

SILICON VALLEY BANCSHARES
Form S-3/A
September 15, 2003

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As filed with the Securities and Exchange Commission on September 15, 2003

Registration No. 333-107994

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT

Under

The Securities Act of 1933

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 Number)

**3003 Tasman Drive
Santa Clara, California 95054-1191
(408) 654-7400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Derek Witte, Esq.
General Counsel and Secretary
Silicon Valley Bancshares
3003 Tasman Drive
Santa Clara, California 95054-1191
(408) 654-7400**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Zero Coupon Convertible Subordinated Notes due June 15, 2008	\$150,000,000	89.06%	\$133,590,000	\$10,808
Common Stock, \$0.001 par value, and the associated preferred stock purchase rights	(3)	(3)	(3)	(4)(5)

- (1) The Zero Coupon Convertible Subordinated Notes due June 15, 2008 (the "Notes") were issued at an original price of \$1,000 per \$1,000 principle amount at maturity, which represents an aggregate initial issue price and an aggregate principal amount at maturity of \$150,000,000.
- (2) Estimated solely for the purpose of calculating the registration fee, based on the average of the bid and ask prices for the registrant's Notes on August 11, 2003 in accordance with Rule 457(c) under the Securities Act of 1933, as amended.
- (3) Includes 4,460,609 shares of common stock issuable upon conversion of the notes at the initial conversion price of approximately \$33.6277 per share. Also includes, pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered hereby an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.
- (4) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the notes because no additional consideration will be received in connection with the exercise of the conversion privilege.
- (5) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED SEPTEMBER 12, 2003

\$150,000,000

Zero Coupon Convertible Subordinated Notes due June 15, 2008 and the Common Stock Issuable Upon Conversion of the Notes

We issued the notes in a private placement in May 2003. This prospectus will be used by selling securityholders to resell their notes and the common stock issuable upon conversion of their notes. We will not receive any proceeds from this offering.

The notes will mature on June 15, 2008. We may not redeem the notes prior to their maturity.

The notes are convertible at any time on or before the maturity date into shares of our common stock at an initial conversion price of \$33.6277 per share if (1) the price of our common stock issuable upon conversion of a note reaches a specified threshold, (2) specified corporate transactions occur or (3) the trading price for the notes falls below certain thresholds. The conversion price will be subject to adjustment for specified events. The conversion price is equivalent to a conversion rate of approximately 29.7374 shares per \$1,000 principal amount of notes. Our common stock is quoted on The Nasdaq National Market under the symbol "SIVB." The closing sale price of our common stock on September 11, 2003 was \$25.60 per share.

The notes are subordinated to our existing and future senior indebtedness and effectively subordinated to all indebtedness and all liabilities of our subsidiaries. Payment of principal of the notes may be accelerated only in the case of certain events of our bankruptcy or reorganization. There is no right of acceleration in the case of our default in the performance of any agreement or covenant.

The interest rate on the notes is zero. The notes do not accrete interest.

The notes are not savings accounts, deposits or other obligations of any bank or nonbank subsidiary and are not insured by The Federal Deposit Insurance Corporation, or other government entity.

The securities offered hereby involve risks. See "Risk Factors" on page 6.

Neither the Securities Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2003.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The

information in this prospectus may only be accurate on the date of this prospectus.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy this information at the SEC's Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains a Web site at <http://www.sec.gov> that contains reports, proxy statements, and other information regarding companies, such as Silicon Valley Bancshares, that file electronically with the SEC. You can also inspect reports, proxy statements and other information about our company at the offices of The National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

We incorporate information into this prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any such information superseded by information contained in later-filed documents or directly in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our financial condition.

Silicon Valley Bancshares SEC Filings (File No. 0-15637)	Period
Annual Report on Form 10-K (including the portions of our Proxy Statement for our 2003 Annual Meeting of Stockholders incorporated by reference therein)	Year ended December 31, 2002
Current Reports on Form 8-K	Filed on January 16, 2003, May 7, 2003 and May 15, 2003
Quarterly Reports on Form 10-Q	Quarter ended March 31, 2003 and June 30, 2003
Description of our common stock as set forth in our Registration Statement on Form 8-A and all amendments thereto	Filed on April 23, 1987
Description of our preferred share purchase rights as set forth in our Registration Statement on Form 8-A and all amendments thereto	Filed on October 27, 1998

All documents that we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus to the end of the offering of the notes under this document shall also be deemed to be incorporated in this prospectus by reference; provided, however, that we are not incorporating any information from any future filed documents furnished under either Item 9 or Item 12 of any Current Report on Form 8-K.

You may request a copy of these filings at no cost, by writing or calling us at the following address or telephone number:

Silicon Valley Bancshares
 3003 Tasman Drive
 Santa Clara, CA 95054
 (408) 654-7400
 Attn: Investor Relations

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this document. These filings are also available free of charge through our Internet website, at <http://www.svb.com>.

SUMMARY

The following summary may not contain all the information that may be important to you. You should read the entire prospectus, as well as the information to which we refer you and the information incorporated by reference, before making an investment decision. When used in this prospectus, the terms "Silicon Valley Bancshares," "we," "our" and "us" refer to Silicon Valley Bancshares and its consolidated subsidiaries,

unless otherwise specified.

Silicon Valley Bancshares

We are a bank holding company and a financial holding company. Our principal subsidiary, Silicon Valley Bank, is a California state-chartered bank and a member of the Federal Reserve System. Silicon Valley Bank's deposits are insured by the Federal Deposit Insurance Corporation.

Silicon Valley Bank's profitability, like most financial institutions, is primarily dependent on interest rate differentials. In general, the difference between the interest rates paid by Silicon Valley Bank on interest-bearing liabilities, such as deposits and other borrowings, and the interest rates received on its interest-earning assets, such as loans extended to its clients and securities held in its investment portfolio, comprise the major portion of its earnings. Silicon Valley Bank also provides a wide variety of fee-based financial services to its clients, including private label client investment and sweep products, foreign exchange products and deposit services. Over the long term, Silicon Valley Bank seeks to generate strong operating results by leveraging its lending practice to obtain warrant agreements to purchase equity in the technology and life sciences companies of the future.

Our strategy is to increase our revenues by marketing our full range of financial products and services to clients and venture capital industry contacts we originally developed through our commercial banking business. In addition to our commercial banking services, we engage in venture capital fund and direct equity investment activities, fee-based merger and acquisition services and venture capital fund and fund of funds management. We believe that our ability to successfully cross-sell our banking and financial services to our clients is one of the strengths of our business model.

We serve more than 9,500 clients across the country through 27 regional offices. We have 11 offices throughout California and operate regional offices across the country, including Arizona, Colorado, Florida, Georgia, Illinois, Massachusetts, Minnesota, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, and Washington. We serve emerging-growth and mature companies in the technology and life sciences markets, as well as premium wineries. We believe our focus on specialized markets and extensive knowledge of the people and business issues driving them allows us to provide a level of service and partnership that contributes to our clients' success.

We originally incorporated in California in 1982, and reincorporated in Delaware in 1999. Our corporate headquarters is located at 3003 Tasman Drive, Santa Clara, California 95054, and our telephone number is (408) 654-7400.

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The Offering

The following is a brief summary of some of the terms of the notes offered for resale in this prospectus. For a more complete description of the term of the notes, see the section entitled "Description of the Notes" in this prospectus.

Securities Offered	\$150,000,000 principal amount of Zero Coupon Convertible Subordinated Notes due June 15, 2008 and shares of common stock issuable upon conversion of the notes.
Interest	Interest on the notes will be zero unless specified defaults under the registration rights agreement occur. See "Description of the Notes Registration Rights."
Maturity Date	June 15, 2008.
Conversion Rights	You will have the right, at your option, to convert your notes, in whole or in part, into shares of our common stock at any time prior to maturity, subject to certain limitations described herein, at the conversion price of \$33.6277 per share, if: <ul style="list-style-type: none"> during the period ending June 15, 2007, the closing sale price of our common stock for the last trading day of the immediately preceding fiscal quarter was 110% or more of the then current conversion price of the notes; during the period after June 15, 2007, the closing sale price of our common stock on the previous trading day was 110% or more of the then current conversion price of the notes;

we distribute to all or substantially all holders of our common stock certain rights entitling them to purchase common stock at less than the closing sale price of our common stock on the day preceding the declaration for such distribution;

we distribute to all or substantially all holders of our common stock cash or other assets, debt securities or certain rights to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 10% of the closing sale price of our common stock on the day preceding the declaration for such distribution; or

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we become a party to a consolidation, merger or sale of all or substantially all of our assets or other similar transactions occur, in each case, pursuant to which our common stock would be converted into cash, stock or other property unless, in the case of a consolidation or merger, all of the consideration, excluding cash payments for fractional shares and cash payments made pursuant to dissenters' appraisal rights, in such merger or consolidation consists of shares of common stock, American Depositary Shares or other certificates representing common equity interests traded on a United States national securities exchange or quoted on The Nasdaq National Market, or will be so traded or quoted when issued or exchanged in connection with such merger or consolidation, and as a result of such merger or consolidation the notes become convertible solely into such common stock or other certificates representing common equity interests.

You may also convert your notes into shares of our common stock:

at any time prior to June 15, 2006 after any five consecutive trading-day period in which the average trading prices for the notes for that five trading-day period was less than 103% of the average conversion value for the notes during that period; and

at any time on or after June 15, 2006 and prior to maturity after any five consecutive trading-day period in which the average trading prices for the notes for that five trading-day period was less than 97% of the average conversion value for the notes during that period, however, you may not convert your notes on or after June 15, 2006 if, at the time of the calculation, the closing sale price of shares of our common stock is between the then current conversion price on the notes and 110% of the then current conversion price on the notes.

For each \$1,000 of aggregate principal amount of notes converted, we will deliver approximately 29.7374 shares of our common stock. Upon conversion and subject to our having received prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") if then required under applicable capital regulations, guidelines or policies, we may elect to deliver cash in lieu of shares of common stock or a combination of cash and shares of common stock. The conversion price is subject to adjustment upon certain events. See "Description of the Notes Conversion of Notes."

Optional Redemption

We may not redeem the notes prior to their maturity date.

Sinking Fund

None.

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Subordination

The notes are general unsecured obligations of Silicon Valley Bancshares. The notes are subordinated in right of payment to all existing and future senior indebtedness. The notes are also be effectively subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. As of June 30, 2003, we

had \$27.3 million of senior indebtedness outstanding for purposes of the indenture and our subsidiaries had approximately \$140.8 million of outstanding indebtedness and other liabilities (excluding intercompany liabilities and liabilities of the type not required to be reflected on a balance sheet in accordance with generally accepted accounting principles). We and our subsidiaries are not prohibited from incurring senior indebtedness or other debt under the indenture.

Limited Right of Acceleration

The notes may be accelerated only in the event of our bankruptcy or reorganization. The indenture does not provide for any right of acceleration of the payment of principal of the notes as a result of any failure by us to comply with the covenants or agreements contained in the indenture. In the event of a failure by us to perform any covenants or agreements contained in the indenture, the trustee, subject to certain limitations and conditions, may, in lieu of accelerating the maturity of the notes, seek to enforce the performance of such covenants or agreements.

Use of Proceeds

We will not receive any of the proceeds from the sale by any selling security holder of the notes or the underlying common stock into which the notes may be converted.

Listing of Common Stock

The common stock is listed on The Nasdaq National Market under the symbol "SIVB."

RISK FACTORS

Our business faces significant risks. The risks described below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could suffer, and the trading price of our common stock and the notes offered by this prospectus could decline.

Risks Related to Our Business

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 effect 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 are dependent to a great extent on our experience and judgment. We cannot assure you that our allowance for loan losses 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 increased 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 many 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 default. Because of the intense competition and rapid technological change that characterizes the companies in our technology and life science industry sectors, a borrower's financial position can deteriorate rapidly. We also make loans that 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. 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.

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

Our strategy has focused on providing banking products and services to emerging growth and middle-market companies receiving financial support from sophisticated investors, including venture capitalists, "angels," 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. The amount of capital available to startup and emerging growth companies has decreased in the past three years, which has caused our client deposit balances to decline. If the amount of capital available to such companies continues to decrease, it is likely that the number of new clients and investor financial support to our existing borrowers would decrease, having an adverse effect on our business, profitability and growth prospects.

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Among the factors that have and could in the future affect the amount of capital available to startup and emerging growth companies are the receptivity of the capital markets to initial public offerings or mergers and acquisitions of companies within our technology and life science industry sectors, the availability and return on alternative investments, and general economic conditions in the technology and life sciences industries. Over the past three years, the stock prices of many technology and life science companies have declined substantially, and the capital markets have been less receptive to initial public offerings. Reduced capital markets valuations could further reduce the amount of capital available to startup and emerging growth companies, including companies within our technology and life science industry sectors.

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 Valley Bancshares, Silicon Valley Bank, and their subsidiaries are extensively regulated under federal and state law. These regulations are intended primarily for the protection of depositors, other clients, and the deposit insurance fund not for the benefit of stockholders or security holders. Federal and state laws and regulations limit the activities in which Silicon Valley Bancshares, Silicon Valley Bank, and their subsidiaries may engage. In addition, Silicon Valley Bancshares, Silicon Valley Bank and their subsidiaries 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 Bancshares and Silicon Valley Bank. Alliant Partners and SVB Securities, both broker-dealer subsidiaries, are regulated by the SEC and the NASD. Violations of the stringent regulations governing the actions of a broker-dealer can result in the revocation of broker-dealer licenses, the imposition of censures or fines, the issuance of cease and desist orders, and the suspension or expulsion from the securities business of a firm, its officers or employees. Supervisory actions can result in higher capital requirements, higher insurance premiums, and limitations on the activities of Silicon Valley Bancshares, Silicon Valley Bank or their subsidiaries. These supervisory actions could have a material adverse effect on our business and profitability.

Warrant, venture capital fund, and direct equity investment portfolio gains or losses depend upon the performance of the portfolio investments and the general condition of the public equity markets, which is uncertain.

We have historically obtained rights to acquire stock, in the form of warrants, in certain clients as part of negotiated credit facilities. 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 prospectus. We also have made investments in venture capital funds as well as direct equity investments in companies. The timing and amount of income, if any, from the disposition of client warrants, venture capital funds and direct equity investments typically depend upon factors beyond our control, including the performance of the underlying portfolio companies, investor demand for initial public offerings, fluctuations in the market prices of the underlying common stock of these companies, levels of mergers and acquisitions activity, and legal and contractual restrictions on our ability to sell the underlying securities. In addition, our investments in venture capital funds and direct equity investments have lost value and could continue to lose value or become worthless, which would reduce our net income or could cause a net loss in any period. All of these factors are difficult to predict, particularly in the current economic environment. If equity market conditions do not improve, it is likely that additional investments within our existing portfolio will become impaired. However, we are not in a position to know at the present time which specific investments, if any, are likely to be impaired or the extent or timing of individual impairments. Therefore, we cannot predict future investment gains or losses with any degree of accuracy, and any gains or losses are likely to vary materially from period to period.

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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.

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 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 beyond our control, such as inflation, recession, global economic disruptions, and unemployment. In addition, legislative changes could affect the manner in which we pay interest on deposits or other liabilities. For example, Congress has for many years debated repealing a law that prohibits banks from paying interest rates on checking accounts. If this law were to be repealed, we would be subject to competitive pressure to pay interest on our clients' checking accounts, which would negatively affect our interest rate spread. Any material decline in our interest rate spread would have a material adverse effect on our business and profitability. For example, between January 1, 2001 and June 30, 2003, the federal funds interest rate declined by 550 basis points. Consequently, our quarterly net interest margin decreased by 160 basis points, from the fourth quarter of 2000 to the second quarter of 2003.

Adverse changes in domestic or global economic conditions, especially in the technology sector and especially in California, 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. Many of our technology clients have been harmed by the current economic slowdown, and would be further harmed by the continuation or worsening of the global or U.S. economic slowdown. Our clients may be particularly sensitive to disruptions in the growth of the technology sector of the U.S. economy. In addition, a substantial number of our clients are geographically concentrated in California, and adverse economic conditions in California could harm the businesses of a disproportionate number of our clients. To the extent that our clients' underlying businesses are harmed, they are more likely to default on their loans. The current economic slowdown has resulted in both lower average interest-earning assets and average client deposit balances, as compared to prior periods, thus reducing our net interest income. Net interest income in 2002 was \$194.7 million, down from \$263.0 million in 2001.

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