentation). As a result of adopting this new guidance, at September 30, 2011 we identified loans totaling $5.3 million that are now considered TDRs under the new guidance and are classified as impaired. The allowance for loan losses related to these loans was $1.3 million as calculated under Accounting Standards Codification (ASC) 310.

As of September 30, 2011 we had TDRs of $34.3 million where concessions have been granted to borrowers experiencing financial difficulties, in an attempt to maximize collection. Substantially all of these TDRs were included as part of our impaired loan balances. In order for these loan balances to return to accrual status, the borrower must demonstrate a sustained period of timely payments and the ultimate collectability of all amounts contractually due may not be in doubt. There were unfunded commitments available for funding of $0.6 million to the clients associated with these TDRs as of September 30, 2011. The following table summarizes our loans modified in TDRs, broken out by portfolio segment and class of financing receivables as of September 30, 2011:

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(Dollars in thousands)	September 30, 2011
Loans modified in TDRs:	
Commercial loans:	
Software (1)	$ 2,322
Hardware	3,880
Premium wine	1,993
Other	4,384
Total commercial loans	12,579
Consumer loans:	
Real estate secured loans	18,382
Other consumer loans	3,322
Total consumer loans	21,704
Total	$ 34,283

During the three and nine months ended September 30, 2011 all new TDRs were modified through payment deferrals granted to our clients, however no principal or interest was forgiven. The following table summarizes the recorded investment in loans modified in TDRs, broken out by portfolio segment and class of financing receivable, for modifications made during the three and nine months ended September 30, 2011.

(Dollars in thousands)	Three months ended September 30, 2011	Nine months ended September 30, 2011
Loans modified in TDRs during the period:		
Commercial loans:		
Software (1)	$ 381	$ 941
Hardware	801	2,674
Premium wine		1,993
Other	2,247	2,247
Total commercial loans	3,429	7,855
Consumer loans:		
Other consumer loans		3,322
Total consumer loans		3,322
Total loans modified in TDR s during the period	$ 3,429	$ 11,177

(1) During the three and nine months ended September 30, 2011, we had partial charge-offs of $0.6 million on loans classified as TDRs. The related allowance for loan losses for the majority of our TDRs is determined on an individual basis by comparing the carrying value of the loan to the present value of the estimated future cash flows, discounted at the pre-modification contractual interest rate. For certain TDRs, the related allowance for loan losses is determined based on the fair value of the collateral if the loan is collateral dependent.

The following table summarizes the recorded investment in loans modified in TDRs within the previous 12 months that subsequently defaulted during the three and nine months ended September 30, 2011, broken out by portfolio segment and class of financing receivable:

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(Dollars in thousands)	Three months ended September 30, 2011	Nine months ended September 30, 2011
TDRs modified within the previous 12 months that defaulted during the period:		
Commercial loans:		
Software	$ 64	$ 64
Hardware	1,206	3,079
Premium wine	1,993	1,993
Total commercial loans	3,263	5,136
Consumer loans:		
Other consumer loans	3,322	3,322
Total consumer loans	3,322	3,322
Total TDRs modified within the previous 12 months that defaulted in the period	$ 6,585	$ 8,458

Charge-offs and defaults on previously restructured loans are evaluated to determine the impact to the allowance for loan losses, if any. The evaluation of these defaults may impact the assumptions used in calculating the reserve on other TDRs and impaired loans as well as management s overall outlook of macroeconomic factors that affect the reserve on the loan portfolio as a whole. After evaluating the charge-offs and defaults experienced on our TDRs we determined that no change to our reserving methodology was necessary to determine the allowance for loan losses as of September 30, 2011.

7. Short-Term Borrowings and Long-Term Debt

The following table represents outstanding short-term borrowings and long-term debt at September 30, 2011 and December 31, 2010:

(Dollars in thousands)	Maturity	Principal value	Carrying Value September 30, 2011	Carrying Value December 31, 2010
Short-term borrowings:				
Other short-term borrowings	(1)	$	$	$ 37,245
Total short-term borrowings			$	$ 37,245
Long-term debt:				
5.375% Senior Notes	September 15, 2020	350,000	$ 347,744	$ 347,601
5.70% Senior Notes (2)	June 1, 2012	141,429	145,632	265,613
6.05% Subordinated Notes (3)	June 1, 2017	45,964	55,302	285,937
3.875% Convertible Notes	April 15, 2011			249,304
7.0% Junior Subordinated Debentures	October 15, 2033	50,000	55,416	55,548
4.99% long-term notes payable	(4)	5,463	5,463	5,257
Total long-term debt			$ 609,557	$ 1,209,260

(1) At December 31, 2010, represented cash collateral received from counterparties for our interest rate swap agreements related to our 5.70% Senior Notes and 6.05% Subordinated Notes. Due to the repurchase of $312.6 million of these notes and termination of associated portions of interest rate swaps (see discussion below) in May 2011, the notional value of our swaps fell below the $10 million threshold specified in

the agreement, and therefore, the full collateral was returned to the counterparties.

(2) At September 30, 2011 and December 31, 2010, included in the carrying value of our 5.70% Senior Notes are $4.2 million and $15.7 million, respectively, related to the fair value of the interest rate swap associated with the notes.

(3) At September 30, 2011 and December 31, 2010, included in the carrying value of our 6.05% Subordinated Notes are $9.1 million and $36.3 million, respectively, related to the fair value of the interest rate swap associated with the notes.

(4) Represents long-term notes payable related to one of our debt fund investments, and was payable beginning April 30, 2009 with the last payment due in April 2012.

Interest expense related to short-term borrowings and long-term debt was $6.2 million and $24.0 million for the three and nine months ended September 30, 2011, respectively, and $6.6 million and $18.1 million for the three and nine months ended September 30, 2010, respectively. Interest expense is net of the cash flow impact from our interest rate swap agreements related to our 5.70% Senior Notes and 6.05% Subordinated Notes. The weighted average interest rate associated with our short-term borrowings as of December 31, 2010 was 0.13 percent.

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Senior Notes and Subordinated Notes

We repurchased $108.6 million of our 5.70% Senior Notes and $204.0 million of our 6.05% Subordinated Notes through a tender offer transaction on May 2, 2011. These repurchases resulted in a gross loss from extinguishment of debt of $33.9 million, which included the payment of the repurchase premiums, transaction fees, and discount and origination fee accretion related to the notes. In connection with these repurchases, we terminated corresponding amounts of the interest rate swaps associated with these notes (see Note 8 Derivative Financial Instruments), resulting in a gross gain on swap termination of $37.0 million. The net gain from the note repurchases and the termination of corresponding portions of the interest rate swaps was $3.1 million (on a pre-tax basis), and was recognized during the second quarter of 2011 as a reduction in noninterest expense, which is included in the line item Other .

3.875% Convertible Notes

Our $250 million 3.875% Convertible Notes matured on April 15, 2011. All of the notes were converted prior to maturity and we made an aggregate $260.4 million conversion settlement payment. We paid $250.0 million in cash (representing total principal) and $10.4 million through the issuance of 187,760 shares of our common stock (representing total conversion premium value). In addition, in connection with the conversion settlement, we received 186,736 shares of our common stock, valued at $10.3 million, from the associated convertible note hedge. Accordingly, there was no significant net impact on our total stockholders equity with respect to settling the conversion premium value.

Concurrent with the issuance of our 3.875% Convertible Notes, we entered into a convertible note hedge and warrant agreement (see Note 8 Derivative Financial Instruments), which effectively increased the economic conversion price of our 3.875% Convertible Notes to $64.43 per share of common stock. The terms of the hedge and warrant agreement were not part of the terms of the notes and did not affect the rights of the holders of the notes. The warrants expired ratably over 60 business days beginning on July 15, 2011.

The effective interest rate for our 3.875% Convertible Notes for the nine months ended September 30, 2011 was 5.92 percent, and interest expense was $4.2 million. For the three and nine months ended September 30, 2010, the effective interest rate was 5.66 percent and 5.72 percent, respectively, and interest expense was $3.5 million and $10.6 million, respectively.

Available Lines of Credit

We have certain facilities in place providing us access to short-term borrowings on a secured basis (using available-for-sale securities as collateral) and on an unsecured basis. These include repurchase agreements and uncommitted federal funds lines with various financial institutions. As of September 30, 2011, we had not borrowed against any of our repurchase lines or any of our uncommitted federal funds 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 (comprised entirely of U.S. agency debentures) at September 30, 2011 totaled $1.4 billion, all of which was unused and available to support additional borrowings. The market value of collateral pledged at the discount window of the Federal Reserve Bank at September 30, 2011 totaled $98.8 million, all of which was unused and available to support additional borrowings.

8. Derivative Financial Instruments

We primarily use derivative financial instruments to manage interest rate risk, currency exchange rate risk, equity market price risk and to assist customers with their risk management objectives. Also, in connection with negotiating credit facilities and certain other services, we often obtain equity warrant assets giving us the right to acquire stock in primarily private, venture-backed companies in the technology and life science industries.

Interest Rate Risk

Interest rate risk is our primary market risk and can result from timing and volume differences in the repricing of our interest rate-sensitive assets and liabilities and changes in market interest rates. To manage interest rate risk for our 5.70% Senior Notes, and 6.05% Subordinated Notes, we entered into fixed-for-floating interest rate swap agreements at the time of debt issuance based upon London Interbank Offered Rates (LIBOR) with matched-terms. Prior to our termination of portions of our interest rate swap agreements (discussed below), we used the shortcut method to assess hedge effectiveness and evaluate the hedging relationships for qualification under the shortcut method requirements for each reporting period. Net cash benefits associated with our interest rate swaps were recorded in Interest expense Borrowings, a component of net interest income. The fair value of our interest rate swaps was calculated using a discounted cash flow method and adjusted for credit valuation associated with counterparty risk. Increases from changes in fair value were included in other assets and decreases from changes in fair value were included in other liabilities.

In connection with the repurchase of portions of our 5.70% Senior Notes and 6.05% Subordinated Notes in May 2011, we terminated corresponding amounts of the associated interest rate swaps. As a result of these terminations, the remaining portions of the interest rate swaps no longer qualify for the shortcut method to assess hedge effectiveness under ASC 815, and going forward will be accounted for under the long-haul method. Any differences associated with our interest rate swaps that arise as a result of hedge

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ineffectiveness will be recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Currency Exchange Risk

We enter into foreign exchange forward contracts to economically reduce our foreign exchange exposure risk related to our client loans that are denominated in foreign currencies, primarily in Pound Sterling and Euro. We do not designate any foreign exchange forward contracts as derivative instruments that qualify for hedge accounting. Changes in currency rates on the loans are included in other noninterest income, a component of noninterest income. We may experience ineffectiveness in the economic hedging relationship, because the loans are revalued based upon changes in the currency s spot rate on the principal value, while the forwards are revalued on a discounted cash flow basis. We record forward agreements in gain positions in other assets and loss positions in other liabilities, while net changes in fair value are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Equity Market Price Risk

Our 3.875% Convertible Notes, which matured in April 2011, contained conversion options that enabled holders to convert the notes, subject to certain conditions. Upon conversion of the notes, we paid the outstanding principal amount in cash as required by the terms of the notes, and to the extent that the conversion value exceeded the principal amount, we had the option to pay cash or shares of our common stock (or a combination of cash and shares) in respect of the excess amount. The conversion option represented an equity risk exposure for the excess conversion value and was an equity derivative classified in stockholders equity. We managed equity market price risk of our 3.875% Convertible Notes by entering into a convertible note hedge and warrant agreement at a net cost of $20.6 million, which effectively increased the economic conversion price from $53.04 per common share to $64.43, and decreased potential dilution to stockholders resulting from the conversion option. For the three and nine months ended September 30, 2011 and 2010, there were no conversions or exercises under the warrant agreement as the warrants were not convertible. The warrants expired ratably over 60 business days beginning on July 15, 2011.

For more information on the 3.875% Convertible Notes, see our Consolidated Financial Statements and Supplementary Data Note 12 Short-Term Borrowings and Long-Term Debt under Part II, Item 8 of our 2010 Form 10-K, as well as Note 7 Short-Term Borrowings and Long-Term Debt above.

Other Derivative Instruments

Equity Warrant Assets

Our equity warrant assets are concentrated in private, venture-backed companies in the technology and life science industries. Most of these warrant agreements contain net share settlement provisions, which permit us to pay the warrant exercise price using shares issuable under the warrant (cashless exercise). Because we can net settle these warrant agreements, these equity warrant assets qualify as derivative instruments. We value our equity warrant assets using a modified Black-Scholes option pricing model, which incorporates assumptions about the underlying asset value, volatility, and the risk-free rate. We make valuation adjustments for estimated remaining life and marketability for warrants issued by private companies. Equity warrant assets are recorded at fair value in other assets, while changes in their fair value are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Loan Conversion Options

In connection with negotiating certain credit facilities, we occasionally extend loan facilities which have convertible option features. The convertible loans may be converted into a certain number of shares determined by dividing the principal amount of the loan by the applicable conversion price. Because our loan conversion options have underlying and notional values and had no initial net investment, these assets qualify as derivative instruments. We value our loan conversion options using a modified Black-Scholes option pricing model, which incorporates assumptions about the underlying asset value, volatility, and the risk-free rate. Loan conversion options are recorded at fair value in other assets, while changes in their fair value are recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Other Derivatives

We sell forward and option contracts to clients who wish to mitigate their foreign currency exposure. We economically reduce the currency risk from this business by entering into opposite way contracts with correspondent banks. This relationship does not qualify for hedge accounting. The contracts generally have terms of one year or less, although we may have contracts extending for up to five years. We generally have not experienced nonperformance on these contracts, have not incurred credit losses, and anticipate performance by all counterparties to such

agreements. Increases from changes in fair value are included in other assets and decreases from changes in fair value are included in other liabilities. The net change in the fair value of these contracts is recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

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We sell interest rate contracts to clients who wish to mitigate their interest rate exposure. We economically reduce the interest rate risk from this business by entering into opposite way contracts with correspondent banks. We do not designate any of these contracts (which are derivative instruments) as qualifying for hedge accounting. Increases from changes in fair value are included in other assets and decreases from changes in fair value are included in other liabilities. The net change in the fair value of these derivatives is recorded through net gains on derivative instruments, in noninterest income, a component of consolidated net income.

Counterparty Credit Risk

We are exposed to credit risk if counterparties to our derivative contracts do not perform as expected. We mitigate counterparty credit risk through credit approvals, limits, monitoring procedures and obtaining collateral, as appropriate.

The total notional or contractual amounts, fair value, collateral and net exposure of our derivative financial instruments at September 30, 2011 and December 31, 2010 were as follows:

		September 30, 2011				December 31, 2010			
(Dollars in thousands)	Balance Sheet Location	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)	Notional or Contractual Amount	Fair Value	Collateral (1)	Net Exposure (2)
Derivatives designated as hedging instruments:									
Interest rate risks:									
Interest rate swaps	Other assets	$ 187,393	$ 13,305	$	$ 13,305	$ 500,000	$ 52,017	$ 37,245	$ 14,772
Derivatives not designated as hedging instruments:									
Currency exchange risks:									
Foreign exchange forwards	Other assets	65,399	1,341		1,341	33,046	459		459
Foreign exchange forwards	Other liabilities	10,634	(155)		(155)	26,764	(280)		(280)
Net exposure			1,186		1,186		179		179
Other derivative instruments:									
Equity warrant assets	Other assets	135,155	58,523		58,523	126,062	47,565		47,565
Other derivatives:									
Foreign exchange forwards	Other assets	313,446	12,188		12,188	291,243	9,408		9,408
Foreign exchange forwards	Other liabilities	295,392	(11,609)		(11,609)	267,218	(8,505)		(8,505)
Foreign currency options	Other assets	75,600	407		407	118,133	1,482		1,482
Foreign currency options	Other liabilities	75,600	(407)		(407)	118,133	(1,482)		(1,482)
Loan conversion options	Other assets	11,000	2,057		2,057	10,175	4,291		4,291
Client interest rate derivatives	Other assets	36,135	53		53				
Client interest rate derivatives	Other liabilities	36,135	(55)		(55)				
Net exposure			2,634		2,634		5,194		5,194
Net			$ 75,648	$	$ 75,648		$ 104,955	$ 37,245	$ 67,710

(1) Cash collateral received from counterparties for our interest rate swap agreements is recorded as a component of short-term borrowings on our consolidated balance sheets.

(2) Net exposure for contracts in a gain position reflects the replacement cost in the event of nonperformance by all such counterparties. The credit ratings of our institutional counterparties as of September 30, 2011 remain at investment grade or higher and there were no material

changes in their credit ratings for the three and nine months ended September 30, 2011.

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A summary of our derivative activity and the related impact on our consolidated statements of income for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands)	Statement of income location	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Derivatives designated as hedging instruments:					
Interest rate risks:					
Net cash benefit associated with interest rate swaps	Interest expense borrowings	$ 2,337	$ 5,943	$ 12,205	$ 18,531
Change in fair value of interest rate swaps	Net gains on derivative instruments	(400)		(467)	
Net gains associated with interest rate risk derivatives		$ 1,937	$ 5,943	$ 11,738	$ 18,531
Derivatives not designated as hedging instruments:					
Currency exchange risks:					
(Losses) gains on foreign currency loan revaluations, net	Other noninterest income	$ (3,758)	$ 2,871	$ (567)	$ (75)
Gains (losses) on foreign exchange forward contracts, net	Net gains on derivative instruments	3,591	(2,987)	540	178
Net (losses) gains associated with currency risk		$ (167)	$ (116)	$ (27)	$ 103
Other derivative instruments:					
Gains on equity warrant assets	Net gains on derivative instruments	$ 5,518	$ 3,762	$ 23,375	$ 3,073
Gains on client foreign exchange forward contracts, net	Net gains on derivative instruments	$ 658	$ 420	$ 1,448	$ 1,252
Net gains (losses) on other derivatives	Net gains on derivative instruments	$ 584	$ 62	$ (743)	$ 62

9. Other Noninterest Income and Other Noninterest Expense

A summary of other noninterest income for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands)	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Fund management fees	$ 2,671	$ 2,702	$ 8,022	$ 8,098
Service-based fee income	2,339	1,894	7,151	6,512
Unused commitment fees	1,900	1,352	5,194	3,959
Loan syndication fees	50	575	920	575
(Losses) gains on revaluation of foreign currency loans, net	(3,758)	2,871	(567)	(75)
Currency revaluation (losses) gains	(1,551)	661	(2,672)	987
Other	1,457	1,326	5,336	4,851
Total other noninterest income	$ 3,108	$ 11,381	$ 23,384	$ 24,907

A summary of other noninterest expense for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands)	Three months ended September 30, 2011	2010	Nine months ended September 30, 2011	2010
Telephone	$ 1,610	$ 1,208	$ 4,376	$ 3,438
Data processing services	1,097	1,008	3,589	2,910
Tax credit fund amortization	1,212	1,050	3,366	3,107
Client services	1,289	651	3,128	2,006
Postage and supplies	641	571	1,725	1,645
Dues and publications	465	444	1,166	1,093
Net gain from note repurchases and termination of corresponding interest rate swaps			(3,123)	
Other	3,240	2,062	8,226	5,750
Total other noninterest expense	$ 9,554	$ 6,994	$ 22,453	$ 19,949

10. Segment Reporting

Effective January 1, 2011, we changed the way we monitor performance and results of our business segments and as a result, we changed how our segments are presented. We have reclassified all prior period segment information to conform to the current presentation of our operating segments.

We have three operating segments for management reporting purposes: Global Commercial Bank, SVB Private Bank and SVB Capital. The results of our operating segments are based on our internal management reporting process.

Our operating segments primary source of revenue is from net interest income, which is primarily the difference between interest earned on loans, net of funds transfer pricing (FTP), and interest paid on deposits, net of FTP. Accordingly, our segments are reported using net interest income, net of 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

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an earnings charge is made for funded loans. FTP is calculated by applying a transfer rate to pooled, or aggregated, loan and deposit volumes.

We also evaluate performance based on provision for loan losses, noninterest income and noninterest expense, which are presented as components of segment operating profit or loss. In calculating each reportable segment s noninterest expense, we consider the direct costs incurred by the operating segment as well as certain allocated direct costs. As part of this review, we allocate certain corporate overhead costs to a corporate account. 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. Changes in an individual client s primary relationship designation have resulted, and in the future may result, in the inclusion of certain clients in different segments in different periods.

Unlike financial reporting, which benefits from the comprehensive structure provided by GAAP, our internal management reporting process is highly subjective, as there is no comprehensive, authoritative guidance for management reporting. Our management reporting process measures the performance of our reportable segments based on our internal operating structure, which is subject to change from time to time, and is not necessarily comparable with similar information for other financial services companies.

The following is a description of the services that our three operating segments provide:

Global Commercial Bank provides solutions to the financial needs of commercial clients through lending, deposit products, cash management services, and global banking and trade products and services. It also serves the needs of our non-U.S. clients with global banking products, including loans, deposits and global finance, in key foreign entrepreneurial markets, where applicable. Effective January 1, 2011, Global Commercial Bank included the results of SVB Specialty Lending, SVB Analytics and our Debt Fund Investments. SVB Specialty Lending provides banking products and services to our premium wine industry clients, including vineyard development loans, as well as community development loans made as part of our responsibilities under the Community Reinvestment Act. Previously, the results of SVB Specialty Lending were included as part of our Relationship Management segment (no longer a separately reported operating segment effective January 1, 2011). SVB Analytics provides equity valuation and equity management services to private companies and venture capital/private equity firms. Previously, the results of SVB Analytics were included as part of our Other Business Services segment (no longer a separately reported operating segment effective January 1, 2011). Our Debt Fund Investments primarily include the Gold Hill Funds, which provide secured debt to private companies of all stages, and Partners for Growth Funds, which provide secured debt primarily to mid-stage and late-stage clients. Previously, the results of our Debt Fund Investments were included as part of our Other Business Services segment. As a result of these changes, our Global Commercial Bank segment s income before income tax expense for the nine months ended September 30, 2010 was reduced by $27.6 million due to our reclassification of all prior periods to reflect the current segment composition.

SVB Private Bank provides banking products and a range of credit services to targeted high-net-worth individuals using both long-term secured and short-term unsecured lines of credit. Previously, the results of SVB Private Bank were included as part of our Relationship Management segment. Effective January 1, 2011, the results of SVB Private Bank are separately reported.

SVB Capital manages funds (primarily venture capital funds) on behalf of SVB Financial Group and other third party limited partners. The SVB Capital family of funds is comprised of funds of funds and co-investment funds. Effective January 1, 2011, SVB Capital included the results of our Strategic Investments, which includes certain strategic investments held by SVB Financial. Previously, the results of our Strategic Investments were included as part of our Other Business Services segment.

The summary financial results of our operating segments are presented along with a reconciliation to our consolidated interim results. The Other Items column reflects the adjustments necessary to reconcile the results of the operating segments to the consolidated financial statements prepared in conformity with GAAP. Net interest income (loss) in the Other Items column is primarily interest income recognized from our fixed income investment portfolio, partially offset by interest income transferred to the segments as part of FTP. Noninterest income in the Other Items column is primarily attributable to noncontrolling interests and gains (losses) on equity warrant assets. Noninterest expense in the Other Items column primarily consists of expenses associated with corporate support functions such as finance, human resources, marketing, legal and other expenses. Additionally, average assets in the Other Items column primarily consist of cash and cash equivalents and our available-for-sale securities portfolio balances.

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Our segment information for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands)	Global Commercial Bank (1)	SVB Private Bank	SVB Capital (1)	Other Items	Total
Three months ended September 30, 2011					
Net interest income	$ 115,333	$ 5,848	$ 2	$ 14,272	$ 135,455
(Provision for) reduction of loan losses	(3,883)	3,114			(769)
Noninterest income	39,189	128	9,873	46,421	95,611
Noninterest expense (2)	(93,046)	(2,846)	(3,860)	(27,699)	(127,451)
Income before income tax expense (3)	$ 57,593	$ 6,244	$ 6,015	$ 32,994	$ 102,846
Total average loans, net of unearned income	$ 5,263,448	$ 684,613	$	$ 58,553	$ 6,006,614
Total average assets	5,815,493	685,308	238,949	12,056,760	18,796,510
Total average deposits	15,573,886	200,547		29,603	15,804,036
Three months ended September 30, 2010					
Net interest income	$ 90,026	$ 3,276	$	$ 13,039	$ 106,341
Provision for loan losses	(10,140)	(831)			(10,971)
Noninterest income	35,514	108	6,209	44,405	86,236
Noninterest expense (2)	(75,787)	(1,090)	(2,930)	(24,364)	(104,171)
Income before income tax expense (3)	$ 39,613	$ 1,463	$ 3,279	$ 33,080	$ 77,435
Total average loans, net of unearned income	$ 3,999,091	$ 468,774	$	$ 30,622	$ 4,498,487
Total average assets	4,319,825	468,787	161,911	9,805,115	14,755,638
Total average deposits	11,824,240	115,131		(20,150)	11,919,221
Nine months ended September 30, 2011					
Net interest income	$ 327,587	$ 15,086	$ 6	$ 43,528	$ 386,207
(Provision for) reduction of loan losses	(3,222)	5,366			2,144
Noninterest income	110,604	351	23,879	174,439	309,273
Noninterest expense (2)	(264,893)	(7,326)	(10,113)	(83,586)	(365,918)
Income before income tax expense (3)	$ 170,076	$ 13,477	$ 13,772	$ 134,381	$ 331,706
Total average loans, net of unearned income	$ 4,933,707	$ 637,443	$	$ 48,559	$ 5,619,709
Total average assets	5,387,040	637,854	225,041	12,086,913	18,336,848
Total average deposits	15,063,215	169,368		18,355	15,250,938
Nine months ended September 30, 2010					
Net interest income (loss)	$ 268,477	$ 9,476	$ (1)	$ 35,665	$ 313,617
Provision for loan losses	(28,567)	(557)			(29,124)
Noninterest income	98,800	345	14,079	62,442	175,666
Noninterest expense (2)	(220,988)	(3,155)	(10,088)	(72,696)	(306,927)
Income before income tax expense (3)	$ 117,722	$ 6,109	$ 3,990	$ 25,411	$ 153,232
Total average loans, net of unearned income	$ 3,780,490	$ 443,813	$	$ 19,128	$ 4,243,431
Total average assets	4,111,217	443,912	150,696	9,590,314	14,296,139
Total average deposits	11,482,632	131,028		(12,877)	11,600,783

(1)

SVB Capital s and Global Commercial Bank s components of net interest income (loss), noninterest income, noninterest expense and total average assets are shown net of noncontrolling interests for all periods presented.

(2) The Global Commercial Bank segment includes direct depreciation and amortization of $3.1 million and $2.5 million for the three months ended September 30, 2011 and 2010, respectively, and $8.8 million and $7.3 million for the nine months ended September 30, 2011 and 2010, respectively.

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

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11. Off-Balance Sheet Arrangements, Guarantees and Other Commitments

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 and commitments to invest in venture capital and 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 (excluding letters of credit) at September 30, 2011 and December 31, 2010:

(Dollars in thousands)	September 30, 2011	December 31, 2010
Commitments available for funding: (1)		
Fixed interest rate commitments	$ 675,328	$ 386,055
Variable interest rate commitments	6,089,301	5,884,450
Total commitments available for funding	$ 6,764,629	$ 6,270,505
Commitments unavailable for funding (2)	$ 926,530	$ 963,847
Maximum lending limits for accounts receivable factoring arrangements (3)	741,545	697,702
Reserve for unfunded credit commitments (4)	19,546	17,414

(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 currently unavailable for funding, due to clients failing to meet all collateral, compliance and financial covenants 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.
(4) Our reserve for unfunded credit commitments includes an allowance for both our unfunded loan commitments and our standby letters of credit.

Commercial and Standby Letters of Credit

The table below summarizes our commercial and standby letters of credit at September 30, 2011. 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	$ 686,753	$ 115,563	$ 802,316	$ 802,316
Performance standby letters of credit	40,596	3,855	44,451	44,451
Commercial letters of credit	7,775		7,775	7,775
Total	$ 735,124	$ 119,418	$ 854,542	$ 854,542

At September 30, 2011 and December 31, 2010, deferred fees related to financial and performance standby letters of credit were $5.5 million and $5.2 million, respectively. At September 30, 2011, collateral in the form of cash of $284.4 million and available-for-sale securities of $17.3 million were available to us to reimburse losses, if any, under financial and performance standby letters of credit.

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Commitments to Invest in Venture Capital and Private Equity Funds

We make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a ten-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over five to seven years. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate. The following table details our total capital commitments, unfunded capital commitments, and our ownership in each fund at September 30, 2011:

Our Ownership in Limited Partnership (Dollars in thousands)	SVBFG Capital Commitments	SVBFG Unfunded Commitments	SVBFG Ownership of each Fund
Silicon Valley BancVentures, LP	$ 6,000	$ 270	10.7%
SVB Capital Partners II, LP (1)	1,200	234	5.1
SVB India Capital Partners I, LP	7,750	1,364	14.4
SVB Capital Shanghai Yangpu Venture Capital Fund	909	157	6.8
SVB Strategic Investors Fund, LP	15,300	688	12.6
SVB Strategic Investors Fund II, LP	15,000	1,950	8.6
SVB Strategic Investors Fund III, LP	15,000	3,300	5.9
SVB Strategic Investors Fund IV, LP	12,239	6,732	5.0
Strategic Investors Fund V, LP	500	475	0.3
SVB Capital Preferred Return Fund, LP	12,687		20.0
SVB Capital NT Growth Partners, LP	24,670	1,340	33.0
Other private equity fund (2)	9,338		58.2
Partners for Growth, LP	25,000	9,750	50.0
Partners for Growth II, LP	15,000	4,950	24.2
Gold Hill Venture Lending 03, LP (3)	20,000		9.3
Other Fund Investments (4) (5)	333,382	100,798	Various
Total	$ 513,975	$ 132,008	

(1) Our ownership includes 1.3% direct ownership through SVB Capital Partners II, LLC and SVB Financial, and 3.8% indirect ownership through our investment in SVB Strategic Investors Fund II, LP.

(2) Our ownership includes 41.5% direct ownership and indirect ownership interest of 12.6% and 4.1% in the fund through our ownership interests of SVB Capital - NT Growth Partners, LP and SVB Capital Preferred Return Fund, LP, respectively.

(3) Our ownership includes 4.8% direct ownership and 4.5% indirect ownership interest through GHLLC.

(4) Represents commitments to 334 funds (primarily venture capital funds) where our ownership interest is generally less than 5% of the voting interests of each such fund.

(5) Included in Other Fund Investments are $180.1 million and $74.9 million of commitments and unfunded commitments, respectively, made by SVB Financial Group which were originally intended to be transferred to certain new managed funds of funds. We currently do not have any plans to transfer these investments to any new or existing managed fund. Until we may later decide to transfer, sell or otherwise dispose of the investments and related commitments to a fund managed by us or a third party, they continue to remain obligations of SVB Financial.

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The following table details the total remaining unfunded commitments to the venture capital and private equity funds by our consolidated managed funds of funds (including our interest and the noncontrolling interests) at September 30, 2011:

Limited Partnership (Dollars in thousands)	Unfunded Commitments
SVB Strategic Investors Fund, LP	$ 2,359
SVB Strategic Investors Fund II, LP	14,512
SVB Strategic Investors Fund III, LP	64,985
SVB Strategic Investors Fund IV, LP	151,586
Strategic Investors Fund V, LP	18,030
SVB Capital Preferred Return Fund, LP	27,053
SVB Capital NT Growth Partners, LP	30,510
Other private equity fund	5,250
Total	$ 314,285

12. Income Taxes

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 2006 and subsequent years remain open to examination by the Internal Revenue Service (IRS). Our California and Massachusetts tax returns for the years 2006 and 2007, respectively, and subsequent years remain open to examination.

Effective July 2011, the Company is under audit examination by the IRS for the 2008 and 2009 tax years. To the extent the final tax liabilities are different from the amounts originally accrued, the increases or decreases will be recorded as income tax expense or benefit in the consolidated statements of operations. While the actual outcome is subject to the completion of these audits, we do not believe there will be a material adverse impact on the Company s results of operations.

At September 30, 2011, our unrecognized tax benefit was $0.6 million, the recognition of which would reduce our income tax expense by $0.4 million. Total accrued interest and penalties at September 30, 2011 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 significant impact on our financial position or our results of operations.

13. Fair Value of Financial Instruments

Fair Value Measurements

Our available-for-sale securities, derivative instruments and certain marketable and non-marketable securities 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 interim consolidated financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. There is 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 instruments does not entail a significant degree of judgment.

Assets utilizing Level 1 inputs include exchange-traded equity securities and certain marketable securities accounted for under investment company fair value accounting.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Valuations for the available-for-sale securities are provided by independent external pricing service providers. We review the methodologies used to determine the fair value, including understanding the nature and observability of the inputs used to determine the price. Additional corroboration, such as obtaining a non-binding price from a broker, may be required depending on the frequency of trades of the security and the level of liquidity or depth of the market. The valuation methodology that is generally used for the Level 2 assets is the income approach. Below is a summary of the significant inputs

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used for each class of Level 2 assets and liabilities:

- **U.S. treasury securities:** U.S. treasury securities are considered by most investors to be the most liquid fixed income investments available. These securities are priced relative to market prices on similar U.S. treasury securities.

- **U.S. agency debentures:** Valuations of U.S. agency debentures are based on the characteristics specific to bonds held, such as issuer name, coupon rate, maturity date and any applicable issuer call option features. Valuations are based on market spreads relative to similar term benchmark market interest rates, generally U.S. treasury securities.

- **Agency-issued mortgage-backed securities:** Agency-issued mortgage-backed securities are pools of individual conventional mortgage loans underwritten to U.S. agency standards with similar coupon rates, tenor, and other attributes such as geographic location, loan size and origination vintage. Valuations of these securities are based on observable price adjustments relative to benchmark market interest rates taking into consideration estimated loan prepayment speeds.

- **Agency-issued collateralized mortgage obligations:** Agency-issued collateralized mortgage obligations are structured into classes or tranches with defined cash flow characteristics and are collateralized by U.S. agency-issued mortgage pass-through securities. Valuations of these securities incorporate similar characteristics of mortgage pass-through securities such as coupon rate, tenor, geographic location, loan size and origination vintage, in addition to incorporating the effect of estimated prepayment speeds on the cash flow structure of the class or tranche. Valuations incorporate observable market spreads over an estimated average life after considering the inputs listed above.

- **Agency-issued commercial mortgage-backed securities:** Valuations of these securities are based on spreads to benchmark market interest rates (usually U.S. treasury rates or rates observable in the swaps market), prepayment speeds, loan default rate assumptions and loan loss severity assumptions on underlying loans.

- **Municipal bonds and notes:** Bonds issued by municipal governments generally have stated coupon rates, final maturity dates and are subject to being called ahead of the final maturity date at the option of the issuer. Valuations of these securities are priced based on spreads to other municipal benchmark bonds with similar characteristics; or, relative to market rates on U.S. treasury bonds of similar maturity.

- **Interest rate swap assets:** Valuations of interest rate swaps are priced considering the coupon rate of the fixed leg of the contract and the variable coupon on the floating leg of the contract. Valuation is based on both spot and forward rates on the swap yield curve and the credit worthiness of the contract counterparty.

- **Foreign exchange forward and option contract assets and liabilities:** Valuations of these assets and liabilities are priced based on spot and forward foreign currency rates and option volatility assumptions and the credit worthiness of the contract counterparty.

- **Equity warrant assets (public portfolio):** Valuations of equity warrant assets of public portfolio companies are priced based on the Black-Scholes option pricing model that use the publicly-traded equity prices (underlying stock value), stated strike prices, option expiration dates, the risk-free interest rate and market-observable option volatility assumptions.

Level 3 Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions market participants would use in pricing the asset or liability.

Below is a summary of the valuation techniques used for each class of Level 3 assets:

- **Venture capital and private equity fund investments:** Valuations are 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. We account for differences between our measurement date and the date of the fund investment s net asset value by using the most recent available financial information from the investee general partner, adjusted for any contributions paid during the period, distributions received from the investment during the period, or significant fund transactions or market events.

- **Other venture capital investments:** Valuations are based on 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.

- **Other investments:** Valuations are based on pricing models that use observable inputs, such as yield curves and publicly-traded equity prices, and unobservable inputs, such as private company equity prices.

- **Equity warrant assets (private portfolio):** Valuations of equity warrant assets of private portfolio companies are priced based on a modified Black-Scholes option pricing model to estimate the underlying asset value, by using stated strike prices, option expiration dates, risk-free interest rates and option volatility assumptions. Option volatility assumptions used in the modified Black-Scholes model are based on public market indices whose members operate in similar industries as companies in our private company portfolio. Option expiration dates are modified to account for estimates of actual life relative to stated expiration. Overall model asset values are further adjusted for a general lack of liquidity due to the private nature of the associated underlying company.

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For the three and nine months ended September 30, 2011, we had transfers of $3.9 million from Level 2 to Level 1. There were no transfers between Level 2 and Level 1 during the three and nine months ended September 30, 2010. Transfers from Level 3 to Level 2 for all periods presented were due to the transfer of equity warrant assets from our private portfolio to our public portfolio (See our Level 3 reconciliation below).

It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. When available, we use quoted market prices to measure fair value. If market prices are not available, fair value measurement is based upon models that use primarily market-based or independently-sourced market parameters, including interest rate yield curves, prepayment speeds, option volatilities and currency rates. Substantially all of our financial instruments use either of the foregoing methodologies, collectively Level 1 and Level 2 measurements, to determine fair value adjustments recorded to our financial statements. However, in certain cases, when market observable inputs for model based valuation techniques may not be readily available, we are required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value. When observable market prices and parameters are not fully available, management judgment is necessary to estimate fair value. For inactive markets, there is little information, if any, to evaluate if individual transactions are orderly. Accordingly, we are required to estimate, based upon all available facts and circumstances, the degree to which orderly transactions are occurring and provide more weighting to price quotes that are based upon orderly transactions. In addition, changes in the market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we use valuation techniques requiring more management judgment to estimate the appropriate fair value measurement. Accordingly, the degree of judgment exercised by management in determining fair value is greater for financial assets and liabilities categorized as Level 3.

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The following fair value hierarchy tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2011:

(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, 2011
Assets				
Available-for-sale securities:				
U.S. treasury securities	$	$ 26,130	$	$ 26,130
U.S. agency debentures		2,945,537		2,945,537
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities		1,503,851		1,503,851
Agency-issued collateralized mortgage obligations (fixed)		2,402,232		2,402,232
Agency-issued collateralized mortgage obligations (variable)		2,559,161		2,559,161
Agency-issued commercial mortgage-backed securities		103,181		103,181
Municipal bonds and notes		98,776		98,776
Equity securities	518			518
Total available-for-sale securities	518	9,638,868		9,639,386
Non-marketable securities (investment company fair value accounting):				
Venture capital and private equity fund investments			578,126	578,126
Other venture capital investments			120,160	120,160
Other investments			973	973
Total non-marketable securities (investment company fair value accounting)			699,259	699,259
Other assets:				
Marketable securities	3,962			3,962
Interest rate swaps		13,305		13,305
Foreign exchange forward and option contracts		13,936		13,936
Equity warrant assets		4,105	54,418	58,523
Loan conversion options		2,057		2,057
Client interest rate derivatives		53		53
Total assets (1)	$ 4,480	$ 9,672,324	$ 753,677	$ 10,430,481
Liabilities				
Foreign exchange forward and option contracts	$	$ 12,171	$	$ 12,171
Client interest rate derivatives		55		55
Total liabilities	$	$ 12,226	$	$ 12,226

(1) Included in Level 1 and Level 3 assets are $3.4 million and $605.7 million, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

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The following fair value hierarchy tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2010:

(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 December 31, 2010
Assets				
Available-for-sale securities:				
U.S. treasury securities	$	$ 26,410	$	$ 26,410
U.S. agency debentures		2,835,093		2,835,093
Residential mortgage-backed securities:				
Agency-issued mortgage-backed securities		1,248,510		1,248,510
Agency-issued collateralized mortgage obligations (fixed)		830,466		830,466
Agency-issued collateralized mortgage obligations (variable)		2,879,525		2,879,525
Municipal bonds and notes		97,580		97,580
Equity securities	383			383
Total available-for-sale securities	383	7,917,584		7,917,967
Non-marketable securities (investment company fair value accounting):				
Venture capital and private equity fund investments			391,247	391,247
Other venture capital investments			111,843	111,843
Other investments			981	981
Total non-marketable securities (investment company fair value accounting)			504,071	504,071
Other assets:				
Marketable securities	28	9,240		9,268
Interest rate swaps		52,017		52,017
Foreign exchange forward and option contracts		11,349		11,349
Equity warrant assets		4,028	43,537	47,565
Loan conversion options		4,291		4,291
Total assets (1)	$ 411	$ 7,998,509	$ 547,608	$ 8,546,528
Liabilities				
Foreign exchange forward and option contracts	$	$ 10,267	$	$ 10,267
Total liabilities	$	$ 10,267	$	$ 10,267

(1) Included in Level 2 and Level 3 assets are $8.1 million and $423.5 million, respectively, attributable to noncontrolling interests calculated based on the ownership percentages of the noncontrolling interests.

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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, 2011 and 2010, respectively:

(Dollars in thousands)	Beginning Balance	Total Realized and Unrealized Gains (Losses) Included in Income	Purchases	Sales	Issuances	Distributions and Other Settlements	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance
Three months ended September 30, 2011:									
Non-marketable securities (investment company fair value accounting):									
Venture capital and private equity fund investments	$ 515,118	$ 32,041	$ 42,590	$	$	$ (11,623)	$	$	$ 578,126
Other venture capital investments	114,070	17,237	2,193	(9,335)		(4,005)			120,160
Other investments	995	(16)				(6)			973
Total non-marketable securities (investment company fair value accounting) (1)	630,183	49,262	44,783	(9,335)		(15,634)			699,259
Other assets:									
Equity warrant assets (2)	49,777	8,192		(6,427)	2,876				54,418
Total assets	$ 679,960	$ 57,454	$ 44,783	$ (15,762)	$ 2,876	$ (15,634)	$	$	$ 753,677
Three months ended September 30, 2010:									
Non-marketable securities (investment company fair value accounting):									
Venture capital and private equity fund investments	$ 322,159	$ 13,010	$ 31,873	$	$	$ (1,300)	$	$	$ 365,742
Other venture capital investments	94,980	(332)	1,855	(1,177)				(10,791)	84,535
Other investments	960	9				(7)			962
Total non-marketable securities (investment company fair value accounting) (1)	418,099	12,687	33,728	(1,177)		(1,307)		(10,791)	451,239
Other assets:									
Equity warrant assets (2)	38,633	3,130		(4,523)	2,543			(18)	39,765
Total assets	$ 456,732	$ 15,817	$ 33,728	$ (5,700)	$ 2,543	$ (1,307)	$	$ (10,809)	$ 491,004
Nine months ended September 30, 2011:									
Non-marketable securities (investment company fair value accounting):									
Venture capital and private equity fund investments	$ 391,247	$ 108,032	$ 119,990	$	$	$ (41,143)	$	$	$ 578,126
Other venture capital investments	111,843	22,608	12,939	(27,513)		283			120,160
Other investments	981	4				(12)			973
Total non-marketable securities (investment company fair value accounting) (1)	504,071	130,644	132,929	(27,513)		(40,872)			699,259
Other assets:									
Equity warrant assets (2)	43,537	21,403		(19,889)	10,058	(63)		(628)	54,418
Total assets	$ 547,608	$ 152,047	$ 132,929	$ (47,402)	$ 10,058	$ (40,935)	$	$ (628)	$ 753,677

Nine months ended September 30, 2010:									
Non-marketable securities (investment company fair value accounting):									
Venture capital and private equity fund investments	$ 271,316	$ 32,408	$ 73,718	$	$	$ (11,700)	$	$	$ 365,742
Other venture capital investments	96,577	(1,106)	6,355	(6,500)				(10,791)	84,535
Other investments	1,143	(43)				(138)			962
Total non-marketable securities (investment company fair value accounting) (1)	369,036	31,259	80,073	(6,500)		(11,838)		(10,791)	451,239
Other assets:									
Equity warrant assets (2)	40,119	2,588		(7,859)	5,312	(1)		(394)	39,765
Total assets	$ 409,155	$ 33,847	$ 80,073	$ (14,359)	$ 5,312	$ (11,839)	$	$ (11,185)	$ 491,004

(1) Realized and unrealized gains are recorded on the line items gains on investment securities, net and other noninterest income, components of noninterest income.

(2) Realized and unrealized gains (losses) are recorded on the line item gains on derivative instruments, net a component of noninterest income.

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The following table presents the amount of unrealized gains (losses) included in earnings (which is inclusive of noncontrolling interest) attributable to Level 3 assets still held at September 30, 2011:

	Three months ended September 30, 2011	Nine months ended September 30, 2011
Non-marketable securities (investment company fair value accounting):		
Venture capital and private equity fund investments	$ 22,845	$ 75,576
Other venture capital investments	13,770	14,076
Other investments	(16)	4
Total non-marketable securities (investment company fair value accounting) (1)	36,599	89,656
Other assets:		
Equity warrant assets (2)	3,288	11,297
Total unrealized gains	$ 39,887	$ 100,953

(1) Unrealized gains are recorded on the line items gains on investment securities, net and other noninterest income, components of noninterest income.
(2) Unrealized gains are recorded on the line item gains on derivative instruments, net a component of noninterest income.

Financial Instruments not Carried at Fair Value

FASB guidance over financial instruments requires that we disclose estimated fair values for our financial instruments not carried at fair value. Fair value estimates, methods and assumptions, set forth below for our financial instruments, are made solely to comply with these requirements.

Fair values are based on estimates or calculations at the transaction level using present value techniques in instances where quoted market prices are not available. Because broadly traded markets do not exist for many of our financial instruments, our fair value calculations attempt to incorporate the effect of current market conditions at a specific time. Fair valuations are management s estimates of the values, and they are calculated based on indicator prices corroborated by observable market quotes or pricing models, the economic and competitive environment, the characteristics of the financial instruments, expected losses, and other such factors. These calculations are subjective in nature, involve uncertainties and matters of significant judgment, and do not include tax ramifications; therefore, the results cannot be determined with precision or substantiated by comparison to independent markets, and they may not be realized in an actual sale or immediate settlement of the instruments. 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, could significantly affect the results. For all of these reasons, the aggregation of the fair value calculations presented herein does not represent, and should not be construed to represent, the underlying value of the Company.

The following describes the methods and assumptions used in estimating the fair values of financial instruments, excluding financial instruments already recorded at fair value as described above.

Short-Term Financial Assets

Short-term financial assets include cash on hand, cash balances due from banks, interest-earning deposits, securities purchased under agreement to resell and other short-term investment securities. We believe the carrying amount is a reasonable estimate of fair value because of the insignificant risk of changes in fair value due to changes in market interest rates, and purchased in conjunction with our cash management activities.

Non-Marketable Securities (Cost and Equity Method Accounting)

Non-marketable securities (cost and equity method accounting) includes other investments (equity method accounting), low income housing tax credit funds (equity method accounting), venture capital and private equity fund investments (cost method accounting), and other venture capital investments (cost method accounting). The fair value of other investments (equity method accounting), venture capital and private equity fund investments (cost method accounting), and other venture capital investments (cost method accounting) is based on financial information obtained from the investee or obtained from the fund investments or debt fund investments respective general partners. For private company investments, fair value is based on 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, current and projected operating performance, exit strategies and financing transactions subsequent to the acquisition of the investment. For our fund investments, we utilize the net asset value as obtained from the general partners of the investments. We adjust the net asset value for differences between our measurement date and the date of the fund investment s net asset value by using the most recently available financial information from the investee general partner, for example June 30th, for our September 30th consolidated financial statements, adjusted for any contributions paid during the third quarter,

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distributions received from the investment during the third quarter, or significant fund transactions or market events, if any. The fair value of our low income housing tax credit funds (equity method accounting) is based on carrying value.

Loans

The fair value of fixed and variable rate loans is estimated by discounting contractual cash flows using discount rates that reflect our current pricing for loans and the forward yield curve. This method is not based on the exit price concept of fair value required under ASC 820.

Deposits

The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, interest-bearing checking accounts, money market accounts and interest-bearing sweep deposits is equal to the amount payable on demand at the measurement date. The fair value of time deposits is estimated by discounting the balances using our cost of borrowings and the forward yield curve over their remaining contractual term.

Short-Term Borrowings

Short-term borrowings at December 31, 2010 included cash collateral received from counterparties for our interest rate swap agreements related to our 5.70% Senior Notes and 6.05% Subordinated Notes. The carrying amount is a reasonable estimate of fair value. Due to our repurchase of $312.6 million of these notes and termination of associated portions of interest rate swaps (see Note 7 Short-Term Borrowings and Long-Term Debt) in May 2011, the notional value of our swaps fell below the $10 million threshold specified in the agreement, and therefore, the full collateral was returned to the counterparties.

Long-Term Debt

Long-term debt at September 30, 2011 includes our 5.375% Senior Notes, 7.0% Junior Subordinated Debentures, 5.70% Senior Notes and 6.05% Subordinated Notes, and other long-term debt. At December 31, 2010, long-term debt also included our 3.875% Convertible Notes, which matured in April 2011 (see Note 7 Short-Term Borrowings and Long-Term Debt). The fair value of long-term debt is generally based on quoted market prices, when available, or is estimated based on calculations utilizing third-party pricing services and current market spread, price indications from reputable dealers or observable market prices of the underlying instrument(s), whichever is deemed more reliable. Also included in the estimated fair value of our 5.70% Senior Notes and 6.05% Subordinated Notes are amounts related to the fair value of the interest rate swaps associated with the notes.

Off-Balance Sheet Financial Instruments

The fair value of unfunded commitments to extend credit is estimated based on the average amount we would receive or pay to execute a new agreement with identical terms, considering current interest rates and taking into account the remaining terms of the agreement and counterparties credit standing.

Letters of credit are carried at their fair value, which is equivalent to the residual premium or fee at September 30, 2011 or December 31, 2010. Commitments to extend credit and letters of credit typically result in loans with a market interest rate if funded.

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The information presented herein is based on pertinent information available to us as of September 30, 2011 and December 31, 2010. The following table is a summary of the estimated fair values of our financial instruments that are not carried at fair value at September 30, 2011 and December 31, 2010.

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets:				
Non-marketable securities (cost and equity method accounting)	$ 252,704	$ 273,991	$ 217,449	$ 230,158
Net loans	6,243,342	6,302,330	5,439,110	5,466,252
Financial liabilities:				
Other short-term borrowings			37,245	37,245
Deposits	16,139,222	16,139,059	14,336,941	14,334,013
5.375% Senior Notes	347,744	363,763	347,601	344,498
5.70% Senior Notes (1)	145,632	149,695	265,613	277,301
6.05% Subordinated Notes (2)	55,302	58,916	285,937	298,101
3.875% Convertible Notes			249,304	276,825
7.0% Junior Subordinated Debentures	55,416	50,722	55,548	49,485
Other long-term debt	5,463	5,463	5,257	5,257
Off-balance sheet financial assets:				
Commitments to extend credit		20,252		19,264

(1) At September 30, 2011 and December 31, 2010, included in the carrying value and estimated fair value of our 5.70% Senior Notes are $4.2 million and $15.7 million, respectively, related to the fair value of the interest rate swaps associated with the notes.

(2) At September 30, 2011 and December 31, 2010, included in the carrying value and estimated fair value of our 6.05% Subordinated Notes are $9.1 million and $36.3 million, respectively, related to the fair value of the interest rate swaps associated with the notes.

Investments in Entities that Calculate Net Asset Value Per Share

FASB guidance over certain fund investments requires that we disclose the fair value of funds, significant investment strategies of the investees, redemption features of the investees, restrictions on the ability to sell investments, estimate of the period of time over which the underlying assets are expected to be liquidated by the investee, and unfunded commitments related to the investments.

Our investments in debt funds and venture capital and private equity fund investments generally cannot be redeemed. Alternatively, we expect distributions, if any, to be received through initial public offerings (IPOs) and merger and acquisition (M&A) activity of the underlying assets of the fund. We currently do not have any plans to sell any of these fund investments. If we decide to sell these investments in the future, the investee fund s management must approve of the buyer before the sale of the investments can be completed. The fair values of the fund investments have been estimated using the net asset value per share of the investments, adjusted for any differences between our measurement date and the date of the fund investment s net asset value by using the most recently available financial information from the investee general partner, for example June 30th, for our September 30th consolidated financial statements, adjusted for any contributions paid during the third quarter, distributions received from the investment during the third quarter, or significant fund transactions or market events.

The following table is a summary of the estimated fair values of these investments and remaining unfunded commitments for each major category of these investments as of September 30, 2011:

(Dollars in thousands)	**Fair Value**	**Unfunded Commitments**
Non-marketable securities (investment company fair value accounting):		
Venture capital and private equity fund investments (1)	$ 578,126	$ 314,285
Non-marketable securities (equity method accounting):		
Other investments (2)	60,010	10,150
Non-marketable securities (cost method accounting):		

Venture capital and private equity fund investments (3)	155,794	92,598
Total	$ 793,930	$ 417,033

(1) Venture capital and private equity fund investments within non-marketable securities (investment company fair value accounting) include investments made by our managed funds of funds, one of our co-investment funds and one other private equity fund.

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These investments represent investments in venture capital and private equity funds that invest primarily in U.S. and global technology and life sciences companies. Included in the fair value and unfunded commitments of fund investments under investment company fair value accounting are $495.9 million and $300.0 million, respectively, attributable to noncontrolling interests. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of terms of the funds.

(2) Other investments within non-marketable securities (equity method accounting) include investments in debt funds and venture capital and private equity fund investments that invest in or lend money to primarily U.S. and global technology and life sciences companies. It is estimated that we will receive distributions from the fund investments over the next 10 years, depending on the age of the funds.

(3) Venture capital and private equity fund investments within non-marketable securities (cost method accounting) include investments in venture capital and private equity fund investments that invest primarily in U.S. and global technology and life sciences companies. It is estimated that we will receive distributions from the fund investments over the next 10 to 13 years, depending on the age of the funds and any potential extensions of the terms of the funds. Included in the $92.6 million of unfunded commitments is $74.9 million of unfunded commitments made by SVB Financial which were originally intended to be transferred to certain new managed funds of funds. We currently do not have any plans to transfer these investments to any new or existing managed fund. Until we may later decide to transfer, sell or otherwise dispose of the investments to a fund managed by us or a third party, they continue to remain investments and obligations of SVB Financial.

14. Legal Matters

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us or our affiliates. Where appropriate, we establish reserves in accordance with GAAP and disclose reasonably possible outcomes that we believe could have a material effect on our financial statements. 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. However, the outcome of litigation and other legal and regulatory matters is inherently uncertain, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have an unanticipated material adverse effect on our liquidity, consolidated financial position, and/or results of operation in the future.

15. Related Parties

During the nine months ended September 30, 2011, the Bank made loans to related parties, including certain companies in which certain of our directors or their affiliated venture funds are beneficial owners of ten percent or more of the equity securities of such companies. 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 collectability or present other unfavorable features. Additionally, we also provide real estate secured loans to eligible employees through our Employee Home Ownership Plan.

16. Subsequent Events

We have evaluated all material subsequent events and determined there are no events that require disclosure.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including in particular Management s Discussion and Analysis of Financial Condition and Results of Operations under Part I, Item 2 of 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 net interest income, noninterest income, earnings per share, noninterest expenses (including professional services, compliance, compensation and other costs), cash flows, balance sheet positions, capital expenditures, liquidity and capitalization or other financial items
- Descriptions of our strategic initiatives, plans or objectives for future operations, including pending acquisitions
- Forecasts of venture capital/private equity funding and investment levels
- Forecasts of future interest rates, economic performance, and income from investments
- Forecasts of expected levels of provisions for loan losses, loan growth and client funds
- 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:

- Market and economic conditions (including interest rate environment, and levels of public offerings, mergers/acquisitions and venture capital financing activities) and the associated impact on us
- The sufficiency of our capital, including sources of capital (such as funds generated through retained earnings) and the extent to which capital may be used or required
- The adequacy of our liquidity position, including sources of liquidity (such as dividends and liquid assets)
- The extent of our achievement of internal performance targets for 2011
- Our overall investment plans, strategies and activities, including venture capital/private equity funding and investments, and our investment of excess cash/liquidity

The realization, timing, valuation and performance of equity or other investments

The likelihood that the market value of our impaired investments will recover

Our intent to sell our investment securities prior to recovery of our cost basis, or the likelihood of such

Expected cash requirements for unfunded commitments to certain investments, including capital calls

Our overall management of interest rate risk, including managing the sensitivity of our interest-earning assets and interest-bearing liabilities to interest rates, and the impact to earnings from a change in interest rates

The credit quality of our loan portfolio, including levels and trends of nonperforming loans, impaired loans, criticized loans and troubled debt restructurings

The adequacy of reserves (including allowance for loan losses) and the appropriateness of our methodology for calculating such reserves

The level of loan and deposit balances

The level of client investment fees and associated margins

The profitability of our products and services

Our strategic initiatives

Our plans to form new managed investment funds and our intent to transfer certain existing investment commitments to third parties or any managed funds

Distributions of venture capital, private equity or debt fund investment proceeds; intentions to sell such fund investments

The changes in, or adequacy of, our unrecognized tax benefits and any associated impact

The impact of the outcome of the IRS tax audit examination of the Company

The extent to which counterparties, including those to our forward and option contracts, will perform their contractual obligations

The effect of application of certain accounting pronouncements

The effect of lawsuits and claims

Regulatory developments, including the nature and timing of the adoption and effectiveness of new requirements under the Dodd-Frank Act (as defined below)

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

For information with respect to factors that could cause actual results to differ from the expectations stated in the forward-looking statements, see Risk Factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010 (2010 Form 10-K), as filed with the Securities and Exchange Commission (SEC). 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 of this report and in conjunction with our 2010 Form 10-K.

Reclassifications

Certain reclassifications have been made to prior period 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 2011 Performance

In the third quarter of 2011, compared to the third quarter of 2010, we experienced growth in our interest-earning assets as a result of continued growth of client deposits. As a result, we recognized a strong increase in net interest income from growth in average loan balances and the investment of excess deposits into available-for-sale securities. In addition to higher net interest income, we saw continued strong overall credit quality, resulting in a nominal provision for the third quarter of 2011. We also recognized higher noninterest income, primarily due to increased valuations from companies in our managed funds, as well as an increase in core fee income. Additionally, our overall capital and liquidity continued to remain strong.

Third quarter 2011 results (compared to the third quarter 2010, where applicable) reflected strong performance across all areas of our business and included:

Strong growth in our lending business with average loan balances of $6.0 billion, an increase of $1.5 billion from the third quarter of 2010.

Average deposit balances of $15.8 billion, an increase of $3.9 billion from the third quarter of 2010.

An increase in net interest income (fully taxable equivalent basis) of $29.1 million, or 27.2 percent, primarily due to an increase in interest income from loans due to the increase in average balances of $1.5 billion, as well as an increase in interest income from our available-for-sale securities as a result of investing our excess cash from deposit growth. These increases were partially offset by lower investment yields available on new purchases of securities in the current rate environment, as well as lower overall yields on our loan portfolio due to changes in loan composition.

A nominal provision for loan losses of $0.8 million for the third quarter of 2011, compared to a provision of $11.0 million for the third quarter of 2010. The provision for the third quarter of 2011 was due to an increase in period-end loans, offset by net recoveries. Overall, our allowance for loan losses as a percentage of loans decreased to 1.34 percent from 1.52 percent in the third quarter of 2010 primarily due to continued strong overall credit quality.

Core fee income (foreign exchange fees, deposit service charges, credit card fees, client investment fees and letters of credit and standby letters of credit income) increased by $3.3 million, or 12.2 percent, to $30.3 million for the third quarter of 2011. This increase reflects increased client activity and continued growth in our business.

Gains on investment securities, net of noncontrolling interests, were $9.3 million for the third quarter of 2011, compared to $6.2 million for the third quarter of 2010 (the third quarter of 2010 amount also excludes gains of $23.6 million from the sale of certain available-for-sale securities during the quarter).

An increase of $23.3 million in noninterest expense to $127.5 million, primarily due to an increase of $14.8 million in compensation and benefits expense reflecting higher incentive compensation costs based on our strong performance in 2011 and an increase in the number of average full-time equivalent employees (FTE).

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Overall, our liquidity remained strong based on our period end available-for-sale securities portfolio of $9.6 billion at September 30, 2011, compared to $7.9 billion at December 31, 2010. The increase provided additional liquidity resources through current expected cash flow and through the ability to secure wholesale borrowings, if needed.

Overall, SVB Financial and the Bank continue to maintain strong capital positions. The Bank s Tier 1 leverage ratio increased by 11 basis points to 6.93 percent at September 30, 2011, compared to 6.82 percent at December 31, 2010. The increase in the Bank s Tier 1 leverage capital ratio was primarily the result of strong earnings, partially offset by growth of average deposits.

A summary of our performance for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands, except per share data and ratios)	Three months ended September 30, 2011	2010	% Change	Nine months ended September 30, 2011	2010	% Change
Income Statement:						
Diluted earnings per share	$ 0.86	$ 0.89	(3.4)%	$ 3.12	$ 1.83	70.5%
Net income available to common stockholders	37,571	37,787	(0.6)	136,328	77,464	76.0
Net interest income	135,455	106,341	27.4	386,207	313,617	23.1
Net interest margin	3.13%	3.14%	(1)bps	3.07%	3.21%	(14)bps
Provision for (reduction of) loan losses	$ 769	$ 10,971	(93.0)%	$ (2,144)	$ 29,124	(107.4)%
Noninterest income (1)	95,611	86,236	10.9	309,273	175,666	76.1
Noninterest expense (2)	127,451	104,171	22.3	365,918	306,927	19.2
Balance Sheet:						
Average loans, net of unearned income	$ 6,006,614	$ 4,498,487	33.5%	$ 5,619,709	$ 4,243,431	32.4%
Average noninterest-bearing demand deposits	10,634,757	6,924,973	53.6	9,783,426	6,947,666	40.8
Average interest-bearing deposits	5,169,279	4,994,248	3.5	5,467,512	4,653,117	17.5
Average total deposits	15,804,036	11,919,221	32.6	15,250,938	11,600,783	31.5
Ratios:						
Return on average common SVBFG stockholders equity (annualized) (3)	9.93%	11.84%	(16.1)%	12.95%	8.56%	51.3%
Return on average assets (annualized) (4)	0.79	1.02	(22.5)	0.99	0.72	37.5
Book value per common share (5)	35.50	30.23	17.4	35.50	30.23	17.4
Operating efficiency ratio (6)	55.04	53.95	2.0	52.50	62.53	(16.0)
Allowance for loan losses as a percentage of total period-end gross loans	1.34	1.52	(18)bps	1.34	1.52	(18)bps
Gross loan charge-offs as a percentage of average total gross loans (annualized)	0.54	1.08	(54)bps	0.40	1.27	(87)bps
Net loan (recoveries) charge-offs as a percentage of average total gross loans (annualized)	(0.15)	0.73	(88)bps	(0.11)	0.85	(96)bps
Other Statistics:						
Average SVB prime lending rate	4.00%	4.00%	- bps	4.00%	4.00%	- bps
Average full-time equivalent employees	1,478	1,321	11.9%	1,428	1,289	10.8%
Period end full-time equivalent employees	1,504	1,341	12.2	1,504	1,341	12.2
Non-GAAP measures:						
Non-GAAP net income available to common stockholders (7)	$ 37,571	$ 23,579	59.3	$ 111,941	$ 62,595	78.8
Non-GAAP diluted earnings per common share (7)	0.86	0.55	56.4	2.57	1.48	73.6
Non-GAAP noninterest income, net of noncontrolling interests and excluding gains on sales of available-for-sale securities (8)	54,372	45,042	20.7	160,600	116,566	37.8

Non-GAAP noninterest expense, net of noncontrolling interests and excluding net gains from debt repurchases (9)	124,685	101,232	23.2	360,173	297,877	20.9
Non-GAAP operating efficiency ratio (9)	65.53%	66.65%	(1.7)	65.70%	69.00%	(4.8)
Tangible common equity to tangible assets (10)	8.00	8.10	(1.2)	8.00	8.10	(1.2)
Tangible common equity to risk-weighted assets (10)	14.21	15.17	(6.3)	14.21	15.17	(6.3)

(1) Noninterest income included net gains of $41.2 million and $111.4 million attributable to noncontrolling interests for the three and nine months ended September 30, 2011, respectively, compared to net gains of $17.6 million and $34.4 million for the comparable 2010 periods. See Results of Operations Noninterest Income for a description of noninterest income attributable to noncontrolling interests.

(2) Noninterest expense included $2.8 million and $8.9 million attributable to noncontrolling interests for the three and nine months ended September 30, 2011, respectively, compared to $2.9 million and $9.1 million for the comparable 2010 periods. See Results of Operations Noninterest Expense for a description of noninterest expense attributable to noncontrolling interests.

(3) Ratio represents annualized consolidated net income available to common stockholders divided by quarterly and year-to-date average SVBFG stockholders equity.

(4) Ratio represents annualized consolidated net income available to common stockholders divided by quarterly and year-to-date average assets.

(5) Book value per common share is calculated by dividing total SVBFG stockholders equity by total outstanding common shares at period-end.

(6) The operating efficiency ratio is calculated by dividing total noninterest expense by total taxable-equivalent net interest income plus noninterest income.

(7) To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP measures. See Non-GAAP Net Income and Non-GAAP Diluted Earnings Per Common Share below for a reconciliation of these measures.

(8) See Results of Operations Noninterest Income for a description and reconciliation of non-GAAP noninterest income.

(9) See Results of Operations Noninterest Expense for a description and reconciliation of non-GAAP noninterest expense and the non-GAAP operating efficiency ratio.

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(10) See Capital Resources Capital Ratios for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.

Non-GAAP Net Income and Non-GAAP Diluted Earnings Per Common Share

We use and report non-GAAP net income and non-GAAP diluted earnings per common share, which excludes (when applicable) gains from the sale of certain available-for-sale securities, as well as net gains from debt repurchases and termination of corresponding interest rate swaps. 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 do not occur every reporting period. Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and related trends, 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 preferable to, financial measures prepared in accordance with GAAP.

A reconciliation of GAAP to non-GAAP net income available to common stockholders and non-GAAP diluted earnings per common share for the three and nine months ended September 30, 2011 and 2010 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in thousands, except share amounts)	**2011**	**2010**	**2011**	**2010**
Net income available to common stockholders	$ 37,571	$ 37,787	$ 136,328	$ 77,464
Less: gains on sales of available-for-sale securities (1)		(23,605)	(37,314)	(24,699)
Tax impact of gains on sales of available-for-sale securities		9,397	14,810	9,830
Less: net gain from note repurchases and termination of corresponding interest rate swaps (2)			(3,123)	
Tax impact of net gain from note repurchases and termination of corresponding interest rate swaps			1,240	
Non-GAAP net income available to common stockholders	$ 37,571	$ 23,579	$ 111,941	$ 62,595
GAAP earnings per common share diluted	$ 0.86	$ 0.89	$ 3.12	$ 1.83
Impact of gains on sales of available-for-sale securities (1)		(0.56)	(0.85)	(0.58)
Tax impact of gains on sales of available-for-sale securities		0.22	0.34	0.23
Net gain from note repurchases and termination of corresponding interest rate swaps (2)			(0.07)	
Tax impact of net gain from note repurchases and termination of corresponding interest rate swaps			0.03	
Non-GAAP earnings per common share diluted	$ 0.86	$ 0.55	$ 2.57	$ 1.48
Weighted average diluted common shares outstanding	43,791,238	42,512,515	43,641,185	42,400,685

(1) Gains on the sales of $1.4 billion, $492.9 million and $157.9 million in certain available-for-sale securities in the second quarter of 2011, the third quarter of 2010 and the second quarter of 2010, respectively.

(2) Net gains of $3.1 million from the repurchase of $108.6 million of our 5.70% Senior Notes and $204.0 million of our 6.05% Subordinated Notes and the termination of the corresponding portions of interest rate swaps in the second quarter of 2011.

Critical Accounting Policies and Estimates

The accompanying management s discussion and analysis of results of operations and financial condition is based upon our unaudited interim consolidated financial statements, which have been prepared in accordance with 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 and assumptions 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. Actual results may differ materially from these estimates under different assumptions or conditions.

There have been no significant changes during the nine months ended September 30, 2011 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 2010 Form 10-K.

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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, available-for-sale securities and short-term investment securities, and interest paid on funding sources. 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.

Analysis of Net Interest Income 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. 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 amount of simultaneous changes attributable to both volume and rate changes for the years 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.

	2011 Compared to 2010 Three months ended September 30, Increase (decrease) due to change in			2011 Compared to 2010 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	$ (3,984)	$ 2,640	$ (1,344)	$ (5,052)	$ 1,580	$ (3,472)
Available-for-sale securities (taxable) (1)	67,056	(60,074)	6,982	70,435	(46,972)	23,463
Available-for-sale securities (non-taxable) (1)	(72)	(4)	(76)	(162)	(62)	(224)
Loans, net of unearned income	48,976	(27,999)	20,977	70,601	(15,882)	54,719
Increase (decrease) in interest income, net	111,976	(85,437)	26,539	135,822	(61,336)	74,486
Interest expense:						
NOW deposits	107	(101)	6	75	(27)	48
Money market deposits	1,861	(2,190)	(329)	1,531	(1,080)	451
Money market deposits in foreign offices	98	(136)	(38)	122	(41)	81
Time deposits	(213)	49	(164)	(230)	(224)	(454)
Sweep deposits	(215)	(1,328)	(1,543)	(60)	(4,002)	(4,062)
Total increase (decrease) in deposits expense	1,638	(3,706)	(2,068)	1,438	(5,374)	(3,936)
Short-term borrowings	(21)	(5)	(26)	(30)	(10)	(40)
5.375% Senior Notes	4,234	44	4,278	13,846	51	13,897
3.875% Convertible Notes	(3,540)		(3,540)	(6,750)	360	(6,390)
Junior Subordinated Debentures	(2)		(2)	(11)	274	263
5.70% Senior Notes and 6.05% Subordinated Notes	(865)	(336)	(1,201)	(1,489)	(357)	(1,846)
Other long-term debt	(32)	43	11	(43)	69	26
Total (decrease) increase in borrowings expense	(226)	(254)	(480)	5,523	387	5,910
(Decrease) increase in interest expense, net	1,412	(3,960)	(2,548)	6,961	(4,987)	1,974
Increase (decrease) in net interest income	$ 110,564	$ (81,477)	$ 29,087	$ 128,861	$ (56,349)	$ 72,512

(1) Our available-for-sale securities portfolio represents interest-earning investment securities.

Net Interest Income (Fully Taxable Equivalent Basis)

Three months ended September 30, 2011 and 2010

Net interest income increased by $29.1 million to $135.9 million for the three months ended September 30, 2011, compared to $106.9 million for the comparable 2010 period. Overall, we saw an increase in our net interest income primarily due to higher average loan balances and growth in our available-for-sale securities portfolio, which has increased as a result of our continued growth in deposits. Growth in deposits is reflective of growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients. These increases were partially offset by lower rates earned on our available-for-sale securities and loans, primarily attributable to the low interest rate environment and changes in loan composition.

The main factors affecting interest income and interest expense for the three months ended September 30, 2011, compared to the comparable 2010 period are discussed below:

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Interest income for the three months ended September 30, 2011 increased by $26.5 million primarily due to:

A $21.0 million increase in interest income on loans, primarily related to a $1.5 billion increase in average loan balances for the three months ended September 30, 2011, compared to the comparable 2010 period. This increase was partially offset by a decrease in overall yield on the loan portfolio resulting primarily from changes in loan composition.

A $6.9 million increase in interest income on available-for-sale securities, primarily related to the growth in average balances of $4.3 billion due to new investments, which were purchased as a result of our continued deposit growth. This increase was partially offset by lower investment yields available on new purchases of securities in the current rate environment and the effect of sales of higher-yielding securities in the second quarter of 2011 and third quarter of 2010 (which resulted in pre-tax gains of $37.3 million and $23.6 million, respectively).

Interest expense for the three months ended September 30, 2011 decreased by $2.5 million primarily due to:

A decrease in interest expense from interest-bearing deposits of $2.1 million, primarily due to decreases in rates paid on deposits throughout 2010 and the first three quarters of 2011, which is reflective of current market rates. This decrease was partially offset by an increase in interest expense related to a $175.0 million increase in average interest-bearing deposit balances.

A decrease in interest expense of $0.5 million related to our long-term debt, primarily due to a $4.3 million increase in interest expense from the issuance of $350.0 million of 5.375% Senior Notes in September 2010, partially offset by a $3.5 million decrease due to the maturity of $250.0 million of our 3.875% Convertible Notes in April 2011.

Nine months ended September 30, 2011 and 2010

Net interest income increased by $72.5 million to $387.7 million for the nine months ended September 30, 2011, compared to $315.2 million for the comparable 2010 period. Overall, we saw an increase in our net interest income primarily due to higher average loan balances and growth in our available-for-sale securities portfolio, which has increased as a result of our continued growth in deposits. Growth in deposits is reflective of growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients. These increases were partially offset by lower rates earned on our available-for-sale securities and loans, primarily attributable to the low interest rate environment and changes in loan composition.

The main factors affecting interest income and interest expense for the nine months ended September 30, 2011, compared to the comparable 2010 period are discussed below:

Interest income for the nine months ended September 30, 2011 increased by $74.5 million primarily due to:

A $54.7 million increase in interest income on loans, primarily related to a $1.4 billion increase in average loan balances. This increase was partially offset by a decrease in overall yield on the loan portfolio resulting primarily from changes in loan composition.

A $23.2 million increase in interest income on available-for-sale securities, primarily related to the growth in average balances of $4.5 billion due to new investments, which were purchased as a result of our continued deposit growth. This increase was partially offset by lower investment yields available on new purchases of securities in the current rate

environment and the effect of sales of higher-yielding securities in the second quarter of 2011 and third quarter of 2010.

Interest expense for the nine months ended September 30, 2011 increased by $2.0 million primarily due to:

An increase in interest expense of $6.0 million related to our long-term debt, primarily due to a $13.9 million increase in interest expense from the issuance of $350 million in 5.375% Senior Notes in September 2010, partially offset by a $6.4 million decrease due to the maturity of our 3.875% Convertible Notes in April 2011.

This increase was partially offset by a decrease in interest expense from interest-bearing deposits of $3.9 million, primarily due to decreases in rates paid on deposits throughout 2010 and the first three quarters of 2011, which is reflective of current market rates. This decrease was partially offset by an increase in interest expense related to an $814.4 million increase in average interest-bearing deposit balances.

Net Interest Margin (Fully Taxable Equivalent Basis)

Our net interest margin was 3.13 percent and 3.07 percent for the three and nine months ended September 30, 2011, respectively, compared to 3.14 percent and 3.21 percent for the comparable 2010 periods. The decreases in our net interest margin were primarily due to the significant growth of our deposits, the majority of which were invested in available-for-sale securities (our

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deposit growth is reflective of growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients). Additionally, paydowns and sales of higher-yielding securities throughout 2010 and the first nine months of 2011 were reinvested in lower-yielding securities given the current interest rate environment. As such, the overall mix of our interest-earning assets shifted to a higher proportion of lower-yielding assets, which is reflective of the low interest rate environment. The decreases for the three and nine months ended September 30, 2011, were partially offset by increases of $1.5 billion and $1.4 billion, respectively, in average loan balances (higher-yielding assets) and a decrease in rates paid on our deposits.

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, noncontrolling interests and SVBFG 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, 2011 and 2010, respectively:

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Average Balances, Rates and Yields for the Three Months Ended September 30, 2011 and 2010

	Three months ended September 30,					
	2011			2010		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets:						
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 1,595,176	$ 1,375	0.34%	$ 3,740,869	$ 2,719	0.29%
Available-for-sale securities: (2)						
Taxable	9,528,645	39,357	1.64	5,181,966	32,375	2.48
Non-taxable (3)	92,268	1,382	5.94	96,991	1,458	5.96
Total loans, net of unearned income (4)	6,006,614	101,693	6.72	4,498,487	80,716	7.12
Total interest-earning assets	17,222,703	143,807	3.31	13,518,313	117,268	3.45
Cash and due from banks	286,485			222,458		
Allowance for loan losses	(88,315)			(77,937)		
Other assets (5)	1,375,637			1,092,804		
Total assets	$ 18,796,510			$ 14,755,638		
Funding sources:						
Interest-bearing liabilities:						
NOW deposits	$ 89,549	$ 53	0.23%	$ 48,284	$ 47	0.39%
Money market deposits	2,577,617	1,125	0.17	1,963,838	1,454	0.29
Money market deposits in foreign offices	104,605	26	0.10	79,838	64	0.32
Time deposits	229,430	236	0.41	399,444	400	0.40
Sweep deposits	2,168,078	275	0.05	2,502,844	1,818	0.29
Total interest-bearing deposits	5,169,279	1,715	0.13	4,994,248	3,783	0.30
Short-term borrowings	1,250			52,949	26	0.19
5.375% Senior Notes	347,712	4,812	5.49	41,555	534	5.10
3.875% Convertible Notes				248,331	3,540	5.66
Junior Subordinated Debentures	55,445	829	5.93	55,621	831	5.93
5.70% Senior Notes and 6.05% Subordinated Notes	201,024	436	0.86	566,948	1,637	1.15
Other long-term debt	5,840	77	5.23	6,392	66	4.10
Total interest-bearing liabilities	5,780,550	7,869	0.54	5,966,044	10,417	0.69
Portion of noninterest-bearing funding sources	11,442,153			7,552,269		
Total funding sources	17,222,703	7,869	0.18	13,518,313	10,417	0.31
Noninterest-bearing funding sources:						
Demand deposits	10,634,757			6,924,973		
Other liabilities	287,030			197,865		
SVBFG stockholders equity	1,500,452			1,265,971		
Noncontrolling interests	593,721			400,785		
Portion used to fund interest-earning assets	(11,442,153)			(7,552,269)		
Total liabilities, noncontrolling interest, and SVBFG stockholders equity	$ 18,796,510			$ 14,755,638		

Net interest income and margin		$ 135,938	3.13%	$ 106,851	3.14%
Total deposits	$ 15,804,036		$ 11,919,221		
Average SVBFG stockholders equity as a percentage of average assets			7.98%		8.58%
Reconciliation to reported net interest income:					
Adjustments for taxable equivalent basis		(483)		(510)	
Net interest income, as reported		$ 135,455		$ 106,341	

(1) Includes average interest-bearing deposits in other financial institutions of $338.4 million and $237.8 million for the three months ended September 30, 2011 and 2010, respectively. For the three months ended September 30, 2011 and 2010, balances also include $975.1 million and $3.4 billion, respectively, deposited at the Federal Reserve Bank, earning interest at the Federal Funds target rate.

(2) Yields on interest-earning investment securities are based on amortized cost, therefore do not give effect to unrealized changes in fair value that are reflected in other comprehensive income.

(3) 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.

(4) Nonaccrual loans are reflected in the average balances of loans.

(5) Average investment securities of $1.0 billion and $740.1 million for the three months ended September 30, 2011 and 2010, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable securities.

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Average Balances, Rates and Yields for the Nine Months Ended September 30, 2011 and 2010

	Nine months ended September 30,					
	2011			2010		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Interest-earning assets:						
Federal Reserve deposits, federal funds sold, securities purchased under agreements to resell and other short-term investment securities (1)	$ 1,951,625	$ 4,972	0.34%	$ 4,048,242	$ 8,444	0.28%
Available-for-sale securities: (2)						
Taxable	9,195,583	124,956	1.82	4,733,666	101,493	2.87
Non-taxable (3)	94,179	4,189	5.95	97,796	4,413	6.03
Total loans, net of unearned income (4)	5,619,709	284,935	6.78	4,243,431	230,216	7.25
Total interest-earning assets	16,861,096	419,052	3.32	13,123,135	344,566	3.51
Cash and due from banks	275,617			229,192		
Allowance for loan losses	(87,616)			(77,207)		
Other assets (5)	1,287,751			1,021,019		
Total assets	$ 18,336,848			$ 14,296,139		
Funding sources:						
Interest-bearing liabilities:						
NOW deposits	$ 79,112	$ 198	0.33%	$ 50,338	$ 150	0.40%
Money market deposits	2,486,211	4,186	0.23	1,667,830	3,735	0.30
Money market deposits in foreign offices	134,216	264	0.26	74,841	183	0.33
Time deposits	292,710	913	0.42	359,278	1,367	0.51
Sweep deposits	2,475,263	1,818	0.10	2,500,830	5,880	0.31
Total interest-bearing deposits	5,467,512	7,379	0.18	4,653,117	11,315	0.33
Short-term borrowings	22,287	25	0.15	47,807	65	0.18
5.375% Senior Notes	347,665	14,431	5.55	14,004	534	5.10
3.875% Convertible Notes	95,071	4,210	5.92	247,765	10,600	5.72
Junior Subordinated Debentures	55,489	2,494	6.01	55,750	2,231	5.35
5.70% Senior Notes and 6.05% Subordinated Notes	357,523	2,617	0.98	557,405	4,463	1.07
Other long-term debt	5,580	223	5.34	6,897	197	3.82
Total interest-bearing liabilities	6,351,127	31,379	0.66	5,582,745	29,405	0.70
Portion of noninterest-bearing funding sources	10,509,969			7,540,390		
Total funding sources	16,861,096	31,379	0.25	13,123,135	29,405	0.30
Noninterest-bearing funding sources:						
Demand deposits	9,783,426			6,947,666		
Other liabilities	254,033			176,854		
SVBFG stockholders equity	1,407,231			1,210,082		
Noncontrolling interests	541,031			378,792		
Portion used to fund interest-earning assets	(10,509,969)			(7,540,390)		
Total liabilities, noncontrolling interest, and SVBFG stockholders equity	$ 18,336,848			$ 14,296,139		

Net interest income and margin		$ 387,673	3.07%	$ 315,161	3.21%
Total deposits	$ 15,250,938		$ 11,600,783		
Average SVBFG stockholders equity as a percentage of average assets			7.67%		8.46%
Reconciliation to reported net interest income:					
Adjustments for taxable equivalent basis		(1,466)		(1,544)	
Net interest income, as reported		$ 386,207		$ 313,617	

(1) Includes average interest-bearing deposits in other financial institutions of $293.0 million and $207.9 million for the nine months ended September 30, 2011 and 2010, respectively. For the nine months ended September 30, 2011 and 2010, balances also include $1.4 billion and $3.8 billion, respectively, deposited at the Federal Reserve Bank, earning interest at the Federal Funds target rate.

(2) Yields on interest-earning investment securities are based on amortized cost, therefore do not give effect to unrealized changes in fair value that are reflected in other comprehensive income.

(3) 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.

(4) Nonaccrual loans are reflected in the average balances of loans.

(5) Average investment securities of $899.6 million and $666.1 million for the nine months ended September 30, 2011 and 2010, respectively, were classified as other assets as they were noninterest-earning assets. These investments primarily consisted of non-marketable securities.

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Provision for (Reduction of) Loan Losses

Our provision for (reduction of) loan losses is based on our evaluation of the adequacy of the existing allowance for loan losses in relation to total gross loans using historical and other objective information, 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 allowance for loan losses for the three and nine months ended September 30, 2011 and 2010:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in thousands)	**2011**	**2010**	**2011**	**2010**
Allowance for loan losses, beginning balance	$ 82,155	$ 71,789	$ 82,627	$ 72,450
Provision for (reduction of) loan losses	769	10,971	(2,144)	29,124
Gross loan charge-offs	(8,248)	(12,289)	(16,863)	(40,602)
Loan recoveries	10,570	3,898	21,626	13,397
Allowance for loan losses, ending balance	$ 85,246	$ 74,369	$ 85,246	$ 74,369
Provision for (reduction of) as a percentage of total gross loans (annualized)	0.05%	0.89%	(0.04)%	0.79%
Gross loan charge-offs as a percentage of average total gross loans (annualized)	0.54	1.08	0.40	1.27
Net loan charge-offs (recoveries) as a percentage of average total gross loans (annualized)	(0.15)	0.73	(0.11)	0.85
Allowance for loan losses as a percentage of period-end total gross loans	1.34	1.52	1.34	1.52
Period-end total gross loans	$ 6,382,235	$ 4,900,129	$ 6,382,235	$ 4,900,129
Average total gross loans	6,057,937	4,534,485	5,666,939	4,277,371

We had a provision for loan losses of $0.8 million for the three months ended September 30, 2011, compared to a provision of $11.0 million for the comparable 2010 period. The provision of $0.8 million was due to an increase in the allowance for the increase in period-end loans. This increase was partially offset by a decrease in the allowance for our performing loans as a percentage of total performing loans due to changes in loan composition. Gross loan charge-offs of $8.2 million for the three months ended September 30, 2011 were primarily from our hardware and software client portfolios. Loan recoveries of $10.6 million for the three months ended September 30, 2011 were primarily from our private bank and life science client portfolios.

We had a reduction of loan losses of $2.1 million for the nine months ended September 30, 2011, compared to a provision of $29.1 million for the comparable 2010 period. Gross loan charge-offs of $16.9 million for the nine months ended September 30, 2011 were primarily from our hardware, software, life sciences, and other commercial loans client portfolios. Loan recoveries of $21.6 million for the nine months ended September 30, 2011 were primarily from our software, private bank and life science client portfolios.

Our allowance for loan losses as a percentage of total gross loans decreased from 1.52 percent at September 30, 2010 to 1.34 percent at September 30, 2011, primarily due to a reduction in the allowance for our performing loans. Our allowance for loan losses for total gross performing loans as a percentage of total gross performing loans decreased to 1.25 percent at September 30, 2011, compared to 1.37 percent at December 31, 2010 due to the strong overall credit quality of our clients.

Noninterest Income

A summary of noninterest income for the three and nine months ended September 30, 2011 and 2010 is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Gains on investment securities, net	$ 52,262	$ 46,611	12.1%	$ 175,279	$ 67,420	160.0%
Foreign exchange fees	11,546	9,091	27.0	32,397	26,207	23.6
Gains on derivative instruments, net	9,951	1,257	NM	24,153	4,565	NM

Deposit service charges	8,259	7,324	12.8	23,214	22,283	4.2
Credit card fees	4,506	3,139	43.5	12,687	8,853	43.3
Client investment fees	2,939	4,681	(37.2)	9,707	13,562	(28.4)
Letters of credit and standby letters of credit income	3,040	2,752	10.5	8,452	7,869	7.4
Other	3,108	11,381	(72.7)	23,384	24,907	(6.1)
Total noninterest income	$ 95,611	$ 86,236	10.9	$ 309,273	$ 175,666	76.1

NM Not meaningful

Included in net income is income and expense attributable to noncontrolling interests. We recognize, as part of our investment funds management business through SVB Capital and Debt Fund Investments, 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 entities that we are deemed to control, even though we may own less than 100% of such entities. The relevant amounts attributable to investors other than us are reflected under Net Income Attributable to Noncontrolling Interests on our statements of income. The non-GAAP tables presented

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below, for noninterest income and net gains on investment securities, all exclude noncontrolling interests. 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 preferable to, financial measures prepared in accordance with GAAP.

The following table provides a summary of non-GAAP noninterest income, net of noncontrolling interests:

Non-GAAP noninterest income, net of noncontrolling interests (Dollars in thousands)	Three months ended September 30,			Nine months ended September 30,		
	2011	2010	% Change	2011	2010	% Change
GAAP noninterest income (as reported)	$ 95,611	$ 86,236	10.9%	$ 309,273	$ 175,666	76.1%
Less: income attributable to noncontrolling interests, including carried interest	41,239	17,589	134.5	111,359	34,401	NM
Noninterest income, net of noncontrolling interests	54,372	68,647	(20.8)	197,914	141,265	40.1
Less: gains on sales of certain available-for-sale securities		23,605	(100.0)	37,314	24,699	51.1
Non-GAAP noninterest income, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities	$ 54,372	$ 45,042	20.7	$ 160,600	$ 116,566	37.8

NM Not meaningful

Gains on Investment Securities, Net

Net gains on investment securities include both gains from our non-marketable and marketable securities, as well as gains from sales of our available-for-sale securities portfolio (when applicable).

Our available-for-sale securities portfolio is managed to maximize portfolio yield over the long-term in a manner consistent with our liquidity, credit diversification, and asset/liability strategies. Though infrequent, the sale of investments from our available-for-sale portfolio results in net gains or losses on investment securities.

We experience variability in the performance of our non-marketable and marketable investments from quarter to quarter, which results in net gains or losses on investment securities. This variability is due to a number of factors, including changes in the values of our investments, changes in the amount of distributions or liquidity events and general economic and market conditions. Such variability may lead to volatility in the gains from investment securities and as such our results for a particular period are not necessarily indicative of our expected performance in a future period.

For the three months ended September 30, 2011, we had net gains on investment securities of $52.3 million, compared to net gains of $46.6 million for the comparable 2010 period. Gains on investment securities, net of noncontrolling interests, were $9.3 million for the three months ended September 30, 2011, compared to $6.2 million for the comparable 2010 period (the third quarter of 2010 amount also excludes gains from the sale of certain available-for-sale-securities). The gains, net of noncontrolling interests, of $9.3 million for the three months ended September 30, 2011 were primarily due to the continued trend of increased valuations of companies (primarily internet and social networking) in our managed funds.

For the nine months ended September 30, 2011, we had net gains on investment securities of $175.3 million, compared to net gains of $67.4 million for the comparable 2010 period. Gains on investment securities, net of noncontrolling interests, were $25.2 million for the nine months ended September 30, 2011, compared to $9.6 million for the comparable 2010 period (amounts also exclude gains of $37.3 million and $24.7 million, respectively, from the sale of certain available-for-sale securities). The gains, net of noncontrolling interests, of $25.2 million for the

nine months ended September 30, 2011 were primarily attributable to the following:

Net gains of $14.5 million from our managed funds, primarily due to increased valuations and liquidity events from companies (primarily internet and social networking).

Net gains of $6.2 million from our strategic and other investments, which included gains of $2.3 million from the sale of shares of a company that completed an IPO during the second quarter of 2011. These shares were originally acquired through the exercise of equity warrant assets.

The following tables provide a summary of net gains on investment securities, net of noncontrolling interests, for the three and nine months ended September 30, 2011 and 2010:

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(Dollars in thousands)	Three months ended September 30, 2011					
	Managed Funds of Funds	Managed Co-Investment Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Total gains on investment securities, net	$ 32,264	$ 17,517	$ 1,422	$ 5	$ 1,054	$ 52,262
Less: income (loss) attributable to noncontrolling interests, including carried interest	28,765	14,222	(26)			42,961
Non-GAAP net gains on investment securities, net of noncontrolling interests	$ 3,499	$ 3,295	$ 1,448	$ 5	$ 1,054	$ 9,301

(Dollars in thousands)	Three months ended September 30, 2010					
	Managed Funds of Funds	Managed Co-Investment Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Total gains on investment securities, net	$ 11,825	$ 8,552	$ 1,527	$ 23,605	$ 1,102	$ 46,611
Less: income attributable to noncontrolling interests, including carried interest	10,081	6,710	26			16,817
Net gains on investment securities, net of noncontrolling interests	1,744	1,842	1,501	23,605	1,102	29,794
Less: gains on sales of certain available-for-sale securities				23,605		23,605
Non-GAAP net gains on investment securities, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities	$ 1,744	$ 1,842	$ 1,501	$	$ 1,102	$ 6,189

(Dollars in thousands)	Nine months ended September 30, 2011					
	Managed Funds of Funds	Managed Co-Investment Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Total gains on investment securities, net	$ 107,640	$ 19,623	$ 4,524	$ 37,288	$ 6,204	$ 175,279
Less: income attributable to noncontrolling interests, including carried interest	95,727	17,042	14			112,783
Net gains on investment securities, net of noncontrolling interests	11,913	2,581	4,510	37,288	6,204	62,496
Less: gains on sales of certain available-for-sale securities				37,314		37,314
Non-GAAP net gains (losses) on investment securities, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities	$ 11,913	$ 2,581	$ 4,510	$ (26)	$ 6,204	$ 25,182

(Dollars in thousands)	Nine months ended September 30, 2010					
	Managed Funds of Funds	Managed Co-Investment Funds	Debt Funds	Available-For-Sale Securities	Strategic and Other Investments	Total
Total gains on investment securities, net	$ 30,175	$ 8,952	$ 2,376	$ 24,473	$ 1,444	$ 67,420
Less: income (loss) attributable to noncontrolling interests, including carried interest	26,342	6,818	(1)			33,159

Net gains on investment securities, net of noncontrolling interests	3,833	2,134	2,377	24,473	1,444	34,261
Less: gains on sales of certain available-for-sale securities				24,699		24,699
Non-GAAP net gains (losses) on investment securities, net of noncontrolling interests and excluding gains on sales of certain available-for-sale securities	$ 3,833	$ 2,134	$ 2,377	$ (226)	$ 1,444	$ 9,562

Foreign Exchange Fees

Foreign exchange fees were $11.5 million and $32.4 million for the three and nine months ended September 30, 2011, respectively, compared to $9.1 million and $26.2 million for the comparable 2010 periods. The increases were primarily due to improving business conditions for our clients and increased volatility in foreign markets, which has resulted in higher commissioned notional volumes. Commissioned notional volumes increased to $2.5 billion and $7.0 billion for the three and nine months ended September 30, 2011, respectively, compared to $1.9 billion and $4.7 billion for the comparable 2010 periods.

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Gains on Derivative Instruments, Net

A summary of gains on derivative instruments, net, for the three and nine months ended September 30, 2011 and 2010 is as follows:

(Dollars in thousands)	Three months ended September 30, 2011	2010	% Change	Nine months ended September 30, 2011	2010	% Change
Gains (losses) on foreign exchange forward contracts, net:						
Gains on client foreign exchange forward contracts, net (1)	$ 658	$ 420	56.7%	$ 1,448	$ 1,252	15.7%
Gains (losses) on internal foreign exchange forward contracts, net (2)	3,591	(2,987)	NM	540	178	NM
Total gains (losses) on foreign exchange forward contracts, net	4,249	(2,567)	NM	1,988	1,430	39.0
Change in fair value of interest rate swap	(400)			(467)		
Net gains (losses) on other derivatives	584	62	NM	(743)	62	NM
Equity warrant assets: (3)						
Gains on exercise, net	2,372	3,462	(31.5)	11,977	5,099	134.9
Change in fair value:						
Cancellations and expirations	(386)	(513)	(24.8)	(1,690)	(3,039)	(44.4)
Other changes in fair value	3,532	813	NM	13,088	1,013	NM
Total net gains on equity warrant assets (4) (5)	5,518	3,762	46.7	23,375	3,073	NM
Total gains on derivative instruments, net	$ 9,951	$ 1,257	NM	$ 24,153	$ 4,565	NM

NM Not meaningful

(1) Represents the net gains from foreign exchange forward contracts executed on behalf of clients.
(2) Represents the change in the fair value of foreign exchange forward contracts used to economically reduce our foreign exchange exposure risk related to certain foreign currency denominated loans. Revaluations of foreign currency denominated loans are recorded in the line item Other as part of noninterest income, a component of consolidated net income.
(3) At September 30, 2011, we held warrants in 1,151 companies, compared to 1,158 companies at September 30, 2010.
(4) Includes net gains (losses) on equity warrant assets held by consolidated investment affiliates. Relevant amounts attributable to noncontrolling interests are reflected in the interim consolidated statements of income under the caption Net Income Attributable to Noncontrolling Interests.
(5) Net gains on equity warrant assets are included in the line item Gains to derivative instruments, net as part of noninterest expense.

Net gains on derivative instruments were $10.0 million for the three months ended September 30, 2011, compared to net gains of $1.3 million for the comparable 2010 period. The increase of $8.7 million was primarily attributable to the following:

Net gains of $3.6 million on foreign exchange forward contracts hedging our foreign currency denominated loans for the three months ended September 30, 2011, compared to net losses of $3.0 million for the comparable 2010 period. The net gains of $3.6 million for the three months ended September 30, 2011 were primarily due to the strengthening of the U.S. dollar against the Euro and were offset by net losses of $3.8 million from the revaluation of foreign currency denominated loans that are included in the line item Other as part of noninterest income.

Net gains on equity warrant assets of $5.5 million for the three months ended September 30, 2011, compared to net gains of $3.8 million for the comparable 2010 period. The net gains of $5.5 million for the three months ended September 30, 2011 reflect increased M&A activity within our client base.

Net gains on derivative instruments were $24.2 million for the nine months ended September 30, 2011, compared to net gains of $4.6 million for the comparable 2010 period. The increase of $19.6 million was primarily attributable to the following:

Net gains on equity warrant assets of $23.4 million for the nine months ended September 30, 2011, compared to net gains of $3.1 million for the comparable 2010 period. The net gains of $23.4 million for the nine months ended September 30, 2011 reflect increased IPO and M&A activity within our client base.

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Net gains of $0.5 million on foreign exchange forward contracts hedging our foreign currency denominated loans for the nine months ended September 30, 2011, compared to net gains of $0.2 million for the comparable 2010 period. The net gains of $0.5 million for the nine months ended September 30, 2011 were primarily due to the strengthening of the U.S. dollar against the Pound Sterling and Euro. These gains were partially offset by net losses of $0.6 million from the revaluation of foreign currency denominated loans that are included in the line item Other as part of noninterest income.

Credit Card Fees

Credit card fees were $4.5 million and $12.7 million for the three and nine months ended September 30, 2011, respectively, compared to $3.1 million and $8.9 million for the comparable 2010 periods. The increases were primarily due to the addition of new credit card clients, as well as an increase in client activity.

Client Investment Fees

Client investment fees were $2.9 million and $9.7 million for the three and nine months ended September 30, 2011, respectively, compared to $4.7 million and $13.6 million for the comparable 2010 periods. The decreases were primarily attributable to lower margins earned on certain products owing to historically low rates in the short-term fixed income markets, partially offset by an increase in average client investment funds. The following table summarizes average client investment funds for the three and nine months ended September 30, 2011 and 2010, respectively:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in millions)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Client directed investment assets	$ 8,063	$ 9,171	(12.1)%	$ 8,845	$ 9,300	(4.9)%
Client investment assets under management	9,541	6,803	40.2	8,519	6,215	37.1
Sweep money market funds	312			132		
Total average client investment funds	$ 17,916	$ 15,974	12.2	$ 17,496	$ 15,515	12.8

The following table summarizes period-end client investment funds at September 30, 2011 and December 31, 2010:

(Dollars in millions)	**September 30, 2011**	**December 31, 2010**	**% Change**
Client directed investment assets	$ 8,581	$ 9,479	(9.5)%
Client investment assets under management	9,682	7,415	30.6
Sweep money market funds	429		
Total period-end client investment funds	$ 18,692	$ 16,894	10.6

The increases in average and period-end balances were primarily due to an increase in client investment assets under management, mainly attributable to a steadily improving funding environment for both private and public clients, as well as our increased efforts to guide clients towards products that are more appropriate for them, resulting in a shift of funds off the balance sheet.

Other Noninterest Income

A summary of other noninterest income for the three and nine months ended September 30, 2011 and 2010, respectively, is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Fund management fees	$ 2,671	$ 2,702	(1.1)%	$ 8,022	$ 8,098	(0.9)%
Service-based fee income (1)	2,339	1,894	23.5	7,151	6,512	9.8
Unused commitment fees	1,900	1,352	40.5	5,194	3,959	31.2

Loan syndication fees	50	575	(91.3)	920	575	60.0
(Losses) gains on revaluation of foreign currency loans, net	(3,758)	2,871	NM	(567)	(75)	NM
Currency revaluation (losses) gains	(1,551)	661	NM	(2,672)	987	NM
Other	1,457	1,326	9.9	5,336	4,851	10.0
Total other noninterest income	$ 3,108	$ 11,381	(72.7)	$ 23,384	$ 24,907	(6.1)

NM Not meaningful

(1) Includes income from SVB Analytics

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Other noninterest income was $3.1 million and $23.4 million for the three and nine months ended September 30, 2011, respectively, compared to $11.4 million and $24.9 million for the comparable 2010 periods. The decrease of $8.3 million for the three month period was primarily due to net losses from the revaluation of foreign currency denominated loans of $3.8 million for the three months ended September 30, 2011, compared to net gains of $2.9 million for the comparable 2010 period. Net losses from the revaluation of foreign currency denominated loans of $3.8 million for the three months ended September 30, 2011 were primarily due to the strengthening of the U.S. dollar against the Euro and was partially offset by net gains of $3.6 million from foreign exchange forward contracts, which we use to reduce our foreign exchange exposure related to certain foreign currency denominated loans and are included in net gains on derivative instruments.

Additionally, we had currency revaluation losses of $1.6 million for the three months ended September 30, 2011, compared to net gains of $0.7 million for the comparable 2010 period. The net losses of $1.6 million for the three months ended September 30, 2011 were primarily due to the strengthening of the U.S. dollar against the Indian Rupee.

Noninterest Expense

A summary of noninterest expense for the three and nine months ended September 30, 2011 and 2010 is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Compensation and benefits	$ 77,009	$ 62,170	23.9%	$ 232,529	$ 181,993	27.8%
Professional services	16,122	12,618	27.8	43,000	37,358	15.1
Premises and equipment	7,220	5,548	30.1	19,572	16,651	17.5
Business development and travel	5,886	5,153	14.2	17,429	14,542	19.9
Net occupancy	4,967	5,131	(3.2)	14,163	14,468	(2.1)
FDIC assessments	2,302	2,637	(12.7)	7,940	13,273	(40.2)
Correspondent bank fees	2,336	2,228	4.8	6,701	6,132	9.3
Provision for unfunded credit commitments	2,055	1,692	21.5	2,131	2,561	(16.8)
Other	9,554	6,994	36.6	22,453	19,949	12.6
Total noninterest expense	$ 127,451	$ 104,171	22.3	$ 365,918	$ 306,927	19.2

Compensation and Benefits

Compensation and benefits expense was $77.0 million for the three months ended September 30, 2011, compared to $62.2 million for the comparable 2010 period. The increase of $14.8 million was primarily due to the following:

An increase of $6.9 million in incentive compensation and Employee Stock Ownership Plan (ESOP) expenses due to our strong financial performance in the third quarter of 2011 and our current expectation that we will exceed our internal performance targets for 2011.

An increase of $4.4 million in salaries and wages expense, primarily due to an increase in the number of average FTE employees to support our sales and advisory positions and continued investment in growth initiatives and related infrastructure support, as well as from merit increases. Average FTEs increased by 157 to 1,478 average FTEs in the third quarter of 2011, compared to 1,321 average FTEs in the third quarter of 2010.

Compensation and benefits expense was $232.5 million for the nine months ended September 30, 2011, compared to $182.0 million for the comparable 2010 period. The increase of $50.5 million was primarily due to the following:

An increase of $25.6 million in incentive compensation and ESOP expenses due to our strong financial performance in the first three quarters of 2011 and our current expectation that we will exceed our internal performance targets for 2011.

An increase of $13.1 million in salaries and wages expense, primarily due to an increase in the number of average FTE, as well as from merit increases. Average FTEs increased by 139 to 1,428 average FTEs in the nine months ended September 30, 2011, compared to 1,289 average FTEs in the comparable 2010 period.

Our variable compensation plans primarily consist of our Incentive Compensation Plans, Direct Drive Incentive Compensation Plan, Long-Term Cash Incentive Plan, 401(k) and ESOP Plan, Retention Program and Warrant Incentive Plan. Total costs incurred under these plans were $26.5 million and $82.4 million for the three and nine months ended September 30, 2011, respectively, compared to $17.7 million and $51.9 million for the comparable 2010 periods. These amounts are included in total compensation and benefits expense discussed above.

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Federal Deposit Insurance Corporation (FDIC) Assessments

FDIC assessments were $2.3 million and $7.9 million for the three and nine months ended September 30, 2011, compared to $2.6 million and $13.3 million for the comparable 2010 periods. The decrease for the nine month period was primarily due to higher FDIC assessment rates in 2010 associated with the FDIC s Temporary Liquidity Guarantee Program as well as changes in our assessment calculation by the FDIC beginning in April 2011 pursuant to the Dodd-Frank Act.

Provision for Unfunded Credit Commitments

We recorded a provision for unfunded credit commitments of $2.1 million for the three months ended September 30, 2011, compared to a provision of $1.7 million for the comparable 2010 period. The provision for unfunded credit commitments of $2.1 million for the three months ended September 30, 2011 was primarily due to an increase in unfunded credit commitments and letters of credit balances of $204.6 million, as well as from changes in the composition of the unfunded loan commitments.

Other Noninterest Expense

A summary of other noninterest expense for the three and nine months ended September 30, 2011 and 2010 is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Telephone	$ 1,610	$ 1,208	33.3%	$ 4,376	$ 3,438	27.3%
Data processing services	1,097	1,008	8.8	3,589	2,910	23.3
Tax credit fund amortization	1,212	1,050	15.4	3,366	3,107	8.3
Client services	1,289	651	98.0	3,128	2,006	55.9
Postage and supplies	641	571	12.3	1,725	1,645	4.9
Dues and publications	465	444	4.7	1,166	1,093	6.7
Net gain from note repurchases and termination of corresponding interest rate swaps (1)				(3,123)		
Other	3,240	2,062	57.1	8,226	5,750	43.1
Total other noninterest expense	$ 9,554	$ 6,994	36.6	$ 22,453	$ 19,949	12.6

(1) Net gains of $3.1 million from the repurchase of $108.6 million of our 5.70% Senior Notes and $204.0 million of our 6.05% Subordinated Notes and the termination of the corresponding portions of interest rate swaps in the second quarter of 2011.

Non-GAAP Noninterest Expense

We use and report non-GAAP noninterest expense, non-GAAP taxable equivalent revenue and non-GAAP operating efficiency ratio, which excludes noncontrolling interests. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by: (i) excluding certain items that represent expenses attributable to investors other than us and our subsidiaries, or certain items that do not occur every reporting period; or (ii) providing additional information used by management that is not otherwise required by GAAP or other applicable requirements. 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 preferable to, financial measures prepared in accordance with GAAP. The table below provides a summary of non-GAAP noninterest expense and non-GAAP operating efficiency ratio, both net of noncontrolling interests:

Non-GAAP operating efficiency ratio, net of noncontrolling interests	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands, except ratios)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**

GAAP noninterest expense	$ 127,451	$ 104,171	22.3%	$ 365,918	$ 306,927	19.2%
Less: amounts attributable to noncontrolling interests	2,766	2,939	(5.9)	8,868	9,050	(2.0)
Less: net gain from note repurchases and termination of corresponding interest rate swaps				(3,123)		
Non-GAAP noninterest expense, net of noncontrolling interests and excluding net gains from debt repurchases	$ 124,685	$ 101,232	23.2	$ 360,173	$ 297,877	20.9
GAAP taxable equivalent net interest income	$ 135,938	$ 106,851	27.2	$ 387,673	$ 315,161	23.0
Less: income attributable to noncontrolling interests	32	2	NM	84	20	NM
Non-GAAP taxable equivalent net interest income, net of noncontrolling interests	135,906	106,849	27.2	387,589	315,141	23.0
Non-GAAP noninterest income, net of noncontrolling interests and and excluding gains on sales of certain available-for-sale securities (1)	54,372	45,042	20.7	160,600	116,566	37.8
Non-GAAP taxable equivalent revenue, net of noncontrolling interests	$ 190,278	$ 151,891	25.3	$ 548,189	$ 431,707	27.0
Non-GAAP operating efficiency ratio (2)	65.53%	66.65%	(1.7)	65.70%	69.00%	(4.8)

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NM Not meaningful

(1) See Noninterest Income above for a description and reconciliation of non-GAAP noninterest income.
(2) The non-GAAP operating efficiency ratio is calculated by dividing non-GAAP noninterest expense by non-GAAP total taxable-equivalent income.

Net Income Attributable to Noncontrolling Interests

Included in net income is income and expense attributable to noncontrolling interests. The relevant amounts attributable to investors other than us are reflected under Net Income Attributable to Noncontrolling Interests on our statements of income.

In the table below, noninterest income consists primarily of investment gains and losses from our consolidated funds. Noninterest expense is primarily related to management fees paid by our managed funds to SVB Financial s subsidiaries as the funds general partners. A summary of net income attributable to noncontrolling interests for the three and nine months ended September 30, 2011 and 2010, respectively, is as follows:

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Net interest income (1)	$ (32)	$ (2)	NM%	$ (84)	$ (20)	NM%
Noninterest income (1)	(43,487)	(17,922)	142.6	(114,276)	(35,668)	NM
Noninterest expense (1)	2,766	2,939	(5.9)	8,868	9,050	(2.0)
Carried interest (2)	2,248	333	NM	2,917	1,267	130.2
Net income attributable to noncontrolling interests	$ (38,505)	$ (14,652)	162.8	$ (102,575)	$ (25,371)	NM

NM Not meaningful

(1) Represents noncontrolling interests share in net interest income, noninterest income and noninterest expense.
(2) Represents the change in the preferred allocation of income we earn as general partners managing our managed funds, the preferred allocation earned by the general partner entity managing one of our consolidated debt funds, and the preferred allocation earned by the limited partners of two of our managed funds of funds.

Income Taxes

Our effective tax expense rate was 41.6 percent for the three months ended September 30, 2011, compared to 39.8 percent for the comparable 2010 period. Our effective tax expense rate was 40.5 percent for the nine months ended September 30, 2011, compared to an effective tax expense of 39.4 percent for the comparable 2010 period. The increases in the tax rates were primarily attributable to higher taxes on foreign operations and higher non-deductible expenses as a percentage of pre-tax income.

Our effective tax rate is calculated by dividing income tax expense by the sum of income before income tax expense and the net income attributable to noncontrolling interests.

Operating Segment Results

We have three operating segments for which we report our financial information: Global Commercial Bank, SVB Private Bank and SVB Capital.

In accordance with ASC 280, 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 reporting segments. Please refer to

Note 10 Segment Reporting of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report for additional details.

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 (FTP), and interest paid on deposits, net of FTP. Accordingly, our segments are reported using net interest income, net of 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.

We also evaluate performance based on provision for loan losses, 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. As part of this review, we allocate certain corporate overhead costs to a corporate account. 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.

Changes in an individual client s primary relationship designation have resulted, and in the future may result, in the inclusion of certain clients in different segments in different periods. Effective January 1, 2011, we have three segments for management reporting

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purposes: Global Commercial Bank, SVB Private Bank and SVB Capital. Previously, we reported based on four segments: Global Commercial Bank, Relationship Management, SVB Capital and Other Business Services. We have reclassified all prior period amounts to conform to the current period s presentation. Refer to Note 10- Segment Reporting of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

The following is our reportable segment information for the three and nine months ended September 30, 2011 and 2010:

Global Commercial Bank

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Net interest income	$ 115,333	$ 90,026	28.1%	$ 327,587	$ 268,477	22.0%
Provision for loan losses	(3,883)	(10,140)	(61.7)	(3,222)	(28,567)	(88.7)
Noninterest income	39,189	35,514	10.3	110,604	98,800	11.9
Noninterest expense	(93,046)	(75,787)	22.8	(264,893)	(220,988)	19.9
Income before income tax expense	$ 57,593	$ 39,613	45.4	$ 170,076	$ 117,722	44.5
Total average loans, net of unearned income	$ 5,263,448	$ 3,999,091	31.6	$ 4,933,707	$ 3,780,490	30.5
Total average assets	5,815,493	4,319,825	34.6	5,387,040	4,111,217	31.0
Total average deposits	15,573,886	11,824,240	31.7	15,063,215	11,482,632	31.2

Three months ended September 30, 2011 compared to the three months ended September 30, 2010

Net interest income from our Global Commercial Bank (GCB) increased by $25.3 million for the three months ended September 30, 2011, primarily due to an increase in loan interest income of $18.1 million resulting mainly from an increase in average loan balances and an increase in the FTP earned for deposits of $8.3 million due to significant deposit growth. Our deposit growth is reflective of growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients. These increases were partially offset by a decrease in the FTP earned for deposits of $6.3 million due to decreases in market interest rates.

We had a provision for loan losses for GCB of $3.9 million for the three months ended September 30, 2011, compared to a provision of $10.1 million for the comparable 2010 period. The provision of $3.9 million was due to an increase in allowance for the increase in period-end loan balances, partially offset by a decrease in the allowance for our performing loans due to the strong overall credit quality of our clients. The decrease in provision from the comparable 2010 period is primarily due to a decrease in net charge-offs.

Noninterest income increased by $3.7 million for the three months ended September 30, 2011, primarily due to an increase in foreign exchange fees and credit card fees. The increase in foreign exchange fees was primarily due to improving business conditions for our clients and increased volatility in foreign markets, which has resulted in higher commissioned notional volumes. Commissioned notional volumes increased to $2.5 billion for the three months ended September 30, 2011, compared to $1.9 billion for the comparable 2010 period. The increase in credit card fees was primarily due to the addition of new credit card clients and an increase in client activity.

Noninterest expense increased by $17.3 million for the three months ended September 30, 2011, primarily due to an increase in incentive compensation, ESOP and salaries and wages expenses. The increase in incentive compensation and ESOP expenses was due to our strong financial performance in 2011 and our current expectation that we will exceed our internal performance targets for 2011. The increase in salaries and wages was primarily due to an increase in the average number of FTE employees at GCB, which increased to 1,157 for the three months ended September 30, 2011, compared to 1,057 for the comparable 2010 period, as well as from merit increases. The increase in average FTEs was attributable to increases in positions for product development, operational, sales and advisory, as well as to support our global commercial banking operations and initiatives.

Nine months ended September 30, 2011 compared to the Nine months ended September 30, 2010

Net interest income from our GCB increased by $59.1 million for the nine months ended September 30, 2011, primarily due to an increase in loan interest income of $45.3 million resulting mainly from an increase in average loan balances and an increase in the FTP earned for deposits of $24.7 million due to significant deposit growth. These increases were partially offset by a decrease in the FTP earned for deposits of $22.9 million due to decreases in market interest rates.

We had a provision for loan losses for GCB of $3.2 million for the nine months ended September 30, 2011, compared to a provision of $28.6 million for the comparable 2010 period. The provision of $3.2 million was primarily due an increase in allowance for the increase in period-end loan balances, partially offset by a decrease in the allowance for our performing loans due to the strong overall credit quality of our clients. The decrease in provision from the comparable 2010 period is primarily due to a decrease in net charge-offs.

Noninterest income increased by $11.8 million for the nine months ended September 30, 2011, primarily due to an increase in foreign exchange fees and credit card fees. The increase in foreign exchange fees was primarily due to improving business conditions

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for our clients and increased volatility in foreign markets, which has resulted in higher commissioned notional volumes. Commissioned notional volumes increased to $7.0 billion for the nine months ended September 30, 2011, compared to $4.7 billion for the comparable 2010 period. The increase in credit card fees was primarily due to the addition of new credit card clients and an increase in client activity.

Noninterest expense increased by $43.9 million for the nine months ended September 30, 2011, primarily due to an increase in incentive compensation, ESOP and salaries and wages expenses. The increase in incentive compensation and ESOP expenses was due to our strong financial performance in 2011 and our current expectation that we will exceed our internal performance targets for 2011. The increase in salaries and wages was primarily due to an increase in the average number of FTE employees at GCB, which increased to 1,125 for the nine months ended September 30, 2011, compared to 1,033 for the comparable 2010 period, as well as from merit increases.

SVB Private Bank

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in thousands)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Net interest income	$ 5,848	$ 3,276	78.5%	$ 15,086	$ 9,476	59.2%
Reduction of (provision for) loan losses	3,114	(831)	NM	5,366	(557)	NM
Noninterest income	128	108	18.5	351	345	1.7
Noninterest expense	(2,846)	(1,090)	161.1	(7,326)	(3,155)	132.2
Income before income tax expense	$ 6,244	$ 1,463	NM	$ 13,477	$ 6,109	120.6
Total average loans, net of unearned income	$ 684,613	$ 468,774	46.0	$ 637,443	$ 443,813	43.6
Total average assets	685,308	468,787	46.2	637,854	443,912	43.7
Total average deposits	200,547	115,131	74.2	169,368	131,028	29.3

NM Not meaningful

Three months ended September 30, 2011 compared to the three months ended September 30, 2010

Net interest income from SVB Private Bank increased by $2.6 million for the three months ended September 30, 2011, primarily due to an increase in loan interest income resulting primarily from an increase in average loan balances.

We had a reduction of provision for loan losses for SVB Private Bank of $3.1 million for the three months ended September 30, 2011, compared to a provision of $0.8 million for the comparable 2010 period. The reduction of provision of $3.1 million was primarily due to net recoveries, partially offset by an increase in the allowance for the increase in period-end loan balances.

Noninterest expense increased by $1.8 million for the three months ended September 30, 2011, primarily due to an increase in compensation and benefits expense of $1.5 million attributable to an increase in salaries and wages and incentive compensation expenses. The increase in salaries and wages expense was primarily due to an increase in the average number of FTE employees at SVB Private Bank, which increased by 27 to 40 FTEs for the three months ended September 30, 2011, compared to 13 FTEs for the comparable 2010 period. The increase in average FTEs was attributable to increases in positions for product development, operational, sales and advisory to support the growth of SVB Private Bank. The increase in incentive compensation expense was primarily due to our strong financial performance in 2011 and our current expectation that we will exceed our internal performance targets for 2011.

Nine months ended September 30, 2011 compared to the nine months ended September 30, 2010

Net interest income increased by $5.6 million for the nine months ended September 30, 2011, primarily due to an increase in loan interest income resulting primarily from an increase in average loan balances.

We had a reduction of provision for loan losses for SVB Private Bank of $5.4 million for the nine months ended September 30, 2011, compared to a provision of $0.6 million for the comparable 2010 period. The reduction of provision of $5.4 million was primarily due to net recoveries, partially offset by an increase in allowance for the increase in period-end loan balances.

Noninterest expense increased by $4.2 million for the nine months ended September 30, 2011, primarily due to an increase in compensation and benefits expense of $3.4 million attributable to an increase in salaries and wages and incentive compensation expenses. The increase in salaries and wages expense was primarily due to an increase in the average number of FTE employees at SVB Private Bank, which increased by 17 to 31 FTEs for the nine months ended September 30, 2011, compared to 14 FTEs for the comparable 2010 period. The increase in average FTEs was attributable to increases in positions for product development, operational, sales and advisory to support the growth of SVB Private Bank. The increase in incentive compensation expense was primarily due to our strong financial performance in 2011 and our current expectation that we will exceed our internal performance targets for 2011.

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SVB Capital

(Dollars in thousands)	Three months ended September 30, 2011	2010	% Change	Nine months ended September 30, 2011	2010	% Change
Net interest income (loss)	$ 2	$	%	$ 6	$ (1)	NM%
Noninterest income	9,873	6,209	59.0	23,879	14,079	69.6
Noninterest expense	(3,860)	(2,930)	31.7	(10,113)	(10,088)	0.2
Income before income tax expense	$ 6,015	$ 3,279	83.4	$ 13,772	$ 3,990	NM
Total average assets	$ 238,949	$ 161,911	47.6	$ 225,041	$ 150,696	49.3

NM Not meaningful

SVB Capital s components of noninterest income primarily include net gains and losses on marketable and non-marketable securities, carried interest and fund management fees. All components of income before income tax expense discussed below are net of noncontrolling interests.

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 underlying investments, changes in the amount of distributions and general economic and market conditions. Such variability may lead to volatility in the gains and losses from investment securities and cause our results to differ from period to period. Results for a particular period may not be indicative of future performance.

Three months ended September 30, 2011 compared to the three months ended September 30, 2010

Noninterest income increased by $3.7 million to $9.9 million for the three months ended September 30, 2011, primarily due to higher net gains on investment securities. SVB Capital s components of noninterest income primarily include the following:

Net gains on investment securities of $7.5 million for the three months ended September 30, 2011, compared to net gains of $3.4 million for the comparable 2010 period. The net gains on investment securities of $7.5 million for the three months ended September 30, 2011 were primarily related to net gains of $6.8 million from our managed funds attributable to the continued trend of increased valuations of companies (primarily internet and social networking).

We received fund management fees of $2.7 million for both the three months ended September 30, 2011 and 2010.

Nine months ended September 30, 2011 compared to the nine months ended September 30, 2010

Noninterest income increased by $9.8 million to $23.9 million for the nine months ended September 30, 2011, primarily due to higher net gains on investment securities. SVB Capital s components of noninterest income primarily include the following:

Net gains on investment securities of $16.1 million for the nine months ended September 30, 2011, compared to net gains of $5.8 million for the comparable 2010 period. The net gains on investment securities of $16.1 million for the nine months ended September 30, 2011 were primarily related to net gains of $14.5 million from our managed funds attributable to the continued trend of increased valuations and liquidity events from companies (primarily internet and social networking).

We received fund management fees of $8.0 million for the nine months ended September 30, 2011, compared to $8.1 million for the comparable 2010 period.

Consolidated Financial Condition

Our total assets were $19.2 billion at September 30, 2011, an increase of $1.7 billion, or 9.5 percent, compared to $17.5 billion at December 31, 2010. The increase was primarily due to increases in our available-for-sale securities portfolio due to the growth in our deposit balances.

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Cash and Due from Banks

Cash and due from banks totaled $1.7 billion at September 30, 2011, a decrease of $930.6 million, or 34.8 percent, compared to $2.7 billion at December 31, 2010. The decrease was primarily due to the investment of cash previously held at the Federal Reserve into available-for-sale securities, as well as the use of cash to settle the maturity of our 3.875% Convertible Notes in April 2011 and the repurchase of $312.6 million of our 5.70% Senior Notes and 6.05% Subordinated Notes in May 2011. These decreases were partially offset by our continued growth in deposits.

As of September 30, 2011 and December 31, 2010, $992.5 million and $2.2 billion, respectively, of our cash and due from banks was deposited at the Federal Reserve Bank and was earning interest at the Federal Funds target rate, and interest-earning deposits in other financial institutions were $461.3 million and $246.3 million, respectively.

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

Federal funds sold, securities purchased under agreements to resell and other short-term investments were $299.8 million at September 30, 2011, a decrease of $103.9 million compared to $403.7 million at December 31, 2010. The decrease was primarily due to cash management strategies.

Investment Securities

Investment securities totaled $10.6 billion at September 30, 2011, an increase of $2.0 billion, or 22.6 percent, compared to $8.6 billion at December 31, 2010. Our investment securities portfolio consists of both an available-for-sale securities portfolio, which represents interest-earning investment securities, and a non-marketable securities portfolio, which primarily represents investments managed as part of our funds management business.

Available-for-Sale Securities

Our available-for-sale portfolio is a fixed income investment portfolio that is managed to maximize portfolio yield over the long-term in a manner consistent with our liquidity, credit diversification and asset/liability strategies. Available-for-sale securities were $9.6 billion at September 30, 2011, an increase of $1.7 billion, or 21.7 percent, compared to $7.9 billion at December 31, 2010. The increase was primarily due to purchases of new investments of $5.0 billion during the nine months ended September 30, 2011, partially offset by sales of $1.4 billion and paydowns of $2.0 billion in securities. The purchases of new investments of $5.0 billion during the nine months ended September 30, 2011 were primarily comprised of fixed-rate agency-issued mortgage securities. The sales of securities of $1.4 billion during the nine months ended September 30, 2011 were comprised entirely of agency-issued mortgage securities.

Portfolio duration is a standard measure used to approximate changes in the market value of fixed income instruments due to a change in market interest rates. The measure is an estimate based on the level of current market interest rates, expectations for changes in the path of forward rates and the effect of forward rates on mortgage prepayment speed assumptions. As such, portfolio duration will fluctuate with changes in market interest rates. Changes in portfolio duration are also impacted by changes in the mix of longer versus shorter term-to-maturity securities. At September 30, 2011, our estimated portfolio duration was 1.5 years, compared to 2.5 years at December 31, 2010.

Non-Marketable Securities

Non-marketable securities primarily represent investments managed by SVB Capital and investments in Debt Fund Investments and Strategic Investments as part of our investment funds management business and include funds of funds, co-investment funds and debt funds, as well as direct equity investments in portfolio companies and fund investments. Included in our non-marketable securities carried under investment company fair value accounting are amounts that are attributable to noncontrolling interests. We are required under GAAP to consolidate 100% of these investments that we are deemed to control, even though we may own less than 100% of such entities. See below for a summary of the carrying value (as reported) of non-marketable securities compared to the amounts attributable to SVBFG.

Non-marketable securities were $952.0 million as of September 30, 2011, an increase of $230.5 million, or 31.9 percent, from $721.5 million as of December 31, 2010. The increase was primarily attributable to additional capital calls for fund investments, as well as valuation gains from our managed funds.

The following table summarizes the carrying value (as reported) of nonmarketable securities compared to the amounts attributable to SVBFG (which generally represents the carrying value times our ownership percentage) at September 30, 2011 and December 31, 2010:

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(Dollars in thousands)	September 30, 2011 Carrying value (as reported)	September 30, 2011 Amount attributable to SVBFG	December 31, 2010 Carrying value (as reported)	December 31, 2010 Amount attributable to SVBFG
Non-marketable securities (investment company fair value accounting):				
Venture capital and private equity fund investments (1)	$ 578,126	$ 82,253	$ 391,247	$ 69,676
Other venture capital investments (2)	120,160	10,962	111,843	10,504
Other investments	973	487	981	491
Non-marketable securities (equity method accounting):				
Other investments	65,934	65,934	67,031	67,031
Low income housing tax credit funds	34,446	34,446	27,832	27,832
Non-marketable securities (cost method accounting):				
Venture capital and private equity fund investments	138,960	138,960	110,466	110,466
Other venture capital investments	13,364	13,364	12,120	12,120
Total non-marketable securities	$ 951,963	$ 346,406	$ 721,520	$ 298,120

(1) The following table shows the amount of venture capital and private equity fund investments by the following consolidated funds and amounts attributable to SVBFG for each fund at September 30, 2011 and December 31, 2010:

(Dollars in thousands)	September 30, 2011 Carrying value (as reported)	September 30, 2011 Amount attributable to SVBFG	December 31, 2010 Carrying value (as reported)	December 31, 2010 Amount attributable to SVBFG
SVB Strategic Investors Fund, LP	$ 44,205	$ 5,553	$ 44,722	$ 5,618
SVB Strategic Investors Fund II, LP	122,264	10,480	94,694	8,117
SVB Strategic Investors Fund III, LP	205,505	12,065	146,613	8,607
SVB Strategic Investors Fund IV, LP	104,114	5,206	40,639	2,032
Strategic Investors Fund V, LP	1,965	7		
SVB Capital Preferred Return Fund, LP	41,432	12,632	23,071	12,262
SVB Capital NT Growth Partners, LP	44,837	24,712	28,624	24,434
SVB Capital Partners II, LP	2,324	118	4,506	229
Other private equity fund	11,480	11,480	8,378	8,377
Total venture capital and private equity fund investments	$ 578,126	$ 82,253	$ 391,247	$ 69,676

(2) The following table shows the amount of other venture capital investments by the following consolidated funds and amounts attributable to SVBFG for each fund at September 30, 2011 and December 31, 2010:

(Dollars in thousands)	September 30, 2011 Carrying value (as reported)	September 30, 2011 Amount attributable to SVBFG	December 31, 2010 Carrying value (as reported)	December 31, 2010 Amount attributable to SVBFG
Silicon Valley BancVentures, LP	$ 16,606	$ 1,776	$ 21,371	$ 2,286
SVB Capital Partners II, LP	60,129	3,054	51,545	2,618
SVB India Capital Partners I, LP	41,927	6,031	38,927	5,600
SVB Capital Shanghai Yangpu Venture Capital Fund	1,498	101		
Total other venture capital investments	$ 120,160	$ 10,962	$ 111,843	$ 10,504

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Loans

Loans, net of unearned income were $6.3 billion at September 30, 2011, an increase of $806.9 million, or 14.6 percent, compared to $5.5 billion at December 31, 2010. Unearned income was $53.6 million at September 30, 2011, compared to $45.5 million at December 31, 2010. The majority of our loans are commercial in nature. Total gross loans were $6.4 billion at September 30, 2011, an increase of $815.0 million, or 14.6 percent, compared to $5.6 billion at December 31, 2010. The increase was primarily due to increases in loans to software, life science and clean technology clients. The breakdown of total gross loans and total loans as a percentage of total gross loans by category is as follows:

	September 30, 2011		December 31, 2010	
(Dollars in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**
Commercial loans:				
Software	$ 2,296,270	36.0 %	$ 1,838,996	33.0 %
Hardware	583,498	9.1	567,352	10.2
Clean technology	273,419	4.3	161,133	2.9
Venture capital/private equity	1,090,531	17.1	1,046,670	18.8
Life science	693,923	10.9	574,554	10.3
Premium wine	130,902	2.0	144,953	2.6
Other	254,045	4.0	306,594	5.5
Total commercial loans	5,322,588	83.4	4,640,252	83.3
Real estate secured loans:				
Premium wine	344,500	5.4	312,215	5.6
Consumer loans	497,328	7.8	361,607	6.5
Total real estate secured loans	841,828	13.2	673,822	12.1
Construction loans	35,810	0.5	60,360	1.1
Consumer loans	182,009	2.9	192,771	3.5
Total gross loans	$ 6,382,235	100.0 %	$ 5,567,205	100.0 %

Loan Concentration

The following table provides a summary of loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of September 30, 2011:

	September 30, 2011					
(Dollars in thousands)	**Less than Five Million**	**Five to Ten Million**	**Ten to Twenty Million**	**Twenty to Thirty Million**	**Thirty Million or More**	**Total**
Commercial loans:						
Software	$ 760,499	$ 327,190	$ 592,295	$ 518,531	$ 97,755	$ 2,296,270
Hardware	254,839	115,045	92,842	46,553	74,219	583,498
Clean technology	61,621	38,974	47,237	48,507	77,080	273,419
Venture capital/private equity	227,268	156,785	243,179	142,017	321,282	1,090,531
Life science	230,227	150,405	117,558	73,529	122,204	693,923
Premium wine (1)	68,958	7,024	50,120	4,800		130,902
Other	62,320	5,250	56,485	20,133	109,857	254,045

Commercial loans	1,665,732	800,673	1,199,716	854,070	802,397	5,322,588
Real estate secured loans:						
Premium wine (1)	124,589	58,378	84,105	45,928	31,500	344,500
Consumer loans (2)	402,077	35,471	39,795	19,985		497,328
Real estate secured loans	526,666	93,849	123,900	65,913	31,500	841,828
Construction loans	8,038	27,772				35,810
Consumer loans (2)	60,046	55,559	21,384	20	45,000	182,009
Total gross loans	$ 2,260,482	$ 977,853	$ 1,345,000	$ 920,003	$ 878,897	$ 6,382,235

(1) Premium wine clients can have loan balances included in both commercial loans and real estate secured loans, the total of which are used for the breakout of the above categories.

(2) Consumer loan clients have loan balances included in both real estate secured loans and other consumer loans, the total of which are used for the breakout of the above categories.

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At September 30, 2011, gross loans (individually or in the aggregate) totaling $1.8 billion, or 28.2 percent of our portfolio, were equal to or greater than $20 million to any single client. These loans represented 60 clients, and of these loans, none were on nonaccrual status as of September 30, 2011.

The following table provides a summary of loans by size and category. The breakout of the categories is based on total client balances (individually or in the aggregate) as of December 31, 2010:

	December 31, 2010					
(Dollars in thousands)	Less than Five Million	Five to Ten Million	Ten to Twenty Million	Twenty to Thirty Million	Thirty Million or More	Total
Commercial loans:						
Software	$ 687,549	$ 297,053	$ 525,097	$ 299,297	$ 30,000	$ 1,838,996
Hardware	225,095	157,458	99,039	51,418	34,342	567,352
Clean technology	53,243	29,019	40,951		37,920	161,133
Venture capital/private equity	237,766	210,297	189,209	70,324	339,074	1,046,670
Life science	200,256	92,648	92,085	21,160	168,405	574,554
Premium wine (1)	72,019	13,589	52,845	6,500		144,953
Other	81,178	24,410	66,404	20,198	114,404	306,594
Commercial loans	1,557,106	824,474	1,065,630	468,897	724,145	4,640,252
Real estate secured loans:						
Premium wine (1)	106,335	82,020	76,546	47,314		312,215
Consumer loans (2)	282,293	32,989	46,325			361,607
Real estate secured loans	388,628	115,009	122,871	47,314		673,822
Construction loans	24,342	21,703	14,315			60,360
Consumer loans (2)	71,411	32,303	49,857		39,200	192,771
Total gross loans	$ 2,041,487	$ 993,489	$ 1,252,673	$ 516,211	$ 763,345	$ 5,567,205

(1) Premium wine clients can have loan balances included in both commercial loans and real estate secured loans, the total of which are used for the breakout of the above categories.

(2) Consumer loan clients have loan balances included in both real estate secured loans and other consumer loans, the total of which are used for the breakout of the above categories.

At December 31, 2010, gross loans (individually or in the aggregate) totaling $1.3 billion, or 23.0 percent of our portfolio, were equal to or greater than $20 million to any single client. These loans represented 38 clients, and of these loans, none were on nonaccrual status as of December 31, 2010.

The credit profile of our clients varies across our loan portfolio, based on the nature of the lending we do for different market segments. Our technology and life sciences loan portfolio includes loans to clients at all stages of their life cycles, beginning with our SVB Accelerator practice, which serves our emerging or early-stage clients. Loans provided to early-stage clients represent a relatively small percentage of our overall portfolio at approximately 10.7 percent of total gross loans at September 30, 2011, compared to 9.0 percent of total gross loans at December 31, 2010. Typically these loans are made to companies with modest or negative cash flows and no established record of profitable operations. Repayment of these loans may be dependent upon receipt by borrowers of additional equity financing from venture capitalists or others, or in some cases, a successful sale to a third party or a public offering. Venture capital firms may provide financing at lower levels, more selectively or on less favorable terms, which may have an adverse effect on our borrowers that are otherwise dependent on such financing to repay their loans to us. When repayment is dependent upon the next round of venture investment and there is an indication that further investment is unlikely or will not occur, it is often likely the company would need to be sold to repay debt in full. If reasonable efforts have not

yielded a likely buyer willing to repay all debt at the close of the sale or on commercially viable terms, the account will most likely be deemed to be impaired.

At September 30, 2011, our lending to venture capital/private equity firms represented 17.1 percent of total gross loans, compared to 18.8 percent of total gross loans at December 31, 2010. Many of these clients have capital call lines of credit, the repayment of which is dependent on the payment of capital calls by the underlying limited partner investors in the funds managed by these firms.

At September 30, 2011, our asset-based lending, which consists primarily of working capital lines and accounts receivable factoring represented 8.3 percent and 5.5 percent, respectively, of total gross loans, compared to 8.5 percent and 6.5 percent, respectively at December 31, 2010. The repayment of these arrangements is dependent on the financial condition, and payment ability, of third parties with whom our clients do business.

Approximately 43.6 percent and 8.3 percent of our outstanding total gross loan balances as of September 30, 2011 were to borrowers based in the states of California and Massachusetts, respectively, compared to 45.9 percent and 6.6 percent, respectively, as of December 31, 2010. Other than California, there are no states with balances greater than 10 percent.

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See generally Risk Factors Credit Risks set forth in our 2010 Form 10-K.

Credit Quality Indicators

As of September 30, 2011, our criticized and impaired loans represented 7.2 percent of our total gross loans. This compares to 7.0 percent at December 31, 2010. A majority of our criticized loans are from our SVB Accelerator portfolio, which are loans to emerging or early stage clients and make up approximately 11 percent of our loan portfolio. It is common for an early stage client s remaining liquidity to fall temporarily below the threshold for a pass-rated credit during its capital-raising period for a new round of funding. This situation typically lasts only a few weeks and, in our experience, generally resolves itself with a subsequent round of venture funding. As a result, we expect that each of our early-stage clients will be managed through our criticized portfolio during a portion their life cycle. The increase in criticized loans from December 31, 2010 to September 30, 2011 was primarily due to the timing of certain early-stage clients cash flow cycles. We believe that our current criticized loan levels are representative of ongoing levels of criticized assets.

Credit Quality and Allowance for Loan Losses

Nonperforming assets consist of loans past due 90 days or more that are still accruing interest, loans on nonaccrual status, and when applicable, foreclosed property classified as Other Real Estate Owned (OREO). We measure all loans placed on nonaccrual status for impairment based on the fair value of the underlying collateral or the net present value of the expected cash flows in accordance with ASC 310. 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, 2011	December 31, 2010
Gross nonperforming loans:		
Loans past due 90 days or more still accruing interest	$	$ 44
Impaired loans	40,506	39,426
Total gross nonperforming loans	$ 40,506	$ 39,470
Nonperforming loans as a percentage of total gross loans	0.63%	0.71%
Nonperforming assets as a percentage of total assets	0.21	0.23
Allowance for loan losses	$ 85,246	$ 82,627
As a percentage of total gross loans	1.34%	1.48%
As a percentage of total gross nonperforming loans	210.45	209.34
Allowance for loan losses for impaired loans	$ 5,979	$ 6,936
As a percentage of total gross loans	0.09%	0.12%
As a percentage of total gross nonperforming loans	14.76	17.57
Allowance for loan losses for total gross performing loans	$ 79,267	$ 75,691
As a percentage of total gross loans	1.24%	1.36%
As a percentage of total gross performing loans	1.25	1.37
Reserve for unfunded credit commitments (1)	$ 19,546	$ 17,414
Total gross loans	6,382,235	5,567,205
Total gross performing loans	6,341,729	5,527,735
Total unfunded credit commitments	6,764,629	6,270,505

(1) The Reserve for unfunded credit commitments is included as a component of other liabilities. See Provision for Unfunded Credit Commitments above for a discussion of the changes to the reserve.

Impaired Loans

Average impaired loans for the three and nine months ended September 30, 2011 were $39.9 million and $36.9 million, respectively, compared to $45.5 million and $48.9 million for the comparable 2010 periods. If the impaired loans had not been impaired, $0.9 million and $2.5 million in interest income would have been recorded for the three and nine months ended September 30, 2011, respectively, compared to $0.7 million and $2.4 million for the comparable 2010 periods.

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Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets at September 30, 2011 and December 31, 2010 is as follows:

(Dollars in thousands)	September 30, 2011	December 31, 2010	% Change
Foreign exchange spot contract assets, gross	$ 21,066	$ 13,335	58.0 %
Derivative assets, gross (1)	87,874	115,222	(23.7)
Accrued interest receivable	55,352	47,830	15.7
Deferred tax assets		41,871	(100.0)
FHLB and FRB stock	38,890	38,618	0.7
Prepaid FDIC assessments	11,062	17,530	(36.9)
Other assets	50,998	53,781	(5.2)
Total accrued interest receivable and other assets	$ 265,242	$ 328,187	(19.2)

(1) See Derivatives, Net section below.

Foreign Exchange Spot Contract Assets

Foreign exchange spot contract assets represent unsettled client trades at the end of the period. The increase of $7.7 million was primarily due to increased client trade activity at period-end, and is largely offset by an increase in foreign exchange spot contract liabilities (see Other Liabilities section below).

Accrued Interest Receivable

Accrued interest receivable consists of interest on available-for-sale securities and loans. The increase of $7.5 million was primarily due to an increase in interest receivable for our available-for-sale securities as a result of a $1.7 billion increase in our portfolio from December 31, 2010 to September 30, 2011 (See Available-For-Sale Securities section above for further details).

Deferred tax assets

Our net deferred tax position at September 30, 2011 was reclassified from assets to liabilities due to an increase in the fair value of our available-for-sale securities portfolio.

Prepaid FDIC Assessments

In 2009 the FDIC required insured financial institutions to prepay their estimated quarterly risk-based assessments for 2010 through 2012. The decrease of $6.5 million from December 31, 2010 was due to the amortization of this prepayment during 2011.

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, 2011 and December 31, 2010:

(Dollars in thousands)	September 30, 2011	December 31, 2010	% Change
Assets (liabilities):			
Equity warrant assets	$ 58,523	$ 47,565	23.0 %
Interest rate swaps assets	13,305	52,017	(74.4)
Foreign exchange forward and option contracts assets	13,936	11,349	22.8

Loan conversion options assets	2,057	4,291	(52.1)
Client interest rate derivative assets	53		
Foreign exchange forward and option contracts liabilities	(12,171)	(10,267)	18.5
Client interest rate derivative liabilities	(55)		
Total derivatives, net	$ 75,648	$ 104,955	(27.9)

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Equity Warrant Assets

In connection with negotiating credit facilities and certain other services, we often obtain rights to acquire stock in the form of equity warrant assets in primarily private, venture-backed companies in the technology and life science industries. At September 30, 2011, we held warrants in 1,151 companies, compared to 1,157 companies at December 31, 2010. 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, 2011 and 2010:

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in thousands)	**2011**	**2010**	**2011**	**2010**
Balance, beginning of period	$ 56,941	$ 40,597	$ 47,565	$ 41,292
New equity warrant assets	3,090	2,733	10,386	5,946
Non-cash increases in fair value	3,532	813	13,088	1,013
Exercised equity warrant assets	(4,654)	(1,061)	(10,826)	(2,643)
Terminated equity warrant assets	(386)	(513)	(1,690)	(3,039)
Balance, end of period	$ 58,523	$ 42,569	$ 58,523	$ 42,569

Interest Rate Swaps

For information on our interest rate swaps, see Note 8 Derivative Financial Instruments of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

Foreign Exchange Forward and Foreign Currency Option Contracts

We enter into foreign exchange forward contracts and foreign currency option contracts with clients involved in international activities, either as the purchaser or seller, depending upon the clients need. For each forward or option contract entered into with our clients, we enter into an opposite way forward or option contract with a correspondent bank, which mitigates the risk of fluctuations in currency rates. We enter into forward contracts with correspondent banks to economically hedge currency 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. We have not experienced nonperformance by a counterparty and therefore have not incurred related losses. Further, we anticipate performance by all counterparties. Our net exposure for foreign exchange forward and foreign currency option contracts at September 30, 2011 and December 31, 2010 amounted to $1.8 million and $1.1 million, respectively.

Deposits

Deposits were $16.1 billion at September 30, 2011, an increase of $1.8 billion, or 12.6 percent, compared to $14.3 billion at December 31, 2010. The increase in our deposit balance was primarily from increases in our noninterest-bearing demand deposits of $2.2 billion. The overall increase in deposit balances was primarily due to growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients. At September 30, 2011, 30.8 percent of our total deposits were interest-bearing deposits, compared to 37.1 percent at December 31, 2010.

At September 30, 2011, the aggregate balance of time deposit accounts individually equal to or greater than $100,000 totaled $129.5 million, compared to $343.5 million at December 31, 2010. At September 30, 2011, substantially all time deposit accounts individually equal to or greater than $100,000 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.

Long-Term Debt

At September 30, 2011, we had long-term debt of $609.6 million, compared to $1.2 billion at December 31, 2010. At September 30, 2011, long-term debt included 5.375% Senior Notes, 5.70% Senior Notes, 6.05% Subordinated Notes, 7.0% Junior Subordinated Debentures and 4.99% notes payable related to one of our debt fund investments. The decrease of $599.7 million was primarily due to the maturity of $250.0 million of our 3.875% Convertible Notes in April 2011 and the repurchase of $312.6 million of our 5.70% Senior Notes and 6.05% Subordinated Notes in May 2011. For more information on our long-term debt, see Note 7 Short-Term Borrowings and Long-Term Debt of the Notes to

Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

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Other Liabilities

A summary of other liabilities at September 30, 2011 and December 31, 2010 is as follows:

(Dollars in thousands)	September 30, 2011	December 31, 2010	% Change
Foreign exchange spot contract liabilities, gross	$ 35,023	$ 16,705	109.7 %
Accrued compensation	89,037	79,068	12.6
Reserve for unfunded credit commitments	19,546	17,414	12.2
Derivative liabilities, gross (1)	12,225	10,267	19.1
Deferred tax liabilities	12,376		
Other	86,049	72,583	18.6
Total other liabilities	$ 254,256	$ 196,037	29.7

(1) See Derivatives, Net section above.

Foreign Exchange Spot Contract Liabilities

Foreign exchange spot contract liabilities represent unsettled client trades at the end of the period. The increase of $18.3 million was primarily due to increased client trade activity at period-end, and is largely offset by an increase in foreign exchange spot contract assets. (See Accrued Interest Receivable and Other Assets section above).

Accrued Compensation

Accrued compensation includes amounts for vacation time, our Incentive Compensation Plans, Direct Drive Incentive Compensation Plan, Long-Term Cash Incentive Plan, Retention Program, Warrant Incentive Plan, ESOP and other compensation arrangements. The increase of $10.0 million was primarily due to our strong financial performance in the first three quarters of 2011 and our current expectation that we will exceed our internal performance targets for 2011.

Deferred tax liabilities

Our net deferred tax position at September 30, 2011 was reclassified from assets to liabilities due to an increase in the fair value of our available-for-sale securities portfolio.

Noncontrolling Interests

Noncontrolling interests totaled $656.2 million and $473.9 million at September 30, 2011 and December 31, 2010, respectively. The increase of $182.3 million was primarily due to net income attributable to noncontrolling interests of $102.6 million for the nine months ended September 30, 2011, primarily from our managed funds of funds, as well as $79.7 million of contributed capital (net of distributions) primarily from investors in our managed funds.

Fair Value Measurements

At September 30, 2011, approximately 54.3 percent of our total assets, or $10.4 billion, consisted of financial assets recorded at fair value on a recurring basis, compared to 48.8 percent of our total assets, or $8.5 billion as of December 31, 2010. Of these assets as of September 30, 2011, 92.8 percent used valuation methodologies involving market-based or market-derived information, collectively Level 1 and 2 measurements, to measure fair value, and 7.2 percent of these financial assets were measured using model-based techniques, or Level 3 measurements. This compares to 93.6 percent and 6.4 percent, respectively, as of December 31, 2010. Our financial assets valued using Level 3 measurements at September 30, 2011 and December 31, 2010 represented non-marketable securities and equity warrant assets. At September 30, 2011, 0.1 percent of total liabilities, or $12.2 million, consisted of financial liabilities recorded at fair value on a recurring basis, which were valued using market-observable inputs, compared to 0.1 percent, or $10.3 million as of December 31, 2010. During the nine months ended September 30, 2011, we had transfers of $3.9 million from Level 2 to Level 1. During the nine months ended September 30, 2010, there were no transfers

between Level 2 and Level 1. All transfers from Level 3 to Level 2 during the nine months ended September 30, 2011 and 2010 were due to the transfer of equity warrant assets from our private portfolio to our public portfolio. Our valuation processes include a number of key controls that are designed to ensure that fair value is calculated appropriately.

As of September 30, 2011, our available-for-sale portfolio, consisting of agency-issued mortgage-backed securities, agency-issued collateralized mortgage obligations, U.S. agency debentures, U.S. treasury securities, agency-issued commercial mortgage-backed securities and municipal bonds and notes, represented $9.6 billion, or 92.4 percent of our portfolio of assets measured at fair value on a recurring basis, compared to $7.9 billion, or 92.6 percent, as of December 31, 2010. These instruments were classified as Level 2 because their valuations were based on indicative prices corroborated by observable market quotes or pricing models with all significant inputs derived from or corroborated by observable market data. The fair value of our available-for-sale securities portfolio is sensitive to

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changes in levels of market interest rates and market perceptions of credit quality of the underlying securities. Market valuations and impairment analyses on assets in the available-for-sale securities portfolio are reviewed and monitored on a quarterly basis.

Financial assets valued using Level 3 measurements consist primarily of our investments in venture capital and private equity funds and direct equity investments in privately held companies. Our managed funds and debt fund that hold these investments are investment companies under the American Institute of Certified Public Accountants (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 consolidated statements of income. Assets valued using Level 3 measurements also include equity warrant assets in shares of private company capital stock.

During the three and nine months ended September 30, 2011, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $57.5 million and $152.0 million (which is inclusive of noncontrolling interest), respectively, primarily due to valuation increases in underlying fund investments in our managed funds, as well as gains from liquidity events and distributions. During the three and nine months ended September 30, 2010, the Level 3 assets that are measured at fair value on a recurring basis experienced net realized and unrealized gains of $15.8 million and $33.8 million (which is inclusive of noncontrolling interest), respectively.

The valuation of non-marketable securities and equity warrant assets in shares of private company capital stock is subject to significant 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 (see Risk Factors set forth in our 2010 Form 10-K).

Capital Resources

Our management seeks to maintain adequate capital to support anticipated asset growth, operating needs and unexpected 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 capital stock or other securities. Our management engages, in consultation with our Finance Committee of the Board of Directors, in a regular capital planning process in an effort to make effective use of the capital available to us and to appropriately plan for our future capital needs. The capital plan considers capital needs for the foreseeable future and allocates capital to both existing and future business activities. Expected future use or activities for which capital may be set aside include balance sheet growth and associated relative increases in market or credit exposure, investment activity, potential product and business expansions, acquisitions and strategic or infrastructure investments.

SVBFG Stockholders Equity

SVBFG stockholders equity totaled $1.5 billion at September 30, 2011, an increase of $261.7 million, or 20.5 percent compared to $1.3 billion at December 31, 2010. This increase was primarily the result of net income of $136.3 million for the nine months ended September 30, 2011, an increase in accumulated other comprehensive income of $75.3 million resulting from increases in the fair value of our available-for-sale securities portfolio as a result of decreases in market interest rates, and an increase in additional-paid-in-capital of $50.1 million primarily from stock option exercises during the nine months ended September 30, 2011.

Funds generated through retained earnings are a significant source of capital and liquidity and are expected to continue to be so in the future.

Capital Ratios

Both SVB Financial and the Bank are subject to various capital adequacy guidelines issued by the Federal Reserve Board and the California Department of Financial Institutions (DFI). To be classified as adequately capitalized under these capital guidelines, minimum ratios for total risk-based capital, Tier 1 risk-based capital and Tier 1 leverage ratio for bank holding companies and banks are 8.0%, 4.0% and 4.0%, respectively.

To be classified as well capitalized under these capital guidelines, minimum ratios for total risk-based capital and Tier 1 risk-based capital for bank holding companies and banks are 10.0% and 6.0%, respectively. Under the same capital adequacy guidelines, a well-capitalized state

member bank must maintain a minimum Tier 1 leverage ratio of 5.0%. There is no Tier 1 leverage requirement for a holding company to be deemed well-capitalized.

The Federal Reserve has not issued any minimum guidelines for the tangible common equity to tangible assets ratio or the tangible common equity to risk-weighted assets ratio. However, we believe these ratios provide meaningful supplemental information regarding our capital levels and are therefore provided below.

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Regulatory capital ratios for SVB Financial and the Bank exceeded minimum federal regulatory guidelines for a well-capitalized depository institution as of September 30, 2011 and December 31, 2010. Capital ratios for SVB Financial and the Bank, compared to the minimum regulatory ratios to be considered well capitalized , are set forth below:

	September 30, 2011	December 31, 2010	Minimum ratio to be "Well Capitalized"
SVB Financial:			
Total risk-based capital ratio	14.81%	17.35%	10.0%
Tier 1 risk-based capital ratio	13.42	13.63	6.0
Tier 1 leverage ratio	8.01	7.96	N/A
Tangible common equity to tangible assets ratio (1)	8.00	7.27	N/A
Tangible common equity to risk-weighted assets ratio (1)	14.21	13.54	N/A
Bank:			
Total risk-based capital ratio	13.07%	15.48%	10.0%
Tier 1 risk-based capital ratio	11.63	11.61	6.0
Tier 1 leverage ratio	6.93	6.82	5.0
Tangible common equity to tangible assets ratio (1)	7.31	6.61	N/A
Tangible common equity to risk-weighted assets ratio (1)	12.60	11.88	N/A

(1) See below for a reconciliation of non-GAAP tangible common equity to tangible assets and tangible common equity to risk-weighted assets.

Our tier 1 risk-based capital and tier 1 leverage ratios for both SVB Financial and the Bank remained relatively flat compared to December 31, 2010 and above the levels to be considered well capitalized . Both of these ratios benefited from growth in retained earnings and additional-paid-in-capital, the impact of which was largely offset by continued growth in assets and deposits. Our total risk-based capital ratio (includes tier 1 and tier 2 capital components) for both SVB Financial and the Bank declined primarily due to our repurchase of $204.0 million of our 6.05% Subordinated Notes as these notes are considered tier 2 capital instruments, as well as from increases in risk-weighted assets (loans and available-for-sale securities).

The tangible common equity to tangible assets ratio and the tangible common equity to risk-weighted assets ratios are not required by GAAP or applicable bank regulatory requirements. However, we believe these ratios provide meaningful supplemental information regarding our capital levels. Our management uses, and believes that investors benefit from referring to, these ratios in evaluating the adequacy of the Company s capital levels; however, this financial measure should be considered in addition to, not as a substitute for or preferable to, comparable financial measures prepared in accordance with GAAP. These ratios are calculated by dividing total SVBFG stockholder s equity, by total period-end assets and risk-weighted assets, after reducing both amounts by acquired intangibles and goodwill. The manner in which this ratio is calculated varies among companies. Accordingly, our ratio is not necessarily comparable to similar measures of other companies. The following table provides a reconciliation of non-GAAP financial measures with financial measures defined by GAAP:

	SVB Financial		Bank	
Non-GAAP tangible common equity and tangible assets	**September**	**December**	**September**	**December**
(dollars in thousands, except ratios)	**30, 2011**	**31, 2010**	**30, 2011**	**31, 2010**
GAAP SVBFG stockholders equity	$ 1,536,098	$ 1,274,350	$ 1,317,325	$ 1,074,561
Less:				
Intangible assets	650	847		
Tangible common equity	$ 1,535,448	$ 1,273,503	$ 1,317,325	$ 1,074,561
GAAP Total assets	$ 19,195,363	$ 17,527,761	$ 18,016,695	$ 16,268,589
Less:				
Intangible assets	650	847		

Tangible assets	$ 19,194,713	$ 17,526,914	$ 18,016,695	$ 16,268,589
Risk-weighted assets	$ 10,808,233	$ 9,406,677	$ 10,453,446	$ 9,047,907
Tangible common equity to tangible assets	8.00%	7.27%	7.31%	6.61%
Tangible common equity to risk-weighted assets	14.21	13.54	12.60	11.88

For both SVB Financial and the Bank, the tangible common equity to tangible assets and tangible common equity to risk-weighted assets ratios increased due to an increase in retained earnings, an increase in accumulated other comprehensive income from increases in the fair value of our available-for-sale securities portfolio, and an increase in additional-paid-in-capital from stock option

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exercises during the nine months ended September 30, 2011. This growth was partially offset by increases in both tangible and risk-weighted assets, which reflects our continued growth in deposit and loan balances.

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 venture capital and 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. For details of our commitments to extend credit, and commercial and standby letters of credit, please refer to Note 11 Off-Balance Sheet Arrangements, Guarantees, and Other Commitments of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

Commitments to Invest in Venture Capital/Private Equity Funds

We make commitments to invest in venture capital and private equity funds, which in turn make investments generally in, or in some cases make loans to, privately-held companies. Commitments to invest in these funds are generally made for a ten-year period from the inception of the fund. Although the limited partnership agreements governing these investments typically do not restrict the general partners from calling 100% of committed capital in one year, it is customary for these funds to generally call most of the capital commitments over five to seven years. The actual timing of future cash requirements to fund these commitments is generally dependent upon the investment cycle, overall market conditions, and the nature and type of industry in which the privately held companies operate.

For further details on our commitments to invest in private equity funds, refer to Note 11 Off-Balance Sheet Arrangements, Guarantees, and Other Commitments of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

Liquidity

The objective of liquidity management is to ensure that funds are available in a timely manner to meet our financial obligations, including, as necessary, paying creditors, meeting depositors needs, accommodating loan demand and growth, funding investments, repurchasing securities and other operating or 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.

Our deposit base is, and historically has been, our primary source of liquidity. Our deposit levels and cost of deposits may fluctuate from time to time due to a variety of factors, including market conditions, prevailing interest rates, changes in client deposit behaviors, availability of insurance protection, and our offering of deposit products. At September 30, 2011, our period-end total deposit balances increased by $1.8 billion to $16.1 billion, compared to $14.3 billion at December 31, 2010. The overall increase in deposit balances was primarily due to growth from new clients and the continued lack of attractive market investment opportunities for our clients given the low interest rate environment. This growth has been a continuing trend since 2009. Under the Dodd-Frank Act, unlimited FDIC insurance is currently available for noninterest-bearing accounts until January 1, 2013.

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, investment securities maturing within one year, investment securities eligible and available for financing or pledging purposes with a maturity in excess of one year 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 portfolio of liquid assets, 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 2010 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, 2011 and 2010, respectively. Please refer to our Interim Statements of Cash Flows for the nine months ended September 30, 2011 and 2010 under Part I, Item 1 of this report for more details.

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(Dollars in thousands)	Nine months ended September 30, 2011	2010
Average cash and cash equivalents	$ 2,227,242	$ 4,277,434
Percentage of total average assets	12.1%	29.9%
Net cash provided by operating activities	$ 90,188	$ 144,862
Net cash used for investing activities	(2,445,892)	(2,395,762)
Net cash provided by financing activities	1,321,244	2,516,416
Net (decrease) increase in cash and cash equivalents	$ (1,034,460)	$ 265,516

Average cash and cash equivalents decreased by $2.1 billion to $2.2 billion for the nine months ended September 30, 2011, compared to $4.3 billion for the comparable 2010 period, primarily due to the investment of excess cash previously held at the Federal Reserve into available-for-sale securities, partially offset by increases in cash from deposit growth. The increase in our deposit balances was primarily due to growth from new clients and the continued lack of attractive market investment opportunities for our deposit clients.

Cash provided by operating activities was $90.2 million for the nine months ended September 30, 2011, which included net income before noncontrolling interests of $238.9 million. Significant adjustments that increased cash provided by operating activities included $20.0 million of depreciation and amortization, $18.2 million of amortization of premiums on available-for-sale securities and $13.5 million of amortization of shared-based compensation. Significant adjustments that decreased cash provided by operating activities included $175.3 million of net gains on investment securities (which is inclusive of noncontrolling interests), $43.8 million of deferred loan fee amortization, $20.3 million of net changes in fair value of derivatives, and a net change of $13.9 million in accrued interest receivable and payable.

Cash used for investing activities was $2.4 billion for the nine months ended September 30, 2011. Net cash outflows included purchases of available-for-sale securities of $5.0 billion, a net increase in loans of $792.2 million, purchases of non-marketable securities of $170.6 million and purchases of premises and equipment of $21.6 million. Net cash inflows included proceeds from the sales, maturities and paydowns of available-for-sale securities of $3.5 billion, sales or distributions of non-marketable securities of $88.1 million and the recovery of $21.6 million from loans previously charged-off.

Cash provided by financing activities was $1.3 billion for the nine months ended September 30, 2011. Net cash inflows included increases in deposits of $1.8 billion, capital contributions (net of distributions) from noncontrolling interests of $79.7 million, proceeds of $37.0 million from the termination of portions of interest rate swaps associated with our 5.70% Senior Notes and 6.05% Subordinated Notes and proceeds from issuance of common stock and ESPP of $30.3 million. Net cash outflows included payments of $346.4 million (including repurchase premiums and associated fees) for the repurchase of portions of our 5.70% Senior Notes and 6.05% Subordinated Notes, settlement of the maturity of $250.0 million of our 3.875% Convertible Notes, and a decrease in short-term borrowings of $37.2 million due to the return of collateral to our counterparties that we had previously held related to our interest rate swaps.

Cash and cash equivalents at September 30, 2011 were $2.0 billion, compared to $3.8 billion at September 30, 2010.

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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, widening or tightening of credit spreads, changes in the general level of market interest rates and changes in the shape and level of the benchmark LIBOR/SWAP 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 our ALCO. ALCO reviews the market valuation and 12-month forward looking earnings sensitivity of assets and liabilities to changes in interest rates, structural 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.

Management of interest rate risk is carried out primarily through strategies involving our investment securities, available funding channels and capital market activities. In addition, our policies permit the use of off-balance sheet derivative instruments to assist in managing 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 which measures the potential volatility in forecasted results relating to changes in market interest rates over time. We review our interest rate risk position on a quarterly basis at a minimum.

Model Simulation and Sensitivity Analysis

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) assuming a static balance sheet as of the quarter-end reporting date. The market interest rate changes that affect us are principally short-term interest rates and include the following: (1) National Prime and SVB Prime rates (impacts the majority of our variable rate loans); (2) LIBOR (impacts our variable rate available-for-sale securities, our 5.70% Senior Notes and 6.05% Subordinated Notes, and a portion of our variable rate loans); and (3) Fed Funds target rate (impacts cash and cash equivalents). Additionally, deposit pricing generally follows overall changes in short-term interest rates.

The following table presents our MVPE and NII sensitivity exposure at September 30, 2011 and December 31, 2010, related to an instantaneous and sustained parallel shift in market interest rates of 100 and 200 basis points (bps).

Change in interest rates (basis points)	Estimated MVPE	Estimated (Decrease)/ Increase In MVPE Amount	Percent	Estimated NII	Estimated Increase/ (Decrease) In NII Amount	Percent
			(Dollars in thousands)			
September 30, 2011:						
+200	$ 2,118,379	$ (129,283)	(5.8)%	$ 689,147	$ 112,190	19.4%
+100	2,084,276	(163,386)	(7.3)	621,631	44,674	7.7
-	2,247,662			576,957		
-100	2,463,959	216,297	9.6	544,429	(32,528)	(5.6)
-200	2,484,315	236,653	10.5	540,147	(36,810)	(6.4)
December 31, 2010:						
+200	$ 1,751,856	$ 72,018	4.3%	$ 613,871	$ 112,795	22.5%
+100	1,688,368	8,530	0.5	544,870	43,794	8.7
-	1,679,838			501,076		
-100	1,858,246	178,408	10.6	484,575	(16,501)	(3.3)
-200	1,956,178	276,340	16.5	475,716	(25,360)	(5.1)

Market Value of Portfolio Equity

The estimated MVPE in the preceding table is based on a combination of valuation methodologies including a discounted cash flow analysis (for non option based products) and a multi-path lattice based valuation (for option embedded products). Both methodologies use publicly available market interest rates sources that we deem reliable. The model simulations and calculations are highly assumption-dependent and will change regularly as our asset/liability structure changes, as interest rate environments evolve,

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and as we change our assumptions in response to relevant circumstances. These calculations do not reflect the changes that we anticipate or may make to reduce our MVPE exposure in response to a change in market interest rates as a part of our overall interest rate risk management strategy.

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 yield curve risk, prepayment risk and basis 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, 2011 increased from December 31, 2010 by $567.8 million primarily due to the overall growth in the balance sheet as our available-for-sale securities and loans grew by $1.7 billion and $806.9 million, respectively. Additionally, the maturity of $250.0 million of our 3.875% Convertible Notes and our repurchase of $312.6 million of 5.70% Senior Notes and 6.05% Subordinated Notes contributed to the increase. The growth in our asset base was mostly offset by a $1.8 billion increase in our deposit balances. MVPE sensitivity increased in the simulated upward interest rate movement primarily due to additional investments in fixed-rate available-for-sale securities throughout the year. The increase was partially offset by the growth in noninterest-bearing deposits. In the simulated downward interest rate movements, MVPE sensitivity decreased due to a combination of growth in fixed-rate available-for-sale securities and deposit rates being at or near their absolute floors thus muting the effects of the downward interest rate shocks.

12-Month Net Interest Income Simulation

Our expected 12-month NII at September 30, 2011 increased from December 31, 2010 by $75.9 million primarily due to growth in available-for-sale securities and the loan portfolio. Additionally, the maturity of $250.0 million of our 3.875% Convertible Notes and our repurchase of $312.6 million of our 5.70% Senior Notes and 6.05% Subordinated Notes contributed to the improvement. The growth in total assets was funded primarily by growth in deposits. NII sensitivity decreased slightly in the simulated upward interest rate movements due primarily to the growth in fixed-rate available-for-sale securities and interest-bearing deposits. In the simulated downward interest rate movements, the NII sensitivity increased slightly due to assumed faster prepayments of mortgage securities and an increase in callable agency debentures being retired. In addition to these changes, other general contributing factors include changes in balance sheet mix, changes in deposit repricing assumptions, and changes in projected forward rate curve.

The simulation model used for above analysis embeds floors in our interest rate scenarios, which prevent model benchmark rates from moving below 0.0%. Current modeling assumptions maintain the SVB prime lending rate at its existing level (currently at 4.0%) until the National Prime Index has been adjusted upward by a minimum of 75 bps (to 4.0%), as we did not lower the Bank s prime lending rate despite the 75 bps decrease in the target Federal Funds rates in December 2008. While we do have a portion of the loans in the portfolio indexed off of the National Prime Rate, the majority of our floating rate loans are indexed off of the SVB Prime Rate. These assumptions may change in future periods based on management discretion. 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, as amended (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, among other things, processes, 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 the design and operation of our disclosure controls and procedures as of our most recently completed fiscal quarter, pursuant to Exchange Act Rule 13a-15(b). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company s 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.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
Please refer to Note 14 Legal Matters of the Notes to Interim Consolidated Financial Statements (unaudited) under Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS
There are no material changes from the risk factors set forth in our 2010 Form 10-K.

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. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION
None.

ITEM 6. EXHIBITS
See Index to Exhibits at end of report.

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SIGNATURES

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

SVB Financial Group

Date: November 4, 2011

/s/ MICHAEL DESCHENEAUX
Michael Descheneaux
Chief Financial Officer
(Principal Financial Officer)

SVB Financial Group

Date: November 4, 2011

/s/ KAMRAN HUSAIN
Kamran Husain
Chief Accounting Officer
(Principal Accounting Officer)

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INDEX TO EXHIBITS

Exhibit		Incorporated by Reference				Filed
Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Herewith**
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	July 27, 2010	
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock	8-K	000-15637	3.3	December 8, 2008	
3.4	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B	8-K	000-15637	3.4	December 15, 2008	
4.1	Indenture dated as of May 20, 2003 between SVB Financial and Wells Fargo Bank Minnesota, National Association	S-3	333-107994	4.1	August 14, 2003	
4.2	Form of Note	S-3	333-107994	4.1	August 14, 2003	
4.3	Registration Rights Agreement dated as of May 20, 2003, between SVB Financial 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 SVB Financial 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 SVB Financial	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 SVB Financial 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 SVB Financial 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 SVB Financial 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 SVB Financial 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 SVB Financial 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 SVB Financial and Wells Fargo Bank, N.A.	8-A/A	000-15637	4.14	January 29, 2008	

4.15	Amendment No. 3 to Amended and Restated Preferred Stock Rights Agreement, dated as of April 30, 2008, by and between SVB Financial and Wells Fargo Bank, N.A	8-A/A	000-15637	4.20	April 30, 2008
4.16	Amendment No. 4 to Amended and Restated Preferred Stock Rights Agreement, dated as of January 15, 2010, by and between SVB Financial, Wells Fargo Bank, N.A. and American Stock Transfer & Trust Company, LLC	8-A/A	000-15637	4.22	January 19, 2010

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Exhibit		Incorporated by Reference				
Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
4.17	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 SVB Financial	8-K	000-15637	4.1	April 7, 2008	
4.18	Letter Agreement re Call Option Transaction, dated as of April 1, 2008, by and between SVB Financial and JPMorgan Chase Bank, National Association.	8-K	000-15637	4.2	April 7, 2008	
4.19	Letter Agreement re Call Option Transaction, dated as of April 1, 2008, by and between SVB Financial and Bank of America, N.A.	8-K	000-15637	4.3	April 7, 2008	
4.20	Letter Agreement re Warrants, dated as of April 1, 2008, by and between SVB Financial and JPMorgan Chase Bank, National Association.	8-K	000-15637	4.4	April 7, 2008	
4.21	Letter Agreement re Warrants, dated as of April 1, 2008, by and between SVB Financial and Bank of America, N.A.	8-K	000-15637	4.5	April 7, 2008	
4.22	Warrant, dated December 12, 2008 to purchase shares of Common Stock of SVB Financial Group	8-K	000-15637	4.21	December 15, 2008	
4.23	Indenture, dated September 20, 2010, by and between SVB Financial Group and U.S. Bank National Association, as trustee	8-K	000-15637	4.1	September 20, 2010	
4.24	Form of 5.375% Senior Note due 2020	8-K	000-15637	4.2	September 20, 2010	
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer					X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer					X
32.1	Section 1350 Certifications					**
101.INS	XBRL Instance Document					***
101.SCH	XBRL Taxonomy Extension Schema Document					***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					***
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					***

* Denotes management contract or any compensatory plan, contract or arrangement.
** Furnished herewith
*** Pursuant to Rule 406T of Regulation S-T, XBRL (Extensible Business Reporting Language) information is submitted and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.