

SVB FINANCIAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share amounts)	Year Ended December 31,		
	2006	2005	2004
Interest income:			
Loans	\$ 299,001	\$ 219,283	\$ 157,604
Investment securities:			
Taxable	74,523	83,950	69,839
Non-taxable	3,026	3,695	5,004
Securities purchased under agreement to resell and other short-term investment securities	11,089	9,531	8,421
Total interest income	<u>387,639</u>	<u>316,459</u>	<u>240,868</u>
Interest expense:			
Deposits	8,905	10,933	8,423
Other borrowings	26,277	6,233	2,968
Total interest expense	<u>35,182</u>	<u>17,166</u>	<u>11,391</u>
Net interest income	352,457	299,293	229,477
Provision for (recovery of) loan losses	9,877	237	(10,289)
Net interest income after provision for (recovery of) loan losses	<u>342,580</u>	<u>299,056</u>	<u>239,766</u>
Noninterest income:			
Client investment fees	44,345	33,255	26,919
Foreign exchange fees	21,045	17,906	12,897
Gains on derivative instruments, net	17,949	6,750	3,428
Corporate finance fees	11,649	22,063	22,024
Deposit service charges	10,159	9,805	13,538
Letter of credit and standby letter of credit income	9,943	10,007	9,994
Gains on investment securities, net	2,551	4,307	5,198
Other	23,565	13,402	13,776
Total noninterest income	<u>141,206</u>	<u>117,495</u>	<u>107,774</u>
Noninterest expense:			
Compensation and benefits	188,588	163,590	153,897
Professional services	40,791	28,729	17,068
Impairment of goodwill	18,434	—	1,910
Net occupancy	17,369	16,210	18,134
Furniture and equipment	15,311	12,824	12,403
Business development and travel	12,760	10,647	9,718
Correspondent bank fees	5,647	5,530	5,340
Data processing services	4,239	4,105	3,647
Telephone	4,081	3,703	3,367
(Reduction of) provision for unfunded credit commitments	(2,461)	927	1,549
Other	17,744	13,595	14,797
Total noninterest expense	<u>322,503</u>	<u>259,860</u>	<u>241,830</u>
Income before minority interest in net income of consolidated affiliates and income tax expense	161,283	156,691	105,710
Minority interest in net income of consolidated affiliates	(6,308)	(3,396)	(3,090)
Income before income tax expense	154,975	153,295	102,620
Income tax expense	65,782	60,758	38,754
Net income before cumulative effect of change in accounting principle	89,193	92,537	63,866
Cumulative effect of change in accounting principle, net of tax	192	—	—
Net income	<u>\$ 89,385</u>	<u>\$ 92,537</u>	<u>\$ 63,866</u>
Earnings per common share—basic, before cumulative effect of change in accounting principle	\$ 2.57	\$ 2.64	\$ 1.81
Earnings per common share—diluted, before cumulative effect of change in accounting principle	\$ 2.37	\$ 2.40	\$ 1.70
Earnings per common share—basic	\$ 2.58	\$ 2.64	\$ 1.81
Earnings per common share—diluted	\$ 2.38	\$ 2.40	\$ 1.70

See accompanying notes to the consolidated financial statements.