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FORM 10-K
(Annual Report)

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 16, 2001

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

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
OR

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

FOR THE TRANSITION PERIOD FROM _______________ TO _______________.

COMMISSION FILE NUMBER: 33-41102

SILICON VALLEY BANCSHARES
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	91-1962278 (I.R.S. Employer Identification No.)
3003 TASMAN DRIVE SANTA CLARA, CALIFORNIA (Address of principal executive offices)	95054-1191 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($0.001 par value) (Title of each class)	Nasdaq National Market (Name of each exchange on which registered)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of its common stock on January 31, 2001, on the Nasdaq National Market was $1,602,661,840.

At January 31, 2001, 49,312,672 shares of the registrant's common stock ($0.001 par value) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENTS INCORPORATED	PARTS OF FORM 10-K INTO WHICH INCORPORATED
Definitive proxy statement for the Company's 2001 Annual Meeting of Stockholders to be filed within 120 days of the end of the fiscal year ended December 31, 2000	Part III

This report contains a total of 79 pages, including exhibits.

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PART I

ITEM 1. BUSINESS

GENERAL

Silicon Valley Bancshares is a bank holding company and a financial holding company incorporated in Delaware. Our principal subsidiary, Silicon Valley Bank, is a California state-chartered bank and a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation. Our headquarters are located at 3003 Tasman Drive, Santa Clara, California 95054 and our telephone number is (408) 654-7400. When we refer to "Silicon Valley Bancshares," or "we" or similar words, we intend to include Silicon Valley Bancshares and its subsidiaries collectively, including Silicon Valley Bank. When we refer to "Silicon," we are referring only to Silicon Valley Bancshares.

BUSINESS OVERVIEW

We provide innovative banking products and services to emerging growth and middle-market companies, focusing primarily on companies in the technology and life sciences industries that are backed by venture capital investors. A key component of our business strategy is to develop relationships with our clients at a very early stage, and to offer them banking products and services which meet their needs throughout their life cycle. We have cultivated strong relationships with venture capital firms, many of whom are our clients, which provide us with access to many potential banking clients.

Our unique business strategy and focus has resulted in significant growth in recent years. Our banking operations have expanded from a single location in Santa Clara, California to a national network of 24 offices located in Arizona, California, Colorado, Florida, Georgia, Illinois, Massachusetts, Minnesota, North Carolina, Oregon, Pennsylvania, Texas, Virginia, and Washington.

TECHNOLOGY AND LIFE SCIENCES NICHE.

Our technology and life sciences niche serves primarily venture capital-backed companies within a variety of technology and life sciences industries and markets throughout the United States. These companies generally keep large cash balances in their deposit accounts with us and often do not borrow large amounts under their credit facilities, as their primary source of funding is equity from venture capitalists. Lending to this niche typically involves working capital lines of credit, equipment financing, asset acquisition loans, and bridge financing. Our technology and life sciences niche includes the following practices:

Our COMMUNICATIONS AND ON-LINE SERVICES practice serves companies in the networking, telecommunications and on-line services industries. The networking industry includes companies supplying the equipment and services that facilitate distributed enterprise networks such as local and wide area networks. The telecommunications industry encompasses the suppliers of equipment and services to companies and consumers for the transmission of voice, data and video. Companies included in the on-line services industry supply access, content, services, and support to individuals and businesses participating on the internet, or in other on-line activities.

Our COMPUTERS AND PERIPHERALS practice focuses on companies that are engaged in the support and manufacturing of computers, electronic components and related peripheral products. The specific markets these companies serve include personal computers, specialty computer systems, add-in boards, printers, storage devices, networking equipment, and contract manufacturing.

Our SEMICONDUCTORS practice serves companies involved in the design, manufacturing and marketing of integrated circuits. This includes companies involved in the manufacturing of semiconductor production equipment and semiconductors, testing and related services, electronic parts wholesaling, computer-aided design, and computer-aided manufacturing.

Our SOFTWARE practice primarily serves companies that design integrated computer systems, provide computer programming services and develop and market commercial and industrial applications as well as prepackaged software.

Our LIFE SCIENCES practice serves companies in the biotechnology, medical devices and healthcare services industries. The biotechnology industry includes companies involved in research and development of therapeutics and diagnostics for the medical and pharmaceuticals industries. The medical devices industry encompasses companies involved in the design, manufacturing and distribution of surgical instruments and medical equipment. Companies included in the healthcare services industry deal with patients, either in a primary care or secondary care role.

In addition to the industry-related practices discussed above, we provide commercial lending and other financial products and services to other clients associated with the technology and life sciences industries. Through our PACIFIC RIM practice, we serve U.S.-based technology and life sciences companies that receive equity funding from Asian or Asian-based venture capital sources. Through our VENTURE CAPITAL practice, we provide venture capital firms with financing and other specialized products and services. Lastly, through our EMERGING TECHNOLOGIES practice, we target non-venture-backed technology companies in Northern California, with a primary focus on the software industry.

SPECIAL INDUSTRY NICHES.

We have always served a variety of commercial enterprises unrelated to our technology and life sciences niche. We serve these clients through several special industry niche practices. We continue to follow this strategy by identifying industries whose financial services needs we believe are underserved. The following is a brief summary of our special industry niche practices.

Our REAL ESTATE practice makes real estate construction and term loans whose primary source of repayment is cash flow or sales proceeds from real property collateral. We focus on construction loans for residential and commercial projects, and construction and mini-permanent loans on retail, industrial and office projects in Northern California.

Our PREMIUM WINERIES practice focuses on wineries that produce select or exclusive vintages of up to 150,000 cases annually. Our lending in this niche consists of both short-term inventory loans and term loans related to vineyard acquisition and development, equipment financing and cooperage.

Our MEDIA PRACTICE focuses on acquisition, recapitalization and plant upgrade financings of less than $10.0 million for radio, television, outdoor advertising, and cable television operators.

In addition to serving the special industry niches listed above, we serve a broad array of industries in northern California through our DIVERSIFIED INDUSTRIES practice. This practice allows us to continue to evaluate potential niches by initially identifying and serving a few clients in related industries or markets.

SPECIALIZED PRODUCTS AND SERVICES.

We offer a variety of specialized lending products and other financial products and services to clients in various stages of development. These services allow us to begin serving companies in their start-up phases, and then gradually expand the services we provide as the companies grow.

From the time our client companies receive their initial funding, we seek to serve their cash management needs. Initially, we provide investment services to assist our clients with managing their short-term investments. On behalf of clients, we purchase investment securities that include U.S. Treasury securities, U.S. agency securities, commercial paper, Eurodollar deposits, and bankers' acceptances. We also offer our clients access to private label mutual fund products as an alternative to our deposit products.

In addition, our Internet site, eSource(TM), provides our early stage clients with an on-line resource providing access to various services that technology and life sciences entrepreneurs require. In eSource(TM) we have formed a broad national and global network of service providers in a variety of areas important to our clients, including financial and administrative services, office set-up services, human resources, staffing services, risk management services, and industry specific research.

As our clients conduct research and development and prepare for production, we offer equipment leasing services as well as vendor financing for many types of technology purchases, including software, hardware, maintenance, and professional services. We structure these arrangements to suit the risk profile of the client in its stage of growth.

Once our clients enter production, many experience rapid growth and consequently require banking products which augment their cash flow. We offer factoring services, which involves purchasing clients' accounts receivable at a discount, making operating funds immediately available to the clients, and then managing the collection of these receivables.

As our clients mature, we may offer more advanced cash management products, providing services to help our customers manage cash collections and disbursements efficiently and cost effectively. These services include wholesale lockbox services, electronic information reporting and controlled disbursement services. In addition, we also provide real estate loans, typically to finance commercial real estate to be owned and operated by our clients.

We also assist our many clients who do business internationally by providing foreign exchange, import and export letters of credit, documentary collections, and a number of other trade finance products and services. We have been granted delegated authority by the Export-Import Bank of the U.S. and the California Export Finance Office. This enables us to provide our clients with working capital loans guaranteed by the Export-Import Bank and California Export Finance Office to finance foreign receivables and inventory intended for export, as well as to provide purchase order financing.

If our clients experience periods when their profit performance has been interrupted or where they need greater financial flexibility, we may assist them by providing asset-based credit facilities that involve frequent monitoring of the underlying collateral, which generally consists of accounts receivable, inventory and equipment.

For clients in the more advanced stages of growth, we pursue opportunities in mezzanine lending and will provide private equity and debt placement services, high yield debt services and mergers and acquisitions advice. We also assist our clients through investment bank referrals for public offerings, equity research, sales and trading services, asset securitizations, and fixed income services.

For clients in all stages of their growth cycle, we focus on serving the personal banking needs of senior executives and owners of our client companies. In addition, we serve the personal banking needs of partners and senior executives of venture capital firms and other professionals whose businesses are related to our niche practices.

EQUITY SECURITIES.

We frequently obtain rights to acquire stock, in the form of warrants, in certain clients as part of negotiated credit facilities. We also make investments in venture capital funds as well as direct equity investments in companies from time to time. As of December 31, 2000, we held 1,324 warrants in 1,038 companies, and had made investments in 208 venture capital funds and direct equity investments in 60 companies.

In 2000, we formed SVB Strategic Investors, LLC, the general partner of SVB Strategic Investors Fund, L.P. SVB Strategic Investors Fund, L.P. raised approximately $135.3 million in committed capital, to invest as a limited partner in top-tier venture funds, leading regional venture funds and venture funds with a unique niche. Additionally in 2000, we formed Silicon Valley BancVentures, Inc., the general partner of Silicon Valley BancVentures, L.P. Silicon Valley BancVentures, L.P. raised $56.1 million in committed capital, to make direct equity

investments in emerging growth high technology and life sciences companies throughout the United States. At December 31, 2000, we held an interest of approximately 11% in each of these funds.

SUPERVISION AND REGULATION

Our operations are subject to extensive regulation by federal and state banking regulatory agencies. This regulatory framework is intended primarily to protect Silicon Valley Bank's depositors and the federal deposit insurance fund from losses and not for the benefit of our stockholders. As a bank holding company and a financial holding company Silicon is subject to the Federal Reserve Board's supervision and examination under the Bank Holding Company Act as revised by the Gramm-Leach-Bliley Act, as discussed below. Silicon Valley Bank, as a California-chartered bank and a member of the Federal Reserve System, is subject to primary supervision and examination by the Federal Reserve Board through the Federal Reserve Bank of San Francisco and the Commissioner of the California Department of Financial Institutions. The following summary describes some of the more significant laws, regulations and policies that affect our operations. It is not intended to be a complete listing of all laws that apply to us. Any change in the statutes, regulations or policies that apply to our operations may have a material effect on our business.

MEMORANDUM OF UNDERSTANDING.

In late September 1999, Silicon Valley Bank entered into an agreement pursuant to a memorandum of understanding with the Federal Reserve Bank of San Francisco and the California Department of Financial Institutions, Silicon Valley Bank's primary banking regulators. The memorandum of understanding and its associated restrictions were terminated in June 2000. Under the memorandum of understanding, Silicon Valley Bank had committed to maintain a Tier 1 leverage ratio (the ratio of a bank's Tier 1 capital to its total quarterly average tangible assets) of at least 7.25%; obtain the regulators' consent before paying dividends; further enhance its credit monitoring and review policies, and submit reports to the regulators regarding credit quality. The Federal Reserve Bank of San Francisco had also directed Silicon to obtain its approval before paying dividends, incurring debt, repurchasing capital stock, or entering into agreements to acquire any entities or portfolios. These restrictions were also terminated in June 2000.

GRAMM-LEACH-BLILEY ACT.

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Act, or GLB Act, which significantly changed the regulatory structure and oversight of the financial services industry. Effective March 12, 2000, the GLB Act repealed the provisions of the Glass-Steagall Act that restricted banks and securities firms from affiliating. It also revised the Bank Holding Company Act to permit a qualifying bank holding company, called a financial holding company, to engage in a full range of financial activities, including banking, insurance, securities, and merchant banking activities. It also permits financial holding companies to acquire many types of financial firms without the prior approval of the Federal Reserve Board. On November 14, 2000, Silicon became a financial holding company.

The GLB Act thus provides expanded financial affiliation opportunities for existing bank holding companies and permits other financial services providers to acquire banks and become bank holding companies without ceasing any existing financial activities. Previously, a bank holding company could only engage in activities that were "closely related to banking." This limitation no longer applies to bank holding companies that qualify to be treated as financial holding companies. To qualify as a financial holding company, a bank holding company's subsidiary depository institutions must be well-capitalized and have at least satisfactory general, managerial and Community Reinvestment Act examination ratings. Effective March 11, 2000, a nonqualifying bank holding company is limited to activities that were permissible under the BHCA as of November 11, 1999.

Also effective on March 12, 2000, the GLB Act changed the powers of national banks and their subsidiaries, and made similar changes in the powers of state bank subsidiaries. It permits a national bank to underwrite, deal in and purchase state and local revenue bonds. It also allows a subsidiary of a national bank to engage in financial activities that the bank cannot, except for general insurance underwriting and real estate development and investment. In order for a subsidiary to engage in new financial activities, the national bank and its depository institution affiliates must be well capitalized, have at least satisfactory general, managerial and Community Reinvestment Act examination ratings and meet other qualification requirements relating to total assets, subordinated debt, capital, risk management, and affiliate transactions. Subsidiaries of state banks can exercise the same powers as national bank subsidiaries if they satisfy the same qualifying rules that apply to national banks.

The GLB Act also reformed the overall regulatory framework of the financial services industry. In order to implement its underlying purposes, the GLB Act pre-empted state laws that would restrict the types of financial affiliations that are authorized or permitted under the GLB Act, subject to specified exceptions for state insurance laws and regulations. With regard to securities laws, effective May 12, 2001, the GLB Act will remove the current blanket exemption for banks from being considered brokers or dealers under the Securities Exchange Act of 1934 and replaces it with a number of more limited exemptions. Thus, previously exempted banks, such as Silicon Valley Bank, may become subject to the broker-dealer registration and supervision requirements of the Securities Exchange Act of 1934. The exemption that prevented bank holding companies and banks that advise mutual funds from being considered investment advisers under the Investment Advisers Act of 1940 will also be eliminated.

Separately, effective November 13, 2000, the GLB Act imposes customer privacy requirements on any company engaged in financial activities. Under these requirements, a financial company is required to protect the security and confidentiality of customer nonpublic personal information. Also, for customers that obtain a financial product such as a loan for personal, family or household purposes, a financial company is required to disclose its privacy policy to the customer at the time the relationship is established and annually thereafter including its policies concerning the sharing of the customer's nonpublic personal information with affiliates and third parties. If an exemption is not available, a financial company must provide consumers with a notice of its information sharing practices that allows the consumer to reject the disclosure of its nonpublic personal information to third parties. Third parties that receive such information are subject to the same restrictions as the financial company on the reuse of the information. Finally, a financial company is prohibited from disclosing an account number or similar item to a third party for use in telemarketing, direct mail marketing or other marketing through electronic mail. A financial company must be in compliance with these consumer privacy requirements no later than July 1, 2001.

CAPITAL STANDARDS APPLICABLE TO SILICON AND SILICON VALLEY BANK.

SILICON

The Federal Reserve Board has adopted minimum risk-based capital guidelines intended to provide a measure of capital that reflects the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets, and transactions, such as commitments, letters of credit and recourse arrangements, which are recorded as off-balance sheet items. Under these guidelines, dollar amounts of assets and credit equivalent amounts of off-balance sheet items are adjusted by one of several conversion factors and/or risk adjustment percentages. The Federal Reserve Board requires bank holding companies generally to maintain a minimum ratio of qualifying total capital to risk-adjusted assets of 8% (10% to be well-capitalized) and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4% (6% to be well-capitalized). The Federal Reserve Board also requires Silicon to maintain a minimum amount of Tier 1 capital to total quarterly average assets, referred to as the Tier 1 leverage ratio. For a bank holding company in the highest of the five categories used by regulators to rate banking organizations, the minimum Tier 1 leverage ratio must be 3%; for all other institutions the ratio is 4% (5% to be well-capitalized). In addition to these requirements, the Federal Reserve Board may set individual minimum capital requirements for specific

institutions at rates significantly above the minimum guidelines and ratios. In addition, under certain circumstances, Silicon must file written notice with, and obtain approval from, the Federal Reserve Board prior to purchasing or redeeming its equity securities. See "Item 1. Business--Supervision and Regulation--Prompt Corrective Action and Other Enforcement Mechanisms" for additional discussion of capital ratios.

SILICON VALLEY BANK

The federal banking agencies require a minimum ratio of qualifying total capital to risk-adjusted assets of 8% (10% to be well-capitalized) and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4% (6% to be well capitalized). In addition to the risk-based guidelines, federal banking regulators also require banking organizations to maintain a minimum Tier 1 leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the minimum Tier 1 leverage ratio must be 3%; for all other institutions the ratio is 4% (5% to be well-capitalized). In addition to these uniform risk-based capital guidelines and leverage ratio requirements that apply across the industry, the regulators have the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios. See "Item 8. Consolidated Financial Statements and Supplementary Data--Note 17 to the Consolidated Financial Statements--Regulatory Matters" for Silicon's and Silicon Valley Bank's capital ratios as of December 31, 2000.

The federal banking agencies have also adopted a joint agency policy statement which provides that the adequacy and effectiveness of a bank's interest rate risk management process and the level of its interest rate exposures are critical factors in the evaluation of the bank's capital adequacy. A bank with material weaknesses in its interest rate risk management process or high levels of interest rate exposure relative to its capital will be directed by the federal banking agencies to take corrective actions. Financial institutions which have significant amounts of their assets concentrated in high risk loans or nontraditional banking activities, and who fail to adequately manage these risks, may be required to set aside capital in excess of the regulatory minimums.

BANK HOLDING COMPANY REGULATION OF SILICON.

As a registered bank holding company and a financial holding company, Silicon and its subsidiaries are subject to the Federal Reserve Board's supervision, regulation, examination, and reporting requirements under the Bank Holding Company Act, as revised by the GLB Act. Prior to becoming a financial holding company under the GLB Act, Silicon was required to seek the prior approval of the Federal Reserve Board before acquiring ownership or control of more than 5% of the outstanding shares of any class of voting securities, or substantially all of the assets, of any company, including a bank or bank holding company. As a financial holding company, the prior approval of the Federal Reserve Board is not required to acquire ownership or control of entities engaged in specified financial activities, although the existing restrictions on directly or indirectly acquiring shares of a bank are still applicable. In addition, prior to becoming a financial holding company, Silicon was generally allowed to engage, directly or indirectly, only in banking and other activities that were deemed by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. As a financial holding company under the GLB Act, Silicon is permitted to engage in a full range of financial activities, including banking, insurance and securities activities and additional activities that the Federal Reserve Board determines to be financial in nature, incidental to such financial activities, or complimentary to a financial activity.

The Federal Reserve Board requires Silicon to maintain minimum capital ratios that are discussed above. Under Federal Reserve Board regulations, a bank holding company is also required to serve as a source of financial and managerial strength to its subsidiary banks and may not conduct its operations in an unsafe or unsound manner. In addition, it is the Federal Reserve Board's policy that in serving as a source of strength to its subsidiary banks, a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity and should maintain

the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks or to observe established guidelines with respect to the payment of dividends by bank holding companies will generally be considered by the Federal Reserve Board to be an unsafe and unsound banking practice or a violation of the Federal Reserve Board's regulations or both.

Silicon's ability to pay cash dividends is limited by generally applicable Delaware corporation law limits. In addition, there are statutory and regulatory limitations on the amount of dividends which may be paid to Silicon by Silicon Valley Bank. See "Item 1. Business--Supervision and Regulation--Restrictions on Dividends" for further discussion of current limitations on the ability of Silicon Valley Bank to pay dividends to Silicon.

Silicon is also treated as a bank holding company under the California Financial Code. As such, Silicon and its subsidiaries are subject to periodic examination by, and may be required to file reports with, the California Department of Financial Institutions.

REGULATION OF SILICON VALLEY BANK.

Silicon Valley Bank is a California-chartered bank and a member of the Federal Reserve System. It is subject to primary supervision, periodic examination and regulation by the Commissioner of the California Department of Financial Institutions, or the Commissioner, the Federal Reserve Board and the Federal Deposit Insurance Corporation. The Federal Reserve Board and the Commissioner require Silicon Valley Bank to maintain minimum capital levels that are discussed above. Both the Federal Reserve Board and the Commissioner also have broad powers and remedies available if they determine that the financial condition, capital resources, asset quality, management, earnings prospects, liquidity, sensitivity to market risk, or other aspects of Silicon Valley Bank's operations are unsatisfactory, or that Silicon Valley Bank is violating or has violated any law or regulation.

RESTRICTIONS ON DIVIDENDS.

Silicon is a legal entity separate and distinct from Silicon Valley Bank. Silicon Valley Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends to Silicon. Under such restrictions, the amount available for payment of dividends to Silicon by Silicon Valley Bank totaled $145.9 million at December 31, 2000. The Federal Reserve Board and the Commissioner have the authority to prohibit Silicon Valley Bank from engaging in activities that, in their opinion, constitute unsafe or unsound practices in conducting its business. It is possible, depending upon the financial condition of the bank in question and other factors, that they could assert that the payment of dividends or other payments might, under some circumstances, be an unsafe or unsound practice. Further, if Silicon Valley Bank fails to comply with its minimum capital requirements, its regulators could restrict its ability to pay dividends using prompt corrective action or other enforcement powers. The Commissioner may impose similar limitations on the conduct of California-chartered banks. See "Item 8. Consolidated Financial Statements and Supplementary Data--Note 17 to the Consolidated Financial Statements--Regulatory Matters" for further discussion on dividend restrictions.

TRANSACTIONS WITH AFFILIATES.

Silicon Valley Bank is subject to restrictions imposed by federal law on any extensions of credit to, or the issuance of a guarantee or letter of credit on behalf of, Silicon or other affiliates, the purchase of, or investments in, stock or other securities of Silicon or other affiliates, the taking of such securities as collateral for loans, and the purchase of assets of Silicon or other affiliates. These restrictions prevent Silicon and such other affiliates from borrowing from Silicon Valley Bank unless the loans are secured by specified amounts of collateral. Any such secured loans and investments by Silicon Valley Bank to, or in, Silicon or to, or in, any other affiliate are limited, individually, to 10% of Silicon Valley Bank's capital and surplus (as defined by federal regulations), and such secured loans and investments are limited, in the aggregate,

to 20% of Silicon Valley Bank's capital and surplus (as defined by federal regulations). California law also imposes restrictions on transactions involving Silicon and other controlling persons of Silicon Valley Bank. Additional restrictions on transactions with affiliates may be imposed on Silicon Valley Bank under the prompt corrective action provisions of federal law. See "Item 1. Business--Supervision and Regulation--Prompt Corrective Action and Other Enforcement Mechanisms" for related discussion regarding restrictions on transactions with affiliates.

PROMPT CORRECTIVE ACTION AND OTHER ENFORCEMENT MECHANISMS.

Federal banking agencies possess broad powers to take corrective and other supervisory action on an insured bank and its holding company. Federal laws require each federal banking agency to take prompt corrective action to resolve the problems of insured banks. Each federal banking agency has issued regulations defining five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

A bank that, based upon its capital levels, is classified as well capitalized, adequately capitalized or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment. At each successive lower capital category, an insured bank is subject to more restrictions, including restrictions on the bank's activities, operational practices or the ability to pay dividends. The federal banking agencies, however, may not treat an institution as critically undercapitalized unless its capital ratios actually warrant such treatment.

In addition to measures taken under the prompt corrective action provisions, bank holding companies and insured banks may be subject to potential enforcement actions by the federal regulators for unsafe or unsound practices in conducting their businesses, or for violation of any law, rule, regulation, condition imposed in writing by the agency, or term of a written agreement with the agency. Enforcement actions may include the appointment of a conservator or receiver for the bank, the issuance of a cease and desist order that can be judicially enforced, the termination of the bank's deposit insurance, the imposition of civil monetary penalties, the issuance of directives to increase capital, the issuance of formal and informal agreements, the issuance of removal and prohibition orders against officers, directors and other institution-affiliated parties, and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

SAFETY AND SOUNDNESS GUIDELINES.

The federal banking agencies have adopted guidelines to assist in identifying and addressing potential safety and soundness concerns before capital becomes impaired. The guidelines establish operational and managerial standards relating to: (i) internal controls, information systems and internal audit systems, (ii) loan documentation, (iii) credit underwriting, (iv) asset growth, and (v) compensation, fees and benefits. In addition, the federal banking agencies have adopted safety and soundness guidelines for asset quality and for evaluating and monitoring earnings to ensure that earnings are sufficient for the maintenance of adequate capital and reserves.

PREMIUMS FOR DEPOSIT INSURANCE.

Silicon Valley Bank's deposit accounts are insured by the Bank Insurance Fund, as administered by the Federal Deposit Insurance Corporation, up to the maximum permitted by law. The Federal Deposit Insurance Corporation's annual assessment for the insurance of Bank Insurance Fund deposits as of December 31, 2000, ranged from 0 to 27 basis points per $100 of insured deposits. The amount charged is based on the regulatory capital of an institution and on a supervisory assessment of its operational risk profile. At December 31, 2000, Silicon Valley Bank's assessment rate was the statutory minimum assessment.

Silicon Valley Bank is also required to pay an annual assessment of approximately 2.0 basis points per $100 of insured deposits toward the retirement of U.S. government issued Financing Corporation bonds.

INTERSTATE BANKING AND BRANCHING.

Bank holding companies from any state may generally acquire banks and bank holding companies located in any other state, subject in some cases to nationwide and state-imposed deposit concentration limits and limits on the acquisition of recently established banks. Banks also have the ability, subject to specific restrictions, to acquire by acquisition or merger branches located outside their home state. The establishment of new interstate branches is also possible in those states with laws that expressly permit it. Interstate branches are subject to many of the laws of the states in which they are located.

COMMUNITY REINVESTMENT ACT AND FAIR LENDING.

Silicon Valley Bank is subject to a variety of fair lending laws and reporting obligations involving home mortgage lending operations and Community Reinvestment Act, or CRA, activities. The CRA generally requires the federal banking agencies to evaluate the record of a bank in meeting the credit needs of its local communities, including low- and moderate-income neighborhoods. A bank can also become subject to substantial penalties and corrective measures for a violation of certain fair lending laws. The federal banking agencies may take compliance with such laws and CRA obligations into account when regulating and supervising other activities or assessing whether to approve certain applications. In April 1999, the Federal Reserve Board rated Silicon Valley Bank "satisfactory" in complying with its CRA obligations.

ITEM 2. PROPERTIES

In 1995, we relocated our corporate headquarters and main branch and entered into a 10-year lease on a two-story office building located at 3003 Tasman Drive, Santa Clara, California. In July 1997 and June 2000, we finalized amendments to the original lease associated with our corporate headquarters. The amendments provide for the lease of two additional premises, approximating 56,000 square feet each, adjacent to the existing headquarters facility. We began occupying the additional premises in August 1998 and December 2000, respectively.

We operate offices throughout the Silicon Valley: Santa Clara, Palo Alto and Sand Hill, the center of the venture capital community in California. Other regional offices within California include Irvine, Los Angeles, Napa, San Diego, San Francisco, Santa Barbara, and Sonoma. Office locations outside of California include: Phoenix, Arizona; Boulder, Colorado; West Palm Beach, Florida; Atlanta, Georgia; Chicago, Illinois; Boston, Massachusetts; Minneapolis, Minnesota; Durham, North Carolina; Northern Virginia; Portland, Oregon; Philadelphia, Pennsylvania; Austin, Texas; Dallas, Texas; and Seattle, Washington. All of our properties are occupied under leases, which expire at various dates through January 2006, and in most instances, include options to renew or extend at market rates and terms. We also own leasehold improvements, equipment and furniture and fixtures at our offices, all of which are used in our business activities.

ITEM 3. LEGAL PROCEEDINGS

There were no legal proceedings requiring disclosure pursuant to this item pending at December 31, 2000, or at the date of this report.

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

No matters were submitted to a vote by the stockholders of Silicon's common stock during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION.

Our common stock is traded over the counter on the National Association of Securities Dealers Automated Quotation (Nasdaq) National Market under the symbol "SIVB."

The following table shows the high and low sales prices for our common stock for each quarterly period during the last two years, based on the daily closing price as reported by the Nasdaq National Market. The 1999 stock prices have been restated to reflect a two-for-one stock split distributed on May 15, 2000.

	2000		1999	
QUARTER	LOW	HIGH	LOW	HIGH
First	$23.97	$45.00	$ 8.41	$10.50
Second	$17.00	$44.44	$ 8.47	$12.38
Third	$41.00	$64.06	$10.78	$14.25
Fourth	$31.19	$58.50	$11.44	$26.42

STOCKHOLDERS.

The number of stockholders of record of our common stock was 770 as of January 31, 2001.

DIVIDENDS.

We have not paid cash dividends on our common stock since 1992 and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our ability to pay cash dividends is limited by generally applicable corporate and banking laws and regulations. See "Item 1. Business--Supervision and Regulation--Restrictions on Dividends," and "Item 8. Consolidated Financial Statements and Supplementary Data--Note 17 to the Consolidated Financial Statements--Regulatory Matters" for additional discussion on restrictions and limitations on the payment of dividends.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and supplementary data as presented in Item 8 of this report. Certain reclassifications have been made to our prior years results to conform with 2000 presentations. Such reclassifications had no effect on the results of operations or stockholders' equity. In addition, the common stock summary information has been restated to reflect two-for-one stock splits, distributed on May 1, 1998 and May 15, 2000.

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(DOLLARS AND NUMBERS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
INCOME STATEMENT SUMMARY:					
Net interest income	$ 329,848	$ 205,439	$ 146,615	$ 110,824	$ 87,275
Provision for loan losses	54,602	52,407	37,159	10,067	10,426
Noninterest income	189,630	58,855	23,162	13,265	11,609
Noninterest expense	198,361	125,659	83,645	66,301	52,682
Minority interest	460	--	--	--	--
Income before taxes	266,975	86,228	48,973	47,721	35,776
Income tax expense	107,907	34,030	20,117	20,043	14,310
Net income	$ 159,068	$ 52,198	$ 28,856	$ 27,678	$ 21,466
COMMON SHARE SUMMARY:					
Basic earnings per share	$ 3.41	$ 1.27	$ 0.71	$ 0.71	$ 0.58
Diluted earnings per share	3.23	1.23	0.69	0.68	0.55
Book value per share	12.54	8.23	5.21	4.37	3.63
Weighted average shares outstanding	46,656	41,258	40,536	38,740	36,852
Weighted average diluted shares outstanding	49,220	42,518	41,846	40,676	38,764
YEAR-END BALANCE SHEET SUMMARY:					
Loans, net of unearned income	$ 1,716,549	$1,623,005	$1,611,921	$1,174,645	$ 863,492
Assets	5,626,775	4,596,398	3,545,452	2,625,123	1,924,544
Deposits	4,862,259	4,109,405	3,269,753	2,432,407	1,774,304
Stockholders' equity	614,121	368,850	215,865	174,481	135,400
AVERAGE BALANCE SHEET SUMMARY:					
Loans, net of unearned income	$ 1,580,176	$1,591,634	$1,318,826	$ 973,637	$ 779,655
Assets	5,180,750	3,992,410	2,990,548	2,140,630	1,573,903
Deposits	4,572,457	3,681,598	2,746,041	1,973,118	1,441,360
Stockholders' equity	478,018	238,085	198,675	152,118	119,788
CAPITAL RATIOS:					
Total risk-based capital ratio	18.5%	15.5%	11.5%	11.5%	11.5%
Tier 1 risk-based capital ratio	17.2%	14.3%	10.3%	10.2%	10.2%
Tier 1 leverage ratio	12.6%	8.8%	7.6%	7.1%	7.7%
Average stockholders' equity to average assets	9.2%	6.0%	6.6%	7.1%	7.6%
SELECTED FINANCIAL RATIOS:					
Return on average assets	3.1%	1.3%	1.0%	1.3%	1.4%
Return on average stockholders' equity	33.3%	21.9%	14.5%	18.2%	17.9%
Efficiency ratio	45.7%	53.5%	53.6%	55.7%	55.9%
Net interest margin	6.9%	5.5%	5.2%	5.6%	6.1%
OTHER DATA:					
Off-balance sheet client funds	$10,805,694	$5,666,278	$1,096,300	--	--

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations in conjunction with our consolidated financial statements and supplementary data as presented in Item 8 of this report. This discussion and analysis includes "forward-looking statements" as that term is used in the securities laws. All statements regarding our expected financial position, business and strategies are forward-looking statements. In addition, in this discussion and analysis the words "anticipates," "believes," "estimates," "seeks," "expects," "plans," "intends" and similar expressions, as they relate to Silicon Valley Bancshares or our management, are intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, and have based these expectations on our beliefs as well as our assumptions, such expectations may prove to be incorrect.

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

Certain reclassifications have been made to our prior years results to conform with 2000 presentations. Such reclassifications had no effect on our results of operations or stockholders' equity.

RESULTS OF OPERATIONS

EARNINGS SUMMARY.

We reported net income in 2000 of $159.1 million, compared with net income in 1999 and 1998 of $52.2 million and $28.9 million, respectively. Diluted earnings per share totaled $3.23 in 2000, compared to $1.23 and $0.69 in 1999 and 1998, respectively. Return on average equity in 2000 was 33.3%, compared with 21.9% in 1999 and 14.5% in 1998. Return on average assets in 2000 was 3.1% compared with 1.3% in 1999 and 1.0% in 1998.

The increase in net income for 2000, as compared to 1999, and for 1999 as compared to 1998, was primarily attributable to growth in both net interest income and noninterest income, partially offset by increases in the provision for loan losses and in noninterest expense. The major components of net income and changes in these components are summarized in the following table for the years ended December 31, 2000, 1999 and 1998, and are discussed in more detail on the following pages.

	YEARS ENDED DECEMBER 31,				
	2000	1999	1999 TO 2000 INCREASE	1998	1998 TO 1999 INCREASE
	(DOLLARS IN THOUSANDS)				
Net interest income	$329,848	$205,439	$124,409	$146,615	$58,824
Provision for loan losses	54,602	52,407	2,195	37,159	15,248
Noninterest income	189,630	58,855	130,775	23,162	35,693
Noninterest expense	198,361	125,659	72,702	83,645	42,014
Minority interest	460	--	460	--	--
Income before income taxes	266,975	86,228	180,747	48,973	37,255
Income tax expense	107,907	34,030	73,877	20,117	13,913
Net income	$159,068	$ 52,198	$106,870	$ 28,856	$23,342

NET INTEREST INCOME AND MARGIN.

Net interest income is defined as the difference between interest earned on interest-earning assets and interest paid on funding sources, primarily deposits. Net interest income is our principal source of revenue. Net interest margin is defined as the amount of net interest income, on a fully taxable-equivalent basis, expressed as a percentage of average interest-earning assets. The average yield earned on interest-earning assets is the amount of taxable-equivalent interest income expressed as a percentage of average interest-earning assets. The average rate paid on funding sources is defined as interest expense as a percentage of average interest-earning assets.

The following table sets forth average assets, liabilities, minority interest and stockholders' equity, interest income and interest expense, average yields and rates, and the composition of our net interest margin for the years ended December 31, 2000, 1999 and 1998.

	YEARS ENDED DECEMBER 31,					
	2000			1999		
	AVERAGE BALANCE	INTEREST	AVERAGE YIELD AND RATE	AVERAGE BALANCE	INTEREST	AVERAGE YIELD AND RATE
	(DOLLARS IN THOUSANDS)					
Interest-earning assets:						
Federal funds sold and securities purchased under agreement to resell (1)	$1,310,971	$ 83,472	6.4%	$ 618,338	$ 31,204	5.0%
Investment securities:						
Taxable	1,769,309	107,268	6.1	1,441,081	82,193	5.7
Non-taxable (2)	163,152	10,704	6.6	135,549	8,460	6.2
Loans: (3), (4), (5)						
Commercial	1,384,744	169,098	12.2	1,393,134	143,744	10.3
Real estate construction and term	121,076	12,723	10.5	138,943	13,988	10.1
Consumer and other	74,356	7,241	9.7	59,557	5,241	8.8
Total loans	1,580,176	189,062	12.0	1,591,634	162,973	10.2
Total interest-earning assets	4,823,608	390,506	8.1	3,786,602	284,830	7.5
Cash and due from banks	268,032			186,841		
Allowance for loan losses	(74,018)			(59,383)		
Other real estate owned	--			181		
Other assets	163,128			78,169		
Total assets	$5,180,750			$3,992,410		
Funding sources:						
Interest-bearing liabilities:						
NOW deposits	$ 55,825	770	1.4	$ 32,664	620	1.9
Regular money market deposits	386,701	7,089	1.8	357,006	8,770	2.5
Bonus money market deposits	1,275,545	25,117	2.0	1,907,517	58,510	3.1
Time deposits	582,354	23,936	4.1	207,108	8,530	4.1
Other borrowings	--	--	--	--	--	--
Total interest-bearing liabilities	2,300,425	56,912	2.5	2,504,295	76,430	3.1
Portion of noninterest-bearing funding sources	2,523,183			1,282,307		
Total funding sources	4,823,608	56,912	1.2	3,786,602	76,430	2.0
Noninterest-bearing funding sources:						
Demand deposits	2,272,032			1,177,303		
Other liabilities	85,855			34,220		
Trust preferred securities (6)	38,559			38,507		
Minority interest	5,861			--		
Stockholders' equity	478,018			238,085		
Portion used to fund interest-earning assets	(2,523,183)			(1,282,307)		
Total liabilities, minority interest and stockholders' equity	$5,180,750			$3,992,410		
Net interest income and margin		$333,594	6.9%		$208,400	5.5%
Total deposits	$4,572,457			$3,681,598		

	YEARS ENDED DECEMBER 31, 1998		
	AVERAGE BALANCE	INTEREST	AVERAGE YIELD AND RATE
	(DOLLARS IN THOUSANDS)		
Interest-earning assets:			
Federal funds sold and securities purchased under agreement to resell (1)	$ 396,488	$ 21,305	5.4%
Investment securities:			
Taxable	1,044,918	61,515	5.9
Non-taxable (2)	78,234	5,034	6.4
Loans: (3), (4), (5)			
Commercial	1,157,949	122,708	10.6
Real estate construction and term	115,743	12,364	10.7
Consumer and other	45,134	4,064	9.0
Total loans	1,318,826	139,136	10.6
Total interest-earning assets	2,838,466	226,990	8.0
Cash and due from banks	137,096		
Allowance for loan losses	(40,055)		
Other real estate owned	681		
Other assets	54,360		
Total assets	$2,990,548		
Funding sources:			
Interest-bearing liabilities:			
NOW deposits	$ 18,702	348	1.9
Regular money market deposits	338,585	9,189	2.7
Bonus money market deposits	1,487,240	63,155	4.3
Time deposits	131,530	5,917	4.5
Other borrowings	66	4	6.0
Total interest-bearing liabilities	1,976,123	78,613	4.0
Portion of noninterest-bearing funding sources	862,343		
Total funding sources	2,838,466	78,613	2.8
Noninterest-bearing funding sources:			
Demand deposits	769,984		
Other liabilities	22,146		
Trust preferred securities (6)	23,620		
Minority interest	--		
Stockholders' equity	198,675		
Portion used to fund interest-earning assets	(862,343)		
Total liabilities, minority interest and stockholders' equity	$2,990,548		
Net interest income and margin		$148,377	5.2%
Total deposits	$2,746,107		

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(1) Includes average interest-bearing deposits in other financial institutions of $501, $255 and $240 in 2000, 1999 and 1998, respectively.

(2) Interest income on non-taxable investments is presented on a fully taxable-equivalent basis using the federal statutory rate of 35% in 2000, 1999 and 1998. These adjustments were $3,746, $2,961 and $1,762 for the years ended December 31, 2000, 1999 and 1998, respectively.

(3) Average loans include average nonaccrual loans of $24,337, $37,827 and $26,158 in 2000, 1999 and 1998, respectively.

(4) Average loans are net of average unearned income of $9,929, $9,328 and $8,299 in 2000, 1999 and 1998, respectively.

(5) Loan interest income includes loan fees of $26,183, $15,738 and $12,935 in 2000, 1999 and 1998, respectively.

(6) The 8.25% annual distribution to SVB Capital I is recorded as a component of noninterest expense.

Net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as "volume change." Net interest income is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing liabilities, referred to as "rate change." The following table sets forth changes in interest income and interest expense for each major category of interest-earning assets and interest-bearing liabilities. The table also reflects the amount of change attributable to both volume and rate changes for the years indicated. Changes relating to investments in non-taxable municipal securities are presented on a fully taxable-equivalent basis using the federal statutory rate of 35% in 2000, 1999 and 1998.

	2000 COMPARED TO 1999 INCREASE (DECREASE) DUE TO CHANGES IN			1999 COMPARED TO 1998 INCREASE (DECREASE) DUE TO CHANGES IN		
	VOLUME	RATE	TOTAL	VOLUME	RATE	TOTAL
	(DOLLARS IN THOUSANDS)					
Interest income:						
Federal funds sold and securities purchased under agreement to resell.......	$ 42,369	$ 9,899	$ 52,268	$11,195	$ (1,296)	$ 9,899
Investment securities.......	21,437	5,882	27,319	26,074	(1,970)	24,104
Loans.......................	(1,181)	27,270	26,089	27,933	(4,096)	23,837
Increase (decrease) in interest income............	62,625	43,051	105,676	65,202	(7,362)	57,840
Interest expense:						
NOW deposits................	353	(203)	150	265	7	272
Regular money market deposits..................	684	(2,365)	(1,681)	453	(872)	(419)
Bonus money market deposits..................	(16,049)	(17,344)	(33,393)	12,891	(17,536)	(4,645)
Time deposits...............	15,423	(17)	15,406	3,113	(500)	2,613
Other borrowings............	--	--	--	(4)	--	(4)
Increase (decrease) in interest expense...........	411	(19,929)	(19,518)	16,718	(18,901)	(2,183)
Increase in net interest income.....................	$ 62,214	$ 62,980	$125,194	$48,484	$ 11,539	$60,023

Net interest income, on a fully taxable-equivalent basis, totaled $333.6 million in 2000, an increase of $125.2 million, or 60.1%, from the $208.4 million total in 1999. The increase in net interest income was attributable to a $105.7 million, or 37.1%, increase in interest income, combined with a $19.5 million, or 25.5%, decrease in interest expense over the comparable prior year period. Net interest income, on a fully taxable-equivalent basis, totaled $208.4 million in 1999, an increase of $60.0 million, or 40.5%, compared to the $148.4 million total in 1998. The increase in net interest income was attributable to a $57.8 million, or 25.5%, increase in interest income, combined with a $2.2 million, or 2.8%, decrease in interest expense over the comparable prior year period.

The $105.7 million increase in interest income for 2000, as compared to 1999, was the result of a $62.6 million favorable volume variance, combined with a $43.1 million favorable rate variance. The $62.6 million favorable volume variance resulted from a $1.0 billion, or 27.4%, increase in average interest-earning assets over the comparable prior year period. The increase in average interest-earning assets resulted from strong growth in our average deposits, which increased $890.9 million, or 24.2%, from 1999 to 2000. The increase in average interest-earning assets was primarily centered in highly liquid, federal funds sold, securities purchased under agreement to resell and investment securities, which collectively increased $1.0 billion.

Average loans decreased $11.5 million, or 0.7%, in 2000 as compared to 1999, resulting in a $1.2 million unfavorable volume variance. While we have continued to increase the number

of client lending relationships in most of our technology and life sciences niche practices, as well as in specialized lending products, growth in our loan portfolio has been impacted by several different factors. First, many of our clients, primarily in the technology and life sciences niche, have received significant cash inflows from the capital markets and venture capital community during the early part of 2000. This increase in the amount of equity raised by our clients has mitigated their need for debt from us. Second, beginning in 1999, we began an initiative to create more granularity in our loan portfolio, and as a result, have reduced the average loan balance outstanding from approximately $0.8 million in 1999 to approximately $0.5 million at the end of 2000. We believe this granularity initiative is essentially complete as of 2000 year end. Lastly, we exited several "non-core" lending niches in 2000, such as entertainment and healthcare services, reducing loan outstandings over $100.0 million by exiting these niches. This initiative is also essentially complete as of 2000 year end. As a result of the current slow-down in the capital markets and venture capital funding, as well as the completion of our granularity initiative and exit of several non-core niches, we expect average loan growth during 2001 of approximately 10% or more.

Average investment securities for 2000 increased $355.8 million, or 22.6%, as compared to 1999, resulting in a $21.4 million favorable volume variance. The aforementioned strong growth in average deposits combined with fairly consistent average loans during 2000, generated excess funds that were largely invested in U.S. agency securities, obligations of states and political subdivisions, and money market mutual funds. The growth in the investment portfolio reflected our actions to continue to increase, as well as further diversify our portfolio of short-term investments in response to the continuing increase in liquidity.

Average federal funds sold and securities purchased under agreement to resell in 2000 increased a combined $692.6 million, or 112.0%, over the prior year, resulting in a $42.4 million favorable volume variance. This increase was largely due to the aforementioned strong growth in average deposits during 2000 and our actions to continue to further diversify our portfolio of short-term investments, as well as our need to maintain a satisfactory level of liquidity.

Favorable rate variances associated with each component of interest-earning assets combined to increase interest income by $43.1 million in 2000, as compared to the prior year. Short-term market interest rates have increased on an overall basis during the past year. As a result, we earned higher yields during 2000 on federal funds sold, securities purchased under agreements to resell and our investment securities, a significant portion of which were short- term in nature, resulting in a combined $15.8 million favorable rate variance as compared to the prior year. The average yield on loans in 2000 also increased 180 basis points from the prior year, accounting for the remaining $27.3 million of the total favorable rate variance. This increase was primarily attributable to a 124 basis points increase in our weighted average prime rate in 2000 as compared to the similar prior year period. Approximately 77.5% of our loans were prime rate-based at the end of 2000.

The yield on average interest-earning assets increased 60 basis points in 2000 from the comparable prior year period. This increase primarily resulted from a rise in the average yield on loans, largely due to an increase in our average prime rate, as well as an increase in short-term market rates, which resulted in higher yields on federal funds sold, securities purchased under agreement to resell. In 2001, we expect the yield on our average interest-earning assets to decrease due to an expected decrease in short-term market rates and our prime rate.

The $57.8 million increase in interest income for 1999, as compared to 1998, was the result of a $65.2 million favorable volume variance, slightly offset by a $7.4 million unfavorable rate variance. The $65.2 million favorable volume variance resulted from a $948.1 million, or 33.4%, increase in average interest-earning assets over the comparable prior year period. The increase in average interest-earning assets resulted from strong growth in our average deposits, which increased $935.6 million, or 34.1%, from 1998 to 1999. The increase in average interest-earning assets consisted of loans, which increased $272.8 million, plus a combination of highly liquid, lower-yielding federal funds sold, securities purchased under agreement to resell and investment securities, which collectively increased $675.3 million, accounting for 71.2% of the total increase in average interest-earning assets.

Average loans increased $272.8 million, or 20.7%, in 1999 as compared to 1998, resulting in a $27.9 million favorable volume variance. This growth was widely distributed throughout the loan portfolio, as reflected by increased average loan balances in most of our technology, life sciences and special industry niche practices, in specialized lending products, and throughout our loan offices located across the nation.

Average investment securities for 1999 increased $453.5 million, or 40.4%, as compared to 1998, resulting in a $26.1 million favorable volume variance. The aforementioned strong growth in average deposits exceeded the growth in average loans during 1999, and generated excess funds that were largely invested in U.S. agency securities, mortgage-backed securities, collateralized mortgage obligations, and commercial paper. The growth in the investment portfolio reflected our actions to continue to increase, as well as further diversify our portfolio of short-term investments in response to the continuing increase in liquidity.

Average federal funds sold and securities purchased under agreement to resell in 1999 increased a combined $221.9 million, or 56.0%, over the prior year, resulting in an $11.2 million favorable volume variance. This increase was largely due to the aforementioned strong growth in average deposits during 1999 and our actions to continue to further diversify our portfolio of short-term investments.

Unfavorable rate variances associated with each component of interest-earning assets combined to decrease interest income by $7.4 million in 1999, as compared to the prior year. Short-term market interest rates declined on an overall basis during 1999. As a result of this decline, we earned lower yields during 1999 on federal funds sold, securities purchased under agreements to resell and our investment securities, a significant portion of which were short-term in nature, resulting in a $3.3 million unfavorable rate variance as compared to the prior year. The average yield on loans in 1999 also decreased 40 basis points from the respective prior year, accounting for the remaining $4.1 million of the total unfavorable rate variance. This decrease was primarily attributable to a 36 basis points decline in our weighted average prime rate in 1999 as compared to the similar prior year period. Approximately 77.5% of our loans were prime rate-based at the end of 1999.

The yield on average interest-earning assets decreased 50 basis points in 1999 from the comparable prior year period. This decrease resulted from a slight decline in the average yield on loans, largely due to a decline in our average prime rate, as well as to a continuing shift in the composition of interest-earning assets towards a higher percentage of highly liquid, lower- yielding federal funds sold, securities purchased under agreement to resell and investment securities. This shift in the composition of average interest-earning assets resulted from the aforementioned strong growth in deposits continuing to outpace the growth in loans.

Total interest expense in 2000 decreased $19.5 million from 1999. This decrease was due to a favorable rate variance of $19.9 million, offset by an unfavorable volume variance of $0.4 million. The favorable rate variance largely resulted from a reduction in the average rate paid on our bonus money market deposit product, from 3.1% in 1999 to 2.0% in 2000. We took this action during the last half of 1999 in order to lower total deposits and total assets and thereby increase our Tier 1 leverage capital ratio. See "Item 7 section entitled "Capital Resources." As a result, the average bonus money market account balance decreased over $600.0 million from 1999 to 2000. However, this decrease was partially offset by an increase in average time deposits, which was related to cash securing letters of credit issued on behalf of our clients.

The average cost of funds paid on average interest-bearing liabilities decreased 60 basis points from 1999 to 2000. This decrease in the average cost of funds was largely due to a decrease of 110 basis points in the average rate paid on our bonus money market deposit product, as discussed above.

Interest expense in 1999 decreased $2.2 million from 1998. This decrease was due to a favorable rate variance of $18.9 million, largely offset by an unfavorable volume variance of $16.7 million. The favorable rate variance largely resulted from a reduction in the average rate paid on our bonus money market deposit product, from 4.3% in 1998 to 3.1% in 1999. The reduction during 1999 in the average rate paid on our bonus money market deposit product was primarily attributable to a decline in short-term market interest rates during the second half of 1998 and to our lowering the rates paid on bonus money market deposits by an additional 163 basis points during 1999.

The unfavorable volume variance of $16.7 million resulted from a $528.2 million, or 26.7%, increase in average interest-bearing liabilities in 1999 as compared to 1998. This increase was largely concentrated in our bonus money market deposit product, which increased $420.3 million, or 28.3%, and was explained by high levels of client liquidity attributable to a strong inflow of investment capital into the venture capital community during the past year, and by growth in the number of clients we serve.

The average cost of funds paid on average interest-bearing liabilities decreased 90 basis points from 1998 to 1999. This decrease in the average cost of funds was largely due to a decrease of 120 basis points in the average rate paid on our bonus money market deposit product.

PROVISION FOR LOAN LOSSES.

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

Our provision for loan losses totaled $54.6 million in 2000 compared to $52.4 million and $37.2 million in 1999 and 1998, respectively. The increase in our provision for loan losses in 2000 was in response to an increasing trend in net charge-offs. We incurred net charge-offs of $52.6 million in 2000, compared to $26.6 million in 1999 and $28.9 million in 1998. For a more detailed discussion of credit quality and the allowance for loan losses, see the Item 7 section entitled "Financial Condition-Credit Quality and the Allowance for Loan Losses."

NONINTEREST INCOME.

The following table summarizes the components of noninterest income for the past three years:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Disposition of client warrants	$ 86,322	$33,003	$ 6,657
Investment gains	37,065	1,056	5,240
Client investment fees	35,831	4,529	473
Letter of credit and foreign exchange income	18,586	14,027	7,397
Deposit service charges	3,336	2,764	1,730
Other	8,490	3,476	1,665
Total noninterest income	$189,630	$58,855	$23,162

Noninterest income increased $130.8 million, or 222.2%, in 2000 as compared to 1999. This increase was largely due to a $53.3 million increase in income from the disposition of client warrants, coupled with a $36.0 million increase in investment gains and a $31.3 million increase in client investment fees. Noninterest income increased $35.7 million, or 154.1%, in 1999 as compared to 1998. This increase was largely due to a $26.3 million increase in income from the disposition of client warrants, coupled with a $6.6 million increase in letter of credit fees, foreign exchange fees and other trade finance income and a $4.1 million increase in client

investment fees. This increase was partially offset by a decrease of $4.2 million in investment gains.

Income from the disposition of client warrants totaled $86.3 million, $33.0 million and $6.7 million in 2000, 1999 and 1998, respectively. We have historically obtained rights to acquire stock, in the form of warrants, in certain clients, primarily as part of negotiated credit facilities. The receipt of warrants does not change the loan covenants or other collateral control techniques we employ to mitigate the risk of a loan becoming nonperforming. The collateral requirements on loans with warrants are similar to lending arrangements where warrants are not obtained. The timing and amount of income from the disposition of client warrants typically depends upon factors beyond our control, including the general condition of the public equity markets as well as the merger and acquisition environment. We therefore cannot predict the timing and amount of income with any degree of accuracy and it is likely to vary materially from period to period. During the years ended December 31, 2000, 1999 and 1998, a significant portion of the income from the disposition of client warrants was offset by expenses related to our efforts to build an infrastructure sufficient to support present and prospective business activities, and was also offset by increases to the provision for loan losses in those same years.

We realized $37.1 million in gains on sales of investment securities during 2000, compared to $1.1 and $5.2 million in gains on sales of investment securities during 1999 and 1998, respectively. The 2000 gains primarily related to a gain of $26.2 million realized on the sale of a venture capital fund investment, which completed its initial public offering in 1999. The 1999 gains primarily related to distributions received from venture capital fund investments. The 1998 gains primarily related to sales of U.S. Treasury securities, U.S. agency securities, mortgage-backed securities, and collateralized mortgage obligations, with an aggregate book value of $433.3 million. All sales of available-for-sale investment securities were conducted as a normal component of our asset/liability and liquidity management activities.

Client investment fees totaled $35.8 million in 2000 compared to $4.5 million and $0.5 million in 1999 and 1998, respectively. Prior to June 1999, we only earned client investment fees on off-balance sheet funds that were invested by clients in investment securities such as U.S. Treasuries, U.S. agencies and commercial paper. Off-balance sheet client funds totaled $1.1 billion at December 31, 1998. Beginning in June 1999, we began offering off-balance sheet private label mutual fund products to clients. We earn fees ranging from 35 to 50 basis points on the average balance in these products. At December 31, 2000, $10.8 billion in client funds were invested off-balance sheet, including $7.1 billion in the mutual fund products. The significant growth in the amount of off-balance sheet client funds was explained by high levels of client liquidity attributable to a strong inflow of investment capital into the venture capital community during the past year, by growth in the number of clients we serve, and by increased marketing of off-balance sheet private label mutual fund products.

Letter of credit fees, foreign exchange fees and other trade finance income totaled $18.6 million in 2000, an increase of $4.6 million, or 32.5%, from the $14.0 million total in 1999, and an increase of $11.2 million, or 151.3%, from the $7.4 million total in 1998. This increase reflects our client base growth and a concerted effort by our management to expand the penetration of trade finance-related products and services among our growing client base, a large percentage of which provide products and services in international markets.

Income related to deposit service charges totaled $3.3 million, $2.8 million and $1.7 million in 2000, 1999 and 1998, respectively. Clients compensate us for depository services either through earnings credits computed on their demand deposit balances, or via explicit payments recognized as deposit service charges income. The increase in deposit service charges income in 2000 was due to growth in our client deposit base.

Other noninterest income largely consisted of service-based fee income, and totaled $8.5 million in 2000, compared to $3.5 million in 1999 and $1.7 million in 1998, respectively. The increase in 2000, as compared to 1999 and 1998, was primarily due to corporate finance fees of $1.8 million and a higher volume of cash management and loan documentation services related to our growing client base.

NONINTEREST EXPENSE.

Noninterest expense in 2000 totaled $198.4 million, a $72.7 million, or 57.9%, increase from 1999. Total noninterest expense was $125.7 million in 1999, up $42.0 million, or 50.2%, from 1998. We closely monitor our level of noninterest expense using a variety of financial ratios, including the efficiency ratio. The efficiency ratio is calculated by dividing the amount of noninterest expense, excluding costs associated with retention and warrant incentive plans and other real estate owned, by adjusted revenues, defined as the total of net interest income and noninterest income, excluding income from the disposition of client warrants and gains or losses related to sales of investment securities. This ratio reflects the level of operating expense required to generate $1 of operating revenue. Our efficiency ratio was 45.7% for 2000, compared to 53.5% and 53.6% in 1999 and 1998, respectively. The following table presents the detail of noninterest expense and the incremental contribution of each expense line item to our efficiency ratio:

	YEARS ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNT	PERCENT OF ADJUSTED REVENUES	AMOUNT	PERCENT OF ADJUSTED REVENUES	AMOUNT	PERCENT OF ADJUSTED REVENUES
	(DOLLARS IN THOUSANDS)					
Compensation and benefits....	$106,385	26.9%	$ 73,794	32.0%	$44,022	27.9%
Professional services........	20,832	5.3	11,766	5.1	9,876	6.3
Furniture and equipment......	11,999	3.0	6,178	2.7	6,667	4.2
Business development and travel.....................	11,188	2.8	6,644	2.9	6,025	3.8
Net occupancy................	9,363	2.4	6,689	2.9	5,195	3.3
Postage and supplies.........	3,500	0.9	2,582	1.1	2,225	1.4
Advertising and promotion....	3,445	0.9	2,285	1.0	2,215	1.4
Trust preferred securities distributions..............	3,300	0.8	3,300	1.4	2,012	1.3
Telephone....................	2,815	0.7	1,846	0.8	2,157	1.3
Other........................	8,223	2.0	8,205	3.6	4,255	2.7
Total, excluding cost of other real estate owned....	181,050	45.7%	123,289	53.5%	84,649	53.6%
Retention and warrant incentive plans............	17,311		2,102		210	
Cost of other real estate owned......................	--		268		(1,214)	
Total noninterest expense....	$198,361		$125,659		$83,645	

Compensation and benefits expenses totaled $106.4 million in 2000, a $32.6 million, or 44.2%, increase over the $73.8 million incurred in 1999. This increase was largely the result of an increase in the number of average full-time equivalent personnel (FTE) we employ, combined with an increase in performance-based compensation associated with our incentive bonuses and employee stock ownership plan. Average FTE personnel increased from 645 in 1999 to 830 in 2000. Compensation and benefits expenses totaled $73.8 million in 1999, a $29.8 million, or 67.6%, increase over the $44.0 million incurred in 1998. This increase was largely the result of an increase in the number of average full-time equivalent personnel (FTE) we employ, combined with an increase in performance-based compensation associated with our incentive bonuses and employee stock ownership plan. Average FTE personnel increased from 521 in 1998 to 645 in 1999. The increase in FTE personnel from 1998 through 2000 was primarily due to a combination of our efforts to develop and support new markets through geographic expansion, to develop and expand products, services and niches, and to build an infrastructure sufficient to support present and prospective business activities. Further growth in our FTE personnel is likely to occur during future years as a result of the continued expansion of our business activities.

Professional services expenses, which consist of costs associated with corporate legal services, litigation settlements, accounting and auditing services, consulting, and our board of directors, totaled $20.8 million in 2000, a $9.1 million, or 77.1%, increase from the $11.8 million total in 1999. We incurred $9.9 million in professional services expenses in 1998. The increase in professional services expense in 2000, as compared to 1999, primarily related to an increase in consulting fees associated with several business initiatives. Further, the increase in professional services expenses during the past three years reflects the extensive efforts we have undertaken to continue to build and support our infrastructure, as well as evaluate and pursue new business opportunities. It also reflects our efforts in outsourcing several corporate functions, such as internal audit, facilities management and credit review, where we believe we can achieve a combination of cost savings and increased quality of service. The increase in professional services in 1999, as compared to 1998, primarily related to an increase in both consulting fees associated with several business initiatives, including the year 2000 remediation project, and legal fees primarily related to loan consultations and the workout of various commercial credits.

Retention and warrant incentive plans expense totaled $17.3 million in 2000, $2.1 million in 1999 and $0.2 million 1998. Under the provisions of the retention and warrant incentive plans, employees are compensated with a fixed percentage of gains realized on warrant and certain venture capital fund and direct equity investments. The increase in retention and warrant plans expense was directly related to the increase in warrant, venture capital fund and direct equity investment gains over the comparable 1999 and 1998 periods.

Occupancy, furniture and equipment expenses totaled $21.4 million in 2000, $12.9 million in 1999 and $11.9 million in 1998. The increase in occupancy, furniture and equipment expenses in 2000, as compared to 1999, was primarily attributable to certain non-recurring costs in connection with the expansion of our existing headquarters facility during the fourth quarter of 2000, the addition of new regional offices, and an increase in recurring expenses associated with our additional office space. The increase in occupancy, furniture and equipment expenses in 1999, as compared to 1998, was primarily the result of our continued geographic expansion to develop and support new markets.

Business development and travel expenses totaled $11.2 million in 2000, an increase of $4.5 million, or 68.4%, compared to the $6.6 million total in 1999. We incurred $6.0 million in business development and travel expenses in 1998. The increase in business development and travel expenses during each of the last two years was largely attributable to overall growth in our business, including both an increase in the number of FTE personnel and expansion into new geographic markets.

Postage and supplies expenses totaled $3.5 million, $2.6 million and $2.2 million in 2000, 1999 and 1998, respectively. Total telephone expenses were $2.8 million in 2000, $1.9 million in 1999 and $2.2 million in 1998. The increase in postage and supplies expense during each of the past two years and the increase in telephone expense between 1999 and 2000 resulted from overall growth in our business, including both an increase in the number of FTE personnel and expansion into new geographic markets. The decrease in telephone expense in 1999, as compared to 1998 relates primarily to our efforts to negotiate lower telecommunications rates.

Advertising and promotion expenses totaled $3.5 million, $2.3 million and $2.2 million in 2000, 1999 and 1998, respectively. The increase in advertising and promotion expenses during each of the last two years reflects a concerted effort to increase our marketing nationwide.

Trust preferred securities distributions totaled $3.3 million in 2000 and 1999 and $2.0 million in 1998. These amounts resulted from the issuance of $40.0 million in cumulative trust preferred securities during the second quarter of 1998. The trust preferred securities pay a fixed rate quarterly distribution of 8.25% and have a maximum maturity of 30 years.

Other noninterest expenses totaled $8.2 million in 2000 and 1999 and $4.3 million in 1998, respectively. The increase in other noninterest expenses in 1999 of $4.0 million, as compared to 1998, was primarily due to $2.1 million in charitable contributions made to the Silicon Valley Bank Foundation and increased data processing costs.

In 1999, we incurred minimal net costs associated with OREO. Additionally, the 1998 OREO net gain of $1.2 million primarily resulted from a $1.3 million gain realized in connection with the sale of an OREO property that consisted of multiple undeveloped lots.

INCOME TAXES.

Our effective income tax rate was 40.4% in 2000, compared to 39.5% in 1999 and 41.1% in 1998. The change in our effective income tax rate over the past three years was principally attributable to changes in our multi-state income tax rate.

FINANCIAL CONDITION

Assets totaled $5.6 billion at December 31, 2000, an increase of $1.0 billion, or 22.4%, compared to $4.6 billion at December 31, 1999.

FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENT TO RESELL.

Federal funds sold and securities purchased under agreement to resell totaled a combined $1.4 billion at December 31, 2000, an increase of $491.7 million, or 54.8%, compared to the $898.0 million outstanding at the prior year end. This increase was attributable to our investing excess funds, resulting from continued deposit growth during 2000, in these types of short-term liquid investments.

INVESTMENT SECURITIES.

The following table details the composition of investment securities, which were classified as available-for-sale and reported at fair value, except for non-marketable venture capital fund investments, other private equity investments and Federal Reserve Bank stock and tax credit funds, which were reported on a cost basis less any identified impairment, at December 31, 2000, 1999 and 1998.

	DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Available-for-sale securities:			
U.S. Treasury securities	$ 25,011	$ 29,798	$ 41,049
U.S. agencies and corporations:			
Discount notes and bonds	1,027,531	855,570	498,016
Mortgage-backed securities	166,409	161,822	125,059
Collateralized mortgage obligations	209,585	221,952	155,149
Obligations of states and political subdivisions	401,047	196,396	515,770
Commercial paper and other debt securities	53,900	117,084	48,464
Money market mutual funds	155,254	27,103	--
Warrant securities	7,033	68,358	670
Venture capital fund investments	--	42,750	--
Other equity investments	23	2,356	--
Total available-for-sale securities	2,045,793	1,723,189	1,384,177
Non-marketable securities:			
Federal Reserve Bank stock and tax credit funds	15,538	12,336	7,397
Venture capital fund investments	30,519	9,811	5,359
Other private equity investments	15,740	2,072	569
Total non-marketable securities	61,797	24,219	13,325
Total investment securities	$2,107,590	$1,747,408	$1,397,502

Investment securities totaled $2.1 billion at December 31, 2000, an increase of $360.2 million, or 20.6%, over the December 31, 1999 balance of $1.7 billion. This increase resulted from excess funds that were generated by strong growth in our deposits outpacing the growth in loans during 2000, and primarily consisted of U.S. agency securities, obligations of states and political subdivisions, and money market mutual funds. The decrease in commercial paper and other debt securities was primarily due to maturities. The decrease in venture capital fund investments of $22.0 million between 1999 and 2000, was primarily due to the sale of a venture capital fund investment in 2000 which had a fair value of $42.8 million at December 31, 1999. The overall growth in the investment portfolio reflected our actions to increase as well as to further diversify our investment portfolio in response to a continued significant increase in liquidity.

Based on December 31, 2000 market valuations, we had potential pre-tax warrant gains totaling $6.8 million related to 34 companies. We are restricted from exercising many of these warrants until later in 2001. As of December 31, 2000, we held 1,324 warrants in 1,038 companies, and had made investments in 208 venture capital funds and direct equity investments in 60 companies. Many of these companies are non-public. Thus, for those companies for which a readily determinable market value cannot be obtained, we value those equity instruments at cost less any identified impairment. Additionally, we are typically precluded from using any type of derivative instrument to secure the current unrealized gains associated with many of these equity instruments. Hence, the amount of income we realize from these equity instruments in future periods may vary materially from the current unrealized amount due to fluctuations in the market prices of the underlying common stock of these companies. Furthermore, we may reinvest some or all of the income realized from the disposition of these equity instruments in pursuing our business strategies.

Investment securities totaled $1.7 billion at December 31, 1999, an increase of $349.9 million, or 25.0%, over the December 31, 1998 balance of $1.4 billion. This increase resulted from excess funds that were generated by strong growth in our deposits outpacing the growth in loans during 1999, and primarily consisted of U.S. agency securities, mortgage-backed securities, collateralized mortgage obligations, and commercial paper. The decrease in U.S. Treasury securities and obligations of states and political subdivisions was primarily due to maturities. The overall growth in the investment portfolio reflected our actions to increase as well as to further diversify our investment portfolio in response to a continued significant increase in liquidity.

At December 31, 2000, there were no investment securities held by us which were issued by a single party, excluding securities issued by the U.S. Government or by U.S. Government agencies and corporations, and which exceeded 10.0% of our stockholders' equity at year end.

The following table provides the remaining contractual principal maturities and fully taxable-equivalent yields on investment securities as of December 31, 2000. The weighted-average yield is computed using the amortized cost of available-for-sale securities, which are reported at fair value. Expected remaining maturities of certain U.S. agency securities, mortgage-backed securities and collateralized mortgage obligations will generally differ from their contractual maturities because borrowers may have the right to prepay obligations with or without penalties. Certain obligations of states and political subdivision, which are auction-based, will also have expected remaining maturities that differ from their contractual maturities. Warrant securities, venture capital fund investments, other private equity investments, Federal Reserve Bank stock, and tax credit funds, were included in the table below as maturing after 10 years.

DECEMBER 31, 2000 (DOLLARS IN THOUSANDS)

	TOTAL		ONE YEAR OR LESS		AFTER ONE YEAR TO FIVE YEARS		AFTER FIVE YEARS TO TEN YEARS		AFTER TEN YEARS	
	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	$ 25,011	5.64%	$ 25,011	5.64%	--	--	--	--	--	--
U.S. agencies and corporations:										
Discount notes and bonds	1,027,531	5.99	224,299	5.58	$803,232	6.10%	--	--	--	--
Mortgage-backed securities	166,409	6.37	--	--	--	--	$ 4,040	6.06%	$162,369	6.38%
Collateralized mortgage obligations	209,585	6.40	--	--	7,548	6.26	22,811	6.41	179,226	6.41
Obligations of states and political subdivisions	401,047	6.68	9,617	6.67	47,904	6.54	106,776	6.75	236,750	6.68
Commercial paper and other debt securities	53,900	6.94	53,900	6.94	--	--	--	--		
Money market mutual funds	155,254	6.34	155,254	6.34	--	--	--	--		
Warrant securities	7,033	--	--	--	--	--	--	--		
Venture capital fund investments	30,519	--	--	--	--	--	--	--		
Other private equity investments	15,763	--	--	--	--	--	--	--		
Federal Reserve Bank stock and tax credit funds	15,538	--	--	--	--	--	--	--		
Total	$2,107,590	6.25%	$468,081	6.02%	$858,684	6.13%	$133,627	6.67%		

securities........	--	--
Money market mutual funds.............	--	--
Warrant securities........	7,033	--
Venture capital fund investments.......	30,519	--
Other private equity investments.......	15,763	--
Federal Reserve Bank stock and tax credit funds......	15,538	--
Total...............	$647,198	6.51%

Mortgage-backed securities (MBS), collateralized mortgage obligations (CMO) and callable U.S. agency securities (agencies) pose risks not associated with fixed maturity bonds, primarily related to the ability of the borrower to call or prepay the debt with or without penalty. This risk, known as prepayment risk, may cause the MBS, the CMO and the agencies to remain outstanding for a period of time different than that assumed at the time of purchase. When interest rates decline, prepayments generally tend to increase, causing the average expected remaining maturity of the MBS, the CMO and the Agencies to decline. Conversely, if interest rates rise, prepayments tend to decrease, lengthening the average expected remaining maturity of the MBS, the CMO and the agencies.

LOANS.

The composition of the loan portfolio, net of unearned income, for each of the past five years is as follows:

	DECEMBER 31, 2000				
	2000	1999	1998	1997	1996
	(DOLLARS IN THOUSANDS)				
Commercial	$1,531,468	$1,414,728	$1,429,980	$1,051,218	$755,699
Real estate construction	62,253	76,209	74,023	53,583	27,540
Real estate term	38,380	67,738	60,841	33,395	44,475
Consumer and other	84,448	64,330	47,077	36,449	35,778
Total loans	$1,716,549	$1,623,005	$1,611,921	$1,174,645	$863,492

Average loans decreased $11.5 million, or 0.7%, in 2000 as compared to 1999, resulting in a $1.2 million unfavorable volume variance. While we have continued to increase the number of client lending relationships in most of our technology and life sciences niche practices, as well as in specialized lending products, growth in our loan portfolio has been impacted by several different factors. First, many of our clients, primarily in the technology and life sciences niche, have received significant cash inflows from the capital markets and venture capital community during the early part of 2000. This increase in the amount of equity raised by our clients has mitigated their need for debt from us. Second, beginning in 1999, we began an initiative to create more granularity in our loan portfolio, and as a result, have reduced the average loan balance outstanding from approximately $0.8 million in 1999 to approximately $0.5 million at the end of 2000. We believe this granularity initiative is essentially complete as of 2000 year end. Lastly, we exited several "non-core" lending niches in 2000, such as entertainment and healthcare services, reducing loan outstandings over $100.0 million by exiting these niches. This initiative is also essentially complete as of 2000 year end. As a result of the current slow-down in the capital markets and venture capital funding, as well as the completion of our granularity initiative and exit of several non-core niches, we expect average loan growth during 2001 of approximately 10% or more.

The following table sets forth the remaining contractual maturity distribution of our loans (reported on a gross basis) at December 31, 2000 for fixed and variable rate loans:

	DECEMBER 31, 2000			
	ONE YEAR OR LESS	AFTER ONE YEAR AND THROUGH FIVE YEARS	AFTER FIVE YEARS	TOTAL
	(DOLLARS IN THOUSANDS)			
Fixed rate loans:				
Commercial	$ 21,617	$296,179	$44,204	$ 362,000
Real estate construction	87	3,362	3,543	6,992
Real estate term	1,314	1,530	10,519	13,363
Consumer and other	334	4,266	500	5,100
Total fixed rate loans	$ 23,352	$305,337	$58,766	$ 387,455
Variable rate loans:				
Commercial	$725,692	$395,739	$55,781	$1,177,212
Real estate construction	50,171	1,525	3,942	55,638
Real estate term	13,381	9,488	2,385	25,254
Consumer and other	48,543	3,323	27,524	79,390
Total variable rate loans	$837,787	$410,075	$89,632	$1,337,494

Upon maturity, loans satisfying our credit quality standards may be eligible for renewal. Such renewals are subject to the normal underwriting and credit administration practices associated with new loans. We do not grant loans with unconditional extension terms.

A substantial percentage of our loans are commercial in nature, and such loans are generally made to emerging growth and middle-market companies in a variety of industries. As of December 31, 2000, no single industry sector (as identified by Standard Industrial Codes) represented more than 10.0% of our loan portfolio.

LOAN ADMINISTRATION.

Authority over our loan policies resides with our board of directors. This authority is managed through the approval and periodic review of our loan policies. The board of directors delegates authority to the directors' loan committee to supervise our loan underwriting, approval and monitoring activities. The directors' loan committee consists of outside board of directors members and our chief executive officer, who serves as an alternate.

Subject to the oversight of the directors' loan committee, lending authority is delegated to the chief credit officer and our internal loan committee which consists of the chief credit officer, the chief executive officer of Silicon Valley Bank and other senior members of our lending management. Requests for new and existing credits which meet certain size and underwriting criteria may be approved outside of our internal loan committee by designated senior lenders or jointly with a senior credit officer.

CREDIT QUALITY AND THE ALLOWANCE FOR LOAN LOSSES.

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. While we follow underwriting and credit monitoring procedures which we believe are appropriate in growing and managing the loan portfolio, in the event of nonperformance by these other parties, our potential exposure to credit losses could significantly affect our consolidated financial position and earnings.

Lending money involves an inherent risk of nonpayment. Through the administration of loan policies and monitoring of the loan portfolio, our management seeks to reduce such risks. The allowance for loan losses is an estimate to provide a financial buffer for losses, both identified and unidentified, in the loan portfolio.

We regularly review and monitor the loan portfolio to determine the risk profile of each credit, and to identify credits whose risk profiles have changed. This review includes, but is not limited to, such factors as payment status, the financial condition of the borrower, borrower compliance with loan covenants, underlying collateral values, potential loan concentrations, and general economic conditions. We identify potential problem credits and, based upon known information, we develop action plans.

We have established an evaluation process designed to determine the adequacy of the allowance for loan losses. This process attempts to assess the risk of losses inherent in the loan portfolio by segregating the allowance for loan losses into three components: "specific," "loss migration," and "general." The specific component is established by allocating a portion of the allowance for loan losses to individual classified credits on the basis of specific circumstances and assessments. The loss migration component is calculated as a function of the historical loss migration experience of the internal loan credit risk rating categories. The general component, composed of allocated and unallocated portions that supplement the first two components, includes: our management's judgment of the effect of current and forecasted economic conditions on the borrowers' abilities to repay, an evaluation of the allowance for loan losses in relation to the size of the overall loan portfolio, an evaluation of the composition of, and growth trends within, the loan portfolio, consideration of the relationship of the allowance for loan losses to nonperforming loans, net charge-off trends, and other factors. While this evaluation process uses historical and other objective information, the classification of loans and the establishment of the allowance for loan losses, relies, to a great extent, on the judgment and experience of our management.

An analysis of the allowance for loan losses for the past five years is as follows:

	DECEMBER 31,				
	2000	1999	1998	1997	1996
	(DOLLARS IN THOUSANDS)				
Balance at January 1,	$71,800	$46,000	$37,700	$32,700	$29,700
Charge-offs:					
Commercial	(63,177)	(34,312)	(31,123)	(9,236)	(9,056)
Real estate	--	--	--	--	(634)
Consumer and other	(203)	(196)	--	--	(38)
Total charge-offs	(63,380)	(34,508)	(31,123)	(9,236)	(9,728)
Recoveries:					
Commercial	10,507	7,849	1,897	3,170	2,050
Real estate	47	34	366	986	217
Consumer and other	224	18	1	13	35
Total recoveries	10,778	7,901	2,264	4,169	2,302
Net charge-offs	(52,602)	(26,607)	(28,859)	(5,067)	(7,426)
Provision for loan losses	54,602	52,407	37,159	10,067	10,426
Balance at December 31,	$73,800	$71,800	$46,000	$37,700	$32,700
Net charge-offs to average total loans	3.3%	1.7%	2.2%	0.5%	1.0%

The following table displays the allocation of the allowance for loan losses among specific classes of loans:

	DECEMBER 31,									
	2000		1999		1998		1997		1996	
	AMOUNT	PERCENT OF TOTAL LOANS	AMOUNT	PERCENT OF TOTAL LOANS	AMOUNT	PERCENT OF TOTAL LOANS	AMOUNT	PERCENT OF TOTAL LOANS	AMOUNT	PERCENT OF TOTAL LOANS
	(DOLLARS IN THOUSANDS)									
Commercial	$54,300	92.7%	$49,985	95.5%	$28,417	95.8%	$30,394	89.5%	$18,716	87.5%
Real estate term	806	1.4	795	1.5	438	1.4	426	2.8	873	5.2
Real estate construction	1,141	1.9	792	1.5	374	1.3	274	4.6	140	3.2
Consumer and other	2,350	4.0	757	1.5	434	1.5	386	3.1	615	4.1
Unallocated	15,203	N/A	19,471	N/A	16,337	N/A	6,220	N/A	12,356	N/A
Total	$73,800	100.0%	$71,800	100.0%	$46,000	100.0%	$37,700	100.0%	$32,700	100.0%

The allowance for loan losses totaled $73.8 million at December 31, 2000, an increase of $2.0 million, or 2.8%, compared to $71.8 million at December 31, 1999. This increase was due to $54.6 million in additional provisions to the allowance for loan losses, offset by net charge-offs of $52.6 million during 2000. The 2000 net charge-off amount was composed of $63.4 million in gross charge-offs and $10.8 million in gross recoveries. The 2000 gross charge-offs included three entertainment credits totaling $23.1 million and two commercial credits totaling $12.0 million in our healthcare services niche. Of the total 2000 gross charge-offs, $13.4 million were classified as nonperforming loans at the end of 1999.

The unallocated component of the allowance for loan losses as of December 31, 2000 decreased $4.3 million from the prior year end. The

decrease in the unallocated reserve reflects our decision to increase macro allocations due to the economic uncertainty surrounding many of our markets in 2001.

Gross charge-offs in 1999 included a $7.4 million commercial credit in our financial services (non-technology) niche and a $5.7 million commercial credit in our computers and peripherals niche. Of the total 1999 gross charge-offs, $6.0 million were classified as nonperforming loans at the end of 1998.

The 1998 gross charge-off total included $17.4 million and $7.2 million in charge-offs that were incurred during the third and fourth quarters of 1998, respectively. Gross charge-offs for the third quarter of 1998, the largest of which was $7.0 million, were primarily related to five commercial credits and were not concentrated in any particular niche or industry. Of the total 1998 third quarter gross charge-offs, $8.1 million were classified as nonperforming loans at the end of 1997.

We incurred $7.2 million in gross charge-offs during the fourth quarter of 1998, primarily centered in our QuickStart and bridge portfolios. Gross charge-offs in the fourth quarter of 1998 included three bridge loans and four QuickStart loans totaling $2.5 million and $1.9 million, respectively. Our QuickStart product was based in large part on an analysis that indicates that almost all venture capital-backed clients that receive a first round of equity infusion from a venture capitalist will receive a second round. The analysis indicated that the second round typically occurred 18 months after the first round. Hence, proceeds from the second round could be used to pay off the 18-month term loan offered under the QuickStart product. However, the second round has been occurring much sooner than expected and the additional cash infusion has occasionally been depleted before 18 months. The likelihood of a third round occurring is not as great as a second round and thus this resulted in higher than anticipated charge-offs related to this product during the fourth quarter of 1998.

Gross charge-offs for 1997 were $9.2 million, and included charge-offs totaling $6.5 million related to two commercial credits, one in our technology and life sciences niche and the other in one of our special industry niches. Gross recoveries of $4.2 million in 1997 included $1.1 million related to a commercial credit in one of our special industry niches that was partially charged off in 1996. Gross charge-offs for 1996 were $9.7 million, and primarily resulted from five credits, none of which were related to the Bank's technology and life sciences niche. Gross recoveries of $2.3 million in 1996 included $0.9 million related to one commercial credit that was partially charged off in 1994.

We have continued to evaluate both U.S. and international economic events during 2000 and the forecasts for the U.S. economy for 2001 in an effort to monitor the markets we serve. The outlook for the U.S. economy in 2001 is uncertain, although no significant current or forecasted negative impact has been identified with respect to our loan growth, credit quality, overall financial condition, and results of operations. We believe our allowance for loan losses is adequate as of December 31, 2000. However, future changes in circumstances, economic conditions or other factors could cause us to increase or decrease the allowance for loan losses as deemed necessary. In addition, various regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require us to make adjustments to the allowance for loan losses based on their judgment of information available to them at the time of their examination.

Nonperforming assets consist of loans that are past due 90 days or more which are still accruing interest, loans on nonaccrual status and OREO and other foreclosed assets. The table below sets forth certain data and ratios between nonperforming loans, nonperforming assets and the allowance for loan losses. During 2000, 1999 and 1998, our nonaccrual loans represented all impaired loans. 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 Statement of Financial Accounting Standard (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan."

	DECEMBER 31,				
	2000	1999	1998	1997	1996
	(DOLLARS IN THOUSANDS)				
Nonperforming assets:					
Loans past due 90 days or more	$ 98	$ 911	$ 441	$ 1,016	$ 8,556
Nonaccrual loans	18,287	27,552	19,444	24,476	14,581
Total nonperforming loans	18,385	28,463	19,885	25,492	23,137
OREO and other foreclosed assets	--	--	1,800	1,858	1,948
Total nonperforming assets	$18,385	$28,463	$21,685	$27,350	$25,085
Nonperforming loans as a percent of total loans	1.1%	1.7%	1.2%	2.2%	2.7%
Nonperforming assets as a percent of total assets	0.3%	0.6%	0.6%	1.0%	1.3%
Allowance for loan losses	$73,800	$71,800	$46,000	$37,700	$32,700
As a percent of total loans	4.3%	4.4%	2.8%	3.2%	3.8%
As a percent of nonaccrual loans	403.6%	260.6%	236.6%	154.0%	224.3%
As a percent of nonperforming loans	401.4%	252.3%	231.3%	147.9%	141.3%

The detailed composition of nonaccrual loans is presented in the following table. There were no real estate construction or real estate term loans on nonaccrual status at December 31, 2000 and 1999.

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
Commercial	$18,003	$27,358
Consumer and other	284	194
Total nonaccrual loans	$18,287	$27,552

Nonperforming loans totaled $18.4 million at December 31, 2000, a decrease of $10.1 million, or 35.4%, from the $28.5 million total at December 31, 1999. Of the total nonperforming loans at year-end 1999, $13.4 million were charged off, $1.1 million remained on nonperforming status and $14.0 million were repaid during 2000. Additionally, $17.3 million in loans were placed on nonperforming status during 2000 and still classified as nonperforming loans at the end of 2000.

Nonperforming loans at the end of 2000 included one commercial credit totaling $6.8 million in our healthcare services (non-technology) niche. This credit has been classified as nonperforming since the first quarter of 2000. Our management believes this credit is adequately secured with collateral and reserves, and that any future charge-offs associated with this loan will not have a material impact on our future net income.

Nonperforming loans totaled $28.5 million at December 31, 1999, an increase of $8.6 million, or 43.1%, from the $19.9 million total at December 31, 1998. Of the total nonperforming loans at year-end 1998, $6.0 million were charged off, $0.2 million were placed on performing status and $13.2 million were repaid during 1999. Additionally, $28.0 million in loans were placed on nonperforming status during 1999 and still classified as nonperforming loans at the end of 1999. Nonperforming loans totaled $19.9 million at December 31, 1998, a decrease of $5.6 million, or 22.0%, from the $25.5 million total at December 31, 1997. Of the total nonperforming loans at year-end 1997, $10.0 million were charged off, $7.4 million were placed on performing status and $4.8 million were repaid during 1998. An additional $16.6 million in loans were placed on nonperforming status during 1998 and still classified as nonperforming at December 31, 1998. Nonperforming loans at December 31, 1997 totaled $25.5 million, an increase of $2.4 million, or 10.2%, from the $23.1 million total at December 31, 1996, as a $9.9 million net increase in nonaccrual loans during 1997 was largely offset by the

payoff during the first quarter of 1997 of one credit in excess of $8.0 million that was more than 90 days past due, and still accruing interest, as of December 31, 1996. The increase in nonaccrual loans at December 31, 1997, from the prior year end, was primarily due to two commercial credits totaling approximately $14.1 million which were placed on nonaccrual status during the last half of 1997, one of which was returned to performing status in the first quarter of 1998 and the other was partially charged off in 1998, with the remaining balance still in nonperforming. Nonperforming loans at December 31, 1996 included the aforementioned credit in excess of $8.0 million that was more than 90 days past due, and still accruing interest, as of December 31, 1996. The Export-Import Bank of the U.S. (EX-IM) provided us with a guarantee of this credit facility, and we received the guarantee payment related to this credit from the EX-IM in the first quarter of 1997.

In addition to the loans disclosed in the foregoing analysis, we have identified three loans with principal amounts aggregating approximately $8.8 million, that, on the basis of information known to us, were judged to have a higher than normal risk of becoming nonperforming. We are not aware of any other loans where known information about possible problems of the borrower casts serious doubts about the ability of the borrower to comply with the loan repayment terms.

We held no OREO or other foreclosed assets at December 31, 2000 and 1999. OREO or other foreclosed assets totaled a combined $1.8 million at December 31, 1998. The OREO and other foreclosed assets balance at December 31, 1998 consisted of one OREO property and one other asset, which was acquired through foreclosure, both of which were sold during 1999. The OREO property consisted of multiple undeveloped lots and was acquired by us prior to June 1993. The one other asset acquired through foreclosure, which totaled $1.1 million at December 31, 1998, consisted of a favorable leasehold right under a master lease which we acquired upon foreclosure of a loan during 1997.

DEPOSITS.

Our deposits are largely obtained from clients within our technology and life sciences niche, and, to a lesser extent, from businesses within our special industry niches and from individuals served by our executive banking division. We do not obtain deposits from conventional retail sources and do not accept brokered deposits. The following table presents the composition of our deposits for the last five years:

	DECEMBER 31,				
	2000	1999	1998	1997	1996
	(DOLLARS IN THOUSANDS)				
Noninterest-bearing demand..............	$2,448,758	$1,928,100	$ 921,790	$ 788,442	$ 599,257
NOW...................	57,857	43,643	19,978	21,348	8,443
Regular money market..	354,939	363,920	350,110	351,921	326,661
Bonus money market....	1,164,624	1,481,457	1,835,249	1,146,075	754,730
Time..................	836,081	292,285	142,626	124,621	85,213
Total deposits........	$4,862,259	$4,109,405	$3,269,753	$2,432,407	$1,774,304

Total deposits were $4.9 billion at December 31, 2000, an increase of $752.9 million, or 18.3%, from the prior year-end total of $4.1 billion. A significant portion of the increase in deposits during 2000 was concentrated in our noninterest-bearing demand deposits, which increased $520.7 million, or 27.0%, from the prior year end. This increase was explained by high levels of client liquidity attributable to a strong inflow of investment capital into the venture capital community and the equity markets, and by growth in the number of clients served by us during 2000. Time deposits also increased $543.8 million, primarily due to clients having to cash secure letters of credit that we have issued on their behalf to third parties.

Client deposits in our bonus money market product totaled $1.2 billion at December 31, 2000, a $316.8 million, or 21.4%, decrease from the $1.5 billion prior year-end balance. Despite the high levels of client liquidity, our money market deposits at December 31, 2000 decreased

$325.8 million from the prior year end. The decrease in money market deposits was the result of our lowering bonus money market deposit rates during 1999 and marketing higher-yielding off-balance sheet private label mutual fund products to clients. We did this to lower our total deposits and total assets, thereby increasing our Tier 1 leverage ratio.

The aggregate amount of time deposit accounts individually exceeding $100,000 totaled $773.5 million and $258.1 million at December 31, 2000 and 1999, respectively. At December 31, 2000, substantially all time deposit accounts exceeding $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.

INTEREST RATE RISK MANAGEMENT

A key objective of asset/liability management is to manage interest rate risk associated with changing asset and liability cash flows and market interest rate movements. Interest rate risk occurs when interest rate sensitive assets and liabilities do not reprice simultaneously and in equal volumes. Our asset/liability committee (ALCO) provides oversight to our interest rate risk management process and recommends policy guidelines regarding exposure to interest rates for approval by our board of directors. Adherence to these policies is monitored on an ongoing basis, and decisions related to the management of interest rate exposure are made when appropriate and agreed to by our ALCO.

We manage interest rate risk principally through strategies involving our investment securities portfolio, including adjusting both the maturity structure of the portfolio and the amount of interest rate sensitive securities. Our policies permit the limited use of off-balance sheet derivative instruments in managing interest rate risk.

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

The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets anticipated to reprice within a specific time period and the amount of funding sources anticipated to reprice within that same time period. A gap is considered positive when the amount of interest rate sensitive assets repricing within a specific time period exceeds the amount of funding sources repricing within that same time period. Positive cumulative gaps in early time periods suggest that earnings will increase when interest rates rise. Negative cumulative gaps suggest that earnings will increase when interest rates fall. The gap analysis as of December 31, 2000 indicates that the cumulative one-year gap as a percentage of interest-earning assets was a positive 21.1%.

The following table illustrates our interest rate sensitivity gap positions at December 31, 2000.

INTEREST RATE SENSITIVITY ANALYSIS AS OF DECEMBER 31, 2000

	ASSETS AND LIABILITIES WHICH MATURE OR REPRICE				
	IMMEDIATELY	1 DAY TO 1 MONTH	AFTER 1 MONTH TO 3 MONTHS	AFTER 3 MONTHS TO 6 MONTHS	AFTER 6 MONTHS TO 1 YEAR
	(DOLLARS IN THOUSANDS)				
INTEREST-EARNING ASSETS:					
Federal funds sold and securities purchased under agreement to resell (1)................	--	$1,389,734	--	--	--
Investment securities:					
U.S. Treasury and agencies obligations (2)..............	--	--	$ 69,742	$ 84,597	$ 94,596
Collateralized mortgage obligations and mortgage-backed securities (2)...	--	1,531	3,090	4,708	9,676
Obligations of states and political subdivisions.....	--	237,294	487	5,523	3,609
Commercial paper and other debt securities.......	--	53,900	--	--	--
Other equity securities (3)...	--	155,254	--	--	--
Total investment securities.........	--	447,979	73,319	94,828	107,881
Loans (4), (5).......	$1,232,121	27,585	50,257	25,845	51,383
Total interest-earning assets............	$1,232,121	$1,865,298	$ 123,576	$ 120,673	$ 159,264
FUNDING SOURCES:					
Money market and NOW deposits.....	--	$1,577,420	--	--	--
Time deposits......	--	49,022	$ 533,672	$ 71,981	$ 170,579
Total interest-bearing deposits...........	--	1,626,442	533,672	71,981	170,579
Trust preferred securities.........	--	--	--	--	--
Portion of noninterest-bearing funding sources....	--	--	--	--	--
Total funding sources............	--	$1,626,442	$ 533,672	$ 71,981	$ 170,579
GAP..................	$1,232,121	$ 238,856	$ (410,096)	$ 48,692	$ (11,315)
Cumulative Gap.......	$1,232,121	$1,470,977	$1,060,881	$1,109,573	$1,098,258

	ASSETS AND LIABILITIES WHICH MATURE OR REPRICE			
	AFTER 1 YEAR TO 5 YEARS	AFTER 5 YEARS	NOT STATED	TOTAL
	(DOLLARS IN THOUSANDS)			
INTEREST-EARNING ASSETS:				
Federal funds sold and securities				

purchased under agreement to resell (1)................	--	--	--	$1,389,734
Investment securities:				
U.S. Treasury and agencies obligations (2)..............	$ 803,607	--	--	1,052,542
Collateralized mortgage obligations and mortgage-backed securities (2)...	83,599	$ 273,390	--	375,994
Obligations of states and political subdivisions.....	48,000	106,134	--	401,047
Commercial paper and other debt securities.......	--	--	--	53,900
Other equity securities (3)...	--	--	$ 68,853	224,107
Total investment securities.........	935,206	379,524	68,853	2,107,590
Loans (4), (5).......	264,459	17,078	47,821	1,716,549
Total interest-earning assets.............	$1,199,665	$ 396,602	$ 116,674	$5,213,873
FUNDING SOURCES:				
Money market and NOW deposits.....	--	--	--	$1,577,420
Time deposits......	$ 10,827	--	--	836,081
Total interest-bearing deposits...........	10,827	--	--	2,413,501
Trust preferred securities.........	--	$ 38,589	--	38,589
Portion of noninterest-bearing funding sources....	--	--	2,761,783	2,761,783
Total funding sources...........	$ 10,827	$ 38,589	$2,761,783	$5,213,873
GAP..................	$1,188,838	$ 358,013	$2,642,109	--
Cumulative Gap.......	$2,287,096	$2,645,109	--	--

(1) Includes interest-bearing deposits in other financial institutions of $549 as of December 31, 2000.

(2) Principal cash flows are based on estimated principal payments as of December 31, 2000.

(3) Not stated column consists of investments in equity securities, tax credit funds, venture capital funds, and Federal Reserve Bank stock as of December 31, 2000.

(4) Not stated column consists of nonaccrual loans of $18,287 and overdrafts of $37,934, offset by unearned income of $8,400 as of December 31, 2000.

(5) Maturity/repricing columns for fixed rate loans are based upon the amount and timing of related principal payments as of December 31, 2000.

One application of the aforementioned simulation model involves measurement of the impact of market interest rate changes on the net present value of estimated cash flows from our assets, liabilities and off-balance sheet items, defined as our market value of portfolio equity (MVPE). This analysis assesses the changes in market values of interest rate sensitive financial instruments, which would occur in response to an instantaneous and sustained increase or decrease in market interest rates of 100 and 200 basis points, and the resulting effect on our MVPE. Policy guidelines establish maximum variances in our MVPE of 20.0% and 30.0% in the event of an instantaneous and sustained increase or decrease in market interest rates of 100 and 200 basis points, respectively. At December 31, 2000, our MVPE exposure related to the aforementioned changes in market interest rates was within policy guidelines.

The following table presents our MVPE exposure at December 31, 2000 and December 31, 1999 related to an instantaneous and sustained increase or decrease in market interest rates of 100 and 200 basis points, respectively.

CHANGE IN INTEREST RATES (BASIS POINTS)	ESTIMATED MVPE	ESTIMATED INCREASE/ (DECREASE) IN MVPE AMOUNT	PERCENT
(DOLLARS IN THOUSANDS)			
December 31, 2000:			
+200	$946,674	$ 3,112	0.3%
+100	942,950	(612)	(0.1)
--	943,562		
(100)	947,086	3,524	0.4
(200)	952,820	9,258	1.0
December 31, 1999:			
+200	$736,488	$ (8,426)	(1.1)%
+100	738,983	(5,931)	(0.8)
--	744,914	--	--
(100)	744,983	69	--
(200)	725,329	(19,585)	(2.6)

The preceding table indicates that at December 31, 2000, in the event of an instantaneous and sustained increase or decrease in market interest rates, our MVPE would be expected to increase slightly or remain unchanged.

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

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the preceding table. For example, although certain of our assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. In addition, the interest rates on certain of our asset and liability categories may precede, or lag behind, changes in market interest rates. Also, the actual rates of prepayments on loans and investments could vary significantly from the assumptions utilized in deriving the results as presented in the preceding table. Further, a change in U.S. Treasury rates accompanied by a change in the shape of the treasury yield curve could result in different MVPE estimations from those presented herein. Accordingly, the results in the preceding table should not be relied upon as indicative of actual results in the event of changing market interest rates. Additionally, the resulting MVPE estimates are not intended to represent, and should not be construed to represent, the underlying value.

The simulation model also provides the ALCO with the ability to simulate our net interest income using an interest rate forecast (simple simulation). In order to measure, as of December 31, 2000, the sensitivity of our forecasted net interest income to changing interest rates, utilizing the simple simulation methodology, both a rising and falling interest rate scenario were

projected and compared to a base market interest rate forecast derived from the treasury yield curve. For the rising and falling interest rate scenarios, the base market interest rate forecast was increased or decreased, as applicable, by 200 basis points in 12 equal increments over a one-year period.

Our policy guidelines provide that the difference between a base market interest rate forecast scenario over the succeeding one-year period compared with the aforementioned rising and falling interest rate scenarios over the same time period should not result in net interest income sensitivity exceeding 20.0%. Simulations as of December 31, 2000 indicated that we were well within these policy guidelines.

Interest rate risk is the most significant market risk impacting us. Other types of market risk affecting us in the normal course of our business activities include foreign currency exchange risk and equity price risk. The impact on us, resulting from these latter two market risks, is deemed immaterial and no separate quantitative information concerning market rate and price exposure is presented herein. We do not maintain a portfolio of trading securities and do not intend to engage in such activities in the immediate future.

LIQUIDITY.

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

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

The ability to attract a stable, low-cost base of deposits is our primary source of liquidity. Other sources of liquidity available to us include short-term borrowings, which consist of federal funds purchased, security repurchase agreements and other short-term borrowing arrangements. Our liquidity requirements can also be met through the use of our portfolio of liquid assets. Our definition of liquid assets includes cash and cash equivalents in excess of the minimum levels necessary to carry out normal business operations, federal funds sold, securities purchased under resale agreements, investment securities maturing within six months, investment securities eligible and available for pledging purposes with a maturity in excess of six months, and anticipated near term cash flows from investments.

Our policy guidelines provide that liquid assets as a percentage of total deposits should not fall below 20.0%. At December 31, 2000, our ratio of liquid assets to total deposits was 65.2%. This ratio is well in excess of our minimum policy guideline and is higher than the comparable ratio of 55.7% as of December 31, 1999. In addition to monitoring the level of liquid assets relative to total deposits, we also utilize other policy measures in our liquidity management activities. As of December 31, 2000 and 1999, we were in compliance with all of these policy measures.

In analyzing our liquidity during 2000, reference is made to our consolidated statement of cash flows for the year ended December 31, 2000 (see "Item 8. Consolidated Financial Statements and Supplementary Data"). The statement of cash flows includes separate categories for operating, investing and financing activities. Operating activities included net income of $159.1 million for 2000, which was adjusted for certain non-cash items including the provision for loan losses, depreciation, deferred tax assets, and an assortment of other miscellaneous items. Investing activities consisted primarily of both proceeds from and purchases of investment securities, which resulted in a net cash outflow of $296.5 million, and the net change in total loans resulting from loan originations and principal collections, which resulted in a net

cash outflow of $156.8 million in 2000. Financing activities reflected the net change in our total deposits, which increased $752.9 million during 2000, and net cash proceeds received during the year from the issuance of common stock totaling $115.6 million. In total, the transactions noted above resulted in a net cash inflow of $415.2 million for 2000 and total cash and cash equivalents, as defined in our consolidated statement of cash flows, of $1.7 billion at December 31, 2000.

CAPITAL RESOURCES

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

In 1998 we issued $40.0 million in cumulative trust preferred securities through a newly formed special-purpose trust, SVB Capital I. The securities had an offering price (liquidation amount) of $25 per security and distributions at a fixed rate of 8.25% are paid quarterly. The securities have a maximum maturity of 30 years and qualify as Tier 1 capital under the capital guidelines of the Federal Reserve Board. We received proceeds of $38.5 million related to the sale of these securities, net of underwriting commissions and other offering expenses. The trust preferred securities are presented as a separate line item in the consolidated balance sheet under the caption "Company obligated mandatorily redeemable trust preferred securities of subsidiary trust holding solely junior subordinated debentures." For additional related discussion, see "Item 8. Consolidated Financial Statements and Supplementary Data--Note 9 to the Consolidated Financial Statements--Trust Preferred Securities."

In December 1999, we issued 2.8 million shares of common stock at $21.00 per share. In January 2000, we issued an additional 0.4 million shares at $21.00 per share in relation to the exercise of an over-allotment option by the underwriters for that offering. Proceeds from the sale of these securities in December 1999 and January 2000 totaled $63.3 million, net of underwriting commissions and other offering expenses. In August 2000, we issued an additional 2.3 million shares of common stock at $42.19 per share. We received proceeds of $91.0 million related to the sale of these securities, net of underwriting commissions and other offering expenses.

Stockholders' equity totaled $614.1 million at December 31, 2000, an increase of $245.3 million, or 66.5%, from the $368.9 million balance at December 31, 1999. This increase was primarily due to 2000 net income of $159.1 million, net proceeds from the issuance of common stock of $115.6 million, offset by a decrease in after-tax net unrealized gains on available-for-sale securities of $39.1 million. We have not paid a cash dividend on our common stock since 1992, and we do not have any material commitments for capital expenditures as of December 31, 2000.

The table below presents the relationship between the following significant financial ratios:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Return on average assets	3.1%	1.3%	1.0%
DIVIDED BY			
Average equity as a percentage of average assets	9.2%	6.0%	6.6%
EQUALS			
Return on average equity	33.3%	21.9%	14.5%
TIMES			
Earnings retained	100.0%	100.0%	100.0%
EQUALS			
Internal capital growth	33.3%	21.9%	14.5%

Both Silicon and Silicon Valley Bank are subject to capital adequacy guidelines issued by the Federal Reserve Board. Under these capital guidelines, the minimum total risk-based

capital ratio and Tier 1 risk-based capital ratio requirements are 10.0% and 6.0%, respectively, of risk-weighted assets and certain off-balance sheet items for a well capitalized depository institution.

The Federal Reserve Board has also established minimum capital leverage ratio guidelines for state member banks. The ratio is determined using Tier 1 capital divided by quarterly average total assets. The guidelines require a minimum of 5.0% for a well capitalized depository institution.

Both Silicon's and Silicon Valley Bank's capital ratios were in excess of regulatory guidelines for a well capitalized depository institution as of December 31, 2000, 1999, and 1998. Capital ratios for Silicon and Silicon Valley Bank are set forth below:

	DECEMBER 31,		
	2000	1999	1998
Silicon Valley Bancshares:			
Total risk-based capital ratio	18.5%	15.5%	11.5%
Tier 1 risk-based capital ratio	17.2%	14.3%	10.3%
Tier 1 leverage ratio	12.6%	8.8%	7.6%
Silicon Valley Bank:			
Total risk-based capital ratio	13.8%	14.0%	10.2%
Tier 1 risk-based capital ratio	12.5%	12.7%	9.0%
Tier 1 leverage ratio	9.1%	7.9%	6.6%

The increase in our total risk-based capital ratio and the Tier 1 risk-based capital ratio at the end of 2000 from the prior year end was primarily attributable to an increase in Tier 1 capital. This increase was due to both the issuance of common stock during 2000, which generated net proceeds of $115.6 million, and internally generated capital, primarily net income of $159.1 million. The Tier 1 leverage ratio also improved as of December 31, 2000 when compared to December 31, 1999, as an increase in Tier 1 capital was partially offset by an increase in quarterly average total assets. Quarterly average total assets increased due to the strong growth in deposits during 2000.

The increase in the total risk-based capital ratio and the Tier 1 risk-based capital ratio at the end of 1999 from the prior year end was primarily attributable to an increase in Tier 1 capital. This increase was due to both the issuance of common stock during 1999, which generated net proceeds of $55.1 million, and internally generated capital, primarily net income of $52.2 million. The Tier 1 leverage ratio also improved as of December 31, 1999 when compared to December 31, 1998, although not as significantly as the risk-based capital ratios, due to an increase in quarterly average total assets partially offsetting the increase in Tier 1 capital. Quarterly average total assets increased due to the strong growth in deposits during 1999.

RISK FACTORS

OUR BUSINESS IS SUBJECT TO A NUMBER OF RISKS, INCLUDING THOSE DESCRIBED

BELOW.

IF A SIGNIFICANT NUMBER OF CLIENTS FAIL TO PERFORM UNDER THEIR LOANS, OUR BUSINESS, PROFITABILITY AND FINANCIAL CONDITION WOULD BE ADVERSELY AFFECTED.

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

BECAUSE OF THE CREDIT PROFILE OF OUR LOAN PORTFOLIO, OUR LEVELS OF NONPERFORMING ASSETS AND CHARGE-OFFS CAN BE VOLATILE, AND WE MAY NEED TO MAKE MATERIAL PROVISIONS FOR LOAN LOSSES IN ANY PERIOD, WHICH COULD CAUSE REDUCED NET INCOME OR NET LOSSES IN THAT PERIOD.

Our loan portfolio has a credit profile different from that of most other banking companies. Many of our loans are made to companies in the early stages of development with negative cash flow and no established record of profitable operations. In some cases, repayment of the loan is dependent upon receipt of additional equity financing from venture capitalists or others. Collateral for many of the loans often includes intellectual property, which is difficult to value and may not be readily salable in the case of a default. Because of the intense competition and rapid technological change which characterizes the companies in our technology and life sciences niche, a borrower's financial position can deteriorate rapidly. We also make loans which are larger relative to the revenues of the borrower than those made by traditional small business lenders, so the impact of any single borrower default may be more significant to us.

Because of these characteristics, our level of nonperforming loans and loan charge-offs can be volatile and can vary materially from period to period. For example, our nonperforming loans totaled:

- $18.4 million, or 1.1% of total loans, at December 31, 2000

- $28.5 million, or 1.7% of total loans, at December 31, 1999

- $47.4 million, or 3.0% of total loans, at June 30, 1999

- $51.7 million, or 3.2% of total loans, at March 31, 1999

- $19.9 million, or 1.2% of total loans, at December 31, 1998

- $25.5 million, or 2.2% of total loans, at December 31, 1997

Changes in our level of nonperforming loans may require us to make material provisions for loan losses in any period, which could reduce our net income or cause net losses in that period. For example, our provision for loan losses was $8.3 million for the three months ended December 31, 2000 and $54.6 million for the year ended December 31, 2000, as compared to $12.1 million and $52.4 million, respectively, for the comparable 1999 periods.

IF THE AMOUNT OF CAPITAL AVAILABLE TO START-UP AND EMERGING GROWTH COMPANIES DECREASES, IT COULD ADVERSELY AFFECT OUR BUSINESS, PROFITABILITY AND GROWTH PROSPECTS.

Our strategy has focused on providing banking products and services to start-up and emerging growth companies receiving financial support from sophisticated investors, including venture capital, "angel" and corporate investors. In some cases, our lending credit decision is based on our analysis of the likelihood that our venture capital or "angel"-backed client will receive a second or third round of equity infusion from investors. If the amount of capital

available to start-up and emerging growth companies decreases, it is likely that the number of our new clients and the financial support investors provide to our existing borrowers would decrease which could have an adverse effect on our business, profitability and growth prospects.

Among the factors that could affect the amount of capital available to start-up and emerging growth companies is the receptivity of the capital markets to initial public offerings or mergers and acquisitions of companies within our technology and life sciences niche, the availability and return on alternative investments and general economic conditions in the technology and life sciences industries. Recently, the stock prices of many technology companies have declined significantly, and the capital markets have been less receptive to initial public offerings. These reduced capital markets valuations could reduce the amount of capital available to start-up and emerging growth companies, including companies within our technology and life sciences niche.

WE ARE SUBJECT TO EXTENSIVE REGULATION THAT COULD LIMIT OR RESTRICT OUR ACTIVITIES AND IMPOSE FINANCIAL REQUIREMENTS OR LIMITATIONS ON THE CONDUCT OF OUR BUSINESS.

Silicon and Silicon Valley Bank are extensively regulated under both federal and state law. This regulation is intended primarily for the protection of depositors and the deposit insurance fund and not for the benefit of stockholders or security holders. Federal laws and regulations limit the activities in which Silicon may engage as a bank or financial holding company. In addition, both Silicon and Silicon Valley Bank are required to maintain certain minimum levels of capital. Federal and state banking regulators possess broad powers to take supervisory action as they deem appropriate with respect to Silicon Valley Bank and Silicon. Supervisory actions can result in higher capital requirements, higher insurance premiums and limitations on the activities of Silicon or Silicon Valley Bank which could have a material adverse effect on our business and profitability.

ANY EXISTING UNREALIZED WARRANT, VENTURE CAPITAL FUND, AND DIRECT EQUITY INVESTMENT PORTFOLIO GAINS MAY NEVER BE REALIZED.

We have historically obtained rights to acquire stock, in the form of warrants, in certain clients as part of negotiated credit facilities. We also have made investments in venture capital funds as well as direct equity investments in companies from time to time. Many of the companies in our portfolio are non-public. We may not be able to realize gains from warrants in future periods, or our realized gains may be materially less than the current level of unrealized gains disclosed in this filing, due to changes in investor demand for initial public offerings and fluctuations in the market prices of the underlying common stock of these companies. In addition, our investments in venture capital funds and direct equity investments could lose value or become worthless which would reduce our net income or could cause a net loss in any period. The timing and amount of income, if any, from the disposition of client warrants and venture capital fund and direct equity investments typically depend upon factors beyond our control, including the general condition of the public equity markets, levels of mergers and acquisitions activity, and legal and contractual restrictions on our ability to sell the underlying securities. Therefore, we cannot predict future gains with any degree of accuracy and any gains are likely to vary materially from period to period. In addition, a significant portion of the income we realize from the disposition of client warrants and venture capital fund and direct equity investments may be offset by expenses related to our efforts to build an infrastructure sufficient to support our present and future business activities, as well as by expenses incurred in evaluating and pursuing new business opportunities, or by increases to our provision for loan losses.

PUBLIC OFFERINGS AND MERGERS AND ACQUISITIONS INVOLVING OUR CLIENTS CAN CAUSE LOANS TO BE PAID OFF EARLY, WHICH COULD ADVERSELY AFFECT OUR BUSINESS AND PROFITABILITY. WE ONLY EXPERIENCED LOAN GROWTH OF 5.8% IN 2000, PRIMARILY AS A RESULT OF THIS PHENOMENON.

While an active market for public equity offerings and mergers and acquisitions generally has positive implications for our business, one negative consequence is that our clients may pay off or reduce their loans with us if they complete a public equity offering or are acquired or merge with another company. Any significant reduction in our outstanding loans could have a material adverse effect on our business and profitability. Our total loans, net of unearned income, at December 31, 2000, were $1.7 billion, an increase of $93.5 million from the prior year end. While we continue to generate new loans in most of our technology and life sciences and special industry niche practices, as well as in specialized lending products, many of our clients, primarily in the technology and life sciences niche practice, have received significant cash inflows from the capital markets and venture capital community. Consequently, we have experienced higher than normal loan paydowns and payoffs, which impeded average loan growth during 2000.

OUR CURRENT LEVEL OF INTEREST RATE SPREAD MAY DECLINE IN THE FUTURE. ANY MATERIAL REDUCTION IN OUR INTEREST SPREAD COULD HAVE A MATERIAL IMPACT ON OUR BUSINESS AND PROFITABILITY.

A major portion of our net income comes from our interest rate spread, which is the difference between the interest rates paid by us on interest-bearing liabilities, such as deposits and other borrowings, and the interest rates we receive on interest-earning assets, such as loans extended to our clients and securities held in our investment portfolio. Interest rates are highly sensitive to many factors that are beyond our control, such as inflation, recession, global economic disruptions, and unemployment. In late 1999 and early 2000, we reduced the interest rates which we pay on deposits, despite a generally increasing trend in domestic interest rates, and our rates are now lower than those of some of our competitors. We reduced our rates as part of our balance sheet management efforts. In late 2000, our average deposits declined slightly, from $4.8 billion at September 30, 2000 to $4.7 billion at December 31, 2000, as a result of slowing venture capital inflows into our clients. In the future, we may be required to increase our deposit rates to attract deposits. Any material decline would have a material adverse effect on our business and profitability. Further, we expect our interest rate spread to decrease in 2001 as a result of an expected decrease in short-term market interest rates, as well as our prime rate.

ADVERSE CHANGES IN DOMESTIC OR GLOBAL ECONOMIC CONDITIONS, ESPECIALLY IN THE TECHNOLOGY SECTOR, COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, GROWTH AND PROFITABILITY.

If conditions worsen in the domestic or global economy, especially in the technology sector, our business, growth and profitability are likely to be materially adversely affected. Our technology clients would be harmed by any global economic slowdown, as their businesses are often dependent upon international suppliers and international sales. They would also be harmed if the U.S. economy were to decline, as many of their sales generally are made domestically. They may be particularly sensitive to any disruption in the growth of the technology sector of the U.S. economy. To the extent that our clients' underlying business is harmed, they are more likely to default on their loans.

IF WE FAIL TO RETAIN OUR KEY EMPLOYEES, OUR GROWTH AND PROFITABILITY COULD BE ADVERSELY AFFECTED.

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

WE CANNOT ASSURE YOU THAT WE WILL BE ABLE TO MAINTAIN OUR HISTORICAL LEVELS OF PROFITABILITY IN THE FACE OF SUSTAINED COMPETITIVE PRESSURES.

We cannot assure you that we will be able to maintain our historical levels of profitability in the face of sustained competitive pressures. Other banks and specialty and diversified financial services companies, many of which are larger and better capitalized than we are, offer lending, leasing and other financial products to our customer base. In some cases, our competitors focus their marketing on our niche practice areas and seek to increase their lending and other financial relationships with technology companies, early stage growth companies or special industries such as wineries or real estate. In other cases, our competitors may offer a financial product which provides an alternative to one of the products we offer to all our customers. When new competitors seek to enter one of our markets, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market. Our pricing and credit terms could deteriorate if we act to meet these competitive challenges.

THE PRICE OF OUR COMMON STOCK MAY DECREASE RAPIDLY AND SIGNIFICANTLY.

The market price of our common stock could decrease in price rapidly and significantly at any time. The market price of our common stock has fluctuated in recent years. Since January 1, 1999, the market price of our common stock has ranged from a low of $8.41 per share to a high of $64.06 per share. Fluctuations may occur, among other reasons, in response to:

- our operating results;

- the perceived value of our warrants, venture capital investments and direct equity investments;

- trends in our nonperforming assets or the nonperforming assets of other banks;

- announcements by our competitors;

- economic changes;

- general market conditions; and

- legislative and regulatory changes.

The trading price of our common stock may continue to be subject to wide fluctuations in response to the factors set forth above and other factors, many of which are beyond our control. The stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. We believe that investors should consider the likelihood of these market fluctuations before investing in our common stock.

LITIGATION COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, GROWTH AND PROFITABILITY.

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against Silicon and/or Silicon Valley Bank. Based upon information available to us, our review of such claims to date and consultation with our legal counsel, we believe the liability relating to these actions, if any, will not have a material adverse effect on our liquidity, consolidated financial position or results of operations. However, future legal claims could have a material adverse effect on our business and profitability.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

[LOGO]

The Board of Directors and Stockholders
Silicon Valley Bancshares:

We have audited the accompanying consolidated balance sheets of Silicon Valley Bancshares and subsidiaries (the Company) as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Silicon Valley Bancshares and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

San Francisco, California
January 17, 2001

SILICON VALLEY BANCSHARES AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS, EXCEPT PAR VALUE)	
ASSETS		
Cash and due from banks	$ 332,632	$ 278,061
Federal funds sold and securities purchased under agreement to resell	1,389,734	898,041
Investment securities	2,107,590	1,747,408
Loans, net of unearned income	1,716,549	1,623,005
Allowance for loan losses	(73,800)	(71,800)
Net loans	1,642,749	1,551,205
Premises and equipment	18,493	10,742
Accrued interest receivable and other assets	135,577	110,941
Total assets	$5,626,775	$4,596,398
LIABILITIES, MINORITY INTEREST, AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$2,448,758	$1,928,100
NOW	57,857	43,643
Money market	1,519,563	1,845,377
Time	836,081	292,285
Total deposits	4,862,259	4,109,405
Other liabilities	81,138	79,606
Total liabilities	4,943,397	4,189,011
Company obligated mandatorily redeemable trust preferred securities of subsidiary trust holding solely junior subordinated debentures (trust preferred securities)	38,589	38,537
Minority interest	30,668	--
Stockholders' equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; none outstanding		
Common stock, $0.001 par value, 60,000,000 shares authorized; 48,977,906 and 44,800,736 shares outstanding at December 31, 2000 and 1999, respectively	49	45
Additional paid-in capital	280,008	153,440
Retained earnings	335,098	176,030
Unearned compensation	(3,634)	(2,327)
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sale investments	2,600	41,662
Total stockholders' equity	614,121	368,850
Total liabilities, minority interest, and stockholders' equity	$5,626,775	$4,596,398

See notes to consolidated financial statements.

SILICON VALLEY BANCSHARES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Interest income:			
Loans	$189,062	$162,973	$139,136
Investment securities	114,226	87,692	64,787
Federal funds sold and securities purchased under agreement to resell	83,472	31,204	21,305
Total interest income	386,760	281,869	225,228
Interest expense:			
Deposits	56,912	76,430	78,609
Other borrowings	--	--	4
Total interest expense	56,912	76,430	78,613
Net interest income	329,848	205,439	146,615
Provision for loan losses	54,602	52,407	37,159
Net interest income after provision for loan losses	275,246	153,032	109,456
Noninterest income:			
Disposition of client warrants	86,322	33,003	6,657
Investment gains	37,065	1,056	5,240
Client investment fees	35,831	4,529	473
Letter of credit and foreign exchange income	18,586	14,027	7,397
Deposit service charges	3,336	2,764	1,730
Other	8,490	3,476	1,665
Total noninterest income	189,630	58,855	23,162
Noninterest expense:			
Compensation and benefits	106,385	73,794	44,022
Professional services	20,832	11,766	9,876
Retention and warrant incentive plans	17,311	2,102	210
Furniture and equipment	11,999	6,178	6,667
Business development and travel	11,188	6,644	6,025
Net occupancy	9,363	6,689	5,195
Postage and supplies	3,500	2,582	2,225
Advertising and promotion	3,445	2,285	2,215
Trust preferred securities distributions	3,300	3,300	2,012
Telephone	2,815	1,846	2,157
Cost of other real estate owned	--	268	(1,214)
Other	8,223	8,205	4,255
Total noninterest expense	198,361	125,659	83,645
Minority interest	460	--	--
Income before income tax expense	266,975	86,228	48,973
Income tax expense	107,907	34,030	20,117
Net income	$159,068	$ 52,198	$ 28,856
Basic earnings per share	$ 3.41	$ 1.27	$ 0.71
Diluted earnings per share	$ 3.23	$ 1.23	$ 0.69

See notes to consolidated financial statements.

SILICON VALLEY BANCSHARES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Net income	$159,068	$ 52,198	$28,856
Other comprehensive income (loss), net of tax:			
Change in unrealized gains (losses) on available-for-sale investments:			
Unrealized holding gains	34,452	60,196	6,672
Less: Reclassification adjustment for gains included in net income	(73,514)	(20,606)	(7,019)
Other comprehensive (loss) income	(39,062)	39,590	(347)
Comprehensive income	$120,006	$ 91,788	$28,509

See notes to consolidated financial statements.

SILICON VALLEY BANCSHARES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	COMMON STOCK						
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPEN- SATION	ACCUM- ULATED OTHER COMPRE- HENSIVE INCOME	TOTAL
	(DOLLARS IN THOUSANDS)						
Balance at December 31, 1997........	19,940,474	$20	$ 82,989	$ 94,999	$(5,946)	$ 2,419	$174,481
2 for 1 stock split in the form of a stock dividend (Note 1)...........	19,940,474	20	--	(20)	--	--	--
Balance at December 31, 1997, as restated..........................	39,880,948	40	82,989	94,979	(5,946)	2,419	174,481
Common stock issued under employee benefit plans.....................	771,441	1	7,953	--	(207)	--	7,747
Income tax benefit from stock options exercised and vesting of restricted stock..................	--	--	3,166	--	--	--	3,166
Net income..........................	--	--	--	28,856	--	--	28,856
Amortization of unearned compensation......................	--	--	--	--	1,962	--	1,962
Other comprehensive income:							
Net change in unrealized gains/ (losses) on available-for-sale investments.....................	--	--	--	--	--	(347)	(347)
2 for 1 stock split in the form of a stock dividend (Note 1)...........	771,441	1	--	(1)	--	--	--
Balance at December 31, 1998, as restated..........................	41,423,830	42	94,108	123,834	(4,191)	2,072	215,865
Issuance of common stock, net of offering costs of $3.7 million....	1,400,000	1	55,071	--	--	--	55,072
Common stock issued under employee benefit plans.....................	288,453	--	3,512	--	97	--	3,609
Income tax benefit from stock options exercised and vesting of restricted stock..................	--	--	749	--	--	--	749
Net income..........................	--	--	--	52,198	--	--	52,198
Amortization of unearned compensation......................	--	--	--	--	1,767	--	1,767
Other comprehensive income:							
Net change in unrealized gains/ (losses) on available-for-sale investments.....................	--	--	--	--	--	39,590	39,590
2 for 1 stock split in the form of a stock dividend (Note 1)...........	1,688,453	2	--	(2)	--	--	--
Balance at December 31, 1999, as restated..........................	44,800,736	45	153,440	176,030	(2,327)	41,662	368,850
Issuance of common stock, net of offering costs of $6.2 million....	2,510,000	3	99,079	--	--	--	99,082
Common stock issued under employee benefit plans.....................	1,013,985	1	9,202	--	(3,274)	--	5,929
Income tax benefit from stock options exercised and vesting of restricted stock..................	--	--	18,287	--	--	--	18,287
Net income..........................	--	--	--	159,068	--	--	159,068
Amortization of unearned compensation......................	--	--	--	--	1,967	--	1,967
Other comprehensive income:							
Net change in unrealized gains/ (losses) on available-for-sale investments....................	--	--	--	--	--	(39,062)	(39,062)
2 for 1 stock split in the form of a stock dividend (Note 1).......	653,185	--	--	--	--	--	--
Balance at December 31, 2000........	48,977,906	$49	$280,008	$335,098	$(3,634)	$ 2,600	$614,121

See notes to consolidated financial statements.

SILICON VALLEY BANCSHARES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net income	$ 159,068	$ 52,198	$ 28,856
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	54,602	52,407	37,159
Minority interest	(460)	--	--
Depreciation and amortization	4,016	3,266	1,837
Net gain on sales of investment securities	(37,065)	(1,056)	(5,240)
Net gains on disposition of client warrants	(86,322)	(33,003)	(6,657)
Net gain on sale of other real estate owned	--	--	(1,298)
Increase in accrued interest receivable	(4,331)	(12,474)	(1,570)
Deferred income tax benefits	(5,127)	(11,989)	(5,346)
Increase in inventory	(5,991)	(12,520)	--
Increase in prepaid expenses	(1,128)	(351)	(1,013)
(Decrease) increase in unearned income	(167)	(1,436)	1,993
Increase (decrease) in retention, warrant and other incentive plan payable	19,285	12,914	(2,503)
Other, net	4,591	30,066	15,197
Net cash provided by operating activities	100,971	78,022	61,415
Cash flows from investing activities:			
Proceeds from maturities and paydowns of investment securities	914,238	1,130,975	1,810,770
Proceeds from sales of investment securities	224,015	577,773	850,879
Purchases of investment securities	(1,434,770)	(1,992,948)	(3,033,517)
Net increase in loans	(156,757)	(44,156)	(470,392)
Proceeds from recoveries of charged off loans	10,778	7,901	2,264
Net proceeds from sales of other real estate owned	--	400	1,323
Purchases of premises and equipment	(11,767)	(2,654)	(8,909)
Net cash used in investing activities	(454,263)	(322,709)	(847,582)
Cash flows from financing activities:			
Net increase in deposits	752,854	839,652	837,347
Proceeds from issuance of common stock, net of issuance costs	115,574	58,934	5,706
Proceeds from issuance of trust preferred securities, net of issuance costs	--	--	38,485
Capital contributions from minority interest participants	31,128	--	--
Net cash provided by financing activities	899,556	898,586	881,538
Net increase in cash and cash equivalents	546,264	653,899	95,371
Cash and cash equivalents at January 1,	1,176,102	522,203	426,832
Cash and cash equivalents at December 31,	$1,722,366	$1,176,102	$ 522,203
Supplemental disclosures:			
Interest paid	$ 55,789	$ 76,250	$ 78,445
Income taxes paid	$ 105,709	$ 54,760	$ 16,900

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Silicon Valley Bancshares and its subsidiaries (the "Company") conform with generally accepted accounting principles and prevailing practices within the banking industry. Certain reclassifications have been made to the Company's 1999 and 1998 consolidated financial statements to conform to the 2000 presentations. Such reclassifications had no effect on the results of operations or stockholders' equity. The following is a summary of the significant accounting and reporting policies used in preparing the consolidated financial statements.

NATURE OF OPERATIONS

Silicon Valley Bancshares is a bank holding company whose principal subsidiary is Silicon Valley Bank (the "Bank"), a California-chartered bank with headquarters in Santa Clara, California. The Bank maintains regional banking offices in California, and additionally has loan offices in Arizona, Colorado, Florida, Georgia, Illinois, Massachusetts, Minnesota, North Carolina, Oregon, Pennsylvania, Texas, Virginia, and Washington. The Bank serves emerging growth and middle-market companies in targeted niches, focusing on the technology and life sciences industries, while also addressing other specific industries in which it can provide a higher level of service and better manage credit through specialization and focus. Substantially all of the assets, liabilities and earnings of the Company relate to its investment in the Bank.

CONSOLIDATION

The consolidated financial statements include the accounts of Silicon Valley Bancshares and those of its wholly owned subsidiaries, the Bank, SVB Strategic Investors, LLC, Silicon Valley BancVentures, Inc., SVB Capital I and SVB Leasing Company (inactive). Intercompany accounts and transactions have been eliminated in consolidation. SVB Strategic Investors, LLC and Silicon Valley BancVentures, Inc., as general partners, are considered to have significant influence over the operating and financing policies of SVB Strategic Investors Fund, L.P. and Silicon Valley BancVentures, L.P., respectively. Therefore, SVB Strategic Investors Fund, L.P. and Silicon Valley BancVentures, L.P. are included in the Company's consolidated financial statements. Minority interest represents the minority participants' share of the equity of SVB Strategic Investors Fund, L.P., and Silicon Valley BancVentures, L.P.

BASIS OF FINANCIAL STATEMENT PRESENTATION

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities as of the balance sheet date and the results of operations for the period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to possible change in the near term relates to the determination of the allowance for loan losses. An estimate of possible changes or range of possible changes cannot be made.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as reported in the consolidated statements of cash flows includes cash on hand, cash balances due from banks, federal funds sold, and securities purchased under agreement to resell. The cash equivalents are readily convertible to known amounts of cash and present insignificant risk of changes in value due to maturity dates of 90 days or less.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Federal funds sold and securities purchased under agreement to resell as reported in the consolidated balance sheets include interest-bearing deposits in other financial institutions of $549,000 and $291,000 at December 31, 2000 and 1999, respectively.

INVESTMENT SECURITIES

Investment securities are classified as either "available-for-sale," "held-to-maturity," "trading," or "non-marketable" upon acquisition.

Securities that are held to meet investment objectives such as interest rate risk and liquidity management, but which may be sold by the Company as needed to implement management strategies, are classified as available-for-sale and are accounted for at fair value. Unrealized gains or losses on warrant securities, venture capital fund investments or other private equity investments are recorded upon the establishment of a readily determinable fair value of the underlying security. Unrealized gains and losses on available-for-sale securities, after applicable taxes, are excluded from earnings and are reported as a separate component of stockholders' equity until realized.

Securities acquired with the ability and positive intent to hold to maturity are classified as held-to-maturity and are accounted for at historical cost, adjusted for the amortization of premiums or the accretion of discounts to maturity, where appropriate. Unrealized losses on held-to-maturity securities are realized and charged against earnings when it is determined that an other than temporary decline in value has occurred.

Securities acquired and held principally for the purpose of sale in the near term are classified as trading and are accounted for at fair value. Unrealized gains and losses resulting from fair value adjustments on trading securities, as well as gains and losses realized upon the sale of investment securities, are included in noninterest income.

The amortization of premiums and the accretion of discounts are included in interest income over the contractual terms of the underlying investment securities using the interest method or the straight-line method, if not materially different. Gains and losses realized upon the sale of investment securities are computed on the specific identification method.

The Company records non-marketable warrant securities, venture capital fund investments and other private equity investments, on a cost basis less any identified impairment. The asset value of non-marketable equity securities is reduced when declines in value are considered to be other than temporary. Any estimated loss is recorded in noninterest income as a loss from equity securities along with income recognized on similar assets, if any. Venture capital fund limited partner investment interests are reported under the cost method as the Company's interests are considered so minor that it has no influence over the related venture capital fund's operating and financial policies. The Company's basis in these venture capital fund investments is reduced by distributions until fully depleted. Distributions in excess of the venture capital fund limited partner investment cost basis are recognized as investment gains in noninterest income.

LOANS

Loans are reported at the principal amount outstanding, net of unearned income. Unearned income includes both deferred loan origination and commitment fees and costs. The net amount of unearned income is amortized into loan interest income over the contractual terms of the underlying loans and commitments using the interest method or the straight-line method, if not materially different.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established through a provision charged to expense. It is the Company's policy to charge off loans which, in the judgment of management, are deemed to have a substantial risk of loss.

The allowance for loan losses is maintained at a level deemed adequate by the Company, based upon various estimates and judgments, to provide for known and inherent risks in the loan portfolio, including loan commitments. The evaluation of the adequacy of the allowance for loan losses is based upon a continuous review of a number of factors, including historical loss experience, a review of specific loans, loan concentrations, prevailing and anticipated economic conditions that may impact the borrowers' abilities to repay loans as well as the value of underlying collateral, delinquency analysis, and an assessment of credit risk in the loan portfolio established through an ongoing credit review process by the Company and through periodic regulatory examinations.

NONACCRUAL LOANS

Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan" and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures" require the Company to measure impairment of a loan based upon the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, the Company may measure impairment based on the loan's observable market price or the fair value of the collateral if the loan is collateral-dependent. A loan is considered impaired when, based upon currently known information, it is deemed probable that the Company will be unable to collect all amounts due according to the contractual terms of the agreement.

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), when the Company has determined, based upon currently known information, that the timely collection of principal or interest is doubtful, or when the loans otherwise become impaired under the provisions of SFAS No. 114.

When a loan is placed on nonaccrual status, the accrued interest is reversed against interest income and the loan is accounted for on the cash or cost recovery method thereafter until qualifying for return to accrual status. Generally, a loan will be returned to accrual status when all delinquent principal and interest become current in accordance with the terms of the loan agreement and full collection of the principal and interest appears probable.

PREMISES AND EQUIPMENT

Premises and equipment are reported at cost, less accumulated depreciation and amortization computed using the straight-line method over the estimated useful lives of the assets or the terms of the related leases, whichever is shorter. This time period may range from one to 10 years. The Company had no capitalized lease obligations at December 31, 2000 and 1999.

FOREIGN EXCHANGE FORWARD CONTRACTS

The Company enters into foreign exchange forward contracts with customers involved in international trade finance activities, and enters into offsetting foreign exchange forward contracts with correspondent banks to hedge against the risk of fluctuations in foreign currency exchange rates related to the forward contracts entered into with its customers. The notional, or contract, amounts associated with these financial instruments are not recorded as assets or

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) liabilities in the Company's consolidated balance sheets. Fees on these foreign exchange forward contracts are included in noninterest income when the contracts are settled. Cash flows resulting from these financial instruments are classified in the same category as the cash flows resulting from the items being hedged. The Company is an end-user of these derivative financial instruments and does not conduct trading activities for such instruments.

INCOME TAXES

The Company files a consolidated federal income tax return, and consolidated or combined state income tax returns as appropriate. The Company's federal and state income tax provisions are based upon taxes payable for the current year as well as current year changes in deferred taxes related to temporary differences between the tax basis and financial statement balances of assets and liabilities. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

STOCK-BASED COMPENSATION

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25), and related interpretations, in accounting for its employee stock options rather than the alternative fair value accounting allowed by SFAS No. 123, "Accounting for Stock-Based Compensation." APB No. 25 provides that the compensation expense relative to the Company's employee stock options is measured based on the intrinsic value of the stock option. SFAS No. 123 requires companies that continue to follow APB No. 25 to provide a pro forma disclosure of the impact of applying the fair value method of SFAS No. 123. The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123 and Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation."

EARNINGS PER SHARE

Basic earnings per share (EPS) excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if financial instruments or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

SEGMENT REPORTING

Management views the Company as one operating segment, therefore, separate reporting of financial segment information is not considered necessary. Management approaches the Company's principal subsidiary, the Bank, as one business enterprise which operates in a single economic environment, since the products and services, types of customers and regulatory environment all have similar economic characteristics.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued and was effective for all fiscal years beginning after June 15, 1999. SFAS No. 133 was subsequently amended by SFAS No. 137, "Accounting for Derivative Instruments and

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133" and will now be effective for fiscal years beginning after June 15, 2000, with early adoption permitted. SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow and foreign currency hedges and establishes respective accounting standards for reporting changes in the fair value of the derivative instruments. Upon adoption, the Company will be required to adjust hedging instruments to fair value in the balance sheet and recognize the offsetting gains or losses as adjustments to be reported in net income or other comprehensive income, as appropriate. The Company adopted this statement on January 1, 2001. The adoption did not have a material effect on the Company's financial statements.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of SFAS No. 125." Provisions of SFAS No. 140, primarily relating to transfers of financial assets and securitizations that differ from provisions of SFAS No. 125, are effective for transfers taking place after March 31, 2001. SFAS No. 140 also provides revised guidance for an entity to be considered a qualifying special purpose entity (QSPE). It is not expected that there will be a material effect on the consolidated financial statements relating to a change in consolidation status for existing QSPEs. SFAS No. 140 also amends the accounting for collateral and requires new disclosures for collateral, securitizations and retained interests in securitizations. These provisions are effective for financial statements for fiscal years ending after December 15, 2000. This change in accounting for collateral did not have a material effect on the Company's consolidated financial statements.

COMMON STOCK SPLIT

In March 2000, the Board of Directors approved a two-for-one stock split, in the form of a stock dividend of the Company's common stock. Holders of the Company's $0.001 par value common stock as of the record date, April 21, 2000 received one additional share of $0.001 par value for every one share of common stock they owned as of the record date. Shares and per share amounts for all periods presented in the accompanying consolidated financial statements have been adjusted to give retroactive recognition to a two-for-one stock split distributed on May 15, 2000.

2. EARNINGS PER SHARE

The following is a reconciliation of basic EPS to diluted EPS for the years ended December 31, 2000, 1999 and 1998:

	YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998		
	NET INCOME	SHARES	PER SHARE AMOUNT
	(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
2000:			
Basic EPS:			
Income available to common stockholders	$159,068	46,656	$3.41
Effect of Dilutive Securities:			
Stock options and restricted stock	--	2,564	--
Diluted EPS:			
Income available to common stockholders plus assumed conversions	$159,068	49,220	$3.23
1999:			
Basic EPS:			
Income available to common stockholders	$ 52,198	41,258	$1.27
Effect of Dilutive Securities:			
Stock options and restricted stock	--	1,260	--
Diluted EPS:			
Income available to common stockholders plus assumed conversions	$ 52,198	42,518	$1.23
1998:			
Basic EPS:			
Income available to common stockholders	$ 28,856	40,536	$0.71
Effect of Dilutive Securities:			
Stock options and restricted stock	--	1,311	--
Diluted EPS:			
Income available to common stockholders plus assumed conversions	$ 28,856	41,847	$0.69

3. RESTRICTIONS ON CASH BALANCES

The Bank is required to maintain reserves against customer deposits by keeping balances with the Federal Reserve Bank of San Francisco in a noninterest-bearing cash account. The minimum required reserve amounts were $33.3 million and $16.0 million at December 31, 2000 and 1999, respectively. The average required reserve balance totaled $22.8 million in 2000 and $7.0 million in 1999

4. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell outstanding at December 31, 2000 consisted of U.S. agency securities. The securities underlying the agreement are book-entry securities in the Bank's account at a correspondent bank. Securities purchased under agreement to resell totaled $519.2 million at December 31, 2000, averaged $608.3 million in 2000, and the maximum amount outstanding at any month-end during 2000 was $707.0 million.

5. INVESTMENT SECURITIES

The Company did not maintain a trading portfolio during 2000 or 1999. The following tables detail the major components of the Company's investment securities portfolio at December 31, 2000 and 1999.

	DECEMBER 31, 2000			
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	CARRYING VALUE
	(DOLLARS IN THOUSANDS)			
Available-for-sale securities:				
U.S. Treasury securities	$ 25,000	$ 11	--	$ 25,011
U.S. agencies and corporations:				
Discount notes and bonds	1,027,663	3,160	$(3,292)	1,027,531
Mortgage-backed securities	166,613	1,176	(1,380)	166,409
Collateralized mortgage obligations	212,582	601	(3,598)	209,585
Obligations of states and political subdivisions	400,127	1,620	(700)	401,047
Commercial paper and other debt securities	53,900	--	--	53,900
Money market mutual funds	155,254	--	--	155,254
Warrant securities	224	6,809	--	7,033
Other equity investments	50	--	(27)	23
Total available-for-sale securities	$2,041,413	$13,377	$(8,997)	2,045,793
Non-marketable securities at cost:				
Federal Reserve Bank stock and tax credit funds				15,538
Venture capital fund investments				30,519
Other private equity investments				15,740
Total non-marketable securities				61,797
Total investment securities				$2,107,590

5. INVESTMENT SECURITIES (CONTINUED)

	DECEMBER 31, 1999			
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	CARRYING VALUE
	(DOLLARS IN THOUSANDS)			
Available-for-sale securities:				
U.S. Treasury securities	$ 30,001	--	$ (203)	$ 29,798
U.S. agencies and corporations:				
Discount notes and bonds	875,682	--	(20,112)	855,570
Mortgage-backed securities	168,318	--	(6,496)	161,822
Collateralized mortgage obligations	234,538	--	(12,586)	221,952
Obligations of states and political subdivisions	201,434	$ 23	(5,061)	196,396
Commercial paper and other debt securities	117,084	--	--	117,084
Money market mutual funds	27,103	--	--	27,103
Warrant securities	204	68,154	--	68,358
Venture capital fund investments	250	42,500	--	42,750
Other equity investments	50	2,306	--	2,356
Total available-for-sale securities	$1,654,664	$112,983	$(44,458)	1,723,189
Non-marketable securities at cost:				
Federal Reserve Bank stock and tax credit funds				12,336
Venture capital fund investments				9,811
Other private equity investments				2,072
Total non-marketable securities				24,219
Total investment securities				$1,747,408

The amortized cost and fair value of investment securities classified as available-for-sale at December 31, 2000, categorized by remaining contractual maturity, are shown below. Expected remaining maturities of mortgage-backed securities, collateralized mortgage obligations and callable U.S. agency securities will generally differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Warrant securities, venture capital fund investments, other private equity investments, Federal Reserve Bank stock, and tax credit funds were included in the table below as due after ten years.

	DECEMBER 31, 2000	
	AMORTIZED COST	CARRYING VALUE
	(DOLLARS IN THOUSANDS)	
Due in one year or less	$ 468,491	$ 468,081
Due after one year through five years	858,356	858,684
Due after five years through ten years	133,073	133,627
Due after ten years	643,290	647,198
Total	$2,103,210	$2,107,590

Investment securities with a fair value of $45.2 million and $36.8 million at December 31, 2000 and 1999, respectively, were pledged to secure certain public deposits and a line of credit at the Federal Reserve Bank of San Francisco discount window.

Sales of available-for-sale investment securities excluding warrant gains resulted in the Company realizing gross gains of $37.2 million, $2.0 million and $5.3 million, and gross losses of $0.2 million, $1.0 million and $0.1 million in 2000, 1999 and 1998, respectively. Warrant gains totaled $86.3 million, $33.0 million, and $6.7 million in 2000, 1999, and 1998, respectively.

6. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

The detailed composition of loans, net of unearned income of $8.4 million and $8.6 million at December 31, 2000 and 1999, respectively, is presented in the following table:

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
Commercial	$1,531,468	$1,414,728
Real estate construction	62,253	76,209
Real estate term	38,380	67,738
Consumer and other	84,448	64,330
Total loans	$1,716,549	$1,623,005

The Company's loan classifications for financial reporting purposes differ from those for regulatory reporting purposes. Loans are classified for financial reporting purposes based upon the purpose and primary source of repayment of the loans. Loans are classified for regulatory reporting purposes based upon the type of collateral securing the loans.

As of December 31, 2000, there was no single industry sector (as identified by Standard Industrial Codes) which represented more than 10% of the Company's loan portfolio.

The activity in the allowance for loan losses is summarized below:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Balance at January 1,	$71,800	$46,000	$37,700
Provision for loan losses	54,602	52,407	37,159
Loans charged off	(63,380)	(34,508)	(31,123)
Recoveries	10,778	7,901	2,264
Balance at December 31,	$73,800	$71,800	$46,000

The aggregate recorded investment in loans for which impairment has been determined in accordance with SFAS No. 114 totaled $18.3 million and $27.6 million at December 31, 2000 and 1999, respectively. During 2000 and 1999, nonaccrual loans represented all impaired loans. Allocations of the allowance for loan losses related to impaired loans totaled $8.0 million at December 31, 2000 and $14.9 million at December 31, 1999. Average impaired loans for 2000 and 1999 totaled $24.3 million and $37.8 million, respectively. If these loans had not been impaired, $1.4 million in interest income would have been realized during the years ended December 31, 2000 and 1999, respectively. The Company realized no interest income on such impaired loans during 2000 or 1999.

7. PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS)	
Cost:		
Furniture and equipment	$17,568	$11,067
Leasehold improvements	12,648	7,626
Total cost	30,216	18,693
Accumulated depreciation and amortization	(11,723)	(7,951)
Premises and equipment-net	$18,493	$10,742

The Company is obligated under a number of noncancelable operating leases for premises that expire at various dates through January 2006, and in most instances, include options to renew or extend at market rates and terms. Such leases may provide for periodic adjustments of rentals during the term of the lease based on changes in various economic indicators. The following table presents minimum payments under noncancelable operating leases as of December 31, 2000:

YEARS ENDING DECEMBER 31, (DOLLARS IN THOUSANDS)	
2001	$ 9,017
2002	9,046
2003	8,757
2004	8,550
2005	4,765
After 2005	1,442
Total	$41,577

Rent expense for premises leased under operating leases totaled $5.4 million, $3.8 million and $3.0 million for the years ended December 31, 2000, 1999 and 1998, respectively.

8. DEPOSITS

The aggregate amount of time deposit accounts individually exceeding $100,000 totaled $773.5 million and $258.1 million at December 31, 2000 and 1999, respectively. At December 31, 2000, time deposit accounts, individually exceeding $100,000, totaling $768.2 million were scheduled to mature within one year.

9. TRUST PREFERRED SECURITIES

In May 1998, the Company issued $40.0 million in cumulative trust preferred securities through a newly formed special-purpose trust, SVB Capital I. The trust is a wholly owned consolidated subsidiary of the Company and its sole assets are the junior subordinated deferrable interest debentures. Distributions are cumulative and are payable quarterly at a rate of 8.25% per annum of the stated liquidation amount of $25 per preferred security. Distributions of $3.3 million were paid for each of the years ended December 31, 2000 and 1999 and $2.0 million for the year ended December 31, 1998. The obligations of the trust are fully and unconditionally guaranteed, on a subordinated basis, by the Company.

9. TRUST PREFERRED SECURITIES (CONTINUED) The trust preferred securities are mandatorily redeemable upon the maturity of the debentures on June 15, 2028, or to the extent of any earlier redemption of any debentures by the Company, and are callable beginning June 15, 2003.

Issuance costs of $1.6 million related to the trust preferred securities were deferred and are being amortized over the period until mandatory redemption of the securities in June 2028.

Based on the Nasdaq closing price, the fair value of the trust preferred securities totaled $32.8 million and $29.6 million as of December 31, 2000 and 1999, respectively.

10. INCOME TAXES

The components of the Company's provision for income taxes consist of the following:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Current provision:			
Federal	$ 89,415	$36,089	$19,649
State	23,619	9,930	5,814
Deferred expense (benefit):			
Federal	(6,205)	(10,198)	(4,629)
State	1,078	(1,791)	(717)
Income tax expense	$107,907	$34,030	$20,117

A reconciliation between the federal statutory income tax rate and the Company's effective income tax rate is shown below.

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of the federal tax effect	6.0	6.1	6.8
Tax-exempt interest income	(0.9)	(2.0)	(2.0)
Other-net	0.3	0.4	1.3
Effective income tax rate	40.4%	39.5%	41.1%

10. INCOME TAXES (CONTINUED) Deferred tax assets (liabilities) consist of the following:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS)	
Deferred tax assets:		
Allowance for loan losses	$28,000	$28,138
Other accruals not currently deductible	8,196	3,661
State income taxes	7,480	3,522
Depreciation and amortization	--	1,891
Deferred tax assets	43,676	37,212
Less: Valuation allowance	--	--
Deferred tax assets, net of valuation allowance	43,676	37,212
Deferred tax liabilities:		
Depreciation and amortization	(1,333)	--
Other deferred tax liabilities	(127)	(123)
Net unrealized gain on available-for-sale securities	(1,781)	(26,861)
Deferred tax liabilities	(3,241)	(26,984)
Net deferred tax assets	$40,435	$10,228

The Company believes a valuation allowance is not needed to reduce the net deferred tax assets as it is more likely than not that the net deferred tax assets will be realized through recovery of taxes previously paid and/or future taxable income. The amount of the total gross deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward periods are reduced.

11. COMPREHENSIVE INCOME

Components of other comprehensive income/(loss) and the related income tax expense or benefit, consists of the following:

	YEARS ENDED DECEMBER 31, 2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Change in unrealized gains/(losses) on available-for-sale investments:			
Unrealized holding gains arising during the period	$ 57,824	$99,498	$ 11,310
Related income tax expense	(23,372)	(39,302)	(4,638)
Less: Reclassification adjustment for gains included in net income	(123,387)	(34,059)	(11,897)
Related income tax benefit	49,873	13,453	4,878
Other comprehensive (loss)/income	$ (39,062)	$39,590	$ (347)

12. EMPLOYEE BENEFIT PLANS

The Silicon Valley Bank 401(k) and Employee Stock Ownership Plan (the "Plan") is a combined 401(k) tax-deferred savings plan and employee stock ownership plan (ESOP) in which all employees of the Company are eligible to participate.

12. EMPLOYEE BENEFIT PLANS (CONTINUED) Employees participating in the 401(k) component of the Plan may elect to have a portion of their salary deferred and contributed to the Plan. The amount of salary deferred is not subject to federal or state income taxes at the time of deferral. The Company matches up to $1,000 of an employee's contributions in any plan year, with the Company's matching contribution vesting in equal annual increments over five years. The Company's matching 401(k) contributions totaled $0.7 million in 2000, $0.6 million in 1999 and $0.5 million in 1998.

The Silicon Valley Bank Money Purchase Pension Plan (the "MPP Plan") guarantees a 5.0% quarterly contribution to all individuals that are employed by the Company on the first and last day of a fiscal quarter. The Company contributes cash in an amount equal to 5.0% of an eligible employee's quarterly base salary, less Internal Revenue Code (IRC) Section 401(k) and Section 125 deferrals. The MPP Plan contributions vest in equal annual increments over five years. The Company's contributions to the MPP Plan totaled $2.4 million in 2000, $1.7 million in 1999 and $1.1 million in 1998.

Discretionary ESOP contributions, based on the Company's net income, are made by the Company to all eligible individuals employed by the Company on the last day of the fiscal year. The Company may elect to contribute cash, or the Company's common stock, in an amount not exceeding 10.0% of the eligible employee's base salary earned in the fiscal year, less IRC Section 401(k) and Section 125 deferrals. The ESOP contributions vest in equal annual increments over five years.

The Company's contributions to the ESOP totaled $4.5 million in 2000 and $3.1 million in 1999. In 1998, the Company did not make a discretionary ESOP contribution as net income for the year ended December 31, 1998 did not meet the thresholds set by the Company's Board of Directors at the beginning of 1998. At December 31, 2000, the ESOP owned 1,531,799 equivalent shares of the Company's common stock. All shares held by the ESOP are treated as outstanding shares in both the Company's basic and diluted earnings per share computations.

The Company maintains an employee stock purchase plan (ESPP) under which participating employees may annually contribute up to 10.0% of their gross compensation to purchase shares of the Company's common stock at 85% of its fair market value at either the beginning or end of each six-month offering period, whichever price is less. All employees of the Company are eligible to participate in the ESPP. The ESPP is noncompensatory to the employees and results in no expense to the Company. For the first six-month offering period of 2000, 84,789 shares of the Company's common stock were issued at $21.04 per share, while 61,261 shares of the Company's common stock were issued at $29.38 per share for the second six-month offering period of 2000. At December 31, 2000, a total of 1,841,392 shares of the Company's common stock were reserved for future issuance under the ESPP Plan.

The Company's 1997 Equity Incentive Plan (the "1997 Plan"), along with the Company's 1983 and 1989 stock option plans, provides for the granting of incentive and non-qualified stock options which entitle directors, employees and certain other parties to purchase shares of the Company's common stock at a price not less than 100% and 85% of the fair market value of the common stock on the date the option is granted for incentive and non-qualified stock options, respectively. Options may vest over various periods not in excess of five years from the

12. EMPLOYEE BENEFIT PLANS (CONTINUED) date of grant and expire five to ten years from the date of grant. The following table provides stock option information related to the 1983 and 1989 stock option plans and the 1997 Plan:

	2000		1999		1998	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at January 1,.............	3,803,258	$ 9.25	3,154,174	$ 8.78	3,810,216	$ 5.84
Granted................	2,069,100	28.43	1,060,000	9.32	762,180	14.56
Exercised..............	(1,066,534)	7.45	(311,986)	4.15	(1,233,262)	3.44
Forfeited..............	(226,250)	16.89	(98,930)	11.01	(184,960)	8.06
Outstanding at December 31,...........	4,579,574	$17.93	3,803,258	$ 9.25	3,154,174	$ 8.78
Exercisable at December 31,...........	1,278,475	$ 9.10	1,611,108	$ 7.37	1,341,974	$ 6.06

The following table summarizes information about stock options outstanding as of December 31, 2000:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGES OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$3.41-$6.53	257,692	0.56	$ 5.50	257,692	$ 5.67
7.88-8.25	824,032	6.08	8.24	592,032	8.24
8.94	735,102	8.06	8.94	150,103	8.94
9.16-15.03	686,648	7.56	13.68	237,648	13.66
15.63-21.28	235,000	8.59	16.81	37,000	16.47
23.69	1,138,500	9.30	23.69	4,000	23.69
26.03-40.00	470,100	9.75	32.96	--	--
40.38-49.50	129,000	9.69	48.55	--	--
51.69	98,500	9.72	51.69	--	--
58.25	5,000	9.75	58.25	--	--
$3.41-$58.25	4,579,574	7.79	$ 17.93	1,278,475	$ 9.10

At December 31, 2000, options for 433,016 shares were available for future grant under the Company's 1997 plan. There were no shares available for future grant under the Company's 1983 and 1989 stock option plans.

The Company's 1989 stock option plan and 1997 Plan also provide for the granting of shares of the Company's common stock to directors, employees and certain other parties. Shares granted to employees under these plans may be subject to certain vesting requirements and resale restrictions (restricted stock). For restricted stock, unearned compensation equivalent to the market value of the Company's common stock on the date of grant is charged to stockholders' equity and amortized into noninterest expense over the vesting term. In 2000, 129,776 shares of restricted stock were issued to employees at a weighted-average fair value of $29.48 per share. In 1999, 51,400 shares of restricted stock were issued to employees at a weighted-average fair value of $10.34 per share. In 1998, 54,000 shares of restricted stock were issued to employees at a weighted-average fair value of $15.00 per share. At December

12. EMPLOYEE BENEFIT PLANS (CONTINUED) 31, 2000, there were 460,609 shares of restricted stock outstanding, and the vesting of these shares occurs at various periods through the year 2003.

The Company recognized $2.2 million, $1.8 million and $2.0 million in employee stock-based compensation costs resulting from the amortization of unearned compensation related to restricted stock, stock options and other miscellaneous employee stock awards during 2000, 1999 and 1998, respectively.

The weighted-average fair values of options granted to employees, directors and certain other parties were $22.40, $4.76 and $6.20 per share in 2000, 1999 and 1998, respectively. Had compensation cost related to both the Company's stock option awards to employees and directors and to the ESPP been determined under the fair value method prescribed under SFAS No. 123, the Company's net income, basic earnings per share and diluted earnings per share would have been the pro forma amounts indicated below.

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net income:			
As reported	$159,068	$52,198	$28,856
Pro forma	148,897	48,149	26,344
Basic earnings per share:			
As reported	$ 3.41	$ 1.27	$ 0.71
Pro forma	3.19	1.17	0.65
Diluted earnings per share:			
As reported	3.23	$ 1.23	$ 0.69
Pro forma	3.07	1.15	0.63

The fair value of the stock option grants in 2000, 1999 and 1998 used in determining the pro forma net income and the basic and diluted earnings per share amounts indicated above were estimated using the Black-Scholes option-pricing model with the following assumptions:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Dividend yield	--%	--%	--%
Expected life of options in years	5	5	5
Expected volatility of the Company's underlying common stock	105.1%	49.7%	39.5%
Expected risk-free interest rate	5.0%	6.3%	5.3%

The expected volatility of the Company's underlying common stock and the expected risk-free interest rate were calculated using a term commensurate with the expected life of the options.

Compensation expense related to the ESPP in 2000, 1999 and 1998, used in determining the pro forma net income and basic and diluted earnings per share amounts indicated above, was equal to the difference between the fair value of the Company's common stock when issued under the ESPP and the actual price paid by employees to acquire the common stock.

13. RELATED PARTIES

Certain directors and employees have loan balances outstanding with the Company at December 31, 2000 and 1999. These loans have primarily been granted by the Company for the purpose of assisting employee relocations, and typically include terms more favorable than those prevailing at the time for comparable transactions with other borrowers.

	YEARS ENDED DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
Balance at January 1,	$1,685	$ 955
Loan proceeds disbursed	633	1,100
Loan repayments	(205)	(370)
Balance at December 31,	$2,113	$1,685

The Silicon Valley Bank Foundation (the "Foundation") was established by the Company in 1995 to maintain good corporate citizenship in its communities. The Foundation is funded entirely by the Company, and received a contribution from the Company totaling $2.1 million in 1999.

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company uses financial instruments with off-balance sheet risk to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign currency exchange rates and market interest rates. These financial instruments include commitments to extend credit, commercial and standby letters of credit, foreign exchange forward contracts, and interest rate swap agreements. 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

A commitment to extend credit is a formal agreement to lend funds to a customer as long as there is no violation of any condition established in the agreement. Such commitments generally have fixed expiration dates, or other termination clauses, and usually require a fee paid by the customer upon the Company issuing the commitment. As of December 31, 2000 and 1999, the Company had $1.3 billion and $1.2 billion of unused loan commitments available to customers, of which $282.3 million and $132.3 million had a fixed interest rate, respectively. The Company's exposure arising from interest rate risk associated with fixed rate loan commitments is not considered material. Commitments which are unavailable for funding due to customers not meeting all collateral, compliance and financial covenants required under loan commitment agreements totaled $2.3 billion and $1.6 billion at December 31, 2000 and 1999, respectively. The Company's potential exposure to credit loss, in the event of nonperformance by the other party to the financial instrument, is the contractual amount of the available unused loan commitment. The Company uses the same credit approval and monitoring process in extending loan commitments as it does in making loans. The actual liquidity needs or the credit risk that the Company has experienced have historically been lower than the contractual amount of commitments to extend credit because a significant portion of these commitments expire without being drawn upon. The Company evaluates each potential borrower and the necessary collateral on an individual basis. The type of collateral varies, but may include real property, bank deposits, or business and personal assets. The potential credit risk associated with these commitments is considered in management's evaluation of the adequacy of the allowance for loan losses.

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (CONTINUED) COMMERCIAL AND STANDBY LETTERS OF CREDIT

Commercial and standby letters of credit represent conditional commitments issued by the Company on behalf of a customer to guarantee the performance of the customer to a third party when certain specified future events have occurred. Commercial letters of credit are issued primarily for inventory purchases by customers and are typically short-term in nature. Standby letters of credit are typically issued as a credit enhancement for clients' contractual obligations to third parties such as landlords and are often cash secured by the clients. Letters of credit have fixed expiration dates and generally require a fee paid by the customer upon the Company issuing the commitment. Fees generated from these letters of credit are recognized in noninterest income over the commitment period. At December 31, 2000 and 1999, commercial and standby letters of credit totaled a combined $919.7 million and $289.9 million, respectively.

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

FOREIGN EXCHANGE FORWARD CONTRACTS

The Company enters into foreign exchange forward contracts with customers involved in international trade finance activities, either as the purchaser or seller of foreign currency at a future date, depending upon the customer need. The Company enters into offsetting foreign exchange forward contracts with correspondent banks to hedge against the risk of fluctuations in foreign currency exchange rates related to the foreign exchange forward contracts entered into with its customers. These contracts are short-term in nature, typically expiring in less than 90 days. At December 31, 2000 and 1999, the notional amounts of these contracts totaled $102.6 million and $32.4 million, respectively. The maximum credit exposure for counterparty nonperformance for foreign exchange forward contracts with both customers and correspondent banks amounted to $3.6 million at December 31, 2000 and $0.2 million at December 31, 1999. The Company has incurred no losses from counterparty nonperformance and anticipates performance by all counterparties to such foreign exchange forward contracts.

COMMITMENTS TO INVEST IN VENTURE CAPITAL FUNDS

As of December 31, 2000, the Company committed $49.5 million to 208 limited partnership interests in venture capital funds, of which $26.2 million has been funded. Approximately $6.1 million in distributions were used to reduce the Company's cost basis in these investments. Additionally, as of December 31, 2000, the Company committed $15.0 million and $6.0 million to SVB Strategic Investors Fund, L.P., to invest in top-tier venture capital funds, and Silicon Valley BancVentures, L.P., to make direct equity investments in emerging growth high technology and life sciences companies, respectively. Of these commitment amounts $3.0 million and $0.9 million have been funded, respectively.

INTEREST RATE SWAP AGREEMENTS

During the fourth quarter of 1998, the Company entered into an interest rate swap agreement with a maturity of one year in order to manage its exposure to market interest rate movements by effectively converting a portion of its interest-earning assets from variable rate to fixed rate. The face value of the interest rate swap at December 31, 1999 was $150.0 million. This agreement involved the exchange of variable rate payments for fixed rate payments without the exchange of the underlying face value. Under this agreement, the Company

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (CONTINUED) received fixed interest payments at a rate of 7.765% and paid variable rate interest payments, based on the average three-month U.S. Prime Rate. The U.S. Prime Rate at December 31, 1999 was 8.50%. Interest rate differentials paid or received under this agreement are recognized as an adjustment to interest income. The notional amount does not represent the amount exchanged by the parties, and thus is not a measure of exposure of the Company. The amounts exchanged were based on the notional amount and other terms of the swap. The average variable rates are subject to change over time as the U.S. Prime Rate fluctuates. The counterparty to the swap agreement was Bank of America National Trust and Savings Association. The Company was not a party to any swap agreements at December 31, 2000.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires that the Company disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions, set forth below for the Company's financial instruments, are made solely to comply with the requirements of SFAS No. 107 and should be read in conjunction with the Company's consolidated financial statements and related notes.

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 most of the Company's financial instruments, the 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 often calculated based on current pricing policies, 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, substantiated by comparison to independent markets, and 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 methods and assumptions have been used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value.

Cash and cash equivalents: This category includes cash and due from banks, interest-bearing deposits in other financial institutions, federal funds sold, and securities purchased under agreement to resell. The cash equivalents are readily convertible to known amounts of cash and present insignificant risk of changes in value due to maturity dates of 90 days or less. For these short-term financial instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities: For marketable investment securities classified as available-for-sale, fair values are based on quoted market prices or dealer quotes. The Company records non-marketable venture capital fund investments and other private equity investments, on a cost basis less any identified impairment.

Loans: The fair value of fixed and variable rate loans is calculated by discounting contractual cash flows using discount rates that reflect the Company's current pricing for loans and the forward yield curve.

Deposits: The fair value of deposits is calculated by discounting the deposit balances using the Company's cost of borrowing funds in the market and the forward yield curve. The deposit portfolio was segregated by core and non-core deposits. In addition, the duration and

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED) interest rate sensitivity of the individual deposit accounts was taken into account in determining the fair value.

Off-balance sheet financial instruments: The Company has not estimated the fair value of off-balance sheet commitments to extend credit, commercial letters of credit and standby letters of credit. Because of the uncertainty involved in attempting to assess the likelihood and timing of a commitment being drawn upon, coupled with the lack of an established market for these financial instruments, management does not believe it is meaningful or practicable to provide an estimate of fair value. The fair value of foreign exchange forward contracts and interest rate swaps are based on the estimated amounts the Company would receive or pay to terminate the contracts at the reporting date.

Limitations: The information presented herein is based on pertinent information available to the Company as of December 31, 2000 and 1999, respectively. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued since the most recent year end and the estimated fair values of these financial instruments may have changed significantly since that point in time.

The estimated fair values of the Company's financial instruments at December 31, 2000 and 1999 are presented below. Bracketed amounts in the estimated fair value columns represent estimated cash outflows required to settle the obligations at market rates as of the respective reporting dates.

	DECEMBER 31,			
	2000		1999	
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Financial Assets:				
Cash and due from banks	$ 332,632	$ 332,632	$ 278,061	$ 278,061
Federal funds sold and securities purchased under agreement to resell	1,389,734	1,389,734	898,041	898,041
Investment securities, at fair value	2,045,793	2,045,793	1,723,189	1,723,189
Non-marketable securities, at cost	61,797	61,797	24,219	24,219
Net loans	1,642,749	1,636,748	1,551,205	1,555,729
Financial Liabilities:				
Noninterest-bearing demand deposits	2,448,758	2,229,068	1,928,100	1,671,647
NOW deposits	57,857	42,238	43,643	39,245
Money market deposits	1,519,563	1,469,534	1,845,377	1,735,982
Time deposits	836,081	784,523	292,285	291,412
Off-Balance Sheet Financial Instruments:				
Foreign exchange forward contracts--receive	--	49,180	--	16,238
Foreign exchange forward contracts--pay	--	(49,180)	--	(16,238)
Interest rate swap agreement	--	--	--	(211)

16. LEGAL MATTERS

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Company and/or the Bank. Based upon information available to the

16. LEGAL MATTERS (CONTINUED) Company, its review of such claims to date and consultation with its legal counsel, management believes the liability relating to these actions, if any, will not have a material adverse effect on the Company's liquidity, consolidated financial position or results of operations.

17. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that it may declare without the prior approval of the Federal Reserve Board and the California Department of Financial Institutions. At December 31, 2000, approximately $145.9 million of the Bank's retained earnings were available for dividend declaration to the Company without prior regulatory approval.

The Company and the Bank are subject to capital adequacy guidelines issued by the Federal Reserve Board. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material impact on the Company's and/or the Bank's financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's balance sheet items, as well as certain off-balance sheet items, as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Under these capital guidelines, the minimum total risk-based capital ratio and Tier 1 risk-based capital ratio requirements are 10.0% and 6.0%, respectively, of risk-weighted assets and certain off-balance sheet items for a well capitalized depository institution.

The Federal Reserve Board has also established minimum capital leverage ratio guidelines for state member banks. The ratio is determined using Tier 1 capital divided by quarterly average total assets. The guidelines require a minimum of 5.0% for a well capitalized depository institution.

17. REGULATORY MATTERS (CONTINUED) The following table presents the capital ratios for the Company and the Bank, compared to the minimum regulatory capital requirements for an adequately capitalized depository institution, as of December 31, 2000 and 1999:

	ACTUAL RATIO	ACTUAL AMOUNT	MINIMUM RATIO	MINIMUM CAPITAL REQUIREMENT
		(DOLLARS IN THOUSANDS)		
As of December 31, 2000:				
Total risk-based capital ratio				
Company	18.5%	$730,453	8.0%	$315,993
Bank	13.8%	$523,816	8.0%	$304,539
Tier 1 risk-based capital ratio				
Company	17.2%	$680,778	4.0%	$157,997
Bank	12.5%	$475,908	4.0%	$152,270
Tier 1 leverage ratio				
Company	12.6%	$680,778	4.0%	$216,576
Bank	9.1%	$475,908	4.0%	$210,210
As of December 31, 1999:				
Total risk-based capital ratio				
Company	15.5%	$398,268	8.0%	$205,145
Bank	14.0%	$354,599	8.0%	$202,824
Tier 1 risk-based capital ratio				
Company	14.3%	$365,724	4.0%	$102,573
Bank	12.7%	$322,413	4.0%	$101,412
Tier 1 leverage ratio				
Company	8.8%	$365,724	4.0%	$165,901
Bank	7.9%	$322,413	4.0%	$162,397

18. STOCKHOLDERS' RIGHTS PLAN

On October 22, 1998, the Company's Board of Directors adopted a stockholders rights plan (the "Rights Plan") designed to protect the Company's stockholders from various abusive takeover tactics, including attempts to acquire control of the Company without offering a fair price to all stockholders. Under the Rights Plan, each stockholder received a dividend of one right for each outstanding share of common stock of the Company. The rights are attached to, and presently only traded with, the common stock and are currently not exercisable. Except as specified below, upon becoming exercisable, all rights holders will be entitled to purchase from the Company 1/1000th of a share of the Company's preferred stock at a price of $120.00.

The rights become exercisable and will begin to trade separately from the common stock of the Company upon the earlier of (i) the tenth day after a person or group has acquired beneficial ownership of 10% or more of the outstanding common stock of the Company or (ii) the tenth business day after a person or group announces a tender or exchange offer, the consummation of which would result in ownership by a person or group of 10% or more of the Company's common stock. Each right will entitle the holder to purchase common stock of the Company having a current market value of twice the exercise price of the right. If the Company is acquired through a merger or other business combination transaction or there is a sale of more than 50% of the Company's assets or earning power, each right will entitle the holder (other than rights held by the acquiring person) to purchase, at the exercise price, common stock of the acquiring entity having a value of twice the exercise price at the time.

The Company's Board of Directors has the option any time after a person or group becomes a 10% holder of the outstanding common stock of the Company to exchange all or part of the rights (other than rights held by the acquiring person) for shares of common stock of

18. STOCKHOLDERS' RIGHTS PLAN (CONTINUED) the Company provided that the Company may not make such an exchange after the person becomes the beneficial owner of 50% or more of the Company's outstanding common stock.

The Company may redeem the rights for $0.001 each at any time on, or prior to, public announcement that a person has acquired beneficial ownership of 10% or more of the Company's common stock. The rights will expire on October 22, 2008, unless earlier redeemed or exchanged. The rights will not have any voting rights, but will have the benefit of certain customary anti-dilution provisions. The dividend distribution of the rights was not taxable to the Company or its stockholders.

19. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

The condensed balance sheets of Silicon Valley Bancshares (parent company only) at December 31, 2000 and 1999, and the related condensed statements of income and condensed statements of cash flows for the years ended December 31, 2000, 1999 and 1998 are presented below. Certain reclassifications have been made to the parent company's 1999 and 1998 financial information to conform to the 2000 presentations. Such reclassifications had no effect on the results of operations or stockholders' equity.

CONDENSED BALANCE SHEETS

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
Assets:		
Cash on deposit with bank subsidiary	$ 37,552	$ 1,313
Securities purchased under agreement to resell	--	17,750
Investment securities, at fair value	127,275	134,346
Loans to related parties	2,113	1,685
Other assets	18,577	2,133
Investment in subsidiaries:		
Bank subsidiary	474,478	295,395
Nonbank subsidiaries	5,706	1,237
Total assets	$665,701	$453,859
Short-term liabilities	$ 8,858	$ 813
Deferred tax liability	2,754	44,281
Indebtedness to nonbank subsidiary	41,379	41,379
Deferred issuance costs	(1,411)	(1,464)
Indebtedness to nonbank subsidiary, net of deferred issuance costs	39,968	39,915
Stockholders' equity	614,121	368,850
Total liabilities and stockholders' equity	$665,701	$453,859

19. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED) CONDENSED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Interest income	$ 3,518	$ 972	$ 1,050
Interest expense	(3,402)	(3,402)	(2,070)
Income from the disposition of client warrants	86,322	33,003	6,657
Investment gains	37,065	1,510	--
General and administrative expenses	(1,153)	(562)	(285)
Income tax expense	(49,664)	(12,932)	(2,248)
Income before equity in net income of subsidiaries	72,686	18,589	3,104
Equity in net loss of nonbank subsidiaries	(139)	--	--
Equity in net income of bank subsidiary	86,521	33,609	25,752
Net income	$159,068	$52,198	$28,856

CONDENSED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net income	$159,068	$52,198	$28,856
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Net gains on dispositions of client warrants	(86,322)	(33,003)	(6,657)
Net gains on sale of investment securities	(37,065)	(1,510)	--
Equity in net income of bank subsidiary	(86,521)	(33,609)	(25,752)
Equity in net loss of nonbank subsidiaries	139	--	--
(Increase) decrease in other assets	(16,444)	(1,814)	192
Increase (decrease) in short-term and other liabilities	8,045	(172)	467
Other, net	493	33,042	6,658
Net cash (used in) provided by operating activities	(58,607)	15,132	3,764
Cash flows from investing activities:			
Net (increase) decrease in investment securities	24,281	12,034	(29,377)
Net increase in loans to related parties	(428)	(730)	(705)
Investment in bank subsidiary	(57,723)	(69,200)	(26,039)
Investment in nonbank subsidiaries	(4,608)	--	(1,237)
Net cash used in investing activities	(38,478)	(57,896)	(57,358)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issuance costs	115,574	59,331	7,642
Proceeds from borrowings from nonbank subsidiary, net of costs	--	--	39,864
Net cash provided by financing activities	115,574	59,331	47,506
Net increase (decrease) in cash	18,489	16,567	(6,088)
Cash and cash equivalents at January 1,	19,063	2,496	8,584
Cash and cash equivalents at December 31,	$ 37,552	$19,063	$ 2,496

20. UNAUDITED QUARTERLY FINANCIAL DATA

	2000				1999			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)							
Net interest income	$71,500	$81,898	$87,766	$88,684	$41,402	$46,772	$54,389	$62,876
Provision for loan losses	12,572	11,058	22,679	8,293	7,968	10,802	21,563	12,074
Noninterest income	81,134	34,595	43,058	30,843	5,252	6,458	13,414	33,731
Noninterest expense	47,519	49,000	50,024	51,818	25,537	27,797	29,716	42,609
Minority interest	--	--	209	251	--	--	--	--
Income before income taxes	92,543	56,435	58,330	59,667	13,149	14,631	16,524	41,924
Income tax expense	37,888	22,700	23,391	23,928	5,313	5,678	6,015	17,024
Net income	$54,655	$33,735	$34,939	$35,739	$ 7,836	$ 8,953	$10,509	$24,900
Basic earnings per share	$ 1.21	$ 0.74	$ 0.74	$ 0.74	$ 0.19	$ 0.22	$ 0.26	$ 0.60
Diluted earnings per share	$ 1.15	$ 0.70	$ 0.69	$ 0.70	$ 0.19	$ 0.21	$ 0.25	$ 0.57

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth under the sections titled "Proposal No. 1 Election of Directors," "Information on Executive Officers" and "Section 16 (a) Beneficial Ownership Reporting Compliance" contained in the definitive proxy statement for the Company's 2001 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the sections titled "Information on Executive Officers," "Report of the Executive Committee of the Board on Executive Compensation," "Table 1--Summary Compensation Table," "Table 2--Option Grants in Last Fiscal Year," "Table 3--Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values," "Termination Arrangements," "Return to Stockholders Performance Graph," and "Director Compensation" contained in the definitive proxy statement for the Company's 2001 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the sections titled "Security Ownership of Directors and Executive Officers" and "Security Ownership of Principal Stockholders" contained in the definitive proxy statement for the Company's 2001 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the section titled "Certain Relationships and Related Transactions" in the definitive proxy statement for the Company's 2001 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. and 2.

The consolidated financial statements and supplementary data contained in Item 8 of this report are filed as part of this report. All schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the consolidated financial statements or related notes.

(a) 3.

Exhibits are listed in the Index to Exhibits beginning on page 76 of this report.

(B) REPORTS ON FORM 8-K.

1. A report on Form 8-K was filed on June 16, 2000, whereby the Company announced that the Federal Reserve Bank of San Francisco and the California Department of Financial Institutions have removed the memorandum of understanding the Bank had been under since September 1999.

2. A report on Form 8-K was filed on June 16, 2000, whereby the Company announced financial highlights for the two-months ended May 31, 2000.

3. A report on Form 8-K was filed on July 24, 2000, whereby the Company announced financial results for the three and six months ended June 30, 2000.

4. On July 25, 2000, the Company filed a report on Form 8-K to announce its investment in the Nippon Credit Bank and partnering of the Company with the Softbank in connection with the investment in the Nippon Credit Bank. Also, the Company announced that SVB Strategic Investors Fund, L.P., completed its first close of $64.5 million on June 21, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Silicon Valley Bancshares

By: /s/ JOHN C. DEAN

John C. Dean
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dated: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ DANIEL J. KELLEHER ---------------------------- Daniel J. Kelleher	Chairman of the Board of Directors and Director	March 16, 2001
/s/ JOHN C. DEAN ---------------------------- John C. Dean	President, Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2001
/s/ KENNETH P. WILCOX ---------------------------- Kenneth P. Wilcox	Executive Vice President and Director	March 16, 2001
/s/ CHRISTOPHER T. LUTES ---------------------------- Christopher T. Lutes	Chief Financial Officer (Principal Financial Officer)	March 16, 2001
/s/ DONAL D. DELANEY ---------------------------- Donal D. Delaney	Controller (Principal Accounting Officer)	March 16, 2001
/s/ GARY K. BARR ---------------------------- Gary K. Barr	Director	March 16, 2001
/s/ JAMES F. BURNS, JR. ---------------------------- James F. Burns, Jr.	Director	March 16, 2001
/s/ DAVID M. DEWILDE ---------------------------- David M. deWilde	Director	March 16, 2001
/s/ STEPHEN E. JACKSON ---------------------------- Stephen E. Jackson	Director	March 16, 2001
/s/ JAMES R. PORTER ---------------------------- James R. Porter	Director	March 16, 2001

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
3.1	Articles of Incorporation of the Company, as amended (9)....	--
3.1a	Certificate of Incorporation, as filed with the Delaware Secretary of State on March 22, 1999 (13).................	--
3.2	Bylaws of the Company, amended and restated effective as of August 21, 1997 (7)......................................	--
3.3	Certificate of Amendment of Bylaws of Silicon Valley Bancshares as of October 22, 1998 (12)...................	--
3.4	Bylaws (13)...	--
4.1	Article Three of Articles of Incorporation (included in Exhibit 3.1) (1).......................................	--
4.2	Form of Subordinated Indenture (10)........................	--
4.3	Form of Junior Subordinated Debenture (10)..................	--
4.6	Form of Amended and Restated Trust Agreement of SVB Capital I (10)..	--
4.7	Form of Trust Preferred Certificate of SVB Capital I (included as an exhibit to Exhibit 4.6) (10).............	--
4.8	Form of Guarantee Agreement (10)..........................	--
4.9	Form of Agreement as to Expenses and Liabilities (included as an exhibit to Exhibit 4.6) (10).......................	--
4.10	Form of Common Securities Certificate of SVB Capital I (included as an exhibit to Exhibit 4.6) (10).............	--
4.11	Form of Officers' Certificate and Company Order (10)........	--
10.3	Employment Agreement between Silicon Valley Bancshares and John C. Dean (2)..	--
10.17	Lease Agreement between Silicon Valley Bank and WRC Properties, Inc.; 3003 Tasman Drive, Santa Clara, CA 95054 (3)..	--
10.17a	First amendment to lease outlined in Exhibit 10.17 (6)......	--
10.28	Amendment and Restatement of the Silicon Valley Bancshares 1989 Stock Option Plan (4)...............................	--
10.29	Silicon Valley Bank Money Purchase Pension Plan (4).........	--
10.30	Amendment and Restatement of the Silicon Valley Bank Money Purchase Pension Plan (4)................................	--
10.31	Amendment and Restatement of the Silicon Valley Bank 401(k) and Employee Stock Ownership Plan (4)....................	--
10.32	Executive Change in Control Severance Benefits Agreement (5)...	--
10.33	Change in Control Severance Policy for Non-executives (5).....................................	--
10.36	Relocation Agreement between Silicon Valley Bancshares and Kenneth P. Wilcox and Ruth Wilcox, as of December 18, 1997 (8)...	--
10.37	Bonus Agreement between Silicon Valley Bank and Kenneth P. Wilcox, as of December 18, 1997 (8)......................	--
10.38	Promissory Note between Silicon Valley Bancshares and Christopher T. Lutes, as of June 10, 1998 (10)...........	--
10.39	The 1998 Venture Capital Retention Program, Amended June 18, 1998 (10)......................................	--
10.40	Severance Agreement between Silicon Valley Bancshares and John C. Dean related to garage.com-TM- as of August 12, 1998 (11)...	--
10.41	Severance Agreement between Silicon Valley Bancshares and Harry W. Kellogg related to garage.com-TM- as of August 12, 1998 (11)...	--
10.43	Preferred Shares Rights Agreement, as of October 22, 1998 (12)...	--
10.44	1999 Employee Stock Purchase Plan (14).....................	--

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.45	Silicon Valley Bancshares 1997 Equity Incentive Plan, amended as of July 20, 2000 (15)	--
10.46	Change in Control Severance Benefits Policy, effective August 18, 2000 (15)	--
21.1	Subsidiaries of Silicon Valley Bancshares	78
23.1	Consent of Independent Auditors	79

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(1) Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.

(2) Incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.

(3) Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.

(4) Incorporated by reference to Exhibits 10.28, 10.29, 10.30, and 10.31 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.

(5) Incorporated by reference to Exhibit 10.33 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996.

(6) Incorporated by reference to Exhibit 10.17(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997.

(7) Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

(8) Incorporated by reference to Exhibits 10.36 and 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.

(9) Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

(10) Incorporated by reference to Exhibits 4.2, 4.3, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 10.38, and 10.39 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.

(11) Incorporated by reference to Exhibits 10.40 and 10.41 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

(12) Incorporated by reference to Exhibits 3.3 and 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

(13) Incorporated by reference to Exhibits 3.1a and 3.4 of the Company's Report on Form 8-K filed on April 26, 1999.

(14) Incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.

(15) Incorporated by reference to Exhibits 10.45 and 10.46 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.

SILICON VALLEY BANCSHARES ANNUAL REPORT ON FORM 10-K
EXHIBIT 21.1--SUBSIDIARIES OF SILICON VALLEY BANCSHARES

Silicon Valley Bancshares owns outstanding voting securities or partnership interests of the following corporations and partnerships, which are included in Silicon Valley Bancshares' consolidated financial statements:

NAME	OWNERSHIP INTEREST	JURISDICTION OF INCORPORATION
Silicon Valley Bank......................	100%	California
SVB Leasing Company (inactive)...........	100%	California
SVB Capital I............................	100%	Delaware
SVB Strategic Investors, LLC.............	100%	California
SVB Strategic Investors Fund, L.P........	11%	California
Silicon Valley BancVentures, Inc.........	100%	California
Silicon Valley BancVentures, L.P.........	11%	California

Silicon Valley Bank owns 100.0% of the outstanding voting securities of the following corporations, which are included in Silicon Valley Bancshares' consolidated financial statements:

NAME	JURISDICTION OF INCORPORATION
SVB Venture Link Operations, Inc...........................	California
Silicon Valley BancVenture Link, Inc.......................	California
SVB Securities, Inc..	California

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Silicon Valley Bancshares:

We consent to incorporation by reference in the registration statements (Nos. 333-89641, 33-60467, 333-68857, 33-05489, and 333-39680) on Forms S-8 and registration statement No. 333-05511 on Form S-3 of Silicon Valley Bancshares of our report dated January 17, 2001, relating to the consolidated balance sheets of Silicon Valley Bancshares and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000, which report appears in the December 31, 2000, annual report on Form 10-K of Silicon Valley Bancshares.

San Francisco, California
March 14, 2001

End of Filing

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